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Free translation of the original « *Rapport des Commissaires aux apports  
afférent au caractère équitable de la rémunération globale proposée par la  
société UNIBAIL-RODAMCO en contrepartie des titres du groupe  
WESTFIELD* » issued by the contribution appraisers, dated March 26, 2018

## **UNIBAIL-RODAMCO**

A European company incorporated in France - Share capital: €499,283,380  
7, place du Chancelier-Adenauer  
75016 Paris  
Registration: RCS Paris No. 682 024 096

### **Contribution Appraisers' Report relating to the fairness of the total consideration proposed by UNIBAIL-RODAMCO in return for WESTFIELD Group securities**

*Order of the President  
of the Paris Commercial Court  
on 1 February 2018*

*Extended scope of engagement  
requested by the French Financial Markets Authority (AMF)  
on 23 February 2018*

**Contribution Appraisers' Report**  
**relating to the fairness of the total consideration**  
**proposed by UNIBAIL-RODAMCO in return for**  
**WESTFIELD Group securities**

Dear Shareholders,

By Order of the President of the Paris Commercial Court dated 1 February 2018, we have been appointed within the context of the transfer of WESTFIELD CORPORATION LIMITED and UNIBAIL-RODAMCO TH B.V. shares, to be carried out by WESTFIELD Group securityholders, to UNIBAIL RODAMCO.

In an email dated 23 February 2018, the AMF (*Autorité des Marchés Financiers*), based on its Position - Recommendation No. 2011-11, required Unibail-Rodamco to extend the contribution appraisers' engagement to include a fairness opinion on the total consideration with respect to the combination of the WESTFIELD and UNIBAIL RODAMCO groups. To this end, we hereby report to you on the total consideration for the combination of the WESTFIELD and UNIBAIL-RODAMCO groups. Our assessment of the value of the contributions is covered in a separate report.

The consideration results from the terms of the Transaction (as described below), set out in the draft offering circular which was disclosed to us on 23 March 2018 ("Draft Document E") which was laid down in an ("Implementation Agreement") signed by representatives from the UNIBAIL-RODAMCO and WESTFIELD groups on 12 December 2017. This Transaction relates to the acquisition of WESTFIELD Group securities by Unibail-Rodamco, through the exchange of securities and payment in cash (hereinafter the "Transaction").

It is our responsibility to express an opinion on the fairness of the consideration. In that respect, we conducted our review in accordance with the professional standards of the French National Company of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) that apply to this engagement. These professional standards require the implementation of analytical measures intended to verify that the relative values attributed to shares making up the contribution and the shares of the beneficiary company are relevant, and to analyse the positioning of the proposed consideration in comparison with relative values deemed relevant.

As our engagement ends with the filing of this report, it is not our responsibility to update this report to take into account facts and circumstances that occur after the date of the report.

This report has been provided for by AMF's Position-Recommendation No. 2011-11 dealing with the engagement of the contribution appraiser for asset transfers and is intended for persons referred to by French law, in this case UNIBAIL-RODAMCO

Shareholders. The report meets the requirements of the French legal and regulatory framework but not the Australian framework to which WESTFIELD securityholders are subject, even though our report will be made available to the parties that are involved in the Transaction.

In addition, our report does not dispense with the reading of all the documentation already publicly available or that will be made available with respect to the Transaction.

At no time did we find ourselves in a situation of incompatibility, prohibition or disqualification as referenced by law.

Our findings and conclusions are presented below, based on the following outline:

- 1. Presentation of the Transaction**
- 2. Verification of the relevance of the relative values attributed to the shares of the companies involved in the Transaction**
- 3. Opinion on the fairness of the proposed consideration**
- 4. Summary**
- 5. Conclusion**

## **1. Presentation of the Transaction**

### **1.1 Background of the Transaction**

In a joint press release dated 12 December 2017, the UNIBAIL-RODAMCO and WESTFIELD groups announced that Unibail-Rodamco had entered into an agreement to acquire WESTFIELD, to create the world's *premier developer and operator of flagship shopping destinations*.

The WESTFIELD Group is composed of three entities: Westfield Corporation Limited (hereinafter "WCL"), Westfield America Trust (hereinafter "WAT") and WFD Trust (hereinafter "WFDT"), whose securities were stapled together (stapled securities). As a result, each Westfield shareholder held the same number of shares in each one of the three entities. These stapled securities will trade as one single security on the Australian Securities Exchange (ASX).

The Transaction entails pre-transaction restructuring for both UNIBAIL-RODAMCO and Westfield. In addition, the acquisition of the three entities which currently make up WESTFIELD will be carried out via several Schemes of Arrangement under Australian law:

1. Destapling the WCL, WAT and WFDT shares;
2. Acquisition of WAT by US NEWCO, a new American company formed by UNIBAIL-RODAMCO (WAT Trust Scheme);
3. Transfer by UNIBAIL RODAMCO of US Newco shares to Newco BI (which will become WFD UNIBAIL-RODAMCO N.V.), a newly formed Dutch company;
4. Transfer of WFDT shares representing 100% of its share capital to UNIBAIL-RODAMCO TH B.V (hereinafter "TH Newco"), a newly formed Dutch COMPANY;
5. Transfer of WCL and TH Newco shares to UNIBAIL-RODAMCO, in accordance with the terms of the Share Scheme, it being specified that a 90% interest in OneMarket<sup>1</sup> will be demerged (hereinafter "OneMarket Demerger").

Destapling and the various share schemes are subject to certain conditions, such that destapling may only take place if the schemes have been implemented and vice versa.

Our appointment as contribution auditors relates to the context of this Share Scheme. This report on the total consideration of the Transaction constitutes an appendix to our report on the value of the contribution. It covers the overall Transaction and not the sole scope of the Share Scheme.

