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Free translation of the original « Rapport des Commissaires aux Apports - Apport de titres des sociétés WESTFIELD CORPORATION LIMITED et UNIBAIL-RODAMCO TH B.V. effectué par les actionnaires du groupe WESTFIELD au profit de la société UNIBAIL-RODAMCO » issued by the contribution appraisers, dated March 26, 2018.

In the event of any differences in translations or interpretations, the French version shall prevail.

## **UNIBAIL-RODAMCO**

A European Company having a share capital of

499,283,380 euros

7 place du Chancelier Adenauer

75016 PARIS

Trade and Companies Register of Paris

n° 682 024 096

## **CONTRIBUTION OF SECURITIES IN WESTFIELD CORPORATION LIMITED AND UNIBAIL-RODAMCO TH B.V. BY THE SECURITYHOLDERS OF THE WESTFIELD GROUP FOR THE BENEFIT OF UNIBAIL-RODAMCO**

### **REPORT OF THE CONTRIBUTION APPRAISERS**

*Order of the Presiding Judge  
of the Commercial Court of Paris  
of February 1, 2018*

**CONTRIBUTION OF SECURITIES IN WESTFIELD CORPORATION LIMITED  
AND UNIBAIL-RODAMCO TH B.V.  
BY THE SECURITYHOLDERS OF THE WESTFIELD GROUP  
FOR THE BENEFIT OF UNIBAIL-RODAMCO**

**REPORT OF THE CONTRIBUTION APPRAISERS**

**General Meeting of the Shareholders of UNIBAIL-RODAMCO**

Dear Shareholders,

In accordance with our engagement by Order of the Presiding Judge of the Commercial Court of Paris dated February 1, 2018, regarding the contribution of securities in WESTFIELD CORPORATION LIMITED and UNIBAIL-RODAMCO TH B.V., to be made by the securityholders of the WESTFIELD Group for the benefit of UNIBAIL-RODAMCO (the “Contribution”), we have prepared this report on the value of the Contribution, as provided for by Article L225-147 of the French Commercial Code.

The value of the Contribution is mentioned in the Draft document, drawn up by UNIBAIL-RODAMCO for the purpose of your extraordinary general meeting pursuant to Article 212-34 of the General Regulations of the Financial Markets Authority (*Autorité des Marchés Financiers*) (the “Draft Document E”), which was sent to us by UNIBAIL-RODAMCO on March 28, 2018.

Please note that all the considerations set out and the conclusion reached in this report only apply if the final version of the document referred to above corresponds to the Draft Document E which was sent to us. In the event of any difference between the final version and the version which was sent to us, the considerations set out and the conclusion reached in this report may be subject to amendment.

It is our responsibility to express a conclusion on the fact that the value of the Contribution is not overvalued. 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*) applicable to this engagement; those professional standards require us to conduct a review designed to assess the value of the Contribution, to ensure that this value is not overvalued and to verify that it corresponds at least to the nominal value of the shares that are to be issued by the company benefiting from the Contribution together with the contribution premium.

Since our engagement ends with the filing of our 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 is issued pursuant to the French Commercial Code and is intended for persons referred to by French law, namely the shareholders of UNIBAIL-RODAMCO. It meets the requirements of that legislation, but not those of the Australian regulations from which the securityholders of the WESTFIELD group benefit, even though our report will be made available to the parties that are involved in the business combination transaction between the UNIBAIL-RODAMCO and WESTFIELD groups.

Moreover, our report does not dispense with the reading all the public documentation already available, or to be made available, in respect of this transaction.

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

We ask you to note our findings and conclusion presented below in accordance with the following plan:

**1 – Presentation of the transaction and description of the Contribution**

**2 – Review and assessment of the value of the Contribution**

**3 – Conclusion**

## **1. PRESENTATION OF THE TRANSACTION AND DESCRIPTION OF THE CONTRIBUTION**

### **1.1. Context of the transaction**

By a joint press release dated December 12, 2017, the UNIBAIL-RODAMCO and WESTFIELD groups announced their proposed business combination, through the acquisition of the WESTFIELD group by UNIBAIL-RODAMCO (the “Transaction”), intended to create the “world’s premier developer and operator of flagship shopping destinations”.

