



OPERATIONAL AND STRATEGIC UPDATE ON THE US BUSINESS



UNIBAIL-RODAMCO-WESTFIELD



AGENDA

1

URW US
IN A NUTSHELL



2

US RETAIL SALES



3

OVERVIEW OF
US PORTFOLIO

4

INDUSTRY
CHALLENGES
AND ACTION PLAN



5

STRATEGY FOR
REGIONAL ASSETS



6

KEY TAKE-AWAYS



URW US IN A NUTSHELL



UNIBAIL-RODAMCO-WESTFIELD

We operate three asset categories

Shopping Centres



29

shopping centres

>400 Mn

visitors

35.6 Mn

sq. ft GLA

97%

US GMV

Offices



8

office buildings

4,700

workstations⁽¹⁾

708,000

sq. ft GLA

2%

US GMV

Airports



6 / 11

major US airports /terminals

140 Mn

passengers

375,000

sq. ft GLA

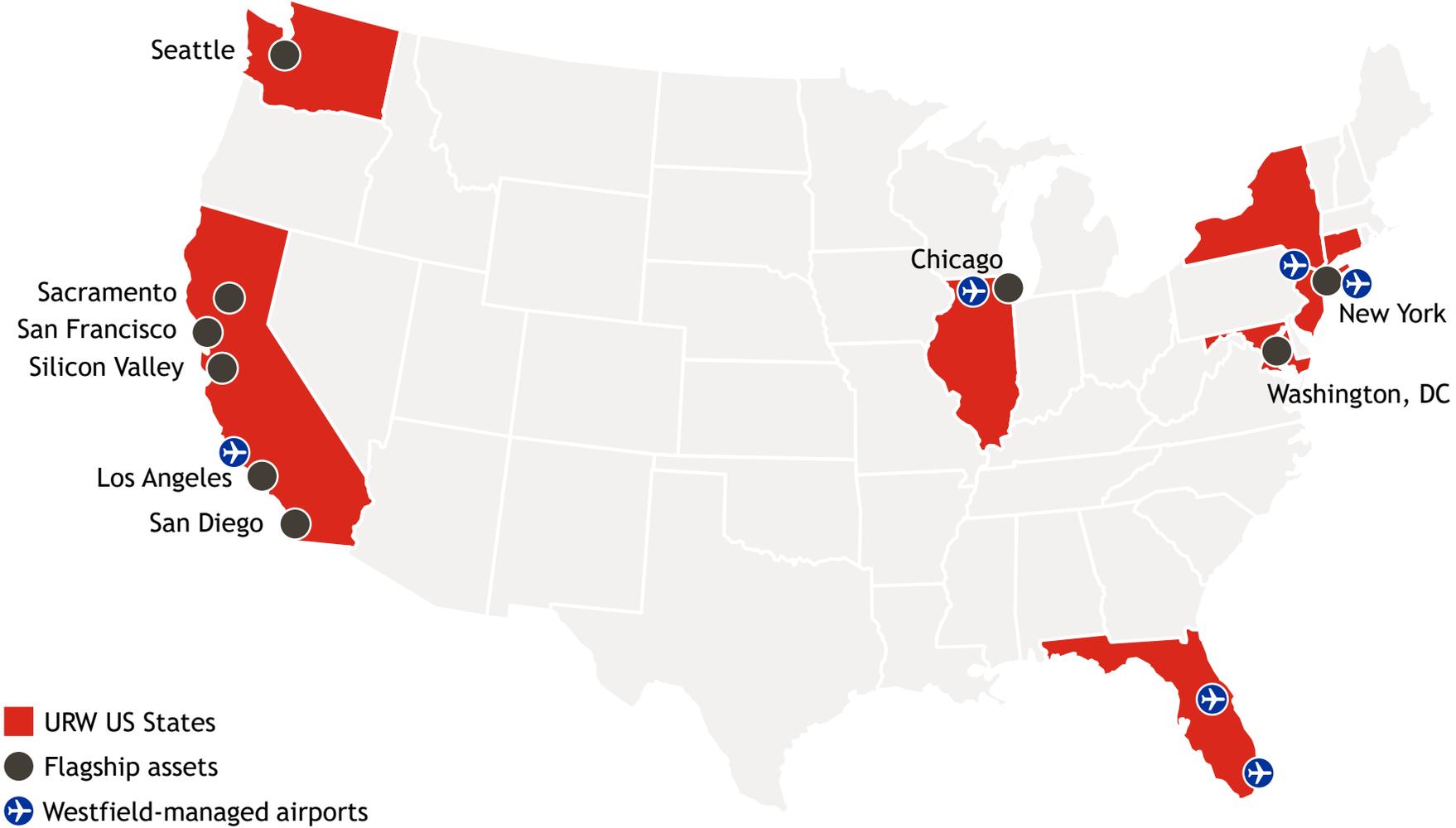
1%

US GMV

All figures as at December 31, 2018

(1) Estimated based on building capacity, at 150 sqft / workstation

Primarily located on the west and east coasts



An experienced executive team

Jean-Marie Tritant
URW US President



Operations

Thomas Tierney



Leasing

Colin Shaughnessy



Development West Coast

Larry Green



Development East Coast

John Marshall



Airports

Dominic Lowe