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<sup>1</sup> OneMarket, formerly Westfield Retail Solutions, is Westfield's retail technology PLATFORM.

At the end of these transaction steps, WESTFIELD Group securityholders:

- will become holders of UNIBAIL-RODAMCO and WFD UNIBAIL-RODAMCO N.V. stapled securities;
- and will receive an amount in cash.

Under the Transaction terms, the consideration offered to WESTFIELD Group's securityholders, in return for one WCL, WAT and WFDT stapled securities, comprises:

- 0.01844 stapled UNIBAIL-RODAMCO and WFD UNIBAIL-RODAMCO N.V. securities;
- plus US\$2.67 in cash,

(hereinafter, together, the "Consideration")

Post Transaction, existing UNIBAIL-RODAMCO Shareholders will hold c. 72% of the Group's stapled securities and WESTFIELD securityholders will hold c. 28%<sup>2</sup>.

## **1.2 Description of the participating companies**

### **1.2.1 Westfield**

The WESTFIELD Group (hereinafter "WESTFIELD") is an economic entity composed of three legal entities—WCL, WFDT and WAT—whose respective shares or units were stapled (stapled securities), in accordance with the respective articles of association of these three entities and a stapling deed on 30 June 2014.

As a result, each WCL, WFDT or WAT share or unit equals one share or unit in the other two entities, with the result that each WESTFIELD Group securityholder legally and simultaneously holds a certain number of stapled shares or units in each of the three entities.

At the time of writing, 2,078,089,686<sup>3</sup> stapled securities traded as one single security on the Australian Securities Exchange (ASX). Separately, an additional 22,381,487<sup>4</sup> stapled securities may be issued as part of profit-sharing schemes.

At 31 December 2017<sup>5</sup>, they were mainly held by:

- the Lowy family for 9.6%;
- the VANGUARD GROUP for c. 8.0%;

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<sup>2</sup> These rates have been provided for illustrative purposes on a fully diluted basis based on the respective market capitalisations at 11 December 2017 and are contingent upon the number of shares outstanding of UNIBAIL-RODAMCO and WESTFIELD on the effective date.

<sup>3</sup> Source: Westfield Group's financial statements at 31 December 2017.

<sup>4</sup> Source: draft *Security Booklet* dated 13 March 2018.

<sup>5</sup> Source: Westfield Group's financial statements at 31 December 2017.

- the BLACKROCK GROUP for c. 7.2%;
- the State Street Corporation group for c. 5.0%.

WESTFIELD is “a vertically integrated, shopping centre group undertaking ownership, development, design, construction, funds/asset management, property management, leasing and marketing activities and employing approximately 2,000 staff worldwide.”<sup>6</sup>

Westfield has interests in 35 shopping centres in the United States and the United Kingdom.

Its core business involves developing and operating flagship shopping destinations, the main showcases for the Westfield brand, and offering a unique experience to visitors, retailers and brands in key markets. It owns 17 flagships<sup>7</sup> shopping destinations, representing 84%<sup>8</sup> of the assets under management.

For the year ended 31 December 2017, Westfield GROUP posted consolidated revenue of US\$2.1<sup>9</sup> billion (including the share of earnings of equity-method entities) and consolidated net income, Group share, of US\$1.55 billion. Its consolidated Shareholders’ equity, Group share, amounted to US\$10.8 billion.

### **1.2.2 Unibail Rodamco**

UNIBAIL-RODAMCO is a European public limited-liability company governed by a Management Board and Supervisory Board incorporated in France. Its registered office is located at 7, place du Chancelier-Adenauer, 75116 Paris, France. It is registered in the Paris Trade and Companies Register under number 682 024 096.

UNIBAIL-RODAMCO was formed on 23 July 1968 for a period of 99 years, unless extended or earlier terminated.

The financial year runs from 1 January to 31 December.

As at 31/12/2017, UNIBAIL-RODAMCO’s share capital amounts to €499,283,380, divided into 99,856,676 fully paid-up shares with a nominal value of €5 each. Separately, 53,983 additional shares may be issued by way of conversion of financial instruments.

UNIBAIL-RODAMCO shares are traded on the NYSE Euronext Amsterdam and Paris stock exchanges.

At 31 December 2017<sup>10</sup>, they were mainly held by:

- the APG ASSET MANAGEMENT group for 6.0%;

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<sup>6</sup> Source: Press release issued by Unibail-Rodamco on 12 December 2017.

<sup>7</sup> Source: Westfield Corporation, full year results presentation 2017.

<sup>8</sup> Source: *Ibid.*

<sup>9</sup> Source: Westfield Group’s financial STATEMENTS at 31 December 2017.

<sup>10</sup> Source: UNIBAIL-RODAMCO

- the BLACKROCK group for 4.6%<sup>11</sup>;
- the DEUTSCHE ASSET MANAGEMENT INVESTMENT group for 3.4%.

UNIBAIL-RODAMCO IS Europe's leading listed commercial property group, with a portfolio valued at €43.1 billion as at 31 December 2017. It is "*active in three main areas of commercial real estate: development, investment and operations. The Group applies its strategy to three categories of assets: shopping centres, office buildings and convention and exhibition venues*"<sup>12</sup>.

For the year ended 31 December 2017, the UNIBAIL-RODAMCO Group posted consolidated Net Rental Income of €1.58 billion and consolidated net income, Group share, of €2.44 billion. Its consolidated Shareholders' equity, Group share, amounted to €18.92 billion.

### **1.2.3 Relationships among the companies**

At the date of this report, UNIBAIL-RODAMCO holds a *cash-settled equity swap* (as defined in the glossary of the Draft Document E) representing a 4.90% economic interest in WESTFIELD securities.

