



# UNIBAIL-RODAMCO-WESTFIELD

Paris, Amsterdam, March 30, 2022

Press release

## Unibail-Rodamco-Westfield presents path to 2024 and beyond

- **Leading European pure play with an unrivalled portfolio of assets in best cities**
- **Stabilised European retail NRI and Group EBITDA to reach pre-COVID levels on a run rate basis in 2023 with full effect in 2024**
- **Growing new revenues from media advertising, brand experience and data**
- **Maximising asset values by unlocking mixed-use development opportunities with significant residential potential**
- **On track to achieve ambitious Better Places 2030 ESG targets and will announce enhanced commitments in 2023**
- **AREPS guidance of €8.20 to €8.40 confirmed for 2022**
- **Sustainable dividend to be reinstated from fiscal year 2023**

The Management Board of Unibail-Rodamco-Westfield (“URW” or “the Group”) will today share with the market its path to 2024 and beyond, a plan which will strengthen the Group’s core business, generate new revenues and unlock asset value.

Following the completion of its comprehensive deleveraging program, which includes the radical reduction of financial exposure to the US in 2022 and 2023, URW will emerge as a European pure play with a portfolio of high-quality, high-performing assets located in the continent’s wealthiest cities and catchment areas.

European retail NRI will represent the vast majority of URW income and is expected to return to pre-COVID levels on a run rate basis in 2023 with full effect in 2024. This, together with the recovery of Convention & Exhibition activity and the delivery of URW’s committed pipeline, will support the return of Group EBITDA for Europe to 2019 levels in 2024. URW will reinstate a sustainable dividend from the fiscal year 2023 in line with the company’s disciplined capital allocation framework.

URW’s unrivalled European portfolio also provides a unique platform to generate significant new revenues from advertising, brand experience and data by turning URW’s 2021 footfall of 550 million annual visits into qualified audiences highly valued by brands. URW’s investments in media assets and data capabilities will generate €75 Mn in annual net revenues<sup>1</sup> by 2024, a €45 Mn increase compared to 2021, with strong growth potential beyond the plan horizon.

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<sup>1</sup> At 100% share

URW will unlock untapped asset value through targeted, sustainable mixed-use development, with an emphasis on residential opportunities. This includes the delivery of €2.0 Bn<sup>2</sup> of the committed pipeline by the end of 2024 that will generate a stabilised NRI of €125 Mn<sup>3</sup>. URW has also identified up to 2.4 million sqm<sup>4</sup> of development opportunities, with the target of adding €1 Bn<sup>5</sup> to the Group's controlled pipeline by 2024. URW will retain full flexibility about how and when to launch these new projects and will deploy limited predevelopment expenses in the coming three years.

URW confirmed that it is on track to meet the industry-leading commitments in its *Better Places 2030* ESG strategy and will announce an update in 2023, with the aim of enhancing the Group's decarbonisation commitments.

**Jean-Marie Tritant, Chief Executive Officer of URW, said:** *"By 2024, we will have successfully reshaped the business to capture future growth, centred on our portfolio of Flagship destinations in the wealthiest cities and catchment areas in Europe.*

*Physical stores are a vital part of leading brands' omnichannel and drive-to-store strategy, a role reinforced and validated by the post-pandemic recovery. Our top 50 retailers in Europe<sup>6</sup> have increased their GLA and MGR with us since 2019, while in many cases streamlining their store portfolios elsewhere. This dynamic will support a full recovery of our European retail NRI and Group EBITDA on a stabilised basis to pre-COVID levels.*

*Our platform of shopping and lifestyle destinations in Europe presents a powerful opportunity to grow media advertising and brand experience revenues by converting our European footfall of 550 million visits in 2021 into qualified audiences. We are building the capabilities to market URW's pan-European platform to advertisers by creating a dedicated business division, powered by new data intelligence. These strong foundations will generate €75 million in annual net revenues by 2024, with significant upside potential.*

*We will deliver €2 billion in projects from our committed pipeline by 2024, generating €125 million of stabilised NRI, and will add €1 billion in densification development opportunities to our controlled pipeline.*

*This is the beginning of an exciting journey for URW that will reshape the business to focus on our core strengths in Europe, create a new media platform and unlock value from our asset portfolio to generate sustainable growth by 2024 and beyond."*

- **The company's plan will be presented by URW's Management Board at an investor event today starting at 10:30 CET. Please follow the [link](#) to watch the webcast.**
- **A full presentation is also available on the Investor Relations page of the URW website [link](#)**

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<sup>2</sup> URW Total Investment Cost excluding Triangle (delivery in 2026)

<sup>3</sup> Excludes Hotel Pullman Montparnasse, delivered in December 2021

<sup>4</sup> At 100%

<sup>5</sup> URW Total Investment Cost

<sup>6</sup> In terms of MGR

## URW's path to 2024 and beyond

### Strengthen our core business

Complete radical reduction of financial exposure to the US and finalize European deleveraging programme	<b>~40% LTV ratio<sup>7</sup></b>
Emerge as a focused European pure play with Retail NRI and Group EBITDA back to pre-COVID levels <sup>8</sup>	<b>2023-2024 expected timeline to reach stabilised 2019 levels</b>
Build on strong ESG track-record to drive enhanced environmental, social and financial value	<b>2023 unveiling step-change evolution of strategy</b>

### Build new revenue platforms

Increase media advertising and brand experience revenue by turning footfall into a qualified audience	<b>€75 Mn 2024 European net revenues</b>
Build data capabilities to generate new revenues with retailers and brands	

### Maximise the value of our assets

Deliver European committed pipeline with tight CAPEX control	<b>€2.0 Bn by 2024</b>
Unlock development opportunities embedded in our assets to refuel controlled pipeline	<b>€1.0 Bn new projects added by 2024</b>

## KEY HIGHLIGHTS

### DELEVERAGING PROGRESS & IMPACT

URW's comprehensive deleveraging program is on track. The Group is positioned to execute the radical reduction in financial exposure to the US over the course of 2022 and 2023, supported by the quality of its US assets, of which 95% are in the A-category<sup>9</sup>, as well as the strength of the recovery which is driving occupancy and rental growth for long term leases.

