



Digital Strategy - Jean-Marie Tritant, Chief Operating Officer

2016 INVESTOR DAYS **unibail·rodamco**

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DIGITAL RETAIL: FROM THREAT TO OPPORTUNITY

Polygone Riviera, Cagnes-sur-Mer

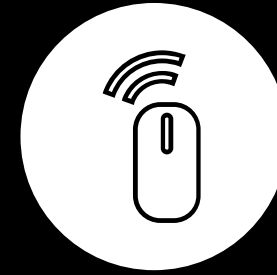
DIGITAL RETAIL: FROM THREAT TO OPPORTUNITY

1. NEW TRENDS IN DIGITAL RETAIL

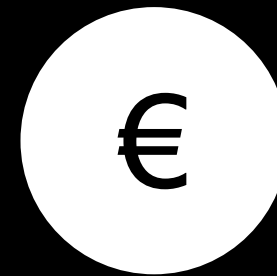
2. THREE KEY CHALLENGES FOR DIGITAL RETAIL

3. OPPORTUNITIES FOR UR SHOPPING CENTRES

E-COMMERCE IN EUROPE: A GROWING MARKET, BUT AT A SLOWING PACE



331 Mn e-shoppers
in Europe⁽¹⁾



Estimated online sales in Europe
in 2015: **€477 Bn**⁽²⁾

+34.4%

CAGR 2003-2009⁽¹⁾



+17.0%

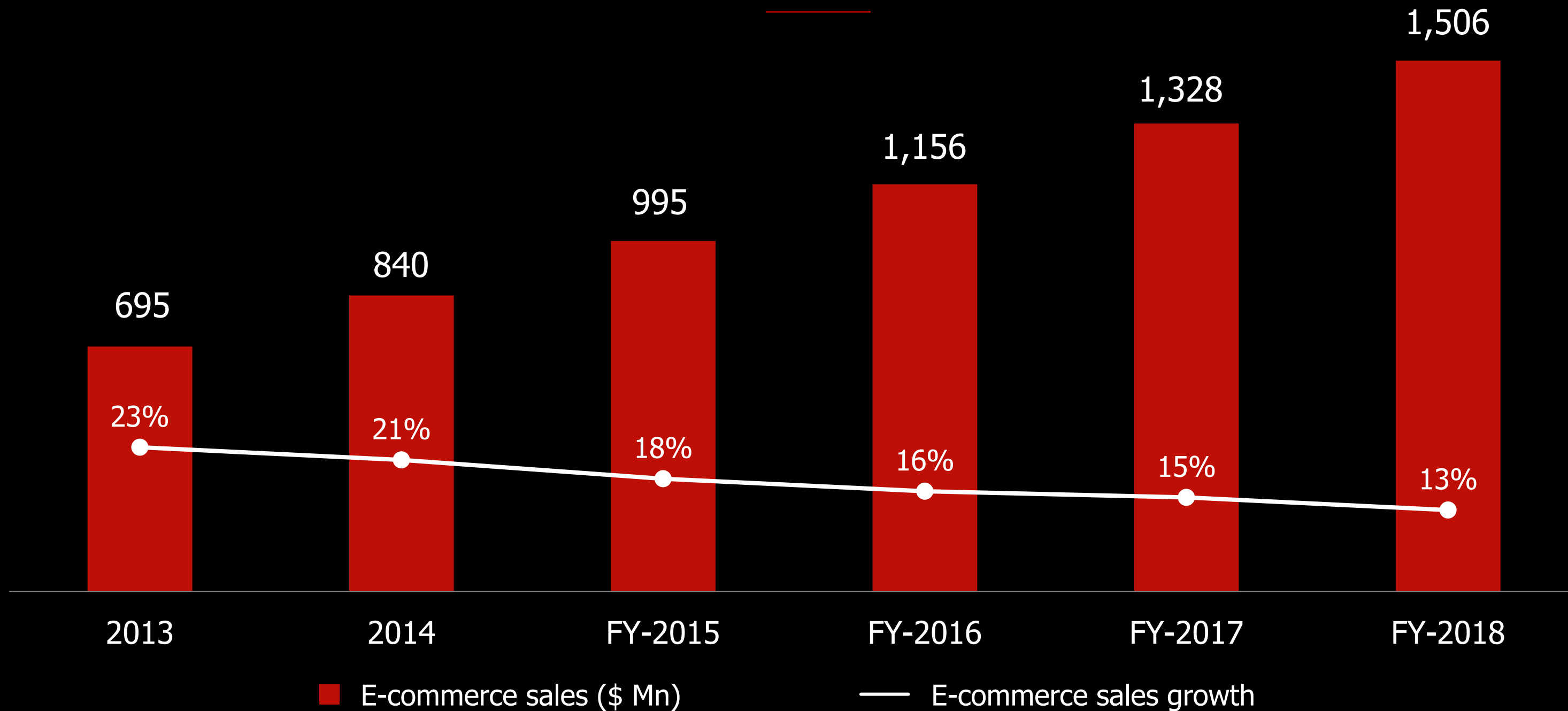
CAGR 2009-2015⁽¹⁾

(1) Ecommerce Europe 2015

(2) Ecommerce Europe. Forecast 2015

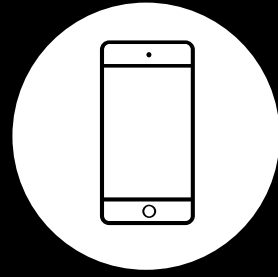
... AND DECELERATION IS EXPECTED TO CONTINUE, LIKE IN THE U.S.

E-commerce sales growth projection in the U.S.⁽¹⁾

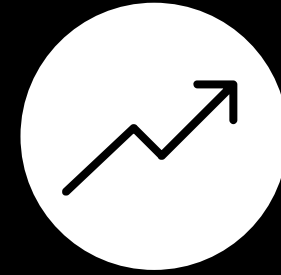


(1) Source: AT Kearney: Global Retail E-Commerce Keeps On Clicking, The 2015 Global Retail E-Commerce Index

WITHIN E-COMMERCE, THE SHARE OF M-COMMERCE IS RISING



60%
of Europeans
own a smartphone⁽¹⁾



+93%
growth of m-commerce
on smartphones in 2015⁽¹⁾



12% of online
purchases made
on mobile devices⁽²⁾

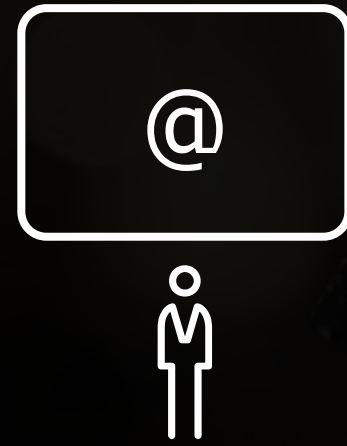
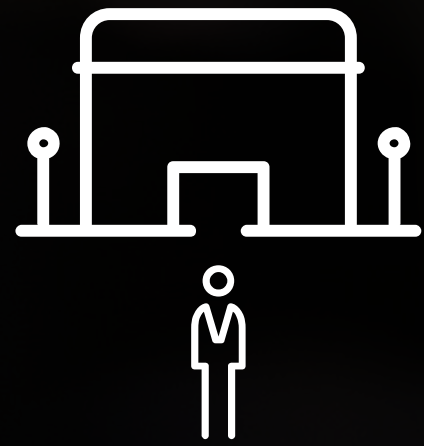
Average annual spending basket for a mobile buyer: +50% in 3 years⁽³⁾

