



Unibail Rodamco Westfield S.E.
Attn: Supervisory and Management Board
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The Hague, 6 November 2020

Dear members of the Management Board and Supervisory Board,

VEB/European Investors ('**European Investors**') writes to you regarding the Unibail Rodamco Westfield S.E. ('**URW**' or '**The Company**') Extraordinary General Meeting to be held on 10 November 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.

This letter includes several questions for the EGM as well as an explanation of our voting behaviour with respect to the agenda items concerning the capital raise and appointment of the three supervisory board members. We trust that the statements will be read during the meeting and will be incorporated in the minutes.

Agenda item 1.1. Agenda adopted by the Management Board and the Supervisory Board

Statement (to be read during agenda item 1.1.)

European Investors is not convinced of the urgency that is claimed by the management to execute the capital raise on short notice, given URW's liquidity position, access to debt markets, the repeatedly cited 'ample headroom' concerning the covenants and encouraging developments regarding rent collection.

In our view, management has failed to clarify the need for the capital raise in recent weeks. In fact, URW's communication remained substandard as only information of proxy advisors' reports was shared with the market to the extent that this was beneficial to the Company.

After careful consideration and taking into account the above-mentioned issues, European Investors has voted **against** the capital raise.

Agenda item 1.2. Supplementary agenda resulting from the draft resolutions proposed by Flagship Retail Investment and Rock Investment (not approved by the Management Board and the Supervisory Board)

Statement (to be read during agenda item 1.2.)

European Investors is of the opinion company boards should be well balanced and diversified on every dimension. In this regard, we consider URW's Supervisory Board may benefit from shareholder representation. Also, we note that seven out of the nine supervisory board members approved the 2017 Westfield acquisition which is now considered a disastrous strategic decision that weakened the balance sheet severely.

We believe the board runs the risk of tunnel vision, potentially hampering (drastic) strategic decisions in the Company's best interest (i.e., an unbiased strategic review of former (U.S.) Westfield-assets). After due consideration and taking into account the above-mentioned issues, we approve the appointment of three new directors with an explicit shareholder orientation.

QUESTIONS

1. Chairman Colin Dyer stated in an interview with Bloomberg on 20 October that the U.S. assets are *de facto* unsellable. *'There is no bid, there is no market for shopping centers in the U.S. other than for redevelopment of weaker malls...'*
 - a. How can the reasonably low impairment of 3.6 percent over the third financial quarter be reconciled with the statement that *'there is no market in the U.S.'*?
 - b. According to IFRS *'fair value'* is defined as *'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'*. Does URW believe it could sell the U.S. assets at the book value as published in the third quarter results (approx. 13 bn euros).
2. URW's third-quarter financial results mention the bank line renewal needs. During the analyst conference call, URW stated that *'reinforcing the balance sheet will obviously help us in the extension of these credit facilities that will mature next year and the year after.'*
 - a. What is the relevance of the *'ample headroom'* qualification on covenants ratios that URW has consistently communicated if renewal conditions are now apparently directly contingent on credit ratings?
 - b. Could URW elaborate on the (recent) discussions with the banks concerning the credit lines that must be renewed on short notice – i.e., did the banks express concerns and/or demanded that URW raised additional equity capital?
 - c. Does URW believe potential credit line renewals over the next 24 months are at risk if it does not raise 3.5 bn euros of equity capital?



3. Since the announcement of RESET, URW repeatedly remarked, maintaining its credit rating to preserve access to debt markets at all times is the primary argument for the capital raise.
 - a. Could URW elaborate on the trade-off-analysis performed between (the highly dilutive effects of) the rights issue on the one hand and maintaining access to bond markets on the other hand?
 - b. Even after two potential downgrades, URW bonds would still be rated 'investment grade'. The markets for BBB-rated European bonds are deep and heavily supported by ECB asset purchase programs. Could URW provide a quantitative assessment of the risk that it will not have access to debt markets (please consider both probability and impact)?
4. Assuming a scenario where the capital raise is approved, is the URW board willing to postpone the capital raise and thoroughly re-evaluate its merits and timing, either with or without the potentially newly elected supervisory board members?
5. In its 2019 universal registration document dated 24 March 2020, URW commented *'The Group now has €10.2 Bn in cash on hand and undrawn credit lines, which provides it with the liquidity needed to cover all expected funding needs even under an extreme "stress test" scenario'*. With liquidity in excess of 12 bn euros, URW believes there is an 'immediate need to strengthen the balance sheet'. Is it fair to say URW's 'extreme stress test' as mentioned in the 2019 universal registration document dated 24 March 2020 was flawed?
6. Will URW's Supervisory Board reconsider the position of the Management Board members in a scenario in which the rights issue is not approved by shareholders?
7. Can the Supervisory Board assure investors that no variable compensation (both the short-term-incentive and long-term-incentive) will be granted and/or awarded to the Management Board and all URW employees over fiscal 2020?

We are looking forward to your reply during the EGM.

Yours faithfully,

European Investors