UNIBAIL-RODAMCO-WESTFIELD

UNIBAIL-RODAMCO-WESTFIELD REPORTS Q3-2020 EARNINGS

Paris, Amsterdam, November 1, 2020

Press release

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Adjusted Recurring Earnings per Stapled Share ("AREPS") of €6.57 for the first 9 months of 2020

- Footfall recovery sustained: September -21% in Continental Europe and -24% in Europe
- Tenant sales **impacted less** than footfall: September down -15% in Continental Europe, -19% in Europe, and -17% in the US for opened stores(1)
- New restrictions in place in Europe may affect recovery and Q4 results
- Tenant negotiations: **72% through** the process
- Collection rates: **95%** in **Q1, 52%** in **Q2** and **79%** in **Q3,** of which **91% in Continental Europe**
- Disposals: **€0.6 Bn realized** of the **€4 Bn RESET plan,** with the signing of the SHiFT office disposal at a premium to book value
- Average cost of debt: **1.8%**
- Like-for-like (Lfl) portfolio revaluation since Dec. 31, 2019: **-7.6%** (-2.7% in Q3-2020)
- EPRA Net Reinstatement Value ("EPRA NRV"): **€180.90** / share
- Development pipeline scaled back to **€5.4 Bn** (**-€2.9 Bn** vs. Dec. 31, 2019)
- LTV: **42.5%** (41.9% pro-forma for the proceeds of the SHiFT disposal)
- 2020 Forecast: **AREPS of €7.20 - €7.80;** retail NRI: between **-25% and -30%** on a **cash basis, -18% to -23%** on an **IFRS basis**
- 2021 Lfl retail NRI guidance: between **+10% and +20%** vs. 2020 on a cash basis, broadly flat on an IFRS basis
- Dividend: cash dividends capped at €250 Mn for 2020 and 2021
- €9+ Bn RESET plan announced on September 16 to strengthen the balance sheet and ensure uninterrupted access to credit markets

"The recovery accelerated through September, as all of the Group's European centres were open and restrictions mostly lifted in the US, except in California, and footfall and tenant sales continued to recover. Collection rates improved significantly to 79%, with Continental Europe at 91%. Tenant negotiations also progressed well and are now 72% complete. We achieved a key milestone in our €4 Bn disposal programme, with the signing of an agreement on October 12 to sell the SHiFT office building above book value.
In October, a worrying increase in COVID-19 infections has led to a return of government restrictions, including renewed lockdowns, hence adding further uncertainty. These extraordinary challenges reaffirm the necessity of the Group's €9+ Bn RESET plan, to immediately strengthen the capital structure and reduce risk.
Taking into account the new restrictive measures in place and their impact on the Group's operations, URW currently expects its 2020 AREPS to be between €7.20 and €7.80 per share. For 2021, the Group expects like-for-like retail NRI to grow by between +15 and +20% on a cash basis versus that expected for 2020. I want to thank our terrific teams. They have been working tirelessly since March to help URW overcome this unprecedented situation."

Christophe Cuvillier, Group Chief Executive Officer

	9M-2020	9M-2019	Growth	Like-for-like growth (2)
Net Rental Income (in € Mn)	**1,531**	**1,849**	-17.2%	**-15.3%**
Shopping Centres	**1,460**	**1,699**	-14.1%	**-12.3%**
France	*436*	*495*	*-11.9%*	*-4.2%*
Central Europe	*153*	*169*	*-9.3%*	*-9.3%*
Spain	*105*	*115*	*-9.1%*	*-7.8%*
Nordics	*86*	*95*	*-8.7%*	*-9.0%*
Austria	*65*	*83*	*-22.3%*	*-21.0%*
Germany	*96*	*106*	*-8.9%*	*-8.9%*

The Netherlands	*41*	*43*	*-3.6%*	*-6.9%*
United States	*400*	*480*	*-16.7%*	*-16.9%*
United Kingdom	*78*	*114*	*-31.5%*	*-30.7%*
Offices & Others	**63**	**81**	*-22.5%*	**-1.3%**
Convention & Exhibition	**8**	**69**	-88.7%	**-88.7%**
Recurring net result (in € Mn)	**945**	**1,341**	-29.5%	
Recurring EPS (in €)	6.83	9.69	-29.5%	
Adjusted Recurring EPS (in €)	***6.57***	***9.43***	*-30.4%*	
	Sep. 30, 2020	**Dec. 31, 2019**	**Growth**	**Like-for-like growth**
Proportionate portfolio valuation (in € Mn)	**58,334**	**65,341**	-10.7%	-7.6%
EPRA Net Reinstatement Value (in € per stapled share)	**180.90**	**228.80**	-20.9%	