(1) Estimation RetailMeNot for 2015 and Zdnet

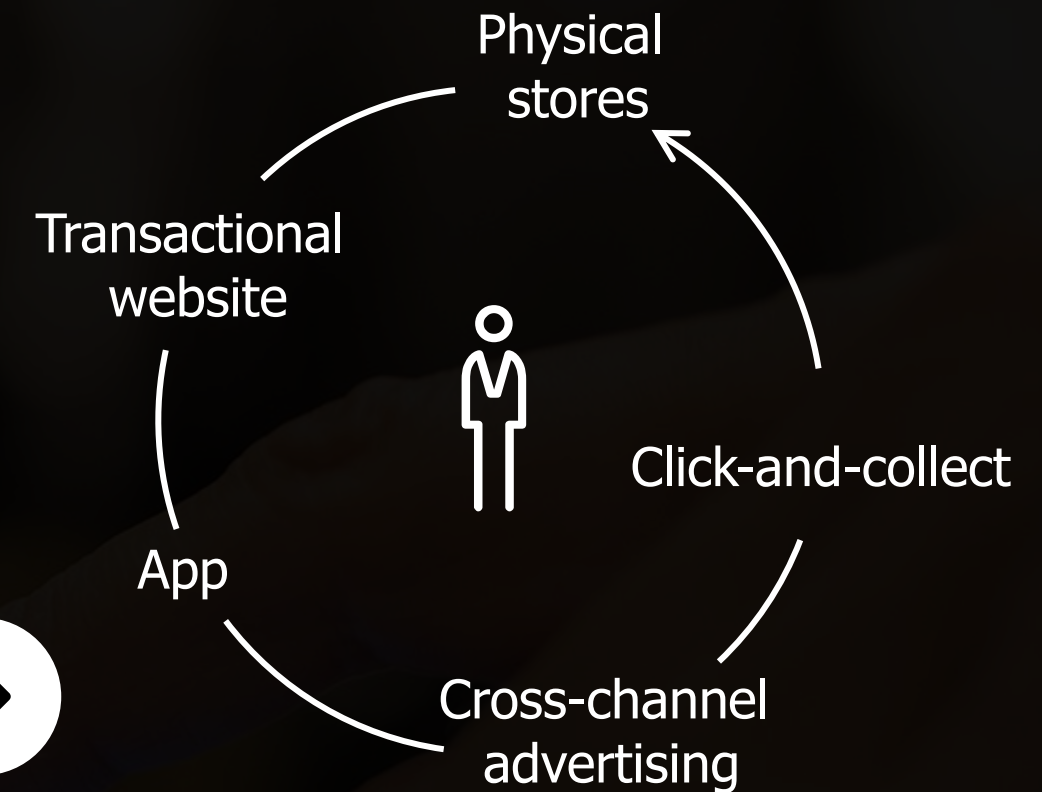
(2) RetailMeNot, 2014. 7% on Smartphones and 5% on tablets

(3) 2012-2015e. Worldwide figures. Source: Euromonitor, eMarketer, Goldman Sachs research estimates

PHYSICAL RETAILERS: FROM A DEFENSIVE TO A PROACTIVE APPROACH TO E-COMMERCE



SMARTPHONE REVOLUTION



Back in 2005...

- Late and defensive entry in e-commerce to avoid market share loss
- Internet vs Physical: 2 different markets, 2 different customers

In 2016...

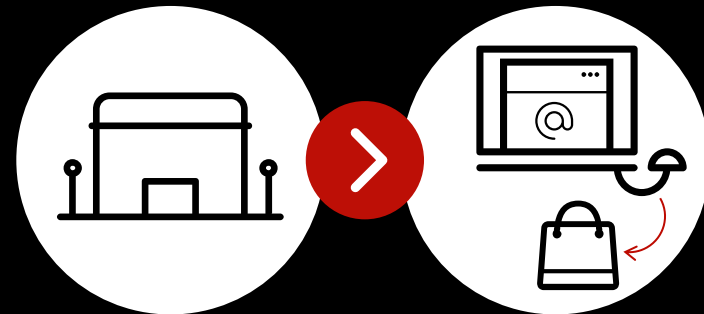
- Online and offline customers are the same
- Integrated Customer Relationship Management through multichannel

GROWING INTERCONNECTION BETWEEN INTERNET AND PHYSICAL RETAIL

2005

Fear of showrooming

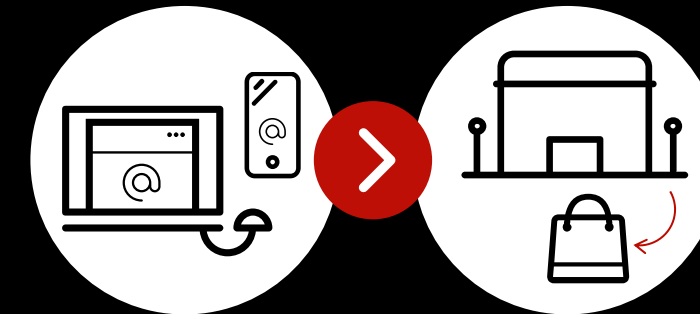
Browsing products in store and purchasing online



2016

Capitalising on webrooming behavior

Buying items in store after researching online



ONLINE BROWSING

Price comparison
Customer comments
and product reviews

IN-STORE BROWSING

Immediacy
Product experience
Brand recognition

In the U.S., 64% of in-store sales are influenced by digital⁽¹⁾
Conversion rate is 20% higher for consumers using digital when shopping in-store⁽²⁾

(1) Projection for 2015. Deloitte, Navigating the New Digital Divide

(2) Deloitte, Navigating the New Digital Divide

CUSTOMERS USE SMARTPHONES TO PREPARE PURCHASE

How smartphone owners are using their mobile devices for pre-shopping activities⁽¹⁾



