UNIBAIL-RODAMCO-WESTFIELD

Paris, Amsterdam, September 16, 2020

**Press release**

**Unibail-Rodamco-Westfield ("URW"), the premier global developer and operator of Flagship destinations, announces a €9.0+ Bn "RESET" plan to strengthen its balance sheet and increase financial flexibility to execute its long-term strategy, and provides update on footfall, tenant sales and rent collection**

**Key highlights of the "RESET" plan** and its five strategic priorities are:

- **RESTORE** financial strength through a €9.0+ Bn deleveraging plan consisting of:
    - A fully underwritten €3.5 Bn capital raise to be used to immediately reduce leverage;
    - Limiting cash dividends through scrip and/or a lower payout ratio, resulting in €1.0 Bn cash savings over the next two years(1);
    - A further €0.8 Bn reduction in development and non-essential operating capex; and
    - €4.0 Bn(2) of disposals expected to be completed by year-end 2021.

  This plan is designed to enable the Group to preserve the Group's strong investment grade credit rating, with an expected rating of A-(3) / Baa1(4), and maintain a sustainable capital structure with an LTV(5) below 40% and net debt / EBITDA(6) below 9x.

- **EXECUTE** the €4.0 Bn asset disposal programme (European assets, c.50% retail/50% offices & others) by year-end 2021
    - Acceleration of the previously announced disposal plan by outright sales of non-strategic assets across all asset classes, on the back of the Group's proven track record (€4.8 Bn disposals completed since June 2018 at a 5% premium to book value, including the disposal of five French retail assets in the middle of the COVID-19 crisis in line with the prior unaffected appraisal);
    - A €6.0+ Bn(7) identified pool of assets;
    - €1.0 Bn of disposals are well advanced; and
    - JV stakes in most liquid and mature assets to reduce capital obligations and leverage.

- **STREAMLINE** operations and footprint to enhance agility and optimize use of resources
    - Further reduce capex by c.€800 Mn, of which c.€600 Mn of development capex and c.€200 Mn of non-essential operating capex. The development pipeline has been reduced by €2.2 Bn compared to FY-2019, and by a further c.€0.6 Bn compared to H1-2020;
    - Downsize the US Regional mall footprint in the near-term; and
    - Simplify structure and reduce gross admin expenses further.

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1 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 Consistent with the Group's H1-2020 announcement
3 With a negative outlook (rating unchanged) by S&P
4 With a stable outlook (previously A3, negative outlook) by Moody's
5 IFRS data
6 IFRS data. Recurring EBITDA is calculated as total recurring operating result and other income minus general expenses, excluding depreciation and amortisation. Net debt/EBITDA was 10x in 2019 and 12x in H1-2020
7 Total pool of assets identified for potential disposal, Group share

- **EMBRACE** a changing environment
    - Strengthen the appeal of URW's portfolio as structural dynamic changes in retail are increasing:
        - Accelerate its Flagship destination strategy;
        - Capture the mixed-use potential embedded within the portfolio, leveraging URW's multi-disciplinary platform and third-party capital; and
        - Capitalise on a highly diversified and flexible pipeline.

- **THRIVE** by harnessing URW's powerful portfolio to grow new revenue streams
    - Increase appeal and audience of URW's Flagship destinations;
    - Monetize the value proposition and Flagship destination audience by developing digital and omni-channel services;
    - Generate new non-rent based revenues of €150 Mn per year by 2025; and
    - Develop additional revenues by developing "asset light" and "capital light" partnerships building on the Westfield brand.