US Marketing & Group Digital

Ghadi Hobeika



Group International Leasing

David Ruddick



General Counsel

Aline Taireh



Finance

John Fleming



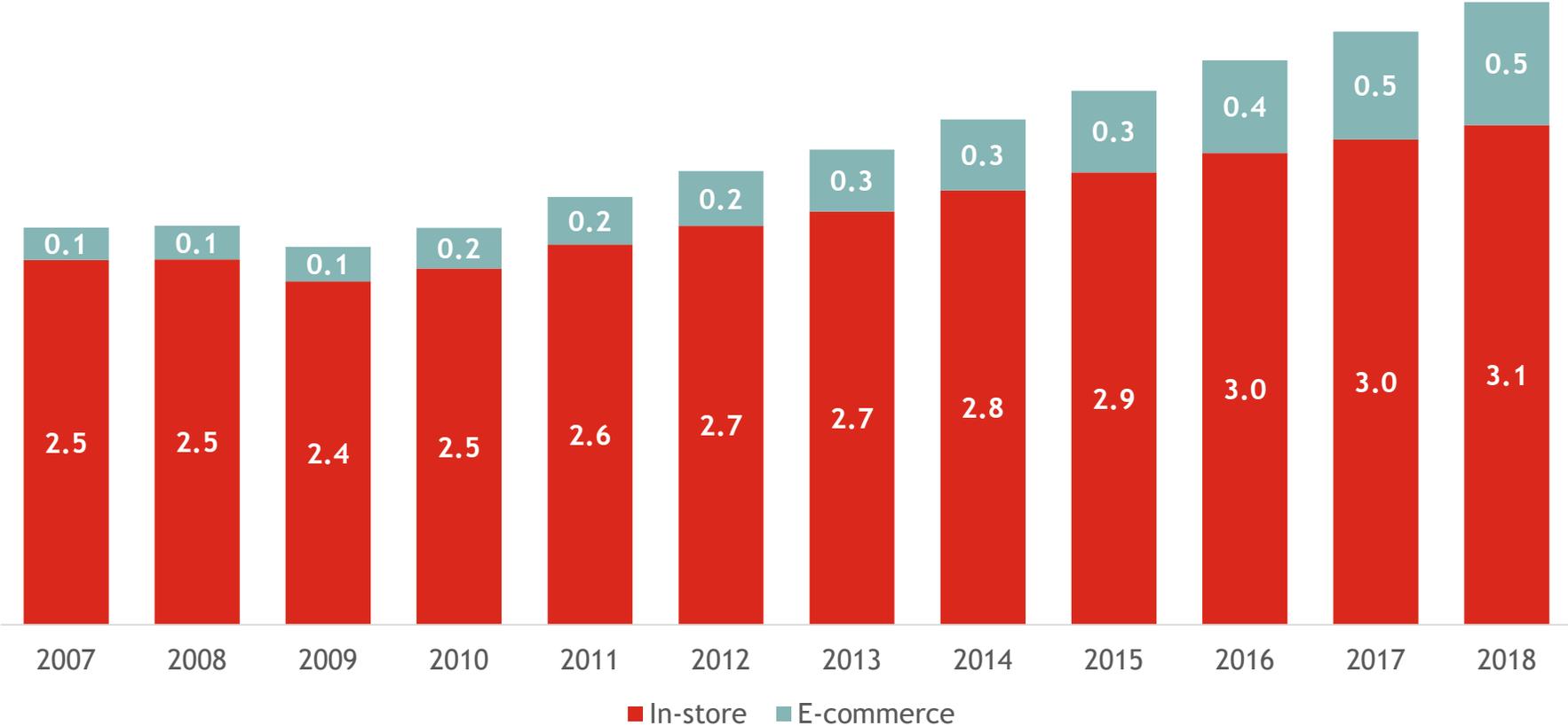
US RETAIL SALES



UNIBAIL-RODAMCO-WESTFIELD

Strong retail sales growth: online and offline

US retail sales by channel (\$ Trillion)



In-store retail sales:
+22%⁽¹⁾

US e-commerce penetration:
~14% in 2018

⁽¹⁾ From 2007-2018 and excluding items not normally purchased online, such as fuel, automobiles and sales in bars and restaurants (inflation adjusted)

Source: Internet Retailer, U.S. Commerce Department, Euromonitor

OUR PORTFOLIO STANDS APART



UNIBAIL-RODAMCO-WESTFIELD

A unique portfolio of assets in the wealthiest metropolitan areas

Area	% US GMV	# assets	Avg. spend as % of national avg. ⁽¹⁾
LA area ⁽²⁾	27%	6	114
SF / Silicon Valley	21%	4	135
New York area ⁽³⁾	20%	3	116
San Diego ⁽⁴⁾	13%	5	136
Washington area	8%	3	136

Area	% US GMV	# assets	Avg. spend as % of national avg. ⁽¹⁾
Florida	4%	4	83 ⁽⁵⁾
Seattle	4%	1	143
Chicago	3%	1	103
Connecticut	1%	2	109