58%

Find location
or get directions



57%

Look up
store hours



44%

Make price
comparison



44%

Look for deals



43%

Browse
the Internet



32%

Find where specific
products are sold



31%

Look up
product info



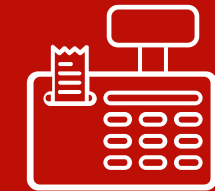
31%

Check if product
is available in-store



30%

Look up
product reviews



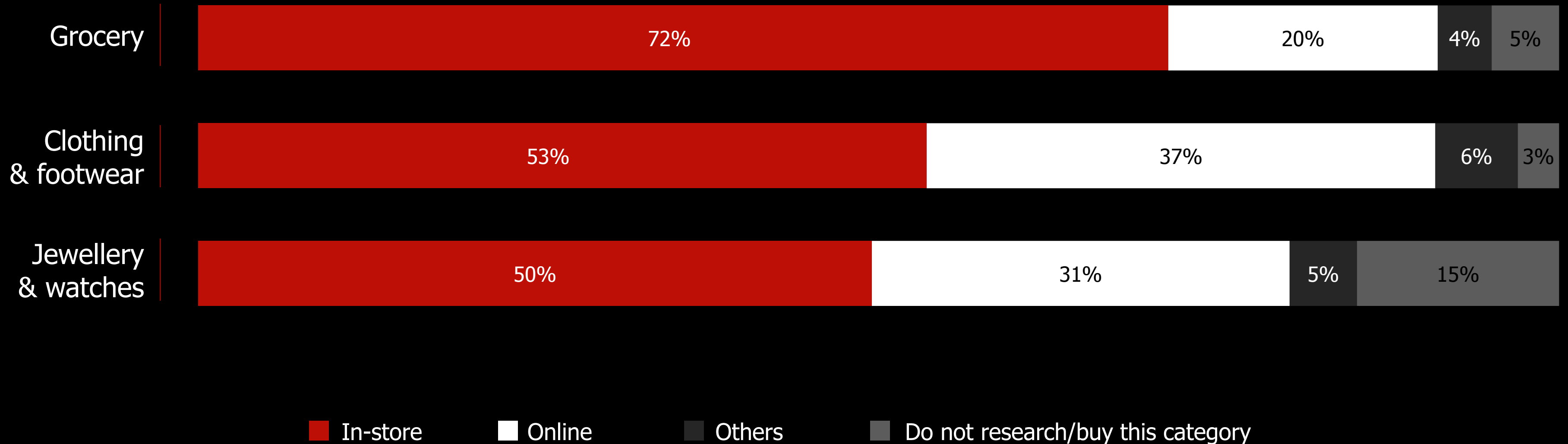
19%

Make
a purchase

(1) Sources: Goldman Sachs, Themes in Specialty Retail

BUT EVEN ONLINE SHOPPERS STILL PREFER PHYSICAL STORES!

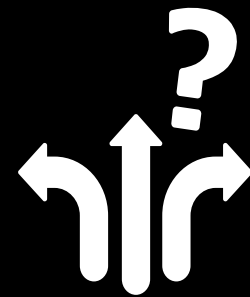
To the question "Which method do you prefer most for making purchases?"
23,000 online shoppers around the world answered:



ABUNDANT OFFER OF E-COMMERCE WEBSITES...

In 2015

715,000
e-commerce
websites
in Europe!⁽¹⁾



How to find the right one?

(1) Source: Fevad

... COMPOSED OF MANY VERY SMALL PLAYERS

In France

+100,000 e-commerce websites in 5 years⁽¹⁾

... But **67%** of them don't reach **€30,000** in annual turnover⁽¹⁾

... While **0.5%** of e-retailers represent **70%** of digital retail turnover!⁽¹⁾

ONLY VERY LARGE ONLINE PLAYERS CAN EMERGE

Top 10 favorite retail brands⁽¹⁾

France

1	Amazon	Online pure-player
2	Picard	Physical retailer
3	Yves Rocher	Physical retailer
4	Grand Frais	Physical retailer
5	Décathlon	Physical retailer
6	Apple Store	Physical retailer
7	Espace culturel Leclerc	Physical retailer
8	IKEA	Physical retailer
9	Krys	Physical retailer
10	Cultura	Physical retailer



1 online pure-player retailer
9 physical retailers

Germany

1	dm	Physical retailer
2	Amazon	Online pure-player
3	IKEA	Physical retailer
4	Thalia	Physical retailer
5	Otto	Online pure-player
6	Rossmann	Physical retailer
7	Drogerie Müller	Physical retailer
8	Tchibo	Physical retailer
9	Aldi	Physical retailer
10	Douglas	Physical retailer



2 online pure-player retailers
8 physical retailers

(1) Source: OC&C 2015

DIGITAL RETAIL: FROM THREAT TO OPPORTUNITY

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3. OPPORTUNITIES FOR UR SHOPPING CENTRES

THREE KEY CHALLENGES FOR DIGITAL RETAIL

1

Difficulty to raise **awareness** and acquire customers

2

Competition on **price** and **convenience**

3

Low **loyalty** in a fiercely competitive environment

DIFFICULTY TO RAISE AWARENESS AND ACQUIRE CUSTOMERS

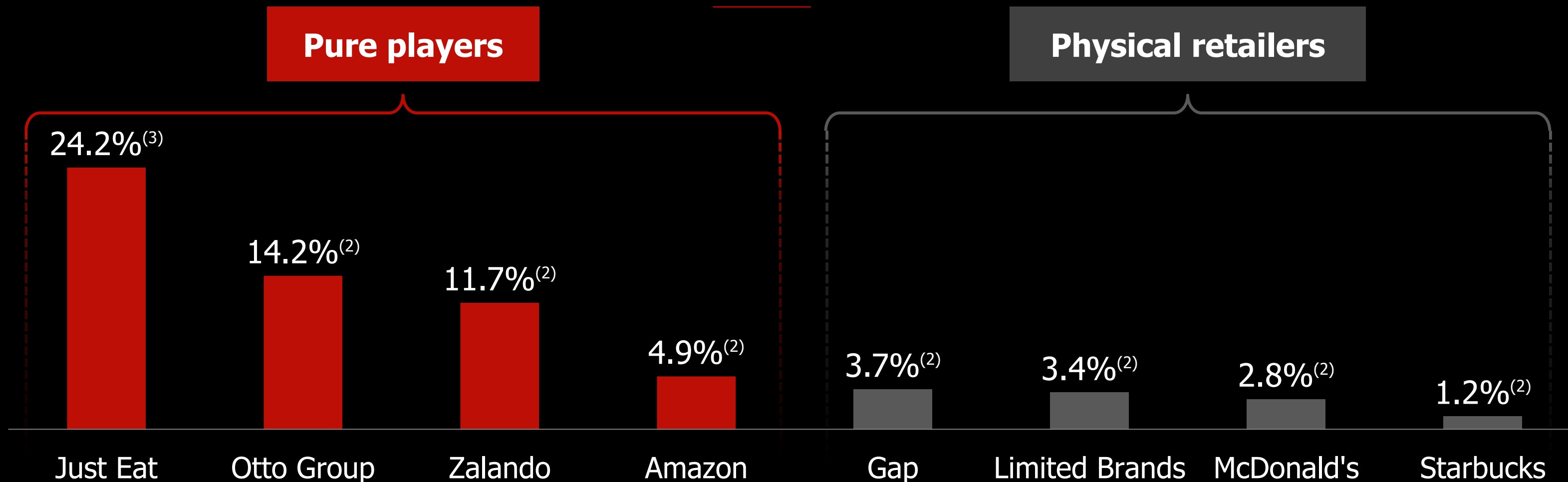
Main barriers to entry in e-commerce: **credibility / reputation**