Commenting on the announcement, Christophe Cuvillier, Group Chief Executive Officer, said: *"URW's immediate priority, as announced on July 29, is to deleverage, primarily through asset disposals. However, given the uncertainties around the duration of the COVID-19 pandemic and the recovery, we have decided, as a matter of prudent management, to substantially strengthen our balance sheet, in order to maintain a robust investment grade credit rating and to ensure flexibility in a world that is unpredictable and requires agility. Our €9+ Bn "RESET" plan is designed to allow URW to fully embrace the changing retail environment through our Flagship destination strategy and capitalise on our unmatched portfolio quality's mixed-use potential. On the operational front, we see continued improvement in footfall and tenant sales, and are making steady progress in our tenant negotiations. As the environment remains challenging, we believe today's announcement, including the fully underwritten capital raise, is an important step to ensure URW is best positioned for the future."*

**€3.5 Bn fully underwritten capital raise**

The Supervisory Boards of URW have today authorised the principle of a €3.5 Bn capital raise, which, in conjunction with the other strategic initiatives, is designed to bolster the financial profile of the Group and best position URW to execute on its long-term strategy, while:

- strengthening its balance sheet;
- maintaining a strong investment grade credit rating; and
- securing uninterrupted access to debt markets.

The proceeds of the capital raise would be used to immediately reduce leverage. Pro forma for the capital raise, LTV would decrease to 35.7%[(8)] from 41.5% as at June 2020. Pro forma for both the capital raise and the full €4 Bn disposal programme, LTV would stand at 30.9%[(9)]. The capital raise will provide the Group with more headroom

8 June 30, 2020, valuations
9 June 30, 2020, valuations

under its bank covenants should its retail asset values fall significantly, which the Group doesn't expect given the superior quality of its portfolio.

The capital raise is subject to approval by URW's shareholders and is expected to maintain existing shareholders' subscription rights unless otherwise proposed to the Extraordinary General Meeting ("EGM") of URW SE, to be convened, and expected to be held in Q4 2020. A notice for this EGM is expected to be published separately in due time.

Upon approval of the capital raise by the EGM, and subject to market conditions and necessary regulatory approvals being received, final terms and conditions, including the subscription price, are expected to be determined and announced in Q4 2020, and the transaction to close by year-end. The prospectus to be issued by URW in connection with the capital raise will be subject to the visa of the the French Autorité des marchés financiers (the "AMF") and the approval of the Dutch Autoriteit Financiële Markten (the "AFM").

URW has entered into a standby underwriting commitment with BofA Securities, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Goldman Sachs International, J.P. Morgan and Société Générale, acting as Joint Global Coordinators, pursuant to which they have undertaken to fully underwrite the €3.5 Bn capital raise, subject to the satisfaction of customary conditions precedent. Eastdil Secured, Kempen, Lazard and Rothschild & Co are acting as independent advisers to the Group.

**Update on operational KPIs**

URW has reopened all of it shopping centres globally, though indoor operations in five centres in Los Angeles County continue to be suspended (which represent 4% of the shopping centre portfolio by value).

**Footfall and sales**

The footfall recovery is encouraging, with most Continental European regions as of now trending in the range of 80 – 90% of last year's footfall, demonstrating the appeal of URW's Flagship destinations. While the UK is in the 60 – 70% range, it shows good week-on-week development as people are returning to offices following the lockdown and summer holidays. Footfall in the US centres lags behind that in Europe, as, for a number of shopping centres in Los Angeles, indoor operations remain restricted. In addition, mobility in the major US cities in which the Group's shopping centres operate is well below that of most Continental European cities.

Tenant sales in Continental Europe were -26% in June, -16% in July, and -12% in August[10], showing a more rapid recovery than footfall, as the last shopping centres reopened during June, most remaining restrictions were lifted, and higher conversion rates and average baskets were recorded. In Europe, tenant sales were -33% and -21% in June and July, respectively, and -16% in August[10].

In France (representing 27% of URW's retail portfolio), the preliminary August figures show tenant sales are -5%, a strong improvement from -29% in June and -15% in July, with 44% of French tenants reporting August sales above 2019.