The terms of the Transaction are set out in an Implementation Agreement signed by the management of the UNIBAIL-RODAMCO and WESTFIELD groups on December 12, 2017 (the “Implementation Agreement”). The Transaction is to be effected through a procedure of Company and Trust Schemes of Arrangement (the “Schemes of Arrangement”), governed by Australian law.

At the end of this procedure, the securityholders of the WESTFIELD group who, to date, are holders of ‘stapled’ shares in WESTFIELD CORPORATION LIMITED (“WCL”), WESTFIELD AMERICA TRUST (“WAT”) and WFD TRUST (“WFDT”):

- will become holders of ‘stapled’ shares in UNIBAIL-RODAMCO and WFD UNIBAIL-RODAMCO N.V.
- and will receive a cash amount.

The securityholders of the WESTFIELD group will therefore receive, in exchange for a triplet of WCL, WAT and WFDT securities:

- 0,01844 stapled UNIBAIL-RODAMCO and WFD UNIBAIL-RODAMCO N.V. shares;
- 2,67 US dollars

(together, the “Global Transaction Consideration”).

Among the steps of this process there is a contribution transaction (the Contribution), governed by Article L225-147 of the French Commercial Code, consisting of the contribution to UNIBAIL-RODAMCO by the securityholders of the WESTFIELD group:

- of their WCL securities;
- of part of the shares (representing approximately 87.95% of the capital) of UNIBAIL-RODAMCO TH B.V. (“TH NEWCO”), which they will, under the terms of the Implementation Agreement, previously have received in exchange for their WFDT securities<sup>1</sup>.

It is in this context that this report has been prepared, in order to verify, pursuant to French law, that the Contribution on which the shareholders of UNIBAIL-RODAMCO are being asked to vote is not overvalued.

We also note that by an email dated February 23, 2018, the *Autorité des Marchés Financiers*, having regard to its Position–Recommendation 2011-11, has requested UNIBAIL-RODAMCO that the

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<sup>1</sup> It is also specified that, prior to the Contribution and under the terms of the Draft Document E, the OneMarket business will be the subject of a partial demerger, WESTFIELD only retaining a 10% interest (the “OneMarket Demerger”).

engagement of the contribution appraisers be extended to assess the fairness of the Global Transaction Consideration, in order to “ensure that the right information is available for shareholders who are being asked to accept a dilution in voting for the approval of a contribution”.

We have prepared a supplementary report in relation to this extension of our engagement.

## **1.2. Entities involved in the transaction**

### **1.2.1. WESTFIELD**

The WESTFIELD group is an economic entity comprising three umbrella legal entities WCL, WFDT and WAT, whose respective shares or units (*parts*) are “stapled” under the terms of their respective bylaws and of a stapling deed dated June 30, 2014.

Each share or unit in WCL, WFDT or WAT therefore corresponds to a share or unit in the other two entities, so that any securityholder of the WESTFIELD group is legally and simultaneously the holder of a number of triplets of WCL, WFDT and WAT securities.

2,078,089,686 triplets of shares and units in WCL, WFDT and WAT are admitted to trading on the Australian Securities Exchange. 22,381,487 additional triplets may also be issued pursuant to staff incentive schemes.

As of December 31, 2017, the existing securities were principally held by<sup>2</sup> :

- the LOWY family as to approximately 9.6%;
- the VANGUARD group as to approximately 8.0%;
- the BLACKROCK group as to approximately 7.2%;
- the STATE STREET CORPORATION group as to approximately 5.0%.

WESTFIELD is “an internally managed, vertically integrated, shopping center group undertaking ownership, development, design, construction, funds/asset management, property management, leasing and marketing activities and employing approximately 2,000 staff worldwide” (source: press release of December 12, 2017). It operates particularly in the United Kingdom and the United States and has interests in 35 shopping centers, positioned in the premium segment.