Need to raise awareness and build reputation through huge marketing expenses

➤ Advertising

➤ Referencing (43% of marketing spending in 2015 of digital retail brands⁽¹⁾)

Marketing budget as a % of sales in 2015



(1) Source: Criteo, 2015

(2) Source: Companies annual report

(3) Source: Just Eat corporate presentation 2013

EVEN AMAZON FIGHTS HARD TO RECRUIT



N°1 in sector

Global scale

Marketing budget: \$5.3 Bn



N°1 in sector

Global scale

Marketing budget: \$1.8 Bn

Amazon spends 3 times more than Apple!

GOING OFFLINE TO RECRUIT

Lots of online ads pushed to the customer, but

- Not to the right person
- Not at the right place
- Not at the right moment



Low efficiency due to low contextualization

Brands diversify the media on which they advertise to favor more contextualized advertising



ONLINE RETAILERS COMPETE ON PRICE AND CONVENIENCE

Main influencers for buying online⁽¹⁾

#1

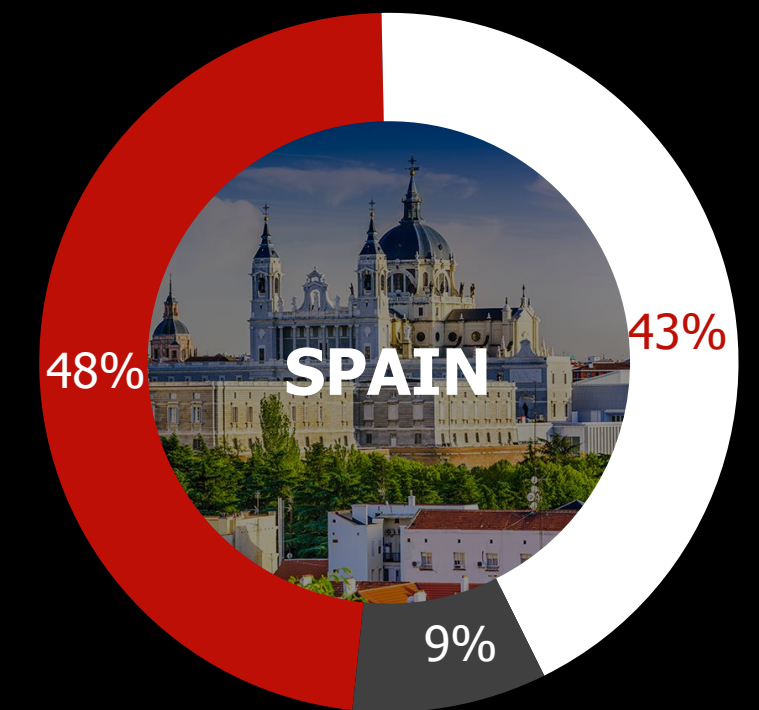
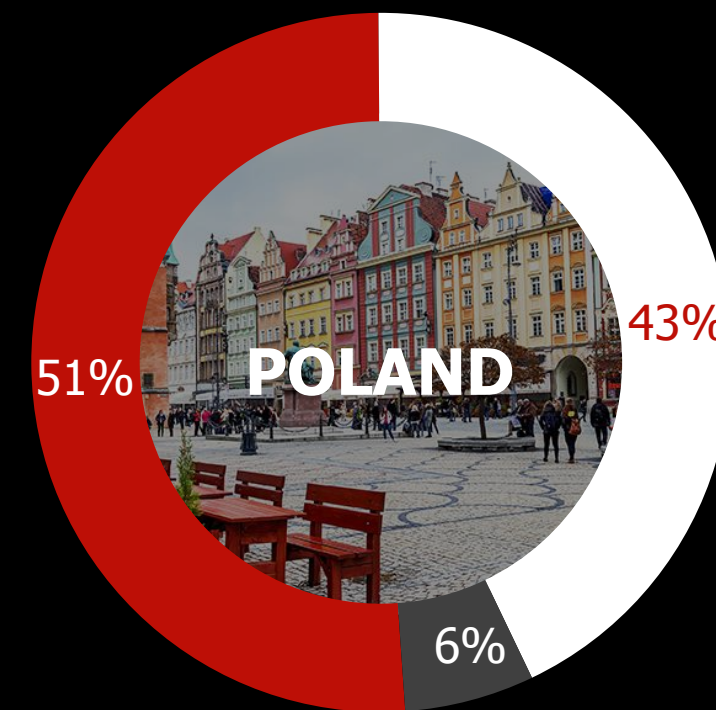
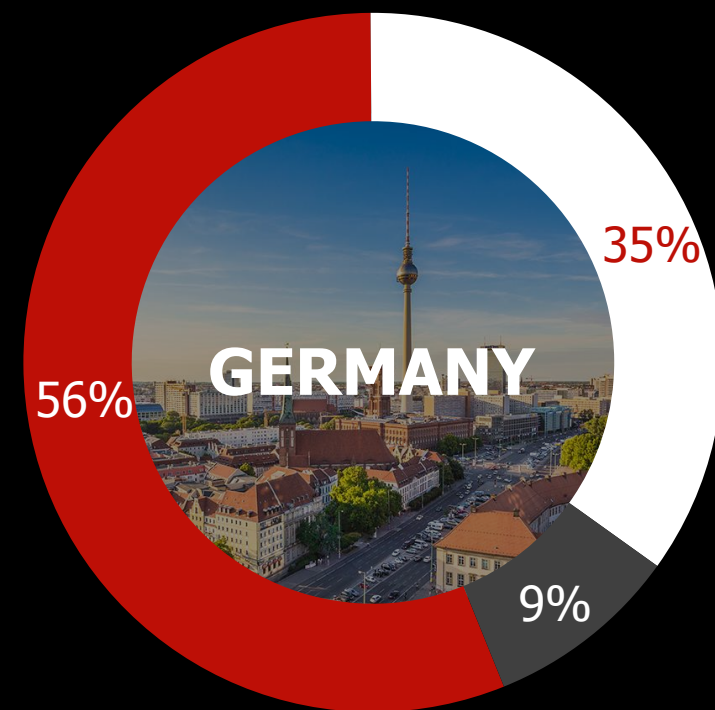
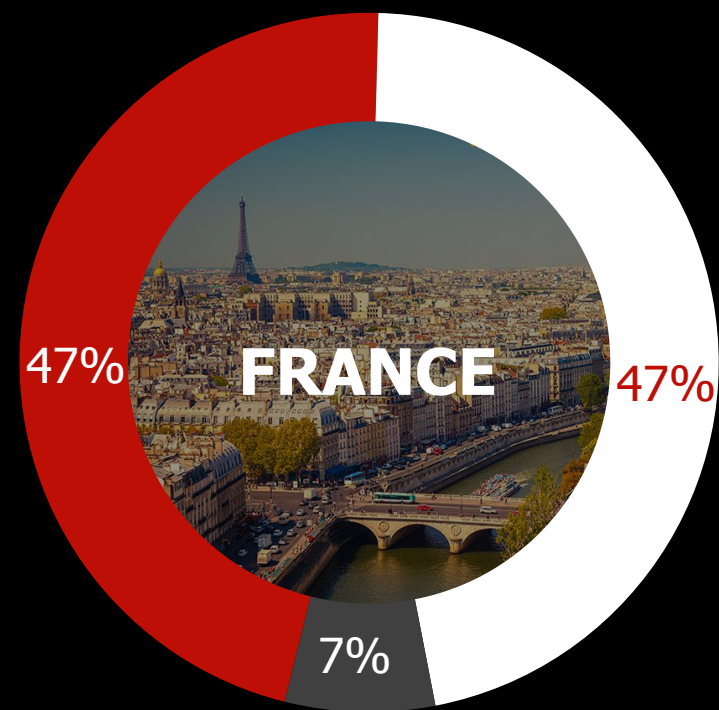
Convenience & efficiency

