UNIBAIL-RODAMCO-WESTFIELD

UNIBAIL-RODAMCO-WESTFIELD, THE PREMIER GLOBAL DEVELOPER AND OPERATOR OF FLAGSHIP DESTINATIONS, REPORTS SOLID RESULTS FOR H1-2019

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Press release

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Adjusted Recurring Earnings per Stapled Share ("AREPS") of €6.45

- **Very strong tenant sales growth** in Flagship destinations: **+5.7%** in Continental Europe, **+7.1%** in the UK, and **+4.9%** in the US.
- Group Net Rental Income (NRI) like-for-like (Lfl)(1) increased by **+3.3%**. Lfl growth in Shopping Centres in Continental Europe was **+2.1%,** in the UK **-3.1%,** and in the US growth in comparable Net Operating Income (NOI)(2) was +**2.2%,** of which **+5.5%** in Flagships
- Continental European rental uplift of **+12.2%**, of which **+13.8%** in Flagships
- Average cost of debt: **1.6%**, and average debt maturity extended to a **record 8.0 years**(3)
- EPRA NAV: **€216.10** / stapled share (**-2.6%**)
- Development pipeline scaled back to **€10.3 Bn**
- Disposals: **€1.2 Bn agreed or closed,** bringing total completed disposals since June 7, 2018, to **€3.2 Bn**
- LTV: **37.5%** pro-forma for the Majunga disposal(4)

- Upgrading **2019 AREPS guidance** by €0.30 to **€12.10 – €12.30**

"Unibail-Rodamco-Westfield (URW) delivered solid results, despite the challenging retail environment. With a unique transatlantic platform, connecting the best brands with over 1.2 billion customer visits each year in the wealthiest catchment areas, the URW portfolio is at the forefront of the changes in a rapidly evolving retail environment. We are making significant progress in executing on our strategic objectives of Concentration, Differentiation, and Innovation, with very strong tenant sales growth in Europe and the US, the disposal of €3.2 Bn of assets above book value over the past 12 months, and multiple openings of restaurants, leisure concepts and Digital Native Vertical Brands across our portfolio.

Our transatlantic reach made possible by the creation of URW is showing the first exciting results: the Group signed a first-of-its-kind agreement with The VOID, a leading immersive virtual reality experience operator, to roll out their concept in over 25 of URW's Flagship destinations in both the US and Europe. More cross-border deals are expected to follow.

Our €10 Bn pipeline is well positioned for a mixed-use future, now with 50% of the GLA in retail and the rest in dining & leisure, offices, residential, and hotels. With our unique skills this will continue to contribute to value creation.

Confident in URW's performance, the outlook for the remainder of the year, and favourable financing conditions, we are increasing our 2019 AREPS guidance by +€0.30 to a range of between €12.10 and €12.30."
Christophe Cuvillier, Group Chief Executive Officer

	H1-2019	H1-2018	Growth	Like-for-like growth
Net Rental Income (in € Mn)	**1,254**	**923**	+35.9%	**+3.3%**
Shopping Centres	**1,137**	**798**	+42.4%	**+2.1%**
France	*330*	*323*	*+2.2%*	*+2.0%*
Central Europe	*113*	*108*	*+5.3%*	*+4.1%*
Spain	*77*	*82*	*-6.3%*	*+5.3%*
Nordics	*66*	*73*	*-10.2%*	*-2.0%*
Austria	*56*	*54*	*+3.5%*	*+2.1%*
Germany	*70*	*69*	*+0.9%*	*+0.7%*
The Netherlands	*28*	*30*	*-5.1%*	*+0.4%*
United States	*319*	*46*	*n.m.*	
United Kingdom	*78*	*14*	*n.m.*	
Offices & others	**62**	**76**	*-19.1%*	**+9.4%**
Convention & Exhibition	**56**	**49**	+14.7%	**+14.7%**
Recurring net result (in € Mn)	**916**	**703**	+30.4%	

Recurring EPS (in €)	6.63	6.61	+0.2%	
Adjusted Recurring EPS (in €)	***6.45***	***6.58***	*-1.9%*	
	June 30, 2019	**Dec. 31, 2018**	**Growth**	**Like-for-like growth**
Proportionate portfolio valuation (in € Mn)	**64,967**	**65,201**	-0.4%	-1.3%
Going Concern Net Asset Value (in € per stapled share)	**217.70**	**233.90**	-6.9%	
EPRA Triple Net Asset Value (in € per stapled share)	**199.00**	**210.80**	-5.6%	
EPRA Net Asset Value (in € per stapled share)	**216.10**	**221.80**	-2.6%	

Figures may not add up due to rounding

H1-2019 AREPS OF €6.45

Reported AREPS was €6.45 (-1.9%) as a result of the disposals completed in 2018 and HY-2019 (€2.3 Bn), which impact was partially offset by the robust operating performance and +€0.09 due to the implementation of IFRS 16. Rebased for these disposals, the growth of AREPS would be +3.7%, despite the increase in the number of shares issued as a result of the Westfield acquisition.