Its main business is based on the creation, development and operation of flagship assets, the main vehicles for the WESTFIELD brand which offer a distinctive experience to customers, retailers and brands in major markets. It therefore has 17 flagships representing 84% of assets under management (source: presentation of WESTFIELD’s 2017 annual results).

During the financial year ended December 31, 2017, the WESTFIELD group generated consolidated revenues of approximately 2.1 billion US dollars (including its proportionate share of the revenue of companies accounted for under the equity method) and a group share of consolidated net profit of approximately 1.55 billion US dollars. Its group share of consolidated shareholder equity amounts to approximately 10.8 billion US dollars. As of the end of 2017, the WESTFIELD group employed nearly 2,000 staff.

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<sup>2</sup> Source : financial statements of the WESTFIELD group

#### 1.2.1.1. WCL (a company whose securities are being contributed)

WCL, registered under Australian Business Number 12 166 995 197, is an Australian law public company limited by shares, whose principal office is at Level 29, 85 Castlereagh Street, Sydney.

It was incorporated on December 16, 2013.

Its financial year begins on January 1 and ends on December 31.

In the financial year ended December 31, 2017, WCL generated a net profit of approximately 24 million US dollars. Its shareholder equity amounts to approximately 1.5 billion US dollars.

WCL holds, in particular, interests in shopping centers in London, along with a 17.41% interest in WESTFIELD AMERICA, INC. (“WEA”), as shown below.

The WCL securities form part of the Contribution.

#### 1.2.1.2. WFDT

WFDT, registered under Australian Registered Scheme Number 168 765 875, is an Australian law trust, represented by WESTFIELD AMERICA MANAGEMENT LIMITED, whose principal office is at Westfield Towers, 100 William Street, Sydney.

It was formed on March 26, 2014.

Its financial year begins on January 1 and ends on December 31.

In the financial year ended December 31, 2017, WFDT generated a net profit of approximately 224 million US dollars. Its shareholder equity amounts to approximately 5 billion US dollars.

WFDT holds, in particular, interests in shopping centers in London.

The WFDT units do not form part of the Contribution. However, under the terms of the Implementation Agreement and the draft Schemes of Arrangement, the WFDT units are to be contributed by their holders to the Dutch company TH NEWCO (as shown below), who will receive, in consideration of such contribution, an equivalent number of securities in TH NEWCO (the “TH NEWCO Contribution”). Under the terms of the Draft Document E, among the 2,078,089,686 TH NEWCO shares received in consideration of the TH NEWCO Contribution, 1,827,597,167 form the subject of the Contribution (approximately 87.95%).

#### 1.2.1.3. TH NEWCO (a company whose securities are being contributed)

TH NEWCO, incorporated under reference 70943559, is a Dutch *besloten vennootschap met beperkte aansprakelijkheid*, whose principal office is at Schiphol Boulevard 371, Schiphol.

It was incorporated on February 21, 2018.

Its financial year begins on January 1 and ends on December 31.

TH NEWCO was incorporated as part of the Transaction in order (as mentioned in the previous paragraph) to receive the WFDT securities contributed by their holders.

As indicated in the previous paragraph, 1,827,597,167 TH NEWCO securities (approximately 87.95% of the capital) form (via a transfer nominee) the subject of the Contribution.

Under the terms of the Draft Document E, the balance of the capital of TH NEWCO will be sold to UNIBAIL-RODAMCO.

#### 1.2.1.4. WAT

WAT, registered under Australian Scheme Number 092 058 449, is an Australian law trust represented by WESTFIELD AMERICA MANAGEMENT LIMITED, as previously mentioned.

It was formed on March 26, 2014.

Its financial year begins on January 1 and ends on December 31.

In the financial year ended December 31, 2017, WAT generated a group share of consolidated net profit of approximately 935 million US dollars. Its group share of consolidated shareholder equity amounts to approximately 4 billion US dollars.

WAT essentially holds a 82.59% interest in WEA, a US law corporation with the tax status of a Real Estate Investment Trust, which in turn holds US shopping centers.

The units in WAT do not form part of the Contribution. Under the terms of the Implementation Agreement and the draft Schemes of Arrangement, the holders of units in WAT will, as part of the Transaction, sell them to a US law entity that will ultimately be held by the shareholders of the UNIBAIL-RODAMCO and WESTFIELD groups.