➤ Products are always available, 24/7

#2

Price

➤ Easier to compare and find the cheaper product



■ I buy online because it is convenient

■ I buy online because it is cheaper

■ I buy online for other reasons

(1) Source: PwC, 2016

MOST PRODUCTS SOLD ONLINE ARE FUNCTIONAL, WITHOUT ANY EMOTIONAL LINK WITH THE CUSTOMER

Amazon top 3
sales in France



#1 301 jours dans le top 100

Disney Princesses : Mini Coloring de Disney
★★★★☆ (115)

#2

[MFI certifié Apple] Syncwire Câble Lightning vers USB pour iPhone 6/6 Plus, iPhone 6S/6S Plus iPhone 5/5s/5c iPad Air iPad mini iPod 5 iPod nano 7 Chargeur iPhone 5 Série de "Garantie à Vie" 1m Blanc de Syncwire
★★★★☆ (2.087)

#3

Panini - UEFA Euro 2016 - Box 100 x 5 = 500 Stickers de Panini
★★★★☆ (7)

Amazon top 3 sales in "Men's Fashion"
products in France

Amazon top 3 sales in "Women's Fashion"
products in France

#1

Nike Metal Swoosh Logo Casquette réglable
★★★★☆ (24)
EUR 12,43 - EUR 46,33

#2

Dim - Coton Stretch - Boxer - Uni - L...
★★★★☆ (255)
EUR 18,69 - EUR 39,02

#3

T-shirt à manches courtes Fruit Of The Loom
★★★★☆ (78)
EUR 1,85 - EUR 15,62

#1

Qiyun Z. Les Femmes En Dentelle Blanc...
★★★★☆ (57)
EUR 2,76 - EUR 10,06

#2

Bandana / Foulard 100% Coton - Colori...
★★★★☆ (89)
EUR 1,64 - EUR 6,00

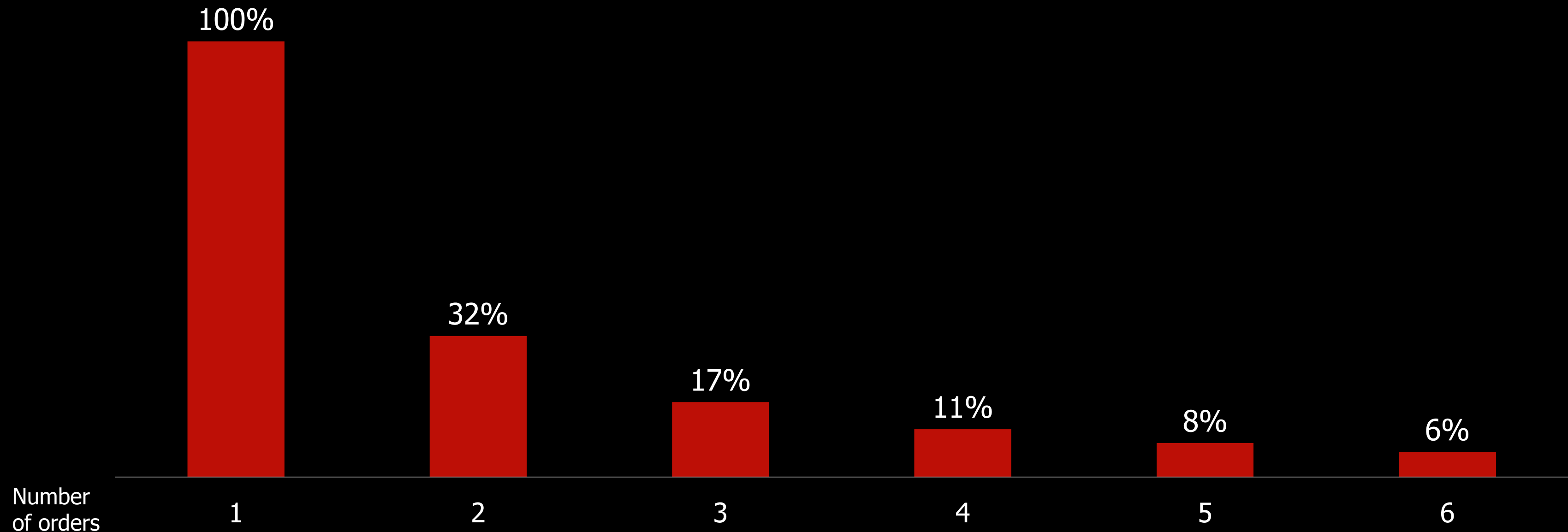
#3

Qiyun Z. Robe D'ete Gland Lache Noir...
★★★★☆ (111)
EUR 0,91 - EUR 8,01

(1) Source: Amazon, May 2016

CREATE ENGAGEMENT & LOYALTY IN A FIERCELY COMPETITIVE ENVIRONMENT

Customers placing at least N orders in their first year⁽¹⁾



(1) Sources: 2015 Ecommerce Buyer Behavior, RJ Metrics

WE BELIEVE IN PHYSICAL RETAIL

Profitability

CUSTOMER EXPERIENCE

Omni-channel customers

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DESTINATION SHOPPING CENTRES: A MEDIUM LIKE NO OTHER

LARGE AUDIENCE

~800 Mn
visits a year



58 Mn
Individual
customers