Figures may not add up due to rounding

9M-2020 AREPS: €6.57

Reported AREPS amounted to €6.57, down -30.4% from 9M-2019, a decrease of -€2.86, split as follows:

- -€0.35 due to disposals made in 2019 and 2020;
- -€0.32 as a result of ending the capitalisation of letting fees;
- -€2.42 due to the impact of COVID-19 on operations and financing, of which:
  - -€0.23 due to rent relief;
  - -€0.88 due to increased doubtful debtors;
  - -€0.43 due to lower variable revenue streams (e.g. Sales Based Rent ("SBR"), parking, and Commercial Partnerships);
  - -€0.35 due to lower net services income;
  - -€0.36 reduction in net income from the Convention & Exhibition business; and
  - -€0.17 increase in financial expenses due to liquidity measures taken in response to the crisis.
- Partially offset by +€0.23 of other items.

OPERATING PERFORMANCE

Shopping Centres
All centres in Europe reopened by June 15 and remained open throughout Q3, although some restrictions remained in certain markets, such as on restaurants and entertainment.

In the US, all of the Group's centres, except Westfield World Trade Center, had reopened by July. However, on July 13, as COVID-19 cases surged, the State of California ordered all indoor operations of shopping centres to close again. This order was lifted on September 2, but five of the Group's centres in Los Angeles county were required to keep indoor operations closed until October 7. Westfield World Trade Center reopened on September 9.

As from October, most European regions reintroduced measures such as capacity restrictions, closure of F&B and leisure, curfews or lockdowns, which will negatively affect operations going forward.

Footfall in the European centres showed an encouraging recovery, although it was slightly weaker in September as COVID-19 infections began to rise again.

In the US, with only around 60% of the centres included (due to centres not opened for the whole month and data limitations), footfall in September was around 65% of the prior year.

Tenant sales(3) generally showed an improving trend after the first lockdown with Continental Europe at -26%, -16%, -12% and -15% for June, July, August and September, respectively, and total Europe, impacted by the later recovery of the UK, at -33%, -21%, -16% and -19%, respectively. August benefitted from a strong performance in France (-5%). September was impacted by the start of the second wave of COVID-19 in Europe.

The best performing categories during Q3 were Food stores and Mass Merchandise (-3%), Home (-6%), Culture & Media & Technology (-9%) and Sport (-9%), showing encouraging results.

In the US, tenant sales(4) in the centres which were open throughout each respective month were -34% in July, -33% in August and -24% in September compared to the same months in 2019. This reflected that only c. 90% of the stores were open in these centres. Monthly variances for sales pro-rated(1) to reflect the same number of operating stores per days in both years were: July -28%, August -27% and September -17%.

The rent collection(5) amounted to 95% for Q1 and 52% for Q2 (up from 46% as at September 15). In Q3, collection rose to 79%, of which 91% in Continental Europe, showing strong recovery, progress in tenant negotiations and the efforts of URW's teams.

Tenant negotiations are advancing well. As at October 27, the Group was 72% through the process, including agreements reached with 9 of its top 10 retailers. These negotiations are not about permanently changing lease structures or changing the basis for rent calculations (e.g., replacing Minimum Guaranteed Rent with Sales Based Rent only leases). Additional rent relief may be required to support tenants as a result of the further closure of stores as from the end of October due to the second wave of COVID-19.

Lfl shopping centre NRI was down by -12.3% for the Group, and by -8.0% in Continental Europe, mainly driven by the impact of COVID-19. Rent relief amounted to €54.1 Mn. The Group currently expects to grant a total of between €250 Mn and €290 Mn of H1 COVID-19 related rent relief.

