



CORPORATE GOVERNANCE

UNIBAIL-RODAMCO-WESTFIELD SE (URW SE)

OCTOBER 5, 2020

SHAREHOLDER COMMUNICATION


UNIBAIL-RODAMCO-WESTFIELD

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Introduction

- **David Zeitoun**
 - (URW Group General Counsel)
- **Amandine Cogneville**
 - (Group Head of Corporate & Securities Law)
- **Christina Abood**
 - (URW SE Supervisory Board Secretary)
- **Sam Warwood**
 - (URW Group Director of Investor Relations)
- **Maarten Otte**
 - (URW Senior Investor Relations Analyst)

Agenda

1. €9+ BN “RESET PLAN” INCLUDING €3.5 BN CAPITAL RAISE
2. KEY CONSIDERATIONS AROUND URW'S RIGHTS ISSUE
3. GOVERNANCE & SB INVOLVEMENT
4. EGM MATTERS & VOTING REQUIREMENTS

1. €9+ BN “RESET PLAN” INCLUDES A
€3.5 BN CAPITAL RAISE



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Repositioning URW's capital structure, part of a broader strategic "RESET" plan

TO DATE	TODAY	GOING FORWARD
Delivered on strategic and capital allocation priorities	Highly responsive to mitigate impact from COVID-19 crisis	Bolder steps will be taken



€9+ Bn "RESET" Plan

- €3.5 Bn capital raise
- €1 Bn cash dividend savings over two years⁽¹⁾
- c.€800 Mn capex reduction
- €4 Bn asset disposals⁽²⁾ by end 2021
- Maintain strong investment grade rating (A- / Baa1)⁽³⁾

Further details can be found on the [webcast of the announcement and accompanying presentation](#)

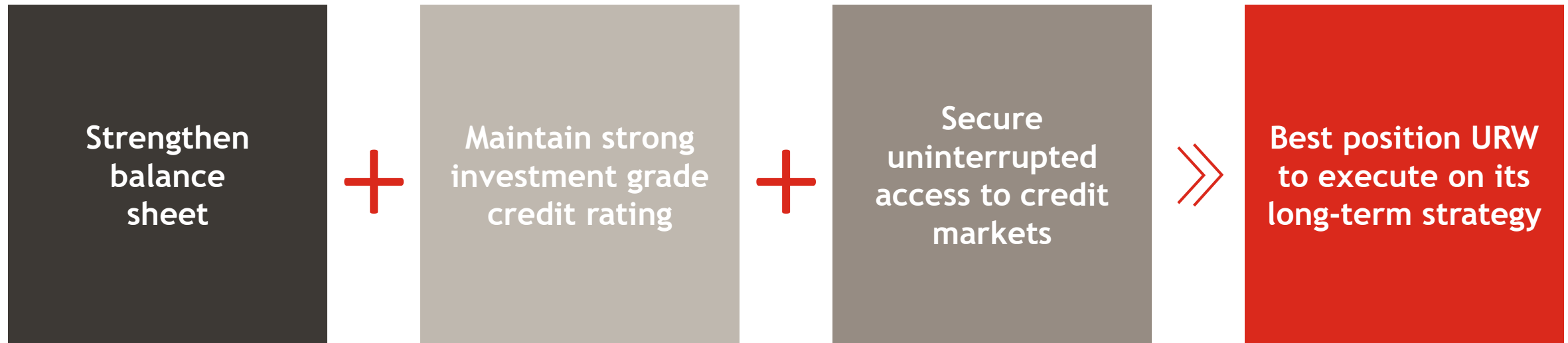
Strengthen balance sheet to execute URW's long-term strategy

(1) The Group expects to communicate its dividend policy ahead of the shareholders meeting to approve the capital raise. Estimated on the basis of dividend paid in 2020

(2) Consistent with the Group's H1-2020 announcement

(3) A- (neg) / Baa1 (stable) credit rating. Previously A- (neg) / A3 (neg)

Benefits and details of the €3.5 Bn capital raise



- Fully underwritten by a syndicate of banks
- Subject to approval by URW's shareholders at the EGM to be held on November 10, 2020⁽¹⁾
- Final terms and conditions expected to be announced in Q4 2020⁽²⁾ shortly after the approval by the EGM
- Expected to close by year-end