In Europe, URW will secure the remaining €1.5 Bn of its €4 Bn disposal programme by the end of 2022. This process combines the full sale of non-core assets as well as the disposal of stakes to institutional investors, where URW will receive asset and property management fees going forward.

Once completed, URW's LTV, is expected to be below or around 40% including the Group's hybrid bonds.

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<sup>7</sup> IFRS LTV including hybrid

<sup>8</sup> 2019 retail NRI and EBITDA on stabilised European portfolio

<sup>9</sup> In terms of GMV

## **RETURN OF RETAIL NRI & GROUP EBITDA**

Following completion of the deleveraging process, URW will be a European pure play with a €41 Bn portfolio<sup>10</sup> of high-quality and well-located assets. 95% of the Group's European retail assets are in the A-category<sup>9</sup>.

These assets generate higher sales intensity for retailers, as well as increased value given the role of the physical store as part of their omnichannel and drive-to-store strategy.

Key retailers are increasing their footprint with URW. Between 2019 and 2021, the Group's top 50 retailers in Europe, who account for 29% of total MGR, increased their GLA by an average of 7% for an average MGR increase of 6%.

URW expects tenant sales to return to pre-COVID levels in 2022, occupancy and variable income in the course of 2023, and retail NRI on a run rate basis in 2023, with full effect in 2024. In 2024, the Group forecasts Retail NRI of €1.56 Bn and EBITDA of circa €1.9 Bn for its streamlined European portfolio.

The Group's Convention and Exhibition business is expected to further recover in 2022 and return to normalised levels in 2023, ahead of the 2024 Paris Olympics. URW's Offices business will benefit from the full letting of recently completed projects as well as new deliveries.

## **GROWTH OF NEW REVENUES**

URW has created a dedicated division to generate increased revenues from advertising, brand experience and data services.

The new division will generate €75 Mn in annual net revenues by 2024 with €23 Mn in additional CAPEX<sup>11</sup> to support this growth. This investment will be split between upgrading and increasing the Group's 1,700 in-mall advertising screens, and the roll out of fully GDPR-compliant technology to qualify footfall at URW's Westfield-branded malls.

## **UNLOCKING VALUE THROUGH MIXED USE DEVELOPMENT**

URW will continue to maximise the value of its assets through targeted mixed-use development, capitalising on its established position in the most valuable European real estate markets with high barriers to entry.

By 2024, URW will deliver €2 Bn of its committed pipeline which will generate €125 Mn in stabilized NRI. In addition, URW will unlock further development opportunities embedded in its assets during the plan horizon, with a potential €1 Bn in projects to add to its controlled pipeline, with limited predevelopment expenses.

Underpinned by the Group's disciplined capital allocation approach, URW will focus on densifying its flagships with office, hotels and residential, as well as repurposing retail space and, where appropriate, extending to add high-growth alternative uses.

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<sup>10</sup> As at December 31, 2021, based on European portfolio only, excluding any remaining US exposure.

<sup>11</sup> At 100%

## **BUILDING ON ESG LEADERSHIP**

URW launched its ambitious, industry leading *Better Places 2030* ESG strategy in 2016 and has consistently ranked in the top-quartile on ESG performance. URW's comprehensive approach addresses all stakeholders and the Group's carbon reduction targets have been approved by the Science Based Targets initiative and are consistent with levels required to meet the Paris agreement goal of limiting global warming to 1.5 °C.

URW is on track to meet all *Better Places 2030* commitments, including cutting carbon emissions across its value chain by 50% between 2015 and 2030. The Group has also made good progress in energy efficiency and green energy usage. 90% of URW assets in Europe have received Outstanding or Excellent ratings from the BREEAM IN-USE certification, the world's leading sustainability assessment method, compared to 30% for the European Retail Real Estate sector as a whole.

URW is committed to contributing to global carbon neutrality and will present a step-change update to its plan in 2023 with a view to establishing new commitments.

## **CAPITAL ALLOCATION & DIVIDEND**

URW outlined its disciplined capital allocation framework that balances continued investment in future growth with maintaining a strong balance sheet.

URW will continue to sell mature assets that do not meet its return criteria or that do not fit its destination strategy. URW will continue to invest in projects and acquisitions on an opportunistic basis, looking at the expected Internal Rate of Return, the level of risk and any balance sheet constraints. URW will resume the payment of sustainable dividend from fiscal year 2023.

### **For further information, please contact :**

#### **Investor Relations**

Maarten Otte

+33 7 63 86 88 78

[Maarten.Otte@urw.com](mailto:Maarten.Otte@urw.com)

#### **Media Relations**

Cornelia Schnepf – Finelk

+44 7387 108 998

[Cornelia.Schnepf@finelk.eu](mailto:Cornelia.Schnepf@finelk.eu)

## About Unibail-Rodamco-Westfield

Unibail-Rodamco-Westfield is the premier global developer and operator of Flagship Destinations, with a portfolio valued at €54.5 Bn as at December 31, 2021, of which 86% in retail, 6% in offices, 5% in convention & exhibition venues and 2% in services. Currently, the Group owns and operates 85 shopping centres, including 53 Flagships in the most dynamic cities in Europe and the United States. 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 2,800 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 a BBB+ rating from Standard & Poor's and from a Baa2 rating from Moody's.

For more information, please visit [www.urw.com](http://www.urw.com)

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