(1) Source: US Bureau of Labor Statistics, 2017

(2) Westfield Topanga and the Village are counted as 1 asset

(3) Westfield WTC and Westfield Fulton Center are counted as 1 asset

(4) Westfield Palm Desert is included in San Diego Area

(5) Tampa metropolitan area only

Excludes WF Sunrise, WF Sarasota, WF Siesta Key, and Promenade



Concentrated in California

#1 US state in GDP
15.5% of US total

5th highest GDP in the world

#2 US state in concentration of Fortune 500

39.5 Mn inhabitants
1/8th of US population

Household income 114% of US average
Avg. income in California: \$69,700

For URW



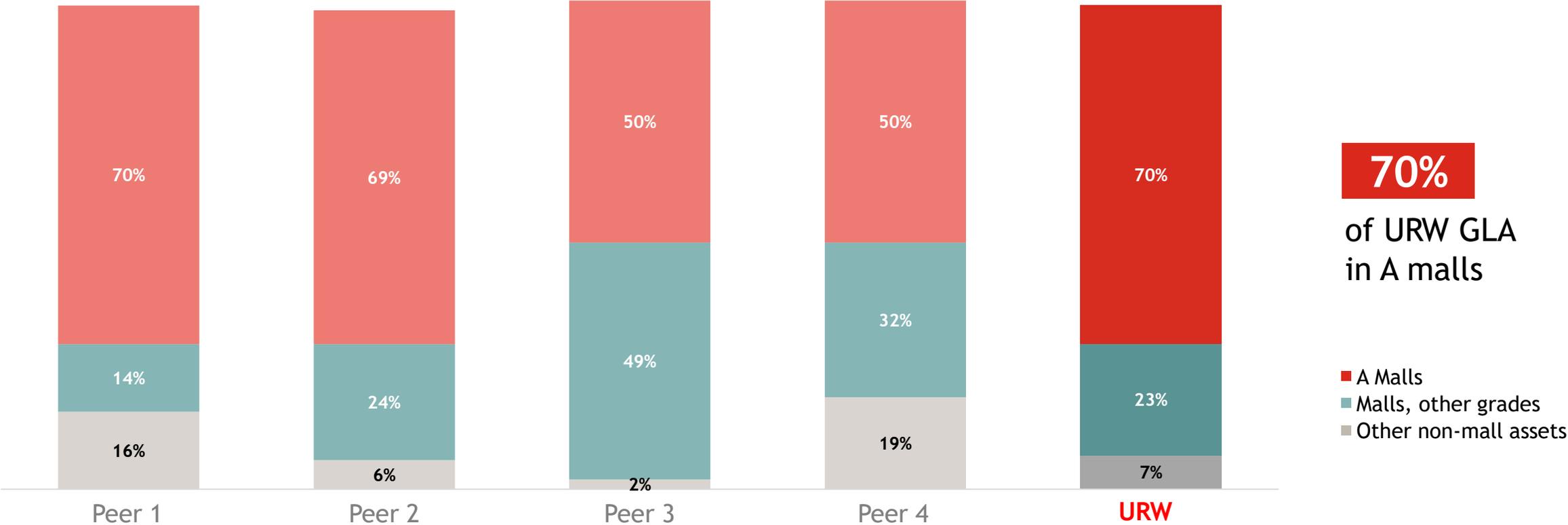
61% of GMV



15 of 29 malls

One of the highest concentration of A malls in the US market

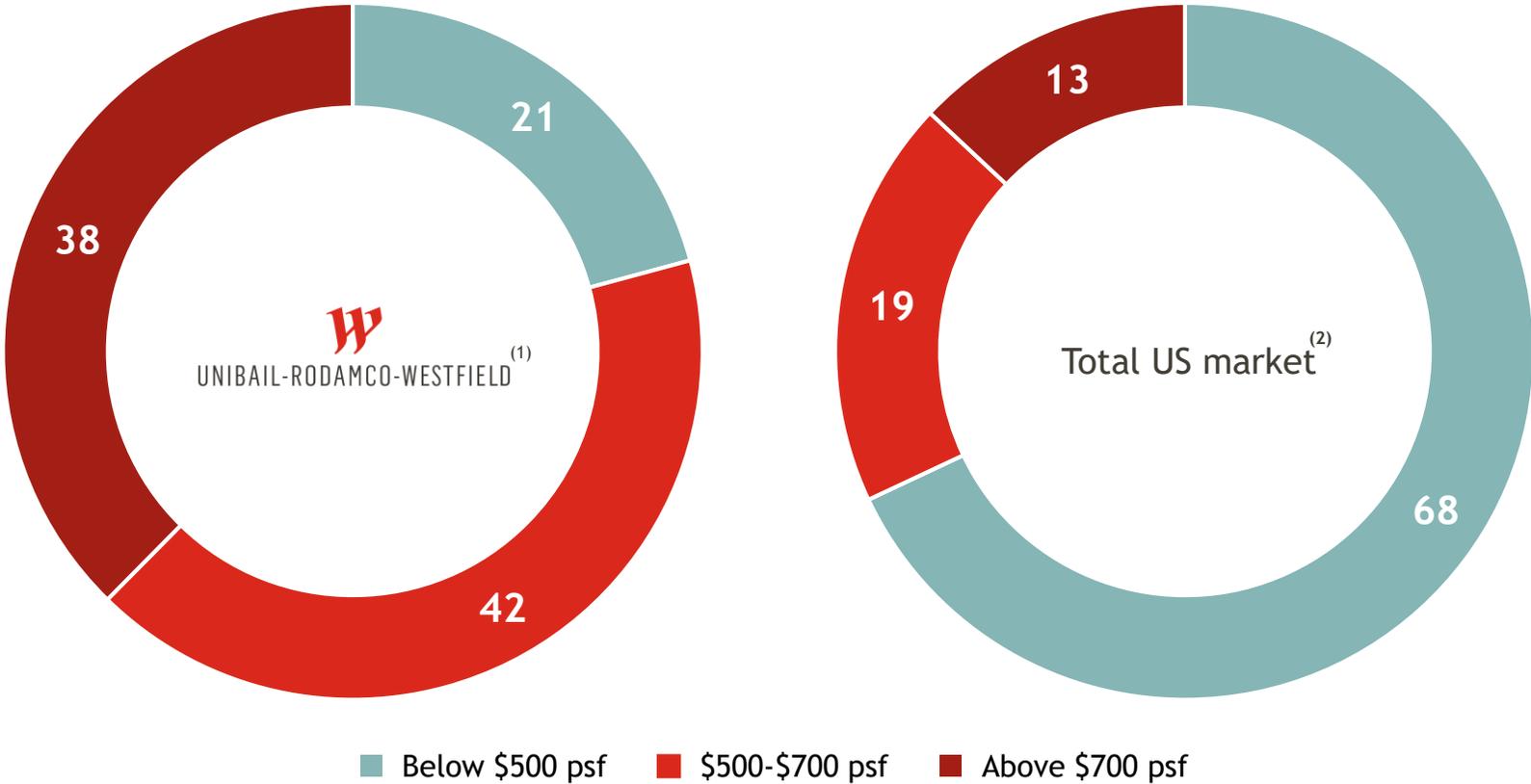
Share of total shopping centre GLA by grade



Shopping Centre Grade definitions according to Green Street Advisors (GSA)
 GLA refers to Total Shopping Centre (Specialty Shops + Anchors) in square feet
 URW data based on US portfolio as of 31 December 2018
 Non-Mall assets include outlet centre, lifestyle centre, and non-classified retail assets
 Peers include: Brookfield Property Partners, Macerich, Simon Property Group, Taubman Centers

URW not a proxy for the US market

Split of US GLA (%) by sales psf



(1) Source: URW sales figures as at December 31, 2018
(2) Source: Green Street Advisors

Flagships drive US portfolio performance

	TOTAL	o/w Flagships	o/w Regionals
URW GMV	\$16.0 Bn	85%	15%
Occupancy	95.6%	96.2%	94.8%
NOI growth	+3.1%	+6.7%	-7.5%
Specialty sales growth ⁽¹⁾	10.9%	+12.0%	+4.4%
Specialty sales productivity (psf) ⁽¹⁾	\$748	\$926	\$486
Footfall	>400 Mn	~300 Mn	~120 Mn
Avg. rent (psf)	\$87	\$107	\$55
Rental spreads ⁽²⁾	7.5%	11.5%	-1.6%
Avg. lease duration ⁽³⁾	81 months	87 months	71 months

All figures as at December 31, 2018

1) Calculated for specialty tenants (stores with < 10K sq. ft)

2) Rental spreads based on total rent including base rent and common area maintenance charges

3) Based on new and renewal deals greater than 12 months

PUTTING OUR ASSETS IN MOTION



UNIBAIL-RODAMCO-WESTFIELD

We face some headwinds...

Oversupply of retail space in the US market

Fierce landlord competition

Retailers increase their investment in their online business

Decreasing traffic in smaller / regional markets

Tenant bankruptcies / closures due to liquidation

Declining department store sales / large box closures

Decline of fashion sales



...but we are overcoming them

A unique
portfolio of
assets

The right
organization

A clear
strategy

We are taking an asset-centric approach

We implemented the Operating Management function in the US business, by:



Developing 5-Year Business Plans



Assessing asset potential through Estimated Rental Value (ERV) exercise



Defining asset positioning and Marketing Action Plans (MAPs)