## **1.3 Description of the Transaction**

As previously indicated, the Transaction is part of the combination of the UNIBAIL-RODAMCO and WESTFIELD groups, which will be formalised by a series of Schemes of Arrangement, to enable UNIBAIL-RODAMCO to acquire WESTFIELD Group securities.

Given the strong geographic complementarity of both groups, this combination will create a global commercial property leader, strategically positioned in 27 of the world's most attractive retail markets and cities.

In addition, UNIBAIL-RODAMCO has identified a total of €100 million of expected run-rate synergies per annum, including €40 million from rental income and €60 million from corporate overheads<sup>13</sup>.

### Effective date of the transaction

Pursuant to the Corporations Act, the Schemes of Arrangement will come into effect once the Federal Court of Australia (Sydney Registry) will have ruled on approving the Schemes of Arrangement. Court approval is expected in May 2018.

<sup>11</sup> BLACKROCK's participation increased to 10.01% on 19 January 2018 (source: declaration of crossing of threshold dated 22 January 2018)

<sup>12</sup> Source: UNIBAIL-RODAMCO's website

<sup>13</sup> Source: Press release on 12 December 2017.

#### **1.4 Conditions precedent**

As provided for in Article 3 of the Schemes of Arrangement, the Transaction is conditional on the satisfaction of each of the following conditions precedent:

- consultation with UNIBAIL-RODAMCO's ERB;
- approval of regulatory authorities;
- approval of the Schemes of Arrangement by WESTFIELD securityholders;
- approval of the Transaction by UNIBAIL-RODAMCO Shareholders;
- approval by the AMF of the final new listing prospectus;
- approval of the Transaction by an Australian court having jurisdiction, pursuant to Australian law;
- receipt of a report from the Australian Independent Expert, appointed pursuant to applicable Australian regulatory requirements, concluding that the Schemes of Arrangement are in the best interests of WESTFIELD securityholders.
- absence of a Prescribed Event or Material Adverse Effect as set out in the draft prospectus;
- approval of the admission for listing of the new shares that must be issued post Transaction.

## **2. Verification of the relevance of the relative values attributed to the shares of the companies involved in the Transaction**

### **2.1 Procedures performed by the Contribution Appraisers**

Our engagement, in accordance with regulatory requirements, is not an audit nor a limited review. Therefore, the objective of our mission is not to enable us to express an opinion on the financial statements or to carry out specific tasks relating to compliance with corporate laws and regulations. Our mission cannot be likened to a due diligence carried out for a lender or buyer nor does it entail all the work required for such an assignment.

We performed the procedures that we deemed necessary, based on the professional standards of the *Compagnie Nationale des Commissaires aux Comptes*, to verify that the relative values attributed to shares making up the contribution and the shares of the beneficiary company are relevant, and to analyse the positioning of the proposed consideration in comparison with relative values deemed relevant.

As customary, we have considered all the documentation and information that were provided to us by UNIBAIL-RODAMCO and WESTFIELD and their respective advisors sincere and exhaustive.

We performed the following analyses and specifically:

- we met with the representatives and advisors of the companies involved in the overall combination transaction, in order to understand its context and assess the related accounting, legal and tax procedures planned;
- we reviewed the *Implementation Agreement* dated 12 December 2017 and its various appended *Schemes of Arrangements*;
- we reviewed the draft prospectuses to be filed with the French Financial Markets Authority (AMF);
- we obtained an understanding of the legal and accounting foundation upon which the Transaction is based;
- we took note of the consolidated financial statements of the WESTFIELD Group for 2016 and 2017 in addition to the 2016 Registration Document and the 2017 draft annual and consolidated financial statements of UNIBAIL-RODAMCO;
- we took note of the information published by the WESTFIELD Group, listed on the Sydney stock exchange, as well as the analyst ratings and consensus on its securities;
- we discussed with the Independent Expert appointed by WESTFIELD, responsible for assessing the Transaction pursuant to Australian regulatory requirements;
- we analysed and discussed the financial analyses in Section 2.4 of Draft Document E, prepared with the assistance of the banks advising UNIBAIL RODAMCO;
- we analysed the relevance of the criteria selected, reviewed the parameters of their implementation, conducted various sensitivity analyses and pursued our own valuation approach as we deemed appropriate;

- we obtained a confirmation letter from the companies' managers involved in the Transaction confirming the completeness of the information provided with respect to the Transaction;
- we made the working assumption that there were no material tax effects specific to the Transaction;
- lastly, we performed analyses specific to assessing the value of the Share Schemes, which is covered in a separate report.

## **2.2 Valuation approach used to determine Consideration**

In accordance with the *Implementation Agreement* and its schedules signed by the parties' representatives on 12 December 2017, the Consideration comprises 0.01844 UNIBAIL-RODAMCO and WFD UNIBAIL-RODAMCO N.V. stapled securities plus US\$2.67 in cash for each WESTFIELD stapled security (for convenience matters, WESTFIELD stapled security will be referred to "WESTFIELD security" and UNIBAIL-RODAMCO and WFD UNIBAIL-RODAMCO N.V. stapled security as "UNIBAIL-RODAMCO share").

In its multi-criteria valuation approach, prepared with the assistance of its advising banks, UNIBAIL-RODAMCO selected the following criteria:

- the adjusted net asset value (EPRA<sup>14</sup> net asset value or EPRA NAV<sup>15</sup>)
- the discounted cash flows (DCF<sup>16</sup> method);
- share price criterion, both before the announcement and historical;
- analyst target prices.

Draft Document E contains a description of the Share Schemes, in terms of the valuation of the Consideration and extends the analysis to the consideration of the overall combination Transaction (Section 2.4.3.4).