The comprehensive €9.0+ Bn RESET plan unveiled on September 16 to strengthen URW's balance sheet, maintain a strong investment grade rating and ensure uninterrupted access to bond and bank markets is more necessary than ever. As a reminder, the main elements of this deleveraging plan include a €3.5 Bn rights issue, €1.0 Bn of savings by limiting the cash dividends over two years, c.€800 Mn of Capex reduction, and €4.0 Bn in asset disposals by 2021, which the Group is executing. Full details of this plan can be found at reset.urw.com.

Offices & Others

Lfl NRI was down by -1.3%, while total NRI was down by -22.5%, primarily as a result of the disposals of the Majunga office and the Novotel Lyon Confluence in 2019 and 2020, respectively.

Convention & Exhibition

Recurring NOI was down by -92.1% compared to 2019, as most events were cancelled from March 9 as a result of government restrictions.

DEVELOPMENT PIPELINE FURTHER REDUCED

The Total Investment Cost (TIC)[6] of URW's development pipeline stood at €5.4 Bn, down from €10.3 Bn as at June 30, 2019, €8.3 Bn as at December 31, 2019, and €6.2 Bn as at June 30, 2020.

The Group retains significant flexibility, with committed projects of only €3.7 Bn, of which €2.2 Bn already invested. The Group plans to deliver the La Part-Dieu extension and the Trinity office building in Q4 2020, the Westfield Mall of the Netherlands redevelopment in H1-2021, and the Gaîté Montparnasse mixed use project in H2-2021.

DISPOSALS

On October 12, URW entered into an agreement with a consortium of French institutional investors (Primonial REIM, La Française and EDF Invest) for the sale of the SHiFT office building, which is expected to close in Q1-2021. The Disposal Price[7] of €620 Mn represents a premium to the June 30, 2020, book value.

Upon closing of this transaction, the Group will have generated €5.3 Bn of net disposal proceeds since June 2018, at an average net initial yield of 4.5% and an average premium to book value of +5.6%.

VALUATION

The proportionate Gross Market Value (GMV) of the Group's assets as at September 30, 2020, decreased by -10.7% to €58.3 Bn from December 31, 2019, as a result of a like-for-like portfolio revaluation of -€4,168 Mn (-7.6%), of which -€1,400 Mn (-2.7%) in Q3, and of disposals.

The EPRA Net Reinstatement Value per share came to €180.90 as at September 30, 2020, down -€47.90 (-20.9%) compared to December 31, 2019, and -€16.10 (-8.2%) compared to June 30, 2020, mainly driven by the revaluation of investment properties and the impairment of goodwill.

FINANCING

The Group's average cost of debt increased to 1.8% (1.7% in H1), representing a blended 1.2% for EUR[8] debt and 3.7% for USD and GBP debt. The LTV (Loan-to-Value) ratio stood at 42.5% (41.9% pro-forma for the disposal of SHiFT). The Group's average debt maturity came to 8.2 years. The ICR (interest coverage ratio) was 4.0x.

2020 AREPS OUTLOOK

The evolving health and economic situation as well as the extreme volatility of market conditions are likely to create or increase risks and uncertainties on the validity of the assumptions and estimates on which forecasts and guidance prepared by the Group are based on and which reflect the situation as it exists as at October 15, 2020. The forecasts and guidance released by the Group are not guarantees of future performance, and the Group's actual financial condition, results of operations and cash flows may differ materially from those presented below[9].

The Group had prepared the outlook for 2020 based upon the situation as at October 15 and on:

- its results through September 30, 2020;
- the rent relief negotiations referring to events during the first 9 months of 2020 and expected to be signed in Q4;
- the expected vacancy rate at December 31, 2020;
- the like-for-like retail NRI performance, expected to be down by -25% to -30% from that of 2019 (approximately €2.0 Bn) on a cash

basis, and by -18% to -23% on an IFRS basis (under IFRS 16, rent relief qualifying as a lease modification must be straight-lined over the remaining term of the lease);
- the results of the C&E business as COVID-19 effectively forced an almost complete halt of operations;
- the full year effect of the incremental liquidity raised by URW in response to the pandemic; and
- a weighted average number of 138,437,274 shares outstanding for 2020, i.e., before the impact of the issuance of new shares as a result of the proposed €3.5 Bn capital increase.

The above would have led to a range for the full year net recurring result of between €1,000 Mn and €1,080 Mn, and to 2020 AREPS of between €7.50 and €7.80, a decrease of between -37% and -40% compared to the 2019 AREPS of €12.37.