Coordinating the execution of value creation strategy for each asset

» Accelerating Westfield's strategy with a stronger focus on ROI

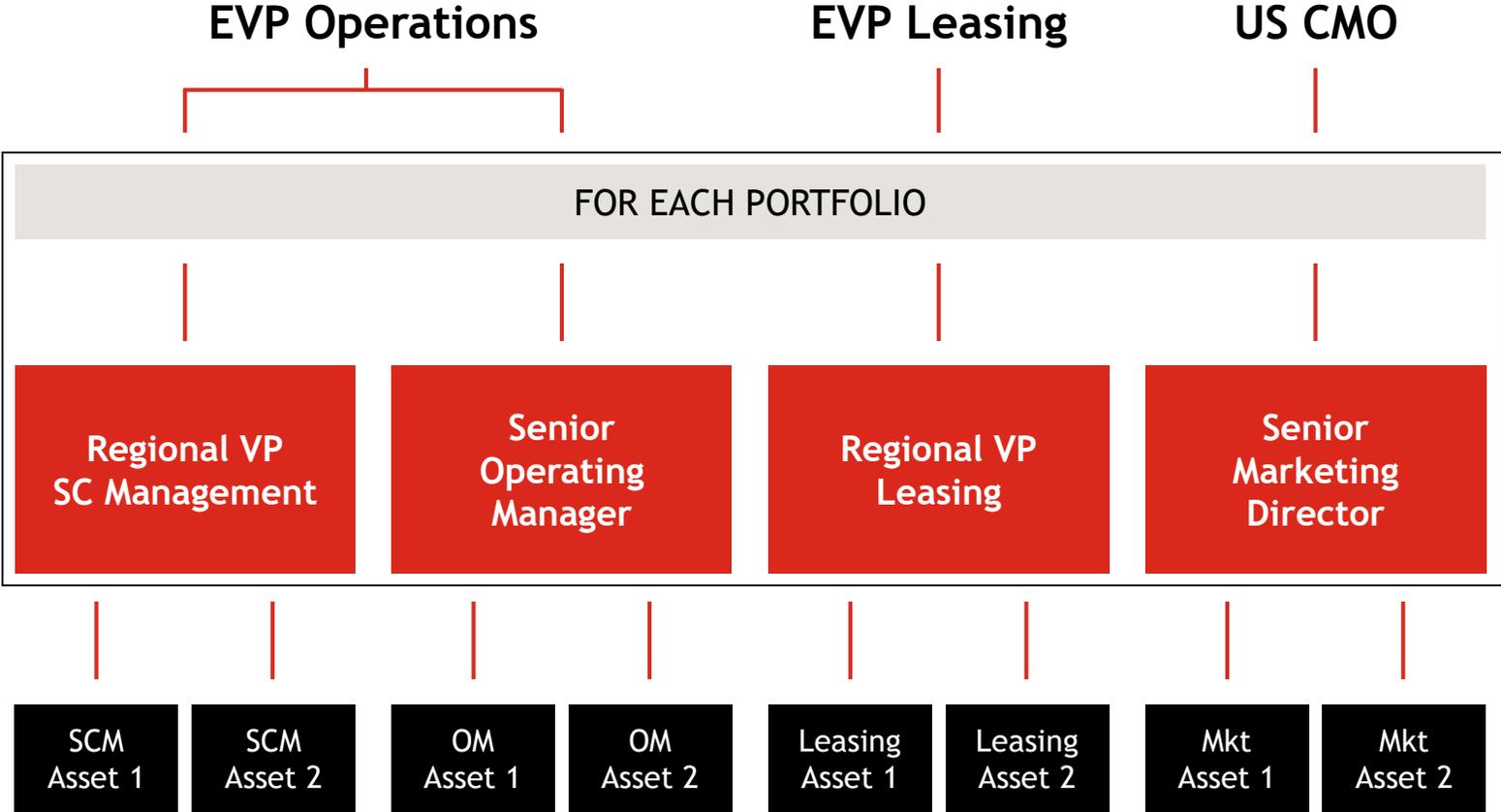
Assets organized into 5 portfolios with dedicated teams



Portfolios have been defined based on asset type (flagship/regional)



A Senior Operating Manager coordinates **cross-functional teams** for each asset



Focus on fundamentals

Re-Tenanting

Re-Marketing

Re-Designing

Focus on fundamentals

Re-Tenanting

Re-Marketing

Re-Designing

URW is not immune from the impact of store closures...

Expected Closures 2019⁽¹⁾

7,222



Total announced
2019 closures



Key YTD Closures

Retailer	# Stores	URW exposure	
		# Stores	2019 cashflow impact
Payless <small>SHOESOURCE</small>	2,500	22	\$1.2 Mn
GYMBOREE	805	50	\$2.8 Mn
dressbarn <small>est. 1962</small>	650	0	\$0
charlotte russe	520	19	\$3.2 Mn
FAMILY DOLLAR	390	0	\$0
	4,865	91	\$7.2 Mn

- ERV shows **10-15% reversionary potential** to be captured
- **60% of closures re-let⁽²⁾**
- Budgets factor in **churn rate based on historical track record**

67% of total expected closures have occurred

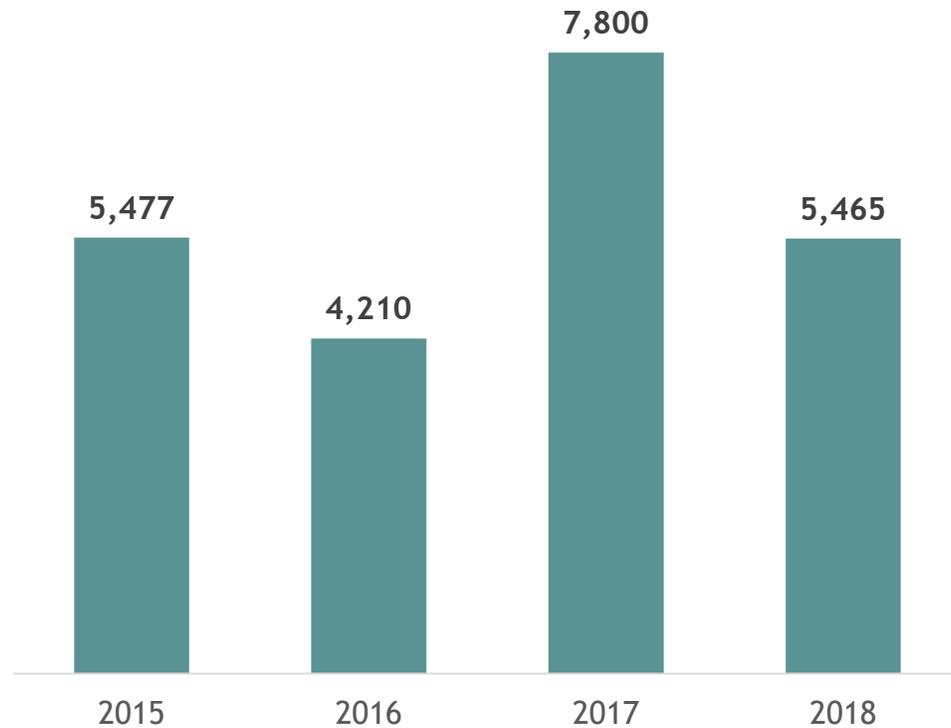
(1) Source: Coresight Research, June 2019