DESTINATION SHOPPING CENTRES: A MEDIUM LIKE NO OTHER

LARGE POTENTIAL CUSTOMER BASE

82% of total awareness in the 0-30 min catchment area



A potential of **53 Mn** additional customers

HIGH POTENTIAL TO RECRUIT



Net Promoter Score
from +7 to **+16**
in 5 years

DESTINATION SHOPPING CENTRES: A MEDIUM LIKE NO OTHER

A QUALITATIVE DIRECT AUDIENCE: PEOPLE SPENDING TIME... AND BUYING

Average
dwell time
62 min

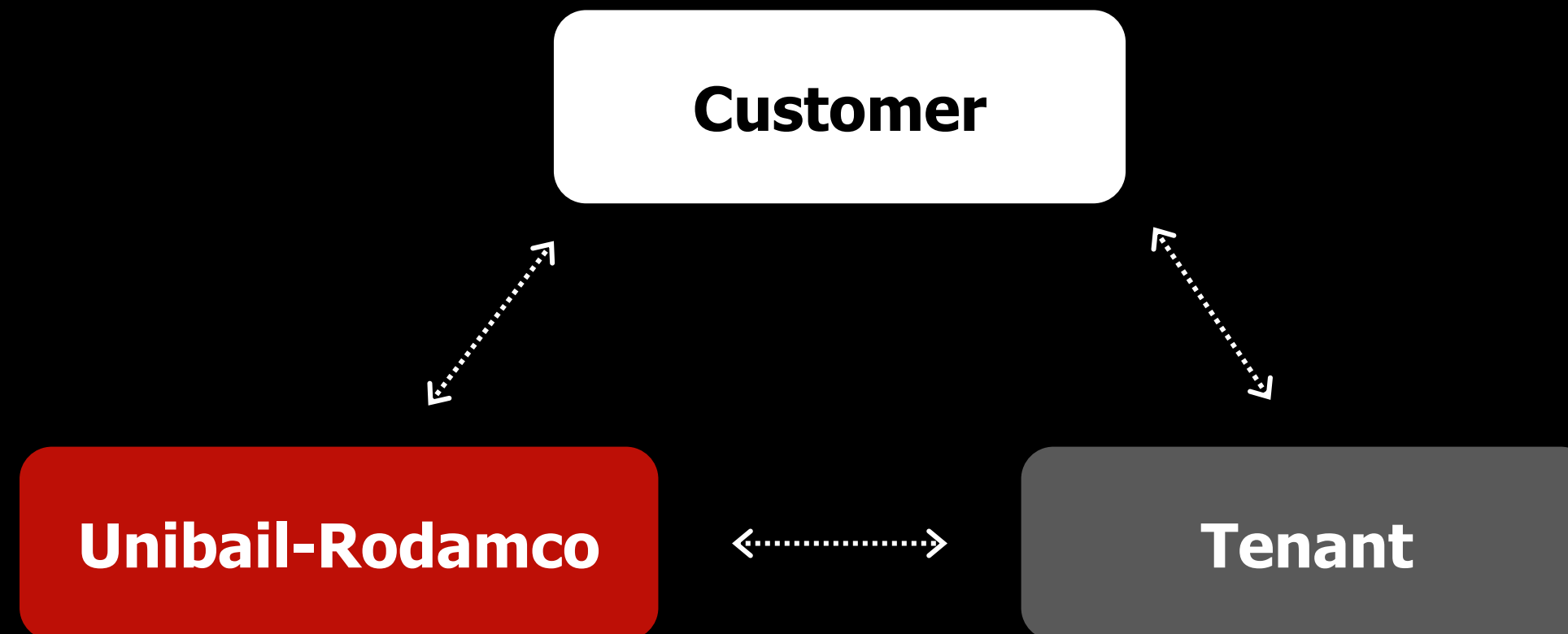
Conversion
83%

DIRECT ACCESS TO THE END CUSTOMER

What the landlord – tenant – customer relationship used to be:



What it is today



HOW TO CONVERT AN ANONYMOUS VISITOR INTO A QUALIFIED CUSTOMER?

Pain point killer services

Desirable services

Systematic creation of personal accounts of our users through

My Account

Individual and qualified information on each user of these services

3 MAIN PAIN POINTS OF VISITORS IDENTIFIED AND ADDRESSED

Identified pain points

Finding one's way is stressful

Shopping as a group is difficult

Routine kills discovery

Services offered to kill them

Smart Park

Meet My Friends

Smart Map

Learning more about our customers

Frequency and duration of stay

Interests and social behavior

Shopping preferences and product interest



Your app automatically memorizes the location of your car

Find your friends in the centre via the app

Discover and localize loyalty offers of stores you don't know

WHAT HAVE WE LEARNED FROM OUR FIRST INITIATIVES?

60% of our customers connect to our Apps using their social network account



Meet My Friends

What do they like?

What do they do?

What is their customer journey?

How do they interact with friends?



Smart Park

What transportation means do they use?

How often do they come?

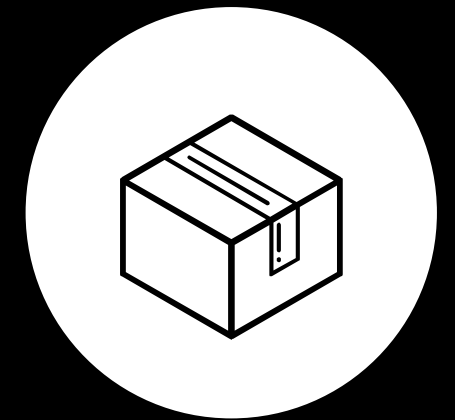
How long do they stay?



Products catalogues

Which products are they looking for?

Which brands do they like?