This report analyses the Consideration of the overall Transaction, as required by the AMF.

### **2.2.1 EPRA adjusted net asset value (EPRA NAV)**

The adjusted net asset value method consists in adjusting the book value for estimated unrealised gains/losses, unrecognised in consolidated Shareholders' equity, pursuant to applicable accounting regulations. The principles of its application are governed by EPRA, a professional association widely acknowledged in the real estate sector.

The EPRA net asset value per WESTFIELD security was calculated by UNIBAIL-RODAMCO based on financial information provided by WESTFIELD. After the impact of

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<sup>14</sup> European Public Real estate Association

<sup>15</sup> Net asset value

<sup>16</sup> Discounted Cash Flows

the OneMarket demerger, the EPRA net asset value per WESTFIELD security as estimated by UNIBAIL-RODAMCO, amounted to US\$6.99<sup>17</sup> at 30 June 2017.

The EPRA net asset value per UNIBAIL-RODAMCO share, as published in its consolidated financial statements, amounted to €206.20, i.e. US\$ 243.34<sup>18</sup> at 30 June 2017.

### **2.2.2 Discounted cash flows (DCF)**

This method consists in determining the intrinsic value of a company by discounting its operating cash flow stemming from its business plan at a rate which reflects the expected return the market demands from the company, taking into account the terminal value over the period covered by this plan.

The analysis was carried out based on an analyst forecast consensus over the 2017-2019 period, which was then extrapolated by UNIBAIL-RODAMCO to the 2020-2023 period.

Given the EV to Equity Bridge<sup>19</sup> of US\$9,208 million, the core value of WESTFIELD's Shareholders' equity calculated in this manner amounts to US\$16,658 million. Based on 2,078.1 million shares, the value of a WESTFIELD security amounts to US\$8.02.

Given the EV to Equity Bridge of €16,202 million, the core value of UNIBAIL-RODAMCO's Shareholders' equity calculated in this manner amounts to €26,051 million, i.e. US\$30,740 million<sup>20</sup>. Based on 100.6 million shares, the value of a UNIBAIL-RODAMCO share amounts to US\$305.59.

### **2.2.3 Share price criterion, both before the announcement and historical**

The reviewed market prices include:

the spot rate on 11 December 2017, before the Transaction was announced,

1 month VWAP<sup>21</sup>,

2 months VWAP,

3 months VWAP,

6 months VWAP.

Bases on these criteria, the value of WESTFIELD securities, as presented in Draft Document E, are as follows:

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<sup>17</sup> Using an exchange rate of €1 = US\$1.18 on 11 December 2017

<sup>18</sup> Using an exchange rate of €1 = US\$1.18 on 11 December 2017

<sup>19</sup> EV to Equity Bridge: component parts of the enterprise value to the equity value bridge

<sup>20</sup> Using an exchange rate of €1 = US\$1.18 on 11 December 2017

<sup>21</sup> VWAP: volume weighted average price

	Security price (AUD)	AUD/USD exchange rate	Security price (USD)	OneMarket impact (USD)	Adjusted security price (USD)
	A	B	C=A/B	D	=C-D
Spot 11/12/2017	8.50	1.327	<b>6.41</b>	0.09	<b>6.32</b>
1-month VWAP	8.35	1.318	<b>6.34</b>	0.09	<b>6.25</b>
2-months VWAP	8.09	1.305	<b>6.20</b>	0.09	<b>6.11</b>
3-months VWAP	7.94	1.291	<b>6.15</b>	0.09	<b>6.06</b>
6-months VWAP	7.94	1.287	<b>6.17</b>	0.09	<b>6.09</b>

WESTFIELD market prices are denominated in Australian dollars. They were converted into US dollars and adjusted for the impact of the OneMarket Demerger<sup>22</sup>.

Based on the criterion of the market price, the values of UNIBAIL-RODAMCO shares, as presented in Draft Document E, are as follows:

	Share price (EUR)	EUR/USD exchange rate	Share price (USD)
Spot 11/12/2017	224.1	1.180	<b>264.5</b>
1-month VWAP	218.7	1.181	<b>258.4</b>
2-months VWAP	215.4	1.175	<b>253.2</b>
3-months VWAP	212.8	1.178	<b>250.7</b>
6-months VWAP	215.5	1.166	<b>251.3</b>

## 2.2.4 Analyst target prices

This method consists in determining the value of a company based on target prices issued by financial analysts.

Based on this criterion, the values of WESTFIELD securities, as presented in Draft Document E, stand as follows:

Last review	Analyst	Target price (AUD)	AUD/USD exchange rate	Target price (USD)	OneMarket impact (USD)	Adjusted target price (USD)
		A	B	C=A/B	D	=C-D
11-Dec-17	JP Morgan	10.60	1.327	<b>7.99</b>	0.09	<b>7.90</b>
14-Nov-17	Macquarie	9.59	1.310	<b>7.32</b>	0.09	<b>7.23</b>
9-Nov-17	UBS	9.35	1.302	<b>7.18</b>	0.09	<b>7.09</b>
27-Oct-17	Goldman Sachs	8.42	1.303	<b>6.46</b>	0.09	<b>6.38</b>
6-Oct-17	Morgan Stanley	7.40	1.287	<b>5.75</b>	0.09	<b>5.66</b>
16-Aug-17	Credit Suisse	8.95	1.262	<b>7.09</b>	0.09	<b>7.02</b>
<b>Average</b>		<b>9.05</b>		<b>6.97</b>	<b>0.09</b>	<b>6.88</b>

<sup>22</sup> The OneMarket Demerger will have an impact of US\$180 million, i.e. US\$0.09 per WESTFIELD SECURITY.