(2) As at June 7, 2019

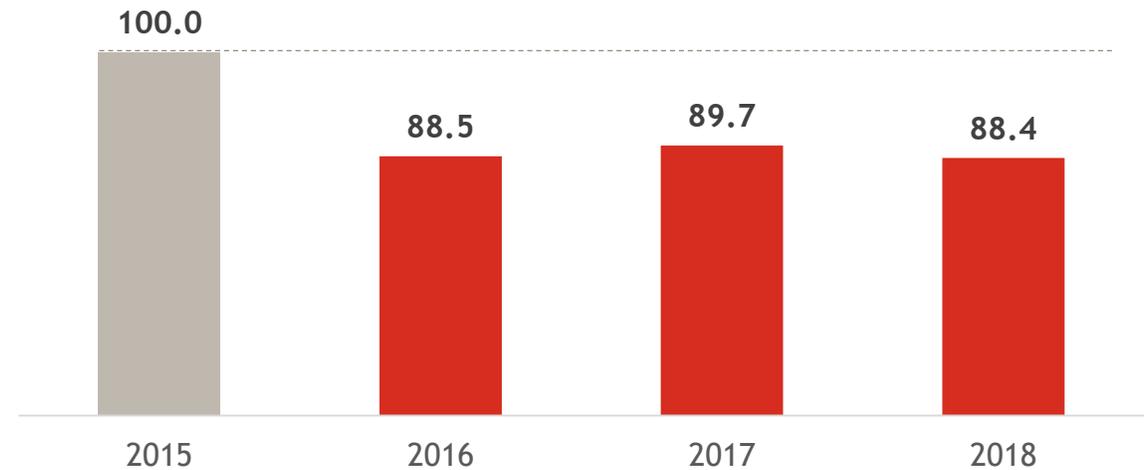


...however, the impact for URW is less than for the market

US store closures

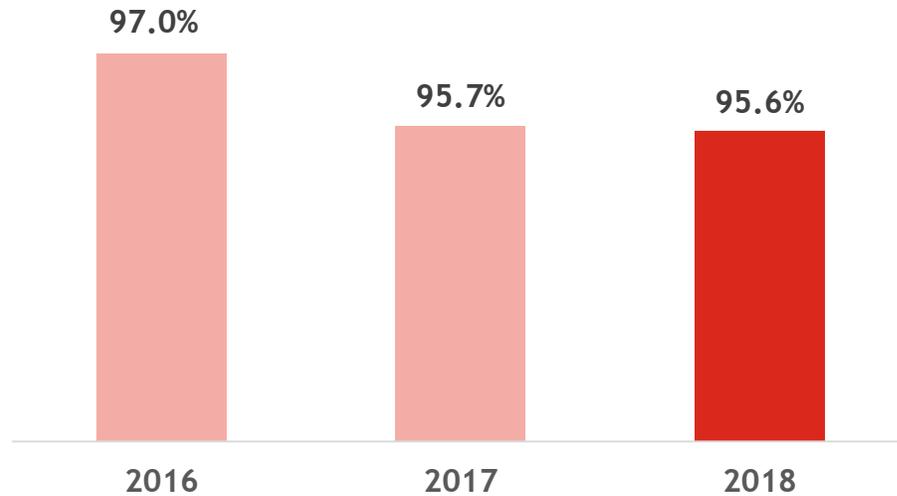


Store closures in URW portfolio (% of 2015 closures)

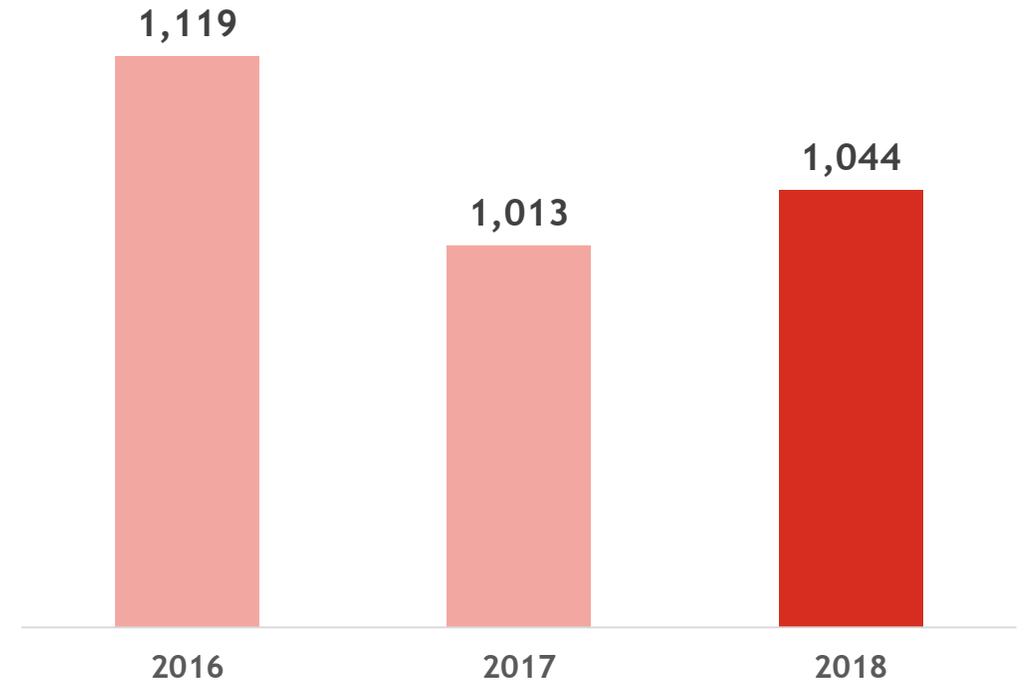


Leasing activity levels: high!

Occupancy Levels (%)



URW Leasing signed deals



Constantly reinventing URW offer

Category	% GLA Signed ⁽¹⁾ 2013	% GLA Signed ⁽¹⁾ 2018	% Change
Fashion	50.1	35.3	-14.7
Food/Dining	22.8	25.3	+2.5
Beauty	8.0	12.1	+4.1
Entertainment	2.7	5.4	+2.7
Health - Wellness	2.2	4.3	+2.1
Technology	1.9	4.5	+2.6
Jewelry	2.4	2.5	+0.1
Home furnishings	2.8	2.2	-0.7
Other	7.1	8.5	+1.3



Transitioning to a more
balanced and experiential
retail mix

Includes all deals for specialty shops under 20,000 sq.ft

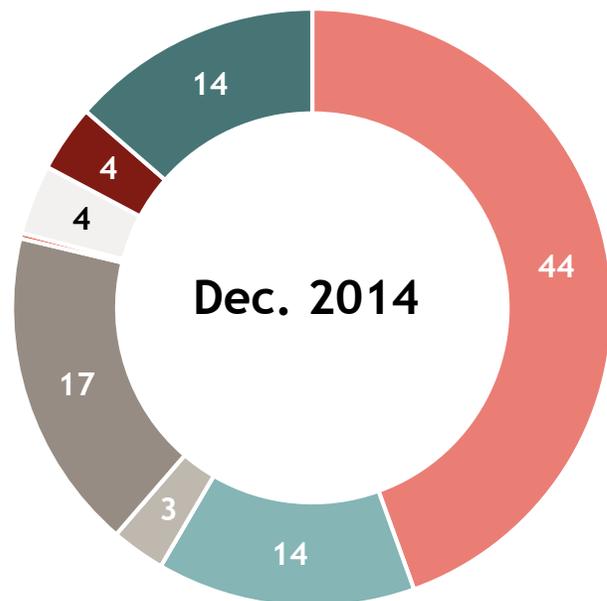
(1) % GLA signed for new deals for each category over total portfolio GLA signed.



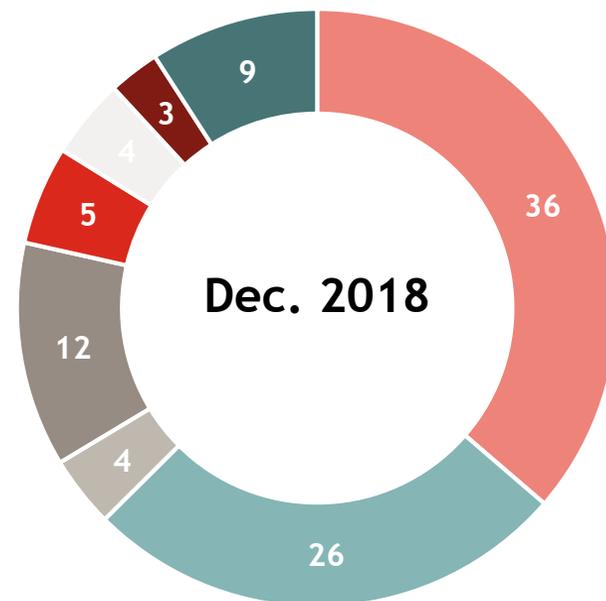
UNIBAIL-RODAMCO-WESTFIELD

Creating a more experiential, social destination at Westfield Century City...