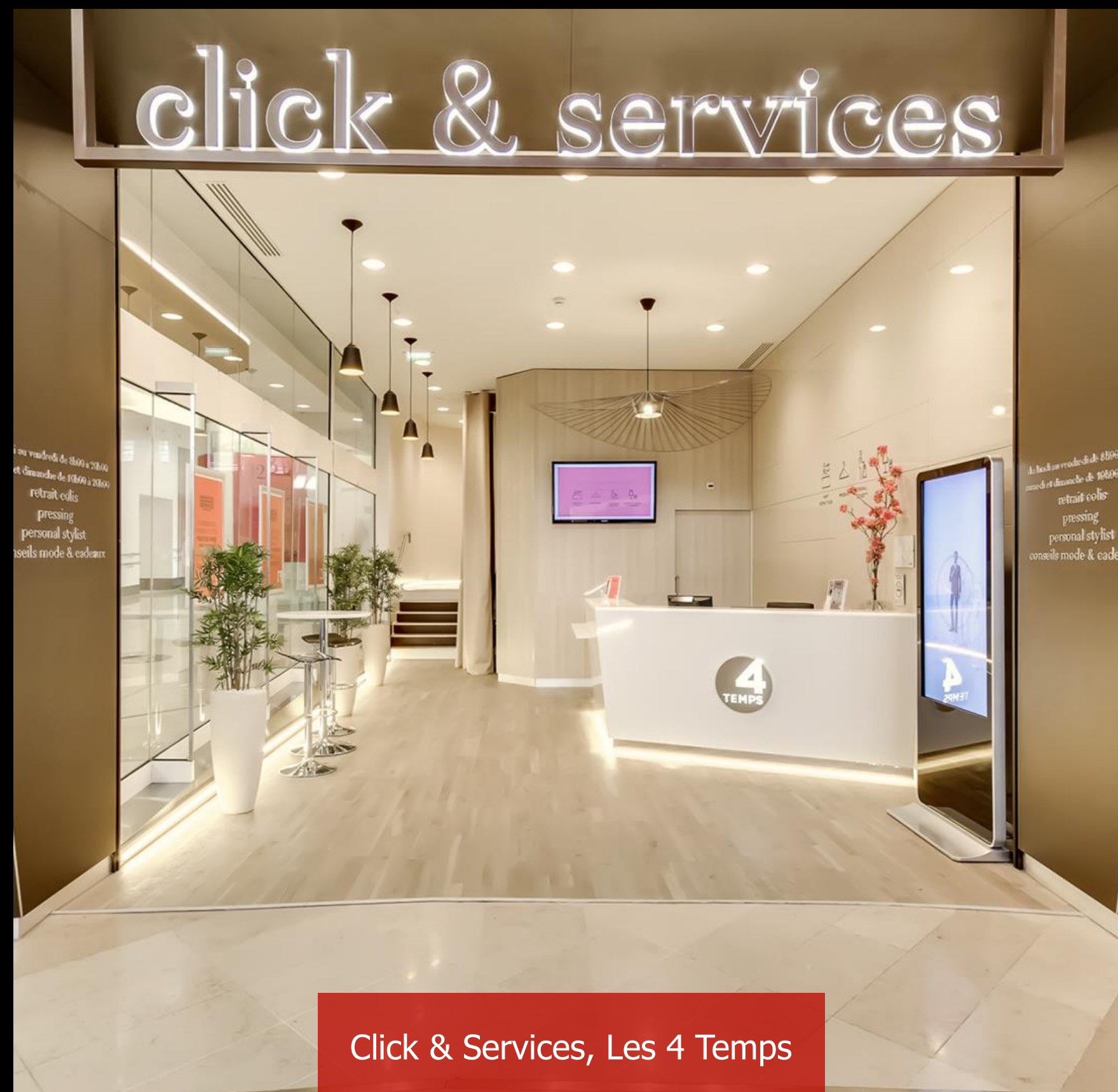
Click & Services

Which types of products do they buy online?

How often do they buy online?

For which reasons do they return a product?

DEPLOYING PARTNERSHIPS TO INCREASE REACH OF OUR SERVICES



Click & Services, Les 4 Temps

Click & Services: Receive parcels in our centres, test our products and, if not satisfied, return them to the online retailer



Success factor

Developing the right partnerships...



... Through which we introduce new retailers in our shopping centres



In 10 months, **>10,000 parcels delivered** in Les 4 Temps
1st collection point in France

DEPLOYING PARTNERSHIPS TO ADD NEW TYPES OF DESIRABLE SERVICES

2015

Partnership with  **foodora** on Click & Eat



Open
your App



Select a restaurant
in the shopping centre



Order and pay
through the App



Collect without
queuing

OR



Choose delivery
by local partner



 **foodora**

DEPLOYING PARTNERSHIPS WITH STARTUPS TO EXPLORE NEW CONCEPTS



Amano makes mobile apps. Progressive apps. This means apps that don't need to be downloaded. Users don't need to go to an app store to get them



Dress in the City industrializes second-hand sales with an omni-channel experience and premium service

IMPROVING OUR INFRASTRUCTURE AND ORGANIZATION TO SUPPORT OUR DIGITAL EFFORT

WiFi system



100% of our shopping centres, and upgrading

Beacons



30 centres equipped today, 41 by end-2016

Content Management System



Just deployed

Data Management Platform



By end-2016

Improve in-house digital skills



Ongoing recruitments



DIGITAL:

AN OPPORTUNITY TO ENHANCE OUR BUSINESS MODEL

Toison d'Or, Dijon

ENHANCE OUR BUSINESS MODEL THANKS TO DATA

- 1 Better understanding of customers' needs for more business opportunities
- 2 Better operate our assets
- 3 Grow our audience and gain market share

ENRICH CUSTOMER KNOWLEDGE

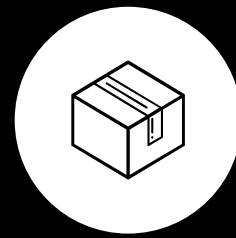
Collect information and extrapolate KPI...



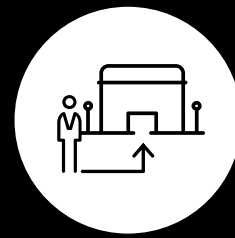
Meet My Friends



Smart Park



Click & Services



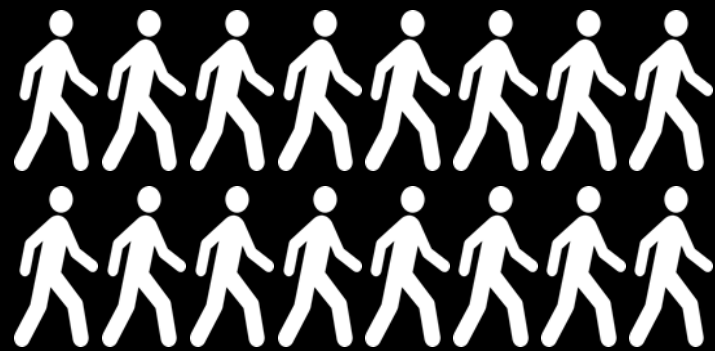
Counting system

... etc



- Dwell time
- Frequency
- Origin of customers
- Distinguish crossing / commuters / unique visitors...