10 August is preliminary data as at September 15, 2020, subject to change

| | June[11] | | July[11] | | August (Preliminary)[11] | |
|---|---|---|---|---|---|---|
| | Sales | Footfall | Sales | Footfall | Sales | Footfall |
| France | -29% | -36% | -15% | -24% | -5% | -16% |
| Central Europe | -25% | -34% | -14% | -28% | -13% | -27% |
| Spain | -35% | -42% | -26% | -35% | -23% | -30% |
| Nordics | -20% | -25% | -14% | -17% | -17% | -21% |
| Austria | -14% | -17% | -10% | -16% | -16% | -17% |
| Germany | -18% | -24% | -15% | -21% | -16% | -22% |
| The Netherlands | NA | -23% | NA | -19% | NA | -23% |
| **Continental Europe** | **-26%** | **-33%** | **-16%** | **-25%** | **-12%** | **-22%** |
| UK | -70% | -72% | -47% | -57% | -34% | -47% |
| **Europe** | **-33%** | **-37%** | **-21%** | **-29%** | **-16%** | **-25%** |

**Lease negotiation and rent collection**

The tenant negotiations, which started after the reopening of centres, are making solid progress. These negotiations are conducted on a case-by-case basis. They recognise the issues the Group's tenants faced due to administrative closures or trading restrictions and the need to provide relief, are generally limited to the period of closure and based on the principle of a fair sharing of the burden, and entail concessions by tenants in exchange for such relief. They are not about permanently changing lease structures or changing the basis for rent calculations. As at September 14, the Group estimates it is 61% through the process, up from 25% as at July 24.

The rent collection continues to progress. The July collection rate stands at 72%, up from 50% as at July 24, driven by Continental Europe (81%). Collection for August amounted to 70% (Continental Europe: 81%). Collection is partly driven by the tenant negotiations, as some tenants await the outcome of the negotiations to release rent payments. However, potential rent relief is always linked to payment in full of the outstanding amounts agreed upon. In certain cases where no agreement has been reached, the Group has drawn on security deposits or initiated legal action to enforce lease agreements.

**Unibail-Rodamco-Westfield investor and analyst events**

*Investor and analyst conference*

- 09:00 AM CET, Thursday September 17, 2020

The conference will be accessible via live video webcast on URW's website (https://www.urw.com/) and the supporting presentation will be accessible at https://www.urw.com/investors.

Dial-in details:

11 Excluding Carrousel du Louvre and all deliveries (La Part Dieu, Les Ateliers Gaîté, CNIT (from August), Garbera, Gropius Passagen, Westfield Mall of the Netherlands and SC Ursynow) and assets not managed byt the Group (Zlote Tarasy). August is preliminary data as at September 15, 2020, subject to change

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**About Unibail-Rodamco-Westfield**

Unibail-Rodamco-Westfield is the premier global developer and operator of Flagship Destinations, with a portfolio valued at €60.4 Bn as at June 30, 2020, of which 86% in retail, 7% in offices, 5% in convention & exhibition venues and 2% in services. Currently, the Group owns and operates 89 shopping centres, including 55 Flagships in the most dynamic cities in Europe and the United States. Its centres welcome 1.2 billion visits per year. Present on two continents and in 12 countries, Unibail-Rodamco-Westfield provides a unique platform for retailers and brand events and offers an exceptional and constantly renewed experience for customers.
With the support of its 3,400 professionals and an unparalleled track-record and know-how, Unibail-Rodamco-Westfield is ideally positioned to generate superior value and develop world-class projects. As at June 30, 2020, the Group had a development pipeline of €6.2 Bn.
Unibail-Rodamco-Westfield distinguishes itself by its Better Places 2030 agenda, that sets its ambition to create better places that respect the highest environmental standards and contribute to better cities.
Unibail-Rodamco-Westfield stapled shares are listed on Euronext Amsterdam and Euronext Paris (Euronext ticker: URW), with a secondary listing in Australia through Chess Depositary Interests. The Group benefits from an A- rating from Standard & Poor's and from an A3 rating from Moody's.

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This press release is not a prospectus within the meaning of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Any purchase of securities in the capital increase should be made solely on the basis of the information contained in the prospectus to be issued by URW in connection with the capital increase.

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