Before redevelopment (GLA %)



After redevelopment (GLA %)



»
+490k sq.ft
extension

+56% GLA

Category
% point change

Fashion
-8

Food & Dining
+11

Beauty
+1

Entertainment
-5

Health & Wellness
+5

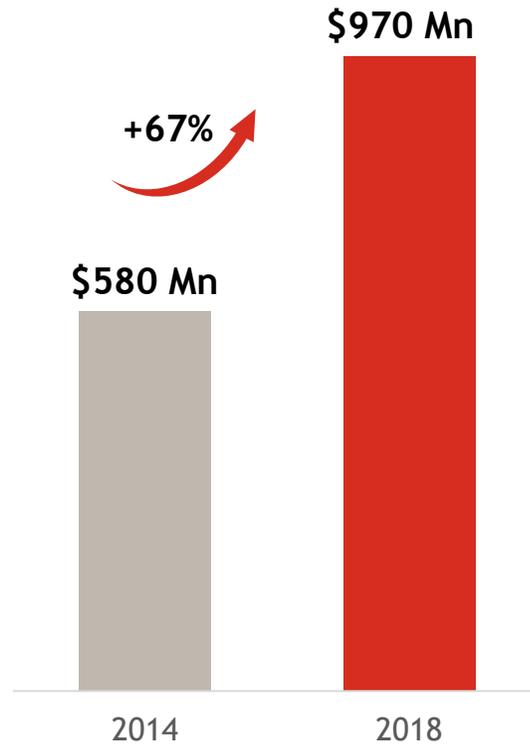
Technology
0

Jewelry
-1

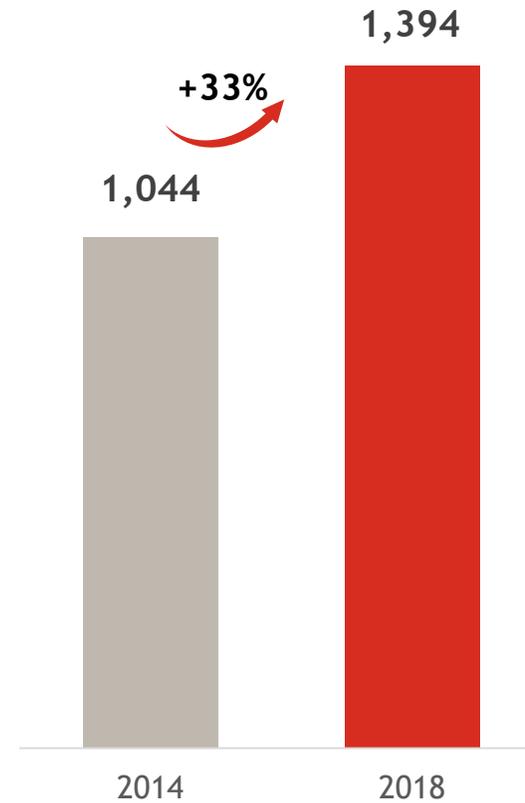
Other
-1

...leads to improved sales and productivity

Sales



Sales productivity (\$ psf)



Introducing new brands to our portfolio

> Food & Dining



RAISED
BY WOLVES

> Entertainment



> Technology



Candid.

> Health & Wellness



> Beauty

MORPHE



the detox market

Aēsop.

> Daily needs

drybar®



> Fashion

alo yoga

JAMES PERSE
LOS ANGELES



BUCK MASON



UNIBAIL-RODAMCO-WESTFIELD

We are working to increase leasing productivity

TEAM



- › Reinforced US Leasing with **30% more dealmakers**
- › Leveraging Group International Leasing to **unlock potential of URW Group**

COVERAGE



- › **Leasing teams are organized** by asset and mirror OM organization
- › Key accounts managed at **national level**

FOCUS



- › **Dedicated resources** for DNVBs and Dining
- › **Dedicated team** for renewals



Focus on fundamentals

Re-Tenanting

Re-Marketing

Re-Designing

Reinforcing marketing capabilities

A tailor-made
marketing strategy
per asset...



- › Systematic market research / customer studies
- › Marketing Action Plan as per 5-Year Business Plan
- › Asset positioning and target mix merchandising
- › Leverage corporate resources for brand strategy, content and events

...to reinforce local
impact in centres...



- › Optimize cost of corporate programs to reinforce local initiatives
- › Attract more customers through local events / activation
- › Reinforce relationships with tenants and communities to increase loyalty

...and through our
digital capabilities

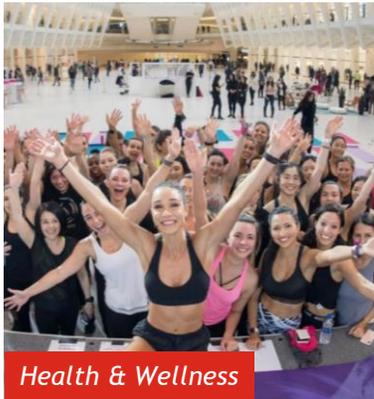


- › Recruit 3 highly experienced Digital Marketing professionals
- › Launch visitor Acquisition & Engagement strategy (MOON)
- › Engage more frequently and more meaningfully with visitors



World-class experiences and services across Flagships

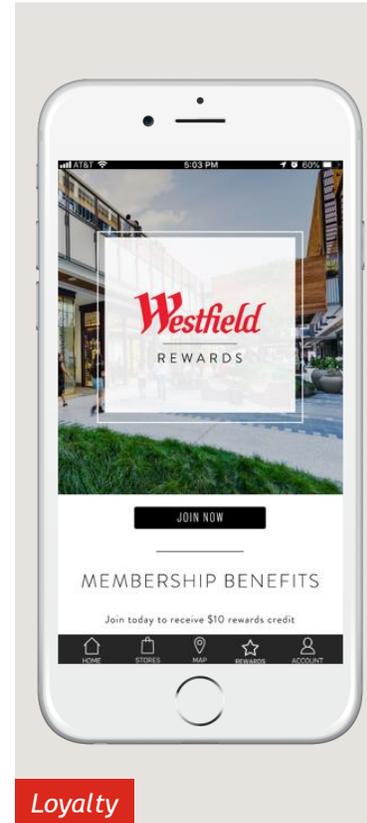
Programs support evolving mix



VIP services elevate customer journey



2,000+ event days



Focus on fundamentals

Re-Tenanting

Re-Marketing

Re-Designing

Recently delivered redevelopments...



COMBINED
YIELD ON COST:
6.5%



Westfield
CENTURY CITY

FY-2014 vs. FY-2018

GLA increase	+490 k sq. ft
Total investment cost	\$960 Mn
Footfall ⁽¹⁾	17.7 Mn (+71%)
Tenant sales (% increase) ⁽²⁾	+67%
GSA grade / evolution	A++ / stable

Westfield
UTC

FY-2014 vs. FY-2018

GLA increase	+400 k sq. ft
Total investment cost	\$600 Mn
Footfall ⁽¹⁾	15 Mn (+11%)
Tenant sales (% increase) ⁽²⁾	+54%
GSA grade / evolution	A++ / from A

(1) Visitors estimated based on car flow in 2014 and on pedestrian counting system in 2018

(2) Annualized tenant sales (incl. department stores) as of April 2019

... delight our customers ...