Based on this criterion, the values of UNIBAIL-RODAMCO shares, as presented in Draft Document E, stand as follows:

<b>Last review</b>	<b>Analyst</b>	<b>Target price (EUR)</b>	<b>EUR/USD exchange rate</b>	<b>Target price (USD)</b>
11-Dec-17	Jefferies	224.0	1.177	<b>263.6</b>
11-Dec-17	Barclays	240.0	1.177	<b>282.5</b>
30-Nov-17	Exane BNP Paribas	240.0	1.190	<b>285.7</b>
27-Oct-17	Société Générale	260.0	1.161	<b>301.8</b>
27-Oct-17	Kempen & Co	245.0	1.161	<b>284.4</b>
27-Oct-17	HSBC	270.0	1.161	<b>313.4</b>
27-Oct-17	ING Bank	255.0	1.161	<b>296.0</b>
27-Oct-17	Kepler Cheuvreux	220.0	1.161	<b>255.4</b>
27-Oct-17	Bank Degroof Petercam	235.0	1.161	<b>272.8</b>
26-Oct-17	JP Morgan	270.0	1.165	<b>314.6</b>
23-Oct-17	Crédit Suisse	222.3	1.175	<b>261.2</b>
<b>Average</b>		<b>243.8</b>		<b>284.7</b>

### 2.2.5 Valuation methods rejected

Comparable company and precedent transaction analyses were not taken into account for the valuation of the WESTFIELD Group by UNIBAIL-RODAMCO due to (i) the absence of a company identified as truly comparable to the WESTFIELD Group, especially with regard to the qualitative level of the shopping centres operated and level of the projects under development, and (ii) the lack of information on these characteristics for companies likely to be considered comparable to WESTFIELD.

In addition, we observed that the accounting characteristics of real estate companies and the timing of their income recognition (depending on one-off commissioning of the assets, then on the non-linear evolution of their assets' fair value) make it difficult to implement this method on a sound basis.

For comparability purposes, the same methods have been rejected for the valuation of UNIBAIL-RODAMCO. We have not used them either.

## 2.2.6 Summary of the relative values

The following is a summary of the relative values of a WESTFIELD security and a UNIBAIL-RODAMCO share, derived from Draft Document E:

	WESTFIELD	UNIBAIL-RODAMCO	Per WESTFIELD security implicit consideration	Premium implied by the Transaction terms
	Per security value (USD) <sup>1</sup>	Per share value (USD) <sup>2</sup>	(USD)	Share component : 0.0184 (Unibail share per Westfield security) Cash component (USD) : 2.67
	A	B	C = 0.01844 x B + 2.67	D = C / A - 1
EPRA NAV	6.99	243.34	7.16	2.3 %
DCF	8.02	305.59	8.31	3.6 %
Spot 11/12/2017	6.32	264.46	7.55	19.4 %
1-month VWAP	6.25	258.41	7.44	19.0 %
2-months VWAP	6.11	253.16	7.34	20.0 %
3-months VWAP	6.06	250.67	7.29	20.3 %
6-months VWAP	6.09	251.32	7.30	20.0 %
Target prices	6.88	284.67	7.92	15.1 %

<sup>1</sup> 11/12/2017 AUD/USD exchange rate: 1.327

<sup>2</sup> 11/12/2017 EUR/USD exchange rate: 1.180

## **2.3 Comments and observations on the valuations set out in Draft Document E**

### **2.3.1 On the WESTFIELD values**

WESTFIELD owns a significant future development pipeline portfolio and carries out airport, property management and project management activities not currently valued in its balance sheet under IFRS. The EPRA net asset value of WESTFIELD includes the value attributable to this portfolio and these activities and thus seems to be a particularly relevant criterion for assessing the value of the Group.

The discounted cash flows valuation method seems to us to be particularly appropriate for assessing the potential of the WESTFIELD Group, insofar as the projects are currently under development. We have noted that, as a result of no business plan being provided by WESTFIELD management, UNIBAIL RODAMCO based itself on financial analysts' forecasts to determine the future cash flows.

As regards a listed company with a large free float, it seems to us that the market price criterion must be analysed.

We also believe that reference to price targets set by financial analysts is relevant to the extent that this criterion reflects the forecasted changes in the price of WESTFIELD securities.

### **2.3.2 On the UNIBAIL-RODAMCO values**

The value of a UNIBAIL-RODAMCO share was determined by using an approach similar to the one used for the valuation of WESTFIELD security. Within the context of this Transaction, which consists in the combination of two groups in the same business sector, we believe that this approach is relevant.

The EPRA net asset value of UNIBAIL-RODAMCO enhances the full value of its net worth.

The discounted cash flow method makes it possible to assess the potential of UNIBAIL-RODAMCO.

We also find the market price criterion relevant for shareholders who will receive in exchange for their WESTFIELD securities UNIBAIL-RODAMCO shares, having a free float and liquidity which make reference to their market price relevant.

Reference to price targets set by financial analysts also represents a relevant assessment from the perspective of the UNIBAIL-RODAMCO shareholder.

## **2.4 Assessment of the relative values**

### **2.4.1 Preliminary statement**

We address below the consideration that arises from the four methods which we believe to be the most relevant within the framework of this combination project.

- EPRA adjusted net asset value (EPRA NAV);
- discounted cash flows (DCF);
- share price criterion;
- reference to price targets set by financial analysts.

As both of the companies involved operate in the same business sector, assessing the consideration presupposes the use of the same valuation approaches and the implementation of homogeneous assumptions.

The criteria that were thus selected by the parties and their advising banks seem to us to be appropriate for the purpose of determining the relative values. We will provide our own analyses hereafter.