(1) The capital raise is expected to maintain existing shareholders' subscription rights unless otherwise proposed to the Extraordinary General Meeting ("EGM")

(2) Subject to shareholders' approval, market conditions and necessary regulatory approvals. The prospectus to be issued by URW in connection with the capital raise will be subject to the visa of the AMF and the approval of the AFM

Strategic €9+ Bn “RESET” plan to strengthen balance sheet and best position URW for the future

R ESTORE



financial strength

E XECUTE



on asset disposals

S TREAMLINE



operations and footprint

E MBRACE



a changing environment

T HRIVE

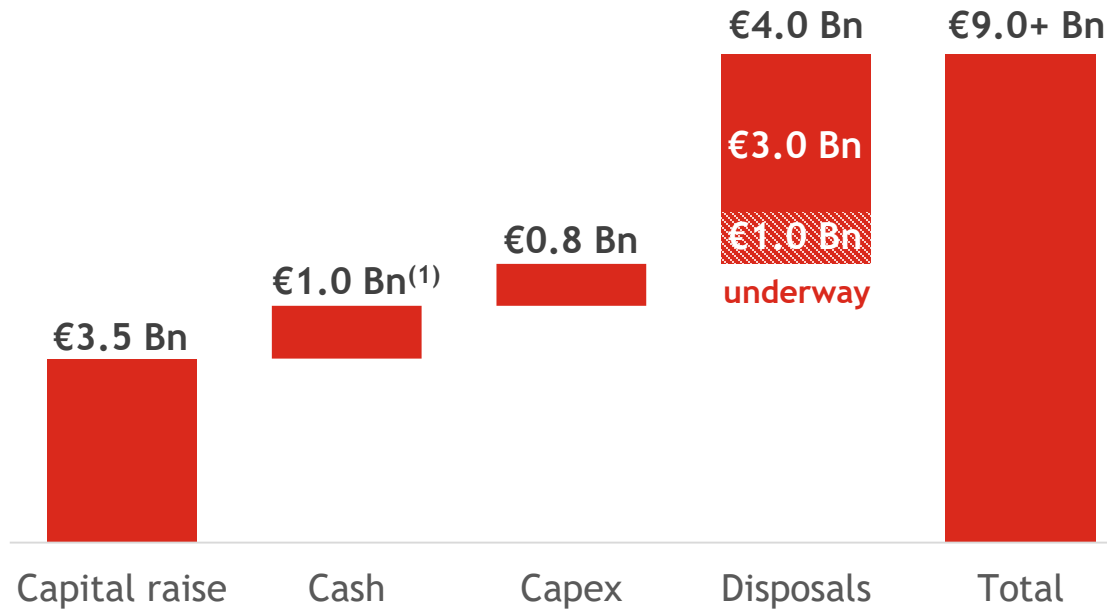


by leveraging URW’s powerful platform to grow revenue streams



RESTORE financial strength

Deleveraging plan



Maintain strong investment grade rating



Secure uninterrupted access to credit markets & low cost of debt

➤ A- / Baa1⁽²⁾ credit rating

➤ LTV < 40%⁽³⁾
 ➤ Net debt / EBITDA < 9x⁽⁴⁾
 (Target by Dec. 2021)

- Proceeds used to reduce leverage, strengthen balance sheet and increase flexibility
- Execute by year-end 2020
- Fully underwritten (volume)⁽⁵⁾

(1) In respect of dividend paid in 2021 and 2022, for fiscal years 2020 and 2021, respectively. The Group expects to communicate its dividend policy ahead of the shareholders meeting to approve the capital raise

(2) A- (neg) / Baa1 (stable) credit rating

(3) Based on IFRS (used to calculate the Group's covenant compliance)

(4) Based on IFRS. Recurring EBITDA, calculated as total recurring operating result and other income minus general expenses, excluding depreciation and amortization

(5) URW has entered into a standby underwriting commitment with banks, pursuant to which they have undertaken to fully underwrite the €3.5 Bn capital raise, subject to the satisfaction of customary conditions precedent.