CUSTOMERS



Westfield CENTURY CITY

Share of millennials in 2018⁽¹⁾

Avg. household income

Net Promoter Score

Avg. spend⁽²⁾

2018

55% (#1 in URW US portfolio)

\$152K (+17% vs. 2014)

71% (#1 in URW US portfolio)

\$158 (+62% vs. 2014)

Westfield UTC

Share of millennials in 2018⁽¹⁾

Avg. household income

Net Promoter Score

Avg. spend⁽²⁾

2018

54% (#2 in URW US portfolio)

\$129K (+24% vs. 2014)

68% (#3 in URW US portfolio)

\$107 (+7% vs. 2014)

(1) As defined by the 18-34 years old age group; U.S. portfolio average is 48%

(2) Average spend is based on shopper surveys

... and generate significant value uplift

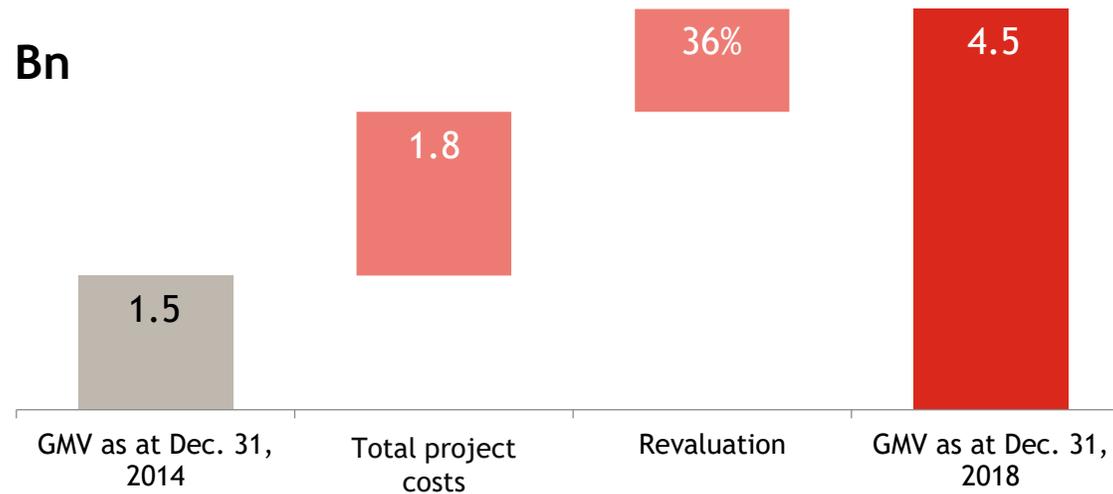


GMV
X3



Westfield
CENTURY CITY

\$ Bn



Westfield
UTC

Valley Fair: next large redevelopment to be delivered



GLA
+510k sq. ft Retail

+100
 Shops

100% Expected cost
\$1.1 Bn

URW ownership
50%

Opening date
H1 2020

Pre-Letting⁽¹⁾
74% GLA

(1) Pre-letting: Expansion Area GLA signed, all agreed to be signed and financials agreed

Recent renovations in Flagship portfolio

Westfield Garden State Plaza (NY area)



+5.3%
LfL Specialty Stores
Growth⁽¹⁾

Westfield Topanga (LA area)



Project

Full renovation
Enhance customer experience
New roof and entrances

Upgrade customer journey
Improve flooring, lighting, common
areas and digital IT upgrades

100% Expected cost

\$123 Mn

\$62 Mn

URW ownership

50%

55%

Opening date

Q3 2018

H2 2019



UNIBAIL-RODAMCO-WESTFIELD

⁽¹⁾ Compared to pre-delivery as at April 30, 2019 (7 months following delivery), excl. Apple and auto

US department store closures

Closed stores owned by URW

Former department store	# Stores	GLA (sq. ft)
JCPenney	1	178k
sears	4	644k
Lord & Taylor	2	225k
★macy's	1	369k
NORDSTROM	1	122k
Total	9	1.5Mn

» An opportunity to accelerate the necessary evolution of our malls



US department store boxes are an opportunity for URW

Boxes represent

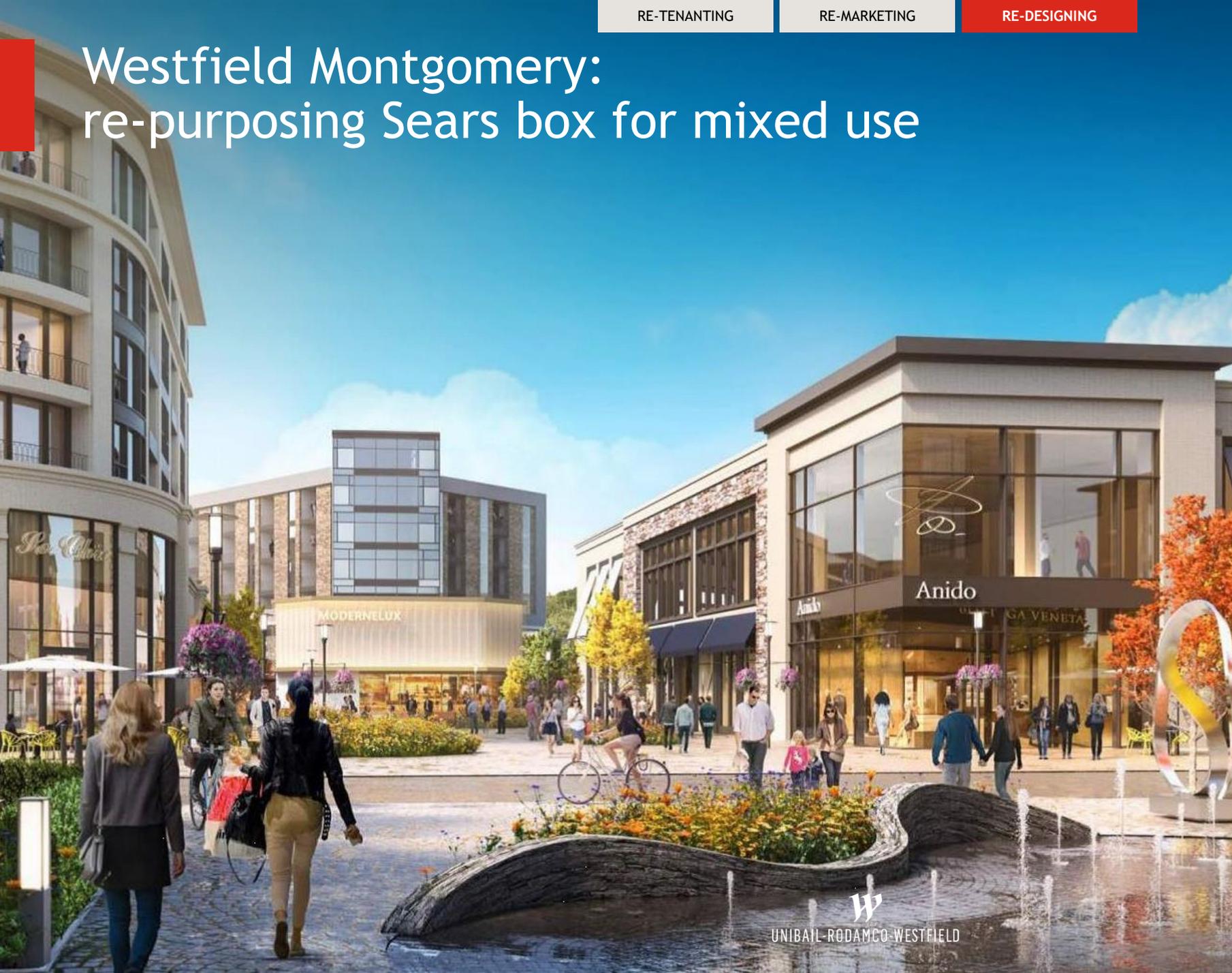


- ✓ Available GLA
- ✓ Natural extension of the shopping centre
- ✓ Generally one of the main entrances

