



By e-mail to:

Unibail Rodamco Westfield S.E.
Supervisory and Management Board
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The Hague, 29 September 2020

Dear Board,

VEB/European Investors ('**European Investors**') writes to you in response to the Unibail Rodamco Westfield S.E. ('**URW**' or '**The Company**') press release dated 16 September 2020.

European Investors is a shareholder of the Company and represents several institutional investors primarily based in Europe. Furthermore, *European Investors* has a membership base of approximately forty thousand retail investors.

In the aforementioned press release, URW announced its EUR 9 bn RESET plan aimed at restoring the financial position through, among others, a EUR 3.5 bn. rights issue.

The equity issuance will most probably be highly-dilutive. *European Investors* questions the sense of urgency, which is implied by the RESET plan given the information URW has provided recently on liquidity and covenant agreements.

We, therefore, kindly ask for your answers on the following questions:

QUESTIONS VEB

RESET

1. Based on what analysis does URW believe capital raise of EUR 3.5 bn is sufficient to endure the most adverse scenario?
2. Why hasn't URW chosen to increase the size of its disposal program, and in doing so, limit the number of shares to be issued with the capital raise?



3. During consecutive quarterly financial results presentations, URW repeatedly stated that there was “ample headroom” with respect to the leverage ratio, as stipulated in the covenant agreement. Management remarked on various occasions over the past years that the covenant-LTV was considered “the most relevant” as “it governed access to liquidity.” The key reason for the capital raise now appears to be that URW wants to preserve a strong credit rating to ensure access to debt markets.
 - a. What is the rationale of this sudden change in focus as it appears in communication?
 - b. What is the relevance of the covenant-LTV ratio given that RESET has primarily been the consequence of credit rating agencies’ view on URW’s financial position?
 - c. Is URW willing to publish a LTV calculation that is more in line with the definitions that are used by the rating agencies?
4. Has Unibail considered not paying a dividend so that the size of the capital raise could be limited?
5. According to RESET, URW targets EUR 1 bn. in cash savings over the next two years by introducing a scrip dividend. Is URW willing to consider the introduction of a 100 percent cash dividend instead? If not, why?

Corporate Governance

6. Did the URW Supervisory Board reconsider the position of the Management Board members as a result of the disappointing share price performance and increasing lack of confidence of shareholders over the past years?
7. Does the Supervisory Board believe the awarded and granted variable compensation of Management Board members over the past years can be justified?
8. In the aforementioned press release, a brief update was provided on key operating statistics in most of the countries URW operates in. However, no data was provided on the US. Can URW share more data with investors with respect to US operations (at least footfall, tenant sales, and rent collection)?
9. There is a clear distinction in financial performance between the UK and the US on the one hand and Continental Europe, on the other hand. The former Westfield-assets were already underperforming; however, this is aggravated since the COVID-19-outbreak. Did URW perform root-cause-analysis on the Westfield-acquisition in 2017 as company performance has subsequently been subpar?



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We are looking forward to your reply.

Yours faithfully,

P.M. Koster

Director

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