A comprehensive and proactive €9+ Bn financial and strategic plan to best position URW for the future

Deleveraging is the priority

Substantial balance sheet strengthening

URW best positioned for the future

- €3.5 Bn capital raise
- €1.0 Bn cash dividend savings⁽¹⁾
- c.€800 Mn capex reduction
- €4.0 Bn disposals (flexible, accelerated)

- Robust investment grade rating
- €16.2 Bn of liquidity⁽²⁾ vs. €15 Bn of maturities through 2025⁽³⁾
- Cushion if valuations fall more than expected

- Satisfactory progress in tenant negotiations and no fundamental changes to rent structures
- Must-have Flagship destinations for all tenant categories (traditional, new, non-retail)
- Additional revenue potential

(1) Cash dividend savings over two years, estimated on the basis of dividend paid in 2020. The Group expects to communicate its dividend policy ahead of the shareholders meeting to approve the capital raise

(2) URW's liquidity position as at June 30, 2020, pro forma for €3.5 Bn capital raise

(3) URW's debt profile on a proportionate basis as at June 30, 2020, excluding €1,250 Mn Hybrid NC 2023 and €750 Mn Hybrid NC 2026 treated as equity under IFRS

2. KEY CONSIDERATIONS AROUND URW'S RIGHTS ISSUE



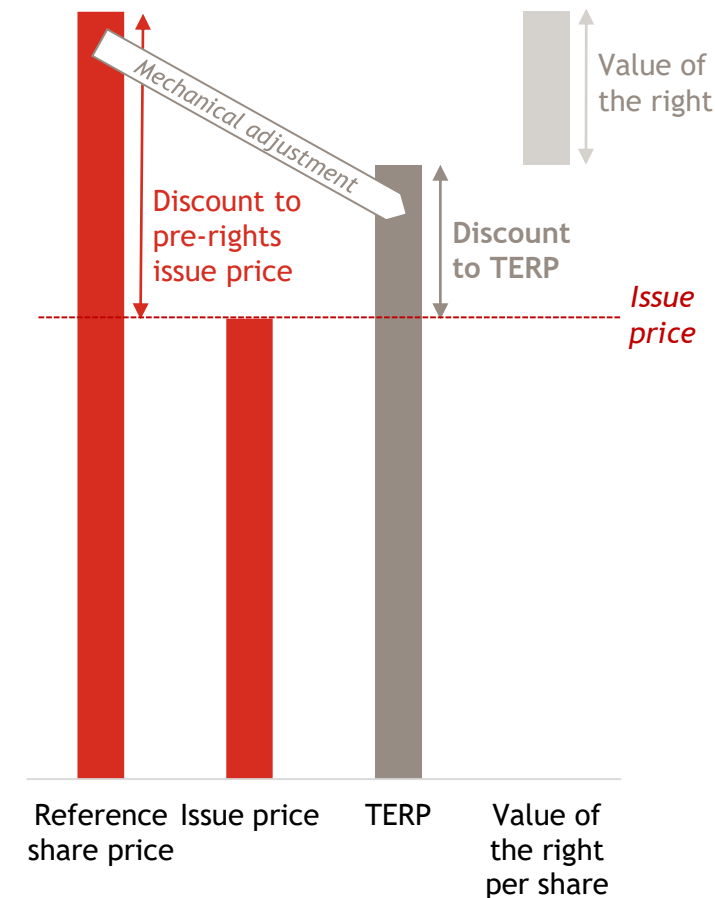
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Key concepts and features of a rights issue