... To improve our customer understanding and create business opportunities



Numerous anonymous visitors



Single individualized behavior



- Develop services to kill pain points
- Improve marketing action plans
- Understand new customers' expectations
- Identify successful brand combinations

OPTIMIZE OPERATIONS: UNDERSTAND DRIVERS OF BRAND APPEAL

Main output:

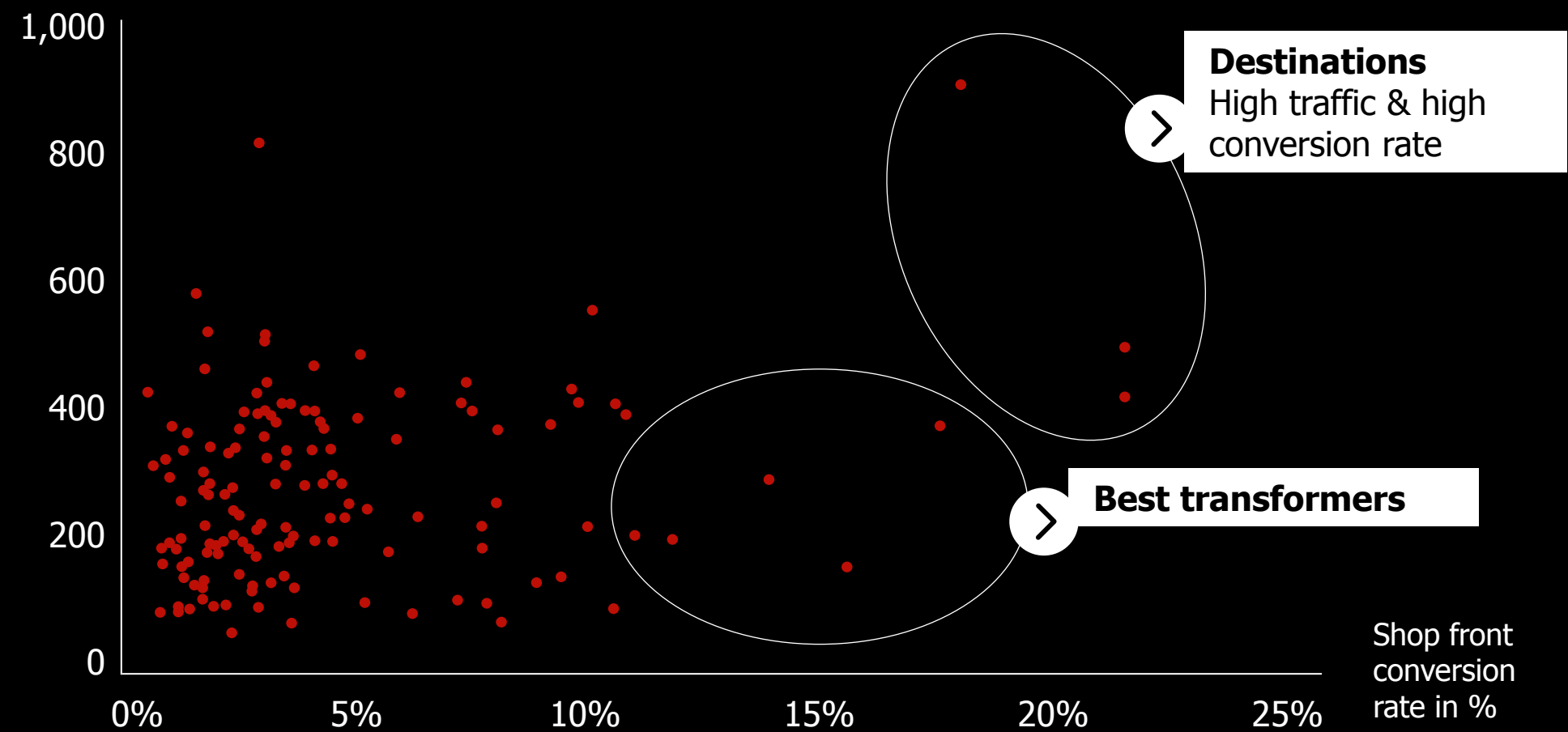
- ↗ Shop front traffic
- ↗ Shop front conversion rate



- ↗ Mitigating information dissymmetry with retailers
- ↗ Economics optimization by increasing locations' value

Retailer cartography of a jumbo asset

Shop front traffic
in k visitors

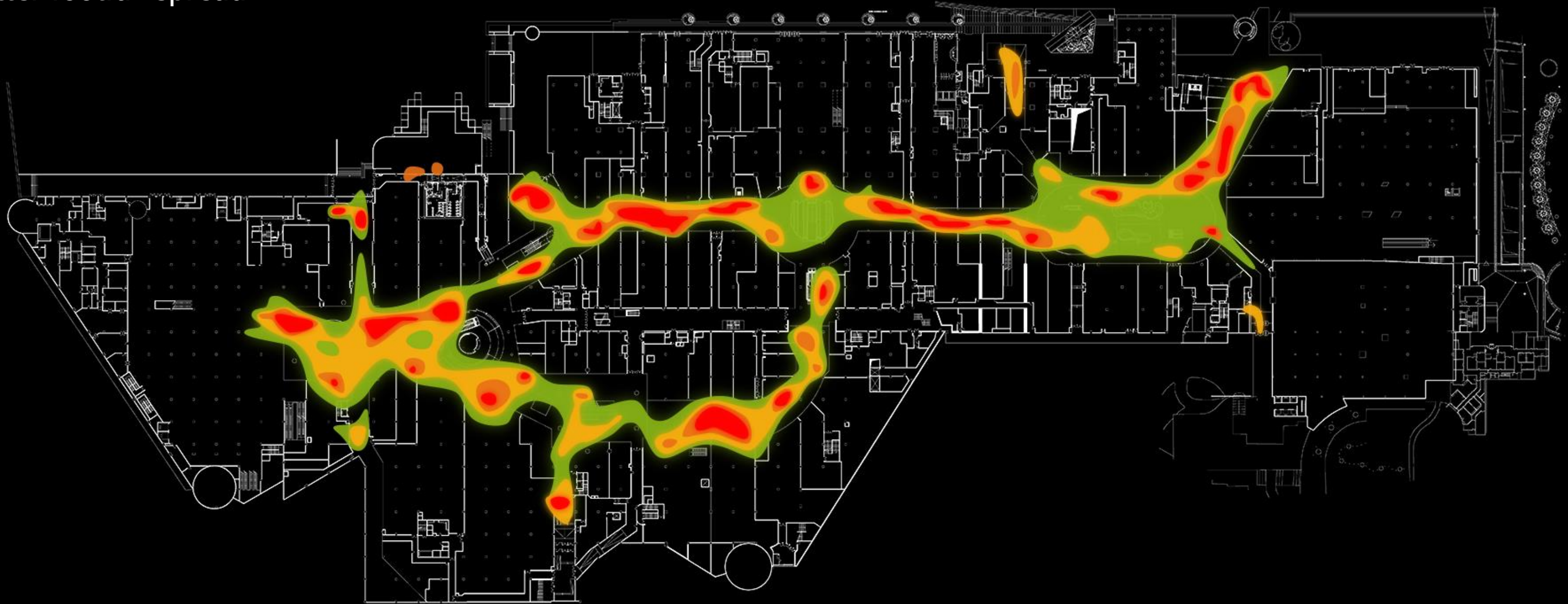


OPTIMIZE OPERATIONS: UNDERSTAND DRIVERS OF BRAND APPEAL

Better merchandising mix:

Enrich understanding of retailers interaction to set proper diagnosis and define right activity at the right location

- Less cold areas
- Better footfall spread



GROW OUR AUDIENCE AND GAIN MARKET SHARES



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