#### **2.4.2 EPRA adjusted net asset value (EPRA NAV)**

The EPRA net asset value of WESTFIELD at 30 June 2017 was determined in accordance with the principles governed by the European Public Real Estate Association, based on the due diligence report prepared within the context of this Transaction.

We validated the calculation of the EPRA NAV and we did not make any significant changes.

We have no particular comments to make on UNIBAIL-RODAMCO's reference to the EPRA net asset value, which is publicly available information, in connection with its determination. It should be noted that, unlike most real estate companies, UNIBAIL-RODAMCO's EPRA net asset value is below the company's market price.

The adjusted net assets presented in Draft Document E were determined at 30 June 2017. Given the Transaction's timetable and the availability of the disclosures, analysis of WESTFIELD's EPRA net asset value could not be updated at 31 December 2017.

For your information, UNIBAIL-RODAMCO's EPRA net asset value increased +2.3% between 30 June 2017 (€206.2 per share) and 31 December 2017 (€211.0 per share).

### 2.4.3 Trading price

Regarding listed companies with a large free float (99.3%<sup>23</sup> and 92.5%<sup>24</sup> respectively at 31 December 2017 for UNIBAIL-RODAMCO and WESTFIELD) and whose stocks have sufficient trading volume, we believe that reference to the trading price is justified and relevant.

Historical prices and the subsequent consideration over the past two years are as follows:

#### Westfield - Security price analysis

	Security price (AUD)	AUD/USD exchange rate	Security price (USD)	OneMarket impact (USD)	Adjusted security price (USD)
	A	B	C=A/B	D	=C-D
Spot 11/12/2017	8.50	1.327	<b>6.41</b>	0.09	<b>6.32</b>
1-month VWAP	8.35	1.318	<b>6.34</b>	0.09	<b>6.25</b>
2-months VWAP	8.11	1.306	<b>6.21</b>	0.09	<b>6.12</b>
3-months VWAP	7.94	1.290	<b>6.16</b>	0.09	<b>6.07</b>
6-months VWAP	7.93	1.286	<b>6.17</b>	0.09	<b>6.08</b>
12-months VWAP	8.39	1.310	<b>6.40</b>	0.09	<b>6.31</b>
24-months VWAP	9.11	1.328	<b>6.86</b>	0.09	<b>6.77</b>

Source: Capital IQ

#### Unibail-Rodamco - Share price analysis

	Share price (EUR)	EUR/USD exchange rate	Share price (USD)
Spot 11/12/2017	224.1	1.180	<b>264.5</b>
1-month VWAP	218.8	1.183	<b>258.8</b>
2-months VWAP	215.6	1.175	<b>253.3</b>
3-months VWAP	212.8	1.178	<b>250.6</b>
6-months VWAP	215.5	1.166	<b>251.3</b>
12-months VWAP	218.6	1.120	<b>245.0</b>
24-months VWAP	224.8	1.114	<b>250.4</b>

Source: Capital IQ

On this basis, the implicit consideration payable to WESTFIELD is as follows:

<sup>23</sup> Source: Capital IQ

<sup>24</sup> Ibid

### Per Westfield security implied consideration

USD	Westfield adjusted security price	Unibail- Rodamco share price	Per Westfield security implied consideration	Premium implied by the Transaction terms
	A	B	$C = 0,01844 \times \frac{B}{B + 2,67}$	$D = C / A - 1$
Spot 11/12/2017	6.32	264.5	<b>7.55</b>	<b>19.5 %</b>
CMPV 1 mois	6.25	258.8	<b>7.44</b>	<b>19.1 %</b>
CMPV 2 mois	6.12	253.3	<b>7.34</b>	<b>19.9 %</b>
CMPV 3 mois	6.07	250.6	<b>7.29</b>	<b>20.2 %</b>
CMPV 6 mois	6.08	251.3	<b>7.30</b>	<b>20.2 %</b>
CMPV 12 mois	6.31	245.0	<b>7.19</b>	<b>13.9 %</b>
CMPV 24 mois	6.77	250.4	<b>7.29</b>	<b>7.7 %</b>

Source: Capital IQ, CAA analysis

It should be noted that the discrepancies between the share prices as disclosed here above and the share prices disclosed in the Draft Document E are not significant. The discrepancies derive from the use of two different databases (Capital IQ vs Bloomberg/Factset).

#### 2.4.4 Analysts target prices

WESTFIELD securities and UNIBAIL-RODAMCO shares are monitored by around ten financial analysts, i.e. a number we believe to be sufficient to implement a target price criterion.

We relied on the latest analysis reports published before the Transaction was announced, for which the explanations concerning the price targets involved are explained.

#### Westfield - Analysts' target prices

Last review	Analyst	Target price (AUD)	AUD/USD exchange rate	Target price (USD)	OneMarket impact (USD)	Adjusted target price (USD)
		A	B	C=A/B	D	=C-D
11-Dec-17	J.P Morgan	10.60	1.327	<b>7.99</b>	0.09	<b>7.90</b>
14-Nov-17	Macquarie	9.59	1.310	<b>7.32</b>	0.09	<b>7.23</b>
9-Nov-17	UBS	9.35	1.302	<b>7.18</b>	0.09	<b>7.09</b>
27-Oct-17	Goldman Sachs	8.42	1.303	<b>6.46</b>	0.09	<b>6.38</b>
16-Aug-17	Credit Suisse	8.95	1.262	<b>7.09</b>	0.09	<b>7.00</b>
<b>Average</b>		<b>9.38</b>		<b>7.21</b>		<b>7.12</b>