Rights issue features

Capital increase	<ul style="list-style-type: none"> Issue of new ordinary stapled shares
Grant of preferential subscription rights to existing shareholders	<ul style="list-style-type: none"> New shares issued upon exercise of preferential subscription rights (irreducible subscription) and potentially reducible orders for subscribers exercising their rights These subscription rights granted to existing shareholders, pro rata to their existing holdings, will be detached from ex-date and will be listed and tradable during rights trading period During the rights subscription and trading period, existing shareholders may elect to: <ul style="list-style-type: none"> Either exercise all or part of their preferential subscription rights during the subscription period to maintain all or part of their stake in the capital of the issuer or limit their dilution consistently with their investment strategy / objectives The rights holder can place an order to subscribe on a reducible basis, concurrently to its irreducible order. Reducible orders will be distributed subject to reductions Buy additional rights on the market if they wish to subscribe to a greater number of new shares Or sell all or part of their preferential subscription rights in order to realize the value inherent to the preferential subscription rights
Subscription price	<ul style="list-style-type: none"> New shares issued at a discount to the spot price <ul style="list-style-type: none"> Discount to the spot price creates the value inherent to the preferential subscription rights When the preferential subscription rights are detached from the underlying shares and granted to the shareholders, their value theoretically compensates shareholders, from a net worth perspective, for the dilution associated with the rights issue (all things being equal, subject to tax and execution considerations such as transaction costs and actual potential disposal prices)
Theoretical ex-right price (TERP)	<ul style="list-style-type: none"> TERP = market value of shares before the issue plus proceeds from the rights divided by the number of shares outstanding after the rights issue <ul style="list-style-type: none"> The difference between the spot price and the TERP is the theoretical value of each preferential subscription right
Underwriting	<ul style="list-style-type: none"> Rights issue will be underwritten by the banking syndicate managing the transaction <ul style="list-style-type: none"> Underwriting banks to subscribe for the shares that will not be subscribed on irreducible and reducible basis, subject to the satisfaction of customary condition precedents

Share price adjustment



Illustrative overview of mechanics of a rights issue⁽¹⁾

Rights issue mechanisms

Initial equity capital

New equity capital

Post transaction equity capital

Nominal capital

1
4 shares of €1 nominal value

+

1 for 1 Rights Issue = 100% increase in nominal capital



3
4 shares of €1 nominal value

=

5
8 shares of €1 nominal value

Share price

2
€12

Discount to share price of 50%

4
Issue price of €6

Market capitalisation

€48

+

€24

=

€72

Definitions

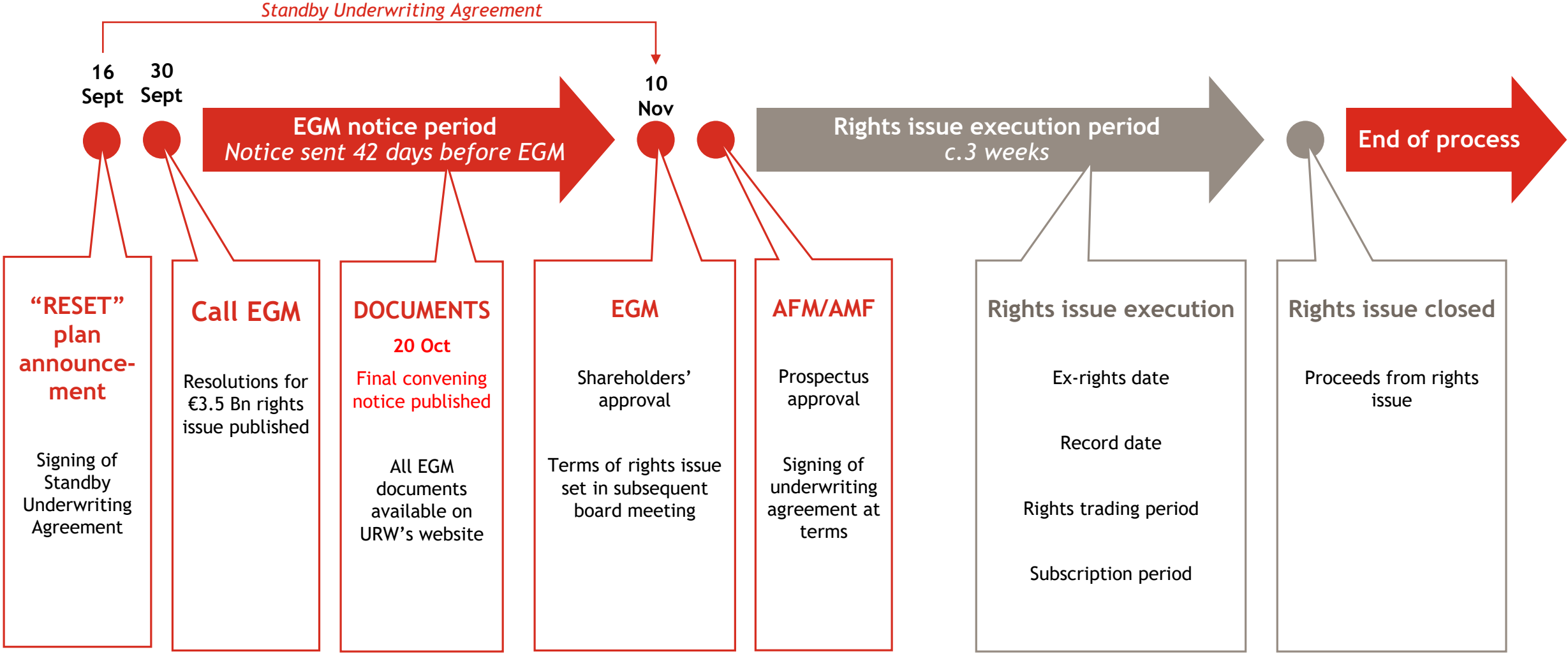
■ **Nominal increase** = increase in nominal share capital as a percentage of initial nominal equity capital