This decrease in AREPS of between €4.57 to €4.87 vs. 2019 included among others:

- -€0.53 for the C&E business due to the effective closure of sites during the last 9 months of the year;
- -€0.44 due to the end of the capitalisation of internal letting fees;
- -€0.47 due to the disposals completed in 2019 and 2020; and
- -€0.35 due to increased financial expenses.

The estimated cash impact (i.e., no straightlining) on the 2020 AREPS of the rent relief negotiations would be an additional -€1.25.

However, since the preparation of this forecast, authorities in Europe have imposed new lockdowns and other restrictions to combat the spread of COVID-19. This might require the Group to grant additional rent relief to support tenants as it did for the period of closures during H1. Hence, the outlook for the full year net recurring result has been adjusted by €40 Mn and the 2020 AREPS by 30 cents, to between €7.20 and €7.80.

An increase of the number of shares, resulting from the capital increase to be approved by the General Meeting on November 10, 2020, would result in lower 2020 AREPS than described above.

2021 Like-for-like retail NRI

The Group currently expects the 2021 like-for-like retail NRI, which includes the negative impact of the straightlining of rent relief granted in 2020, to be broadly flat versus that expected for 2020.

On a cash basis, i.e., excluding the straightlining of rent relief granted in 2020, the 2021 like-for-like retail NRI would grow by between +10 % and +20% versus that expected for 2020.

Based on the above guidance, the 2021 like-for-like retail NRI would reach, both on an IFRS and on a cash basis, between 80% and 90% of the approximately €2 Bn recorded in 2019 (10).

DIVIDEND POLICY

Any dividend to be proposed to the AGM for 2020 will depend on the Group's operations, results and outlook as described above, and be paid after such AGM.

As per its RESET plan, the Group targets €1 Bn of cash dividend savings in 2021 and 2022 relative to the €750 Mn paid in 2020 with respect to 2019.

Consequently, if a dividend is proposed to the AGM for 2020, the Group would include an option for shareholders to take a scrip dividend in order to limit the cash amount to a maximum of €250 Mn.

SUMMARY OF THE RECOMMENDATIONS OF PROXY ADVISORS FOR THE GENERAL MEETING OF NOVEMBER 10, 2020

A table summarizing the recommendations of proxy advisors is available in Appendix 2.

FINANCIAL SCHEDULE

The next financial events on the Group's calendar will be:
November 10, 2020: General Meeting Unibail-Rodamco-Westfield SE
February 10, 2021: 2020 Full-Year results

May 12, 2021: AGM Unibail-Rodamco-Westfield SE

The financial report, including the notes to the consolidated accounts, as well as the auditors' report are available on the financial results section of URW's website: https://www.urw.com/en/investors/financial-information/financial-results.

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(1) Tenant sales for stores open, pro rata for trading days. Excludes Westfield World Trade Center, which did not reopen until September.

(2) 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 metres and currency exchange rate differences in the periods analysed.

(3) 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 9M-2020 reporting period, shopping centres excluded due to delivery or ongoing works were Les Ateliers Gaité, La Part-Dieu, CNIT (from August), CH Ursynow, Garbera, Westfield Valley Fair and Gropius Passagen. Primark sales are based on estimates. Tenant sales data include shopping centres accounted for using the equity method, but not Zlote Tarasy as it is not managed by URW. Total tenant sales excluding Tesla and Carrousel du Louvre.

(4) Excluding auto, department stores and assets not open throughout the whole month: July (14 exclusions), August (13 exclusions) and September (7 exclusions).

(5) For the Shopping Centre division as at October 27.

(6) 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.

(7) Total Acquisition Cost reduced by the transaction taxes and expenses incurred by the buyer. As per standard market practice, the remaining lease incentives will be paid by the vendor.

(8) Including SEK.

(9) For a complete description of risk factors, please refer to the Appendix to this press release and the Group's 2019 Universal Registration Document.

(10) Data based on internal business plan as at October 15 and may be impacted by new restrictive measures imposed across Europe.

About Unibail-Rodamco-Westfield

Unibail-Rodamco-Westfield is the premier global developer and operator of Flagship Destinations, with a portfolio valued at €58.3 Bn as at September 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.
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 a Baa1 rating from Moody's.

For more information, please visit www.urw.com
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Attachment

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