SOLID OPERATING PERFORMANCE

Shopping Centres - Continental Europe

Through June 30, URW tenant sales grew by +5.3% and by +5.7% in Flagship centres(6).

Through May 31, tenant sales increased(5) by +4.9%, outperforming national sales indices(7) by +242 bps. In France, tenant sales increased by +4.6% (+5.4% through June 30), outperforming the IFLS index by +270 bps and the CNCC index by +470 bps. Central Europe also did especially well, up by +4.6%, outperforming the national sales indices by +172 bps. The Nordics, up by +13.8%, was boosted by the outstanding performance of Tesla in its two flagship stores in URW's Stockholm centres.

Lfl NRI grew by +2.1%, +50 bps above indexation and ahead of the Group's objectives for H1, of which +5.3% in Spain and +4.1% in Central Europe. The Group signed 700 leases with a Minimum Guaranteed Rent (MGR) uplift of +12.2%, and +13.8% for Flagships. The rotation rate amounted to 5.3% and EPRA vacancy increased by 40 bps to 2.8%, reflecting some tenant departures or bankruptcies. Many retailers are carefully reviewing the performance of existing stores and the opportunity to open new ones; hence, some leasing negotiations are taking longer. URW's leasing strategy is to make no concessions on conditions in Flagships and use a case-by-case approach for the other shopping centres.

United Kingdom

Footfall was up by +6.4% in H1-2019, outperforming the UK shopping centre index by +770 bps. Tenant sales through June 30 increased by +7.1%, and through May 31 by +7.9%, outperforming the national sales index by +846 bps, particularly reflecting the strong growth of +13.8% at Westfield London. The footfall and sales results benefit from the opening of Phase 2 of Westfield London in March 2018, as well as the continued growth of Westfield Stratford City. Average MGR uplift was strong at +15.9%. EPRA vacancy stood at 8.7%, primarily driven by some non-renewals, the impact of retailer bankruptcies, and the delays in leasing at Westfield London Phase 1 as Brexit uncertainty deters new market entrants. Consequently, Lfl NRI decreased by -3.1% compared to H1-2018.

United States

Tenant sales(8) increased by +3.0% through June 30, of which +4.9% in Flagships. Speciality sales productivity per square foot (psf)(9) increased by +11.3% (+12.8% for Flagships). Average letting spreads were +5.2% and +7.7% for Flagships. Average specialty store rent was $93 psf, up +5.2%. As at June 30, 2019, occupancy stood at 93.4% (94.6% in Flagships), -90 bps below June 30, 2018. Lease commitments of vacant spaces as at June 30 amounted to an additional 1.9% of GLA. Comparable NOI increased by +2.2% or +5.5% for Flagships, improving from -3.0% and -2.6%, respectively, in H1-2018.

Offices

Lfl NRI increased by +9.4%, of which +13.8% in France, mainly due to an indemnity received. The Group agreed the disposal of Tour Majunga for a net disposal price of €850 Mn, reflecting a net initial yield of 4.16%, and generating an unlevered 13-year Internal Rate of Return of 12%. This transaction closed on July 3, 2019.

Convention & Exhibition

Recurring NOI in H1-2019 was up by +13.8% compared to H1-2017, and by +20.3% compared to H1-2018 (excluding the impact of the triennial INTERMAT show held in H1-2018).

AT THE FOREFRONT OF THE RETAIL TRANSFORMATION

The Group provides a unique transatlantic platform, connecting the best brands with over 1.2 billion customer visits each year in the wealthiest catchment areas.

The URW portfolio is at the forefront of the changes in a rapidly evolving retail environment. Exposure to fashion is being gradually reduced and replaced by exciting new formats of growing retail segments.
As online players seek a physical presence, the Group continued to grow the number of DNVBs in its portfolio, with six new leases signed in Continental Europe and 15 in the US in H1-2019.
The Group opened three fully let new dining precincts, Täby Deli (Täby Centrum, Sweden), Les Tables de Vélizy (Vélizy 2, France) and Les Tables du Carré (Carré Sénart, France), strengthening the food offer and the appeal of these centres. In addition, new cutting edge Cinema concepts were opened at Carré Sénart, Velizy 2, Parly 2 and Westfield Valley Fair.

EXPANDING OUR CSR STRATEGY

URW's CSR strategy, Better Places 2030, was extended to the new regions of the Group (the UK and US). While URW's ambition to halve its carbon footprint by 2030 remains central, Better Places 2030 now also tackles new environmental challenges like responsible consumption and the circular economy.