■ **TERP** = Theoretical Ex-Rights Price = theoretical price of the share when the rights are first separated from the ordinary shares

■ **Discount to TERP** = discount of issue price vs. TERP

(1) Figures used only for the interest of the demonstration - For example purpose only.

Sequence of events for URW's rights issue⁽¹⁾



(1) Based on existing execution timeline - TBC

3. GOVERNANCE & SB INVOLVEMENT

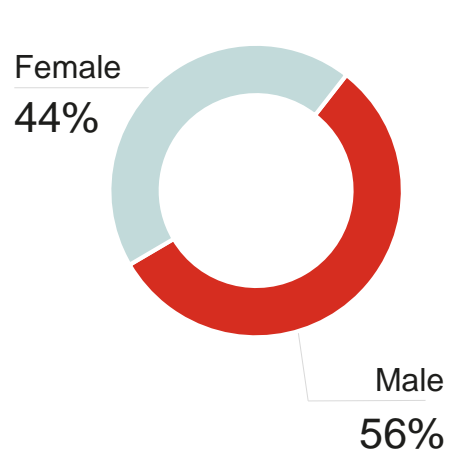


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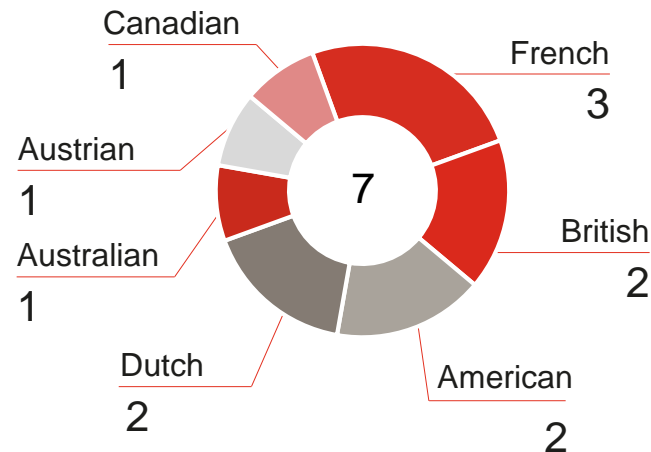
URW SE Supervisory Board