Sources: Bloomberg, Capital IQ

## Unibail-Rodamco - Analysts' target prices

Last review	Analyst	Target price (EUR)	EUR/USD exchange rate	Target price (USD)
11-Dec-17	Jefferies	224.0	1.177	<b>263.6</b>
11-Dec-17	Barclays	240.0	1.177	<b>282.5</b>
15-Nov-17	UBS	215.0	1.184	<b>254.6</b>
27-Oct-17	Société Générale	260.0	1.161	<b>301.9</b>
27-Oct-17	Kempner & Co	245.0	1.161	<b>284.4</b>
27-Oct-17	HSBC	270.0	1.161	<b>313.5</b>
27-Oct-17	ING Bank	255.0	1.161	<b>296.1</b>
27-Oct-17	Kepler Cheuvreux	220.0	1.161	<b>255.4</b>
27-Oct-17	Bank Degroof Petercam	235.0	1.161	<b>272.8</b>
27-Oct-17	Natixis	248.0	1.161	<b>287.9</b>
26-Oct-17	J.P. Morgan	270.0	1.165	<b>314.6</b>
<b>Average</b>		<b>243.8</b>		<b>284.3</b>

Sources: Bloomberg, Capital IQ and Banque de France

The consideration stemming from this method amounts to US\$7.91 per WESTFIELD security and thus represents a premium of 11.1%.

### 2.4.5 Discounted cash flows

#### Realisation of business plans

As the companies did not provide business plans for the purposes of their valuation, business plans were based on an analyst consensus forecast for the 2017-2019 period, which was then extrapolated by UNIBAIL-RODAMCO'S management to the 2020-2023 period, in collaboration with its advising banks.

#### Assessment of the main valuation assumptions by the contribution auditors

We reviewed the main assumptions used to estimate future cash flows and made our own assessment, with the sensitivity analyses shown below.

Based on the documentation obtained and working meetings organised with the management of both UNIBAIL-RODAMCO and WESTFIELD, our work did not require any significant corrections to be made to the forecast data. We have nevertheless supplemented the WESTFIELD consensus with additional analyst forecasts.

As part of implementing the DCF approach, we positioned our valuations at 31 December 2017 and thus used the net debt situation at the same date.

The net debt position for UNIBAIL-RODAMCO and WESTFIELD was calculated based on the consolidated financial statements as at 31 December 2017 for both companies.

Lastly, the number of shares used to calculate the per share value was determined based on the latest number of shares known to be outstanding<sup>25</sup>, adjusted for the potential impact of ORNANE, ORA, stock-options, performance shares and capital increase reserved for employees.

We used the weighted average cost of capital of the companies involved to discount the future cash flows, which represents 6.12% and 6.73% for UNIBAIL-RODAMCO and WESTFIELD respectively.

We conducted sensitivity analyses relating to (i) the perpetual growth rate and (ii) the discount rate.

Based on our assessment using the DCF approach, the relative values of UNIBAIL-RODAMCO shares and WESTFIELD securities ranged from US\$274.92 to US\$369.00<sup>26</sup> and US\$6.99 to US\$9.28 respectively<sup>27</sup>, with central values of US\$317.38 and US\$8.03 respectively.

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<sup>25</sup>As at 31/12/2017 for WESTFIELD and 26/03/2018 for UNIBAIL-RODAMCO

<sup>26</sup>Based on a 1.18 EUR/USD exchange rate as at 11/12/2017

<sup>27</sup>Low ranges calculated based on a variation of +0.1% of the discount rate and -0.1% of the perpetual growth rate

## 2.4.6 Summary of the relative values and the implied consideration

The examined criteria (NAV, market price, price targets, discounted cash flows) appear appropriate for the purpose of assessing the Consideration.

The results of implementing a multi-criteria approach<sup>28</sup> are as follows:

	WESTFIELD	UNIBAIL-RODAMCO	Per WESTFIELD security implicit consideration	Premium implied by the Transaction terms
	Per security value (USD) <sup>1</sup> Contribution Appraisers	Per share value (USD) <sup>2</sup> Contribution Appraisers	(USD)	Share component : 0.0184 (Unibail share per Westfield security) Cash component (USD) : 2.67
	A	B	C = 0,01844 x B + 2,67	D = C / A - 1
EPRA NAV	6.99	243.34	7.16	2.3 %
DCF	8.03	317.38	8.52	6.1 %
Spot 11/12/2017	6.32	264.49	7.55	19.5 %
1-month VWAP	6.25	258.76	7.44	19.1 %
2-months VWAP	6.12	253.28	7.34	19.9 %
3-months VWAP	6.07	250.65	7.29	20.2 %
6-months VWAP	6.08	251.25	7.30	20.2 %
12-months VWAP	6.31	244.96	7.19	13.9 %
24-months VWAP	6.77	250.38	7.29	7.7 %
Target prices	7.12	284.30	7.91	11.1 %

<sup>1</sup> 11/12/2017 AUD/USD exchange rate: 1.327

<sup>2</sup> 11/12/2017 EUR/USD exchange rate: 1.180

The relative values of UNIBAIL-RODAMCO shares and WESTFIELD securities were thus assessed based on a multi-criteria approach. The criteria that we used reflected the value of the entities involved, with a relative relevance which differed for each one of them within the context of the Transaction based on their implementation terms.

<sup>28</sup> The exchange rate used to calculate the consideration equals the spot rate on 11 December 2017.

### 3. Opinion on the fairness of the proposed consideration

#### 3.1 Procedures performed to assess the fairness of the Consideration

We performed the following procedures:

- we analysed the positioning of the Consideration compared to relative values deemed pertinent;
- we also identified the impact of the Transaction's Consideration on the future position of UNIBAIL-RODAMCO Shareholders.