STARTING THE CAPTURE OF REVENUE SYNERGIES

The new Group-wide Commercial Partnerships and International Leasing teams started generating part of the announced €40 Mn in run-rate revenue synergies. Commercial Partnership revenues in Continental Europe grew by +12% to €15.4 Mn and in the UK by +24% to £4.1 Mn.
URW will further leverage the world-famous Westfield brand by rebranding a number of its Continental European Flagships, with the first ten centres scheduled for September 2019.

The Group enhanced the cross-fertilization of retailer relationships between the US and Continental Europe by accelerating the development of US retailers such as Abercrombie & Fitch and Polo Ralph Lauren. Aiming to introduce leading and differentiating leisure offers in its centres, the Group levered its transatlantic platform of Flagship destinations and entered into a framework agreement with The Void (a fully immersive virtual reality experience) to open over 25 locations across URW's portfolio, representing around 20,000 sqm. The first six leases for locations in the US have already been signed.

A FLEXIBLE PIPELINE TO REINVENT CITIES

The URW Total Investment Cost(10) of the development pipeline amounted to €10.3 Bn, down from €11.9 Bn as at year-end 2018. The Group retains significant flexibility, with committed projects of only €2.9 Bn, of which €1.6 Bn has already been invested. The pipeline GLA is split between retail (50%), dining & leisure (16%), offices (14%), residential and third party residential (15%)(11), and hotels (5%). Significant progress was made on the construction of the Shift and Trinity office buildings, scheduled to be delivered in H2-2019 and H1-2020, respectively, as well as on the extension of Westfield Valley Fair (H1-2020) and Westfield Mall of the Netherlands (H2-2020).
In July, the Group delivered ten floors of its first residential project, Palisade at Westfield UTC. The remaining floors will be delivered in August.

NAV EVOLUTION

The Gross Market Value (GMV) of the Group's assets as at June 30, 2019, amounted to €65.0 Bn on a proportionate basis (€65.2 Bn as at December 31, 2018). The Shopping Centre GMV was €55.7 Bn, down -1.2% on a like-for-like basis (-0.8% for Flagships). The Office GMV came to €4.8 Bn, up by +4.1% on a like-for-like basis. GMV of the Convention & Exhibition division decreased by -6.2% on a like-for-like basis, driven by an increase in the discount rate. The average net initial yield ("NIY") of the retail portfolio remained stable at 4.3%.

Going Concern NAV per stapled share came to €217.70 as at June 30, 2019. Adjusted for the impact of the -€10.68 mark-to-market of the fixed-rate debt and derivatives and the -€5.40 dividend paid in H1-2019, the Going Concern NAV was broadly stable (down -€0.12) compared to December 31, 2018.

SUCCESSFUL DISPOSALS TO DATE

In the last 12 months, the Group disposed of €3.2 Bn of office and retail assets(12). These were disposed at an aggregate NIY of 4.2% and 5.4%, and a 6.2% and 8.4% premium to the latest book values, respectively. With these transactions, the Group exceeded its initial target of €3 Bn of disposals well ahead of schedule. Following the Group's annual 5Y Business Plan exercise in 2018, the target was increased to €6 Bn, of which 53% has already been achieved. A number of discussions are currently on-going for further disposals.

AVERAGE COST OF DEBT OF 1.6% AND AVERAGE MATURITY OF 8.0 YEARS

The average cost of debt of the Group remained low at 1.6%, representing the blended average cost of debt on a standalone basis of only 1.0% for Unibail-Rodamco, an all-time low, and 3.5% for Westfield. Including the 30-year bond issued on July 1, 2019, and the consequent repayment of 80% of the 2014 ORNANE, the average debt maturity came to a record 8.0 years. URW was the first REIT ever to issue 30-year notes in the Euro bond market, at a historic low coupon for a corporate issuer for this maturity. The Loan-to-Value (LTV) ratio was 38.3%, and 37.5% pro-forma for the receipt of the Majunga disposal proceeds on July 3, 2019. The interest coverage ratio was 5.8x. Undrawn available credit lines amounted to a record €9.2 Bn.

OUTLOOK AND GUIDANCE

URW's performance through June 30 was solid despite the challenging retail environment. The Group expects Continental European Like-for-like NRI to grow by around +3% for 2019, and financing conditions have remained more favorable than anticipated.

Consequently, the **Group increases** its **2019 AREPS guidance** by +€0.30, of which approximately +€0.18 due to the implementation of IFRS 16 as of January 1, 2019, to a **range of between €12.10 and €12.30** (€11.80 - €12.00 previously).