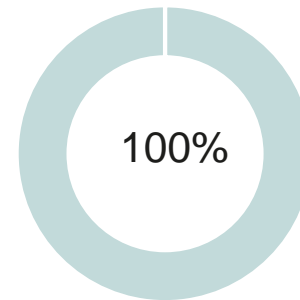
GENDER



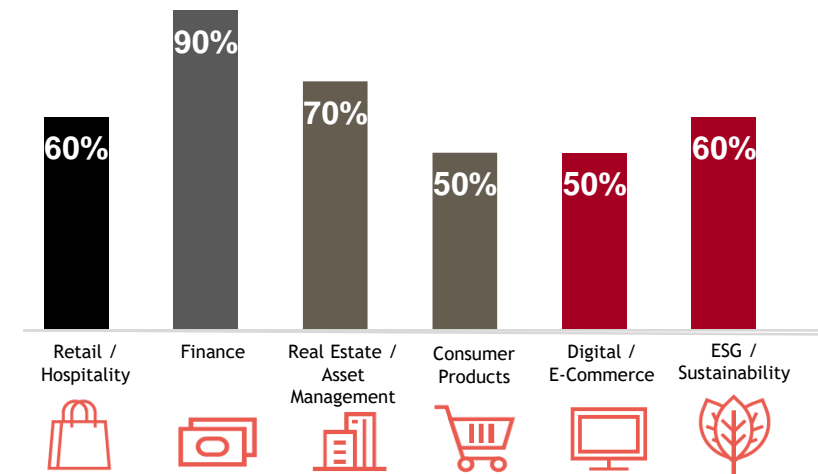
NATIONALITY⁽¹⁾



INDEPENDENCE⁽²⁾



AREAS OF EXPERTISE⁽³⁾



(1) Some members have dual nationalities.
 (2) Versus CAC 40 average of 68% (Source: Spencer Stuart France Board Index 2019).
 (3) All members are represented in more than one area of expertise.

“RESET” Plan Process and Recommendation

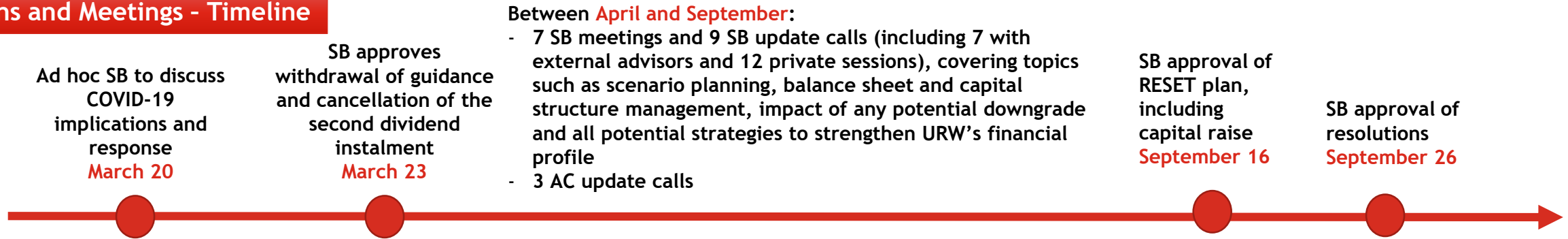
Since the beginning of the COVID-19 crisis, the SB has been actively monitoring the situation and response with ad hoc SB meetings and regular update calls:

- 11 SB meetings held between March and September 2020
 - 3 regular SB meetings (100% participation rate)
 - 8 ad hoc SB meetings (97.5% participation rate)
- Regular monitoring with biweekly SB update calls
 - 9 SB update calls took place between April and September 2020
- 13 private non-executive sessions with SB members only were held at meetings and calls between March and September 2020

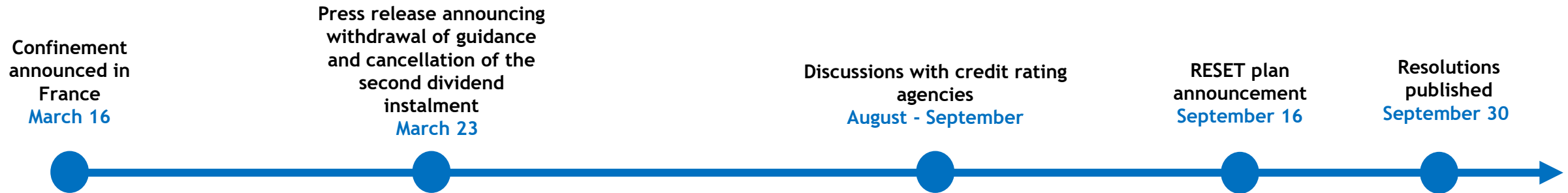
The AC held 3 additional update calls in June and July.

PROACTIVE RESPONSE AND DECISIONS

SB Decisions and Meetings - Timeline



SB Meetings



Milestones

“RESET” Plan Process and Recommendation

The SB has engaged in continuous dialogue with the MB and the Senior Management Team over their response to the pandemic and plans for prudent balance sheet and capital structure management.

- Rigorous scenario analysis
- Review of URW’s financial options to strengthen the balance sheet and preserve a strong investment grade rating
- Engagement with external advisors, including Rothschild, an independent advisor, and URW’s banks to ensure that the RESET plan would achieve these objectives
- Consideration of shareholder feedback collected from February - July/August 2020 and input from the credit rating agencies

The SB unanimously supports the RESET plan and the proposed capital increase.