#### 3.2 Assessment and positioning of the proposed consideration

Under the terms of the *Implementation Agreement*, the consideration proposed comprises 0.01844 UNIBAIL-RODAMCO stapled securities plus US\$2.67 in cash for each WESTFIELD security.

Based on Unibail-Rodamco's closing share price of €224.10 on 11 December 2017 and exchange rates of €1 = US\$1.18:

- the implicit value of each WESTFIELD security amounted to US\$7.55;
- the implicit parity stood at 0.02855, determined as follows:  $7.55 / (224 \times 1.18)$ .

This Consideration represents the following premiums, by reference to the relative values determined for each one of the above criteria:

**Premium implied by the  
Transaction terms**

Share component :	0.0184
<i>(Unibail share per Westfield security)</i>	
Cash component (USD) :	2.67

EPRA NAV	<b>2.3 %</b>
DCF	<b>6.1 %</b>
Spot 11/12/2017	<b>19.5 %</b>
1-month VWAP	<b>19.1 %</b>
2-months VWAP	<b>19.9 %</b>
3-months VWAP	<b>20.2 %</b>
6-months VWAP	<b>20.2 %</b>
12-months VWAP	<b>13.9 %</b>
24-months VWAP	<b>7.7 %</b>
Target prices	<b>11.0 %</b>

All of these criteria and methods used represent a premium for each WESTFIELD securityholder, ranging between 2.3% (EPRA NAV) and 20.2% (by reference to the 3 and 6 months VWAP).

As part of assessing the fairness of this Consideration, it is important to bear in mind the interest and impact of the Transaction on the various groups of Shareholders and securityholders.

For WESTFIELD securityholders, the Consideration affords them liquidity, with a control premium on all the criteria implemented, and a material one for the market price criterion. The share component enables WESTFIELD securityholders to hold shares in an international group considered to be a leader in its market segments. As a result, they benefit from the synergies generated by the Transaction and UNIBAIL-RODAMCO's favourable outlook. Within the context of this Transaction, the share component represents approximately 28% of the total number of UNIBAIL-RODAMCO shares, which have high liquidity.

For UNIBAIL-RODAMCO Shareholders, the determined premium stems from reference to its market price which is higher than its EPRA NAV or DCF value. The Transaction confers it control over a high-quality portfolio in new locations, namely the US and UK markets. This transaction represents a value creation opportunity for Unibail-Rodamco, based on the geographic complementarity of both groups as well as the strength of the WESTFIELD brand, which is expected to generate additional revenue.

### **3.3 Impact of the proposed consideration on the position of the Shareholders**

To assess the fairness of the Transaction, it is worth pointing out, in addition to the commercial interests of the Transaction, the synergies that it is likely to generate, based on a phasing which could have an impact on EPS accretion/dilution on terms that can be expected for UNIBAIL-RODAMCO Shareholders, given the Consideration agreed upon by the parties.

The annual synergies identified BY UNIBAIL-RODAMCO amounted to €100 million<sup>29</sup> on an annualised basis, starting in 2021, after a gradual implementation phase. An annual amount of around €40 million in synergies should be generated by revenue related to the leasing policy and use of the WESTFIELD brand. An additional €60 million is expected to come from reduced corporate overheads.

Based on ongoing preliminary analyses, the complementarity of the geographic areas covered by both groups should not present any difficulties involving the Competition Authority or impact the implementation of the synergies.

Through the substantial synergies identified, the present Transaction should be accretive to the FFO (Funds From Operations) ratio for UNIBAIL-RODAMCO Shareholders as early as 2019.

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<sup>29</sup> Source: Press release on 12 December 2017.

#### **4. Summary**

The acquisition which is the purpose of this report is a strategic transaction which aims to create a global commercial real estate leader based on the strong geographic complementarity of both groups to the benefit of their respective Shareholders/securityholders.

Both parties independently negotiated the financial terms of the combination. The consideration used, i.e. 0.01844 UNIBAIL-RODAMCO stapled securities plus US\$2.67 in cash for each WESTFIELD security, would result in UNIBAIL-RODAMCO Shareholders and WESTFIELD securityholders holding approximately 72% and 28% of the new combination<sup>30</sup>.

These financial terms call for the following remarks:

- 1) We consider that the examined valuation criteria and methods reflect the key characteristics of both companies in a relevant manner.
- 2) For WESTFIELD securityholders, the Consideration enables them to obtain partial liquidity from their investment. In addition, the value of their securities benefits from a premium based on various valuation criteria. This premium ranges between 2.3% and 6.1% for the most relevant criteria (NAV EPRA and DCF) and between 7.7% and 20.2% for trading price criteria.
- 3) We noted meanwhile that for UNIBAIL-RODAMCO Shareholders the premium obtained from using NAV EPRA and DCF criteria is very reasonable regarding a takeover. The highest premium reflects the full value of the UNIBAIL-RODAMCO share price, which represents a significant premium over its EPRA NAV.
- 4) In addition, based on the synergies as identified and quantified by UNIBAIL-RODAMCO's management, the Transaction would be accretive to the FFO (Funds From Operations) ratio per share as early as 2019.

#### **5. Conclusion**

Based on our work and at the date of this report, we consider that the consideration of 0.01844 UNIBAIL-RODAMCO share and US\$2.67 per WESTFIELD security is fair from a financial point of view.

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<sup>30</sup> These rates have been provided for illustrative purposes based on the respective market capitalisations at 11 December 2017 and are contingent upon the number of shares outstanding of UNIBAIL-RODAMCO and WESTFIELD on the effective date.

Paris, 26 March 2018  
Contribution Auditors

Dominique MAHIAS

Olivier PERONNET

Jean-Jacques DEDOUIT

Statutory Auditors  
Members of the Compagnie Régionale de Paris