FINANCIAL SCHEDULE

The next financial events on the Group's calendar will be:
October 28, 2019: 2019 3rd quarter results (after market close)
February 12, 2020: 2019 Full-Year results (after market close)
May 15, 2020: AGM Unibail-Rodamco-Westfield SE

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1. Like-for-like NRI: Net Rental Income excluding acquisitions, divestments, transfers to and from pipeline (extensions, brownfields or redevelopment of an asset when operations are stopped to enable works), all other changes resulting in any change to square meters and currency exchange rate differences in the periods analysed.
2. Comparable NOI is based on Net Operating Income before management fees, termination/settlement income and straight-line adjustments, and excluding one-offs. For comparability, recent project deliveries or centres undergoing significant development works are excluded.
3. Pro-forma for the 30-year bond issued on July 1, 2019, and the consequent repayment of 80% of the 2014 ORNANE.
4. Pro-forma for receipt of the disposal proceeds of Majunga on July 3, 2019. LTV as at June 30, 2019: 38.3%
5. Tenant sales data include shopping centres accounted for using the equity method (Rosny 2, CentrO, Paunsdorf and Metropole Zlicin), except Zlote Tarasy as it is not managed by URW. Tenant sales performance in URW's shopping centres (except The Netherlands) in operation, including extensions of existing assets, but excluding deliveries of new brownfield projects, newly acquired assets and assets under heavy refurbishment. For the H1-2019 reporting period, shopping centres excluded due to delivery or ongoing works were Galerie Gaité, La Part-Dieu, CH Ursynow, Garbera and Gropius Passagen. Primark sales are based on estimates. Boutiques du Palais is now included in the C&E segment.
6. Continental European Flagship assets are: Les Quatre Temps, Aéroville, Parly 2, Vélizy 2, Carré Sénart, Rosny 2, Le Forum des Halles, Carrousel du Louvre, CNIT, Confluence, La Part-Dieu, Villeneuve 2, Euralille, Polygone Riviera, La Vaguada, Parquesur, Bonaire, Splau, La Maquinista, Glòries, Donau Zentrum, Shopping City Süd, Centrum Cerny Most, Centrum Chodov, Wroclavia, Galeria Mokotow, Zlote Tarasy, Arkadia, Aupark, Fisketorvet, Mall of Scandinavia, Täby Centrum, Stadshart Amstelveen, Westfield Mall of the Netherlands, Ruhr Park, Gropius Passagen, CentrO and Pasing Arcaden.
7. Based on latest national indices available (year-on-year evolution) as at May 2019: France: Institut Français du Libre Service (IFLS)-excluding food; Spain: Instituto Nacional de Estadistica; Central Europe: Cesky statisticky urad (Czech Republic), Polska Rada Centrow Handlowych (Poland) (as at April 2019), Eurostat (Slovakia); Austria: Eurostat; the Nordics: HUI Research (Sweden), Danmarks Statistik (Denmark); Germany: Destatis-Genesis, excluding online only operators and fuel sales (Federal Statistical Office). Including online only sales for France, Spain, Austria, the Czech Republic and Slovakia and excluding online only sales for Germany, the Nordics and Poland.
8. Total tenant sales excluding department stores.
9. Calculated on the basis of sales psf for specialty tenants, being stores with <10K sq. ft (ca. 929 sqm). For centres in operation and excluding new brownfield deliveries, acquired assets and assets under heavy refurbishment (in line with the UR methodology).
10. URW Total Investment Cost (TIC) equals 100% TIC multiplied by URW percentage of ownership of the project, plus specific own costs, if any. 100% TIC is expressed in value at completion. It equals the sum of: (i) all capital expenditures from the start of the project to the completion date and includes: land costs, construction costs, study costs, design costs, technical fees, tenant fitting-out costs paid for by the Group, letting fees and related costs, eviction costs and vacancy costs for renovations or redevelopments of standing assets; and (ii) tenants' lease incentives and opening marketing expenses. It excludes: (i) capitalized financial interests; (ii) overheads costs; (iii) early or lost Net Rental Income; and (iv) IFRS adjustments.
11. Including 3rd party residential, not included in URW pipeline disclosures.
12. Including the Majunga disposal closed on July 3, 2019.

About Unibail-Rodamco-Westfield

Unibail-Rodamco-Westfield is the premier global developer and operator of Flagship destinations, with a portfolio valued at €65.0 Bn as at June 30, 2019, of which 86% in retail, 7% in offices, 5% in convention & exhibition venues and 2% in services. Currently, the Group owns and operates 92 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 2 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 3,700 professionals and an unparalleled track-record and know-how, Unibail-Rodamco-Westfield is ideally positioned to generate superior value and develop world-class projects. The Group has a development pipeline of €10.3 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 A2 rating from Moody's.

For more information, please visit www.urw.com
Visit our Media Library at https://mediacentre.urw.com
Follow the Group updates on Twitter @urw_group, Linkedin @Unibail-Rodamco-Westfield and Instagram @urw_group
Access the URW 2018 report at https://report.urw.com/2018/

Attachment

- 2019 - Half-year Results