- The SB Members have unanimously committed to subscribe to the issue
- The SB strongly supports management’s ability to execute the RESET plan

The SB unanimously recommends that shareholders vote in favour of the capital increase to be proposed at the EGM.

- Shareholders’ participation in the capital increase is vital to their investment and strengthening URW’s balance sheet
- The capital increase is conditional upon your support and the resolutions being passed at the EGM.

4. EGM MATTERS & VOTING REQUIREMENTS



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4. EGM November 10, 2020 - Resolution 1 (1/3)

1st resolution : Rights Issue

Delegation of authority granted to the Management Board for a period of **six (6) months** :

- ✓ **Cannot be used during a public tender offer**
- ✓ **to increase the share capital with shareholders' preferential subscription rights**
- ✓ **for a total amount of €3.5 Bn**

The terms, pricing and execution steps of the share capital increase will be announced subject to:

- the favorable vote of the EGM,
- the decision of the Supervisory and Management Boards to launch the share capital increase ; and
- the prior visa of the French financial market authority (“AMF”) and the approval of the Dutch financial market authority (“AFM”) on the prospectus.

4. EGM November 10, 2020 - Resolution 1 (2/3)

The preferential subscription right (“PSRs”) would be subscribed as follows :

1. Irreducible subscription : since shareholders exercising their PSRs are guaranteed to obtain the number of new shares requested in proportion of their rights.
2. Reducible subscription : shareholders have the right to place an additional reducible order, concurrent to his irreducible order, to purchase the remaining new shares unsubscribed on an irreducible basis. Shares unsubscribed on a irreducible basis will be awarded to holders of PSRs who placed an order on a reducible basis, distributed between them subject to reductions
3. The Management Board would be authorized to implement the following options:
 - limit the issuance to the amount of the subscriptions received (provided it is at least equal to 75% of the planned issuance), or
 - freely re-allocate all or some of the unsubscribed shares on an irreducible basis and, as the case may be, on a reducible basis to persons of its choice (shareholders or third parties), or
 - offer all or part of the unsubscribed shares to the public in France and/or abroad,
4. subscription by the banks of the remaining new shares unsubscribed pursuant to an underwriting commitment⁽¹⁾

(1) Subject to the satisfaction of customary conditions precedent

4. EGM November 10, 2020 - Resolution 1 (3/3)

The shareholders' preferential subscription right (PSRs) :

- is a negotiable right allowing all existing shareholders to subscribe preferentially to the issuance of the new shares in proportion to the number of shares initially held
- are listed and tradable on the market by the shareholders during the trading period

Shareholders have the choice to :

- (a) exercise their PSRs to participate in the share capital increase and mitigate dilution,
- (b) sell all or part of these PSRs on the market if they do not wish to subscribe to the share capital increase or
- (c) buy additional PSRs on the market if they wish to subscribe to a greater number of new shares. Unexercised PSRs will lapse automatically at the close of the subscription period.

Choice should be done during the **trading period of the PSRs** taking place from the second business day prior to the opening of the subscription period to the second business day before the end of the subscription period.

4. EGM November 10, 2020 - Resolutions 2 & 3

2nd resolution : Share capital increases reserved for company savings plan beneficiaries

This resolution is mandatory under French law when any resolution with a capital increase with shareholders' preferential subscription rights is proposed to shareholders.

Delegation of authority granted to the Management Board for a period of eighteen (18) months :

- ✓ to increase the share capital reserved for Company savings plan beneficiaries
- ✓ for a maximum of €2 Mn

This resolution cancels and replaces the existing authorization granted by 2020 AGM in May

3rd resolution : Formalities

4. EGM November 10, 2020 - Voting Requirements

Attendance Quorum

Extraordinary general meetings may deliberate validly if, at first call, the shareholders present in person, represented by proxy or voting by mail hold at least one-quarter of the shares entitled to vote and on the second call at least one-fifth of the shares entitled to vote.

Voting Quorum

The decisions are issued by a majority of 2/3 of the shares present or represented in the meeting.

Record date : November 6, 2020, at 00:00 a.m. Paris time

Deadline for voting: November 5, 2020 (but be careful and anticipate as proxy platforms will close around 3 days before the deadline, i.e. November 2, 2020, to recover all loaned shares if any)

THANK YOU



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