Former Dept. Store	Asset	Opportunity
JCPenney	Garden State Plaza	Improving retail mix
sears	Topanga	Creating entertainment destination / food hall
	Valencia Town Center	Bringing entertainment and grocery store
	Oakridge	Bringing lifestyle and daily need offer
	Montgomery	Densification through residential project
Lord & Taylor	Annapolis	Enhancing customer journey and adding offices
	Old Orchard	Re-anchoring and densification project
★ macy's	Mission Valley	Enhancing dining and lifestyle offering
NORDSTROM	UTC	Densification project (mixed-use)



Westfield Montgomery: re-purposing Sears box for mixed use



GLA created

310k sq. ft Retail
784k sq. ft Residential
11k sq. ft Office

38 **655**
Shops Units

Investment
\$0.5 Bn⁽¹⁾

Ownership
50%

Phase 1
2023

Leveraging department stores closures

Westfield Valencia Town Center (LA area)



Project

Former Sears box
Focus on entertainment, health & wellness, and daily needs

Expected costs

\$94 Mn

Ownership

50%

Delivery

H1 2022

Westfield Oakridge (San Jose area)



Former Sears box
Focus on health & wellness and home

\$54 Mn

55%

H1 2020

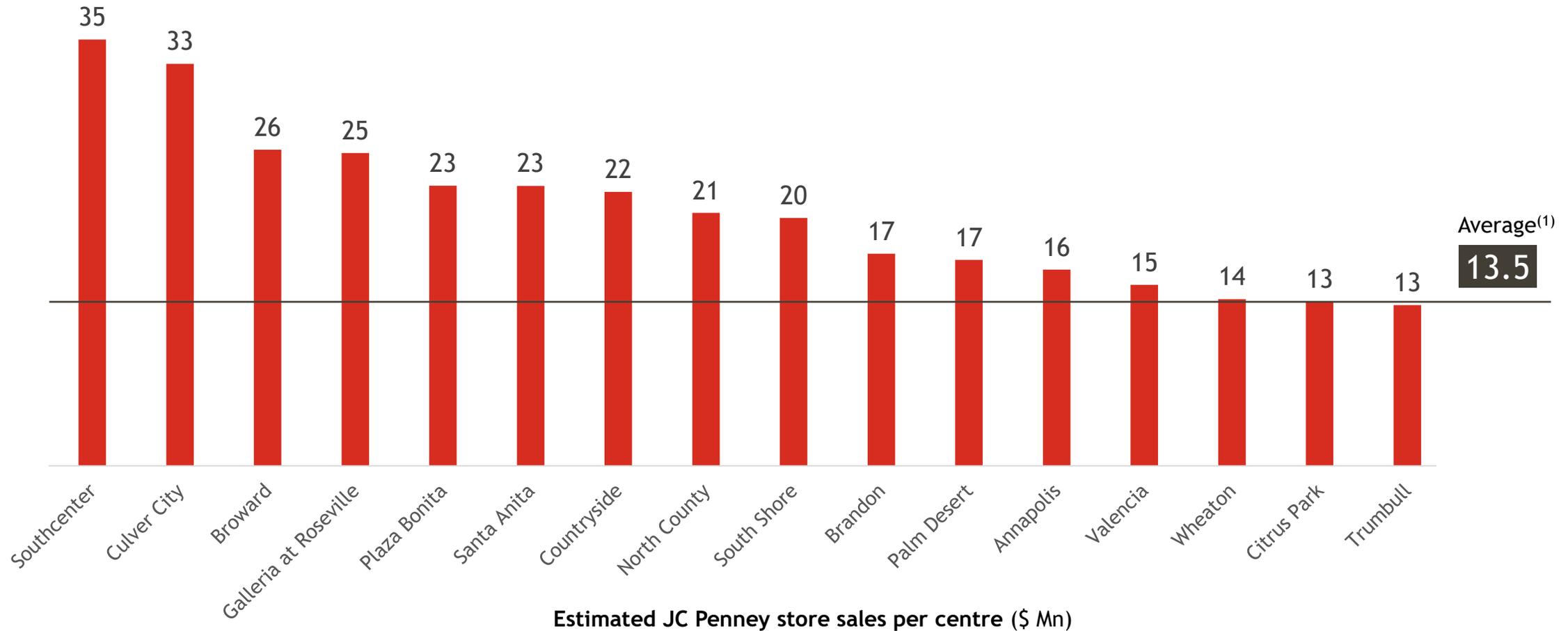
Most challenged US department store operators

Department Store	Open stores		
	Total stores	# Stores	<i>o/w URW-owned</i> GLA (sq. ft)
JCPenney	16	1	202,000
sears	4	1	125,000
<i>Lord & Taylor</i>	3	-	-



URW department stores outperform

88% of URW JC Penney stores above retailer average



(1) Source: JC Penney 10k report - year ended Feb 2nd 2019

REGIONAL MALLS STRATEGY



UNIBAIL-RODAMCO-WESTFIELD

We have a plan for our regional malls

Sales psf	#	% URW US GMV	% URW US NRI	Occupancy
Above \$500	7	9%	12%	95.3%
\$400 to \$500	4	3%	6%	94.1%
Below \$400	3	1%	2%	94.6%

Examples	Project
Westfield North County	Re-tenanting through boxing up of units
Westfield Brandon	Re-designing food hall
Westfield Wheaton	Densification project
Westfield Palm Desert	Light customer journey upgrades
Westfield Broward	Customer journey upgrades
Westfield Countryside	Re-anchoring with affordable grocery store

KEY TAKE-AWAYS



UNIBAIL-RODAMCO-WESTFIELD

Key take-aways

URW US not a proxy for the market

- › Small number of assets
- › 70% of GLA in A malls
- › 83% of GMV in flagships
- › 61% of GMV in California

Foundation of an effective organization in place

- › New governance structure
- › Operating management function in place
- › Reinforced leasing team and capabilities
- › First US talent review completed

Clear short, mid, and long-term business objectives

- › Starting 2nd round of 5-Year BP to fine-tune asset strategies
- › ERV exercise gives clear direction for Leasing Action Plans
- › Close monitoring of Development projects with strong focus on ROI



THANK YOU



UNIBAIL-RODAMCO-WESTFIELD



UNIBAIL-RODAMCO-WESTFIELD

urw.com