#### 1.2.2. UNIBAIL-RODAMCO

UNIBAIL-RODAMCO is a French law European company with a board of directors and a supervisory board. Its principal office is at 7 place du Chancelier Adenauer, 75016 Paris. It is registered at the Trade and Companies Register of Paris under number 682 024 096.

UNIBAIL-RODAMCO was incorporated on July 23, 1968, for a duration of 99 years, unless extended or wound up earlier.

Its financial year begins on January 1 and ends on December 31.

The share capital of UNIBAIL-RODAMCO amounts to 499,283,380 euros, divided into 99,856,676 fully paid shares, each with a nominal value of 5 euros. 53,983 additional shares may also be issued, through conversion or exercise of financial instruments.

The shares of UNIBAIL-RODAMCO are admitted to trading on the NYSE, Euronext Paris and Amsterdam markets.

As of December 31, 2017, they were principally held by (source: UNIBAIL-RODAMCO):

- the APG ASSET MANAGEMENT group as to approximately 6.0%;
- the BLACKROCK group as to approximately 4.6%<sup>3</sup>;

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<sup>3</sup> 10.01% as of January 19, 2018 (source : threshold crossing notification dated January 22, 2018).

- the DEUTSCHE ASSET MANAGEMENT INVESTMENT group as to approximately 3.4%.

UNIBAIL-RODAMCO is the leading listed European group in the commercial real estate sector, with a portfolio of 43.1 billion euros as of December 31, 2017. It is “active on 3 business lines of the commercial real estate industry: development, investment and operations. The group applies its strategy to three categories of assets: shopping centers, office buildings, convention and exhibition venues” (source : internet site).

During the financial year ended December 31, 2017, the UNIBAIL-RODAMCO group recorded consolidated net rental revenues of approximately 1.6 billion euros and generated a group share of consolidated net profit of approximately 2.4 billion euros. Its group share of consolidated shareholder equity amounts to approximately 18.9 billion euros. As of the end of 2017, the group UNIBAIL-RODAMCO employed more than 2,000 staff.

### **1.3. Description and valuation of the transaction**

#### **1.3.1. Description of the Contribution**

Under the terms of the Draft Document E, the Contribution consists of:

- the 2,078,089,686 shares which form the capital of WCL ;
- 1,827,597,167 shares which, at the time the Contribution is completed, will have been issued by TH NEWCO and which will represent approximately 87.95% of its capital; these securities will be issued, on a one for one basis, in exchange for the WFDT securities contributed to TH NEWCO by WESTFIELD group shareholders.

#### **1.3.2. Valuation of the Contribution**

Under the terms of the Draft Document E, the Contribution is to be valued at its actual value. The Contribution is valued at 8,197,172,977 euros.

### **1.4. Consideration for the Contribution**

Under the terms of the Draft Document E, in consideration of the Contribution, UNIBAIL-RODAMCO will issue 38,319,974 new shares with a nominal value of 5 euros and will thus increase its capital by 191,599,870 euros.

The difference between the value of the Contribution, namely 8,197,172,977 euros, and the amount of the capital increase of UNIBAIL-RODAMCO, namely 191,599,870 euros, will constitute a contribution premium, the amount of which is 8,005,573,107 euros.

An assessment of the consideration for the Contribution is, under the terms of Article L225-147 of the French Code, not included in our statutory engagement.

However, as mentioned at the end of paragraph 1.1, the Global Transaction Consideration is being assessed by us, at the request of the *Autorité des Marchés Financiers*. We have prepared a separate report in relation to this specific assessment.



## **1.5. Principal legal and tax aspects of the transaction**

Under the terms of the Draft Document E:

- the Contribution is a simple contribution, governed by the provisions of the French Commercial Code relating to capital increases by way of contribution in kind, in particular Article L225-147 of the said Code;
- the Contribution will take legal effect immediately on the date on which it is completed;
- from the tax point of view, the terms of the Contribution are set out in paragraph 2.2.1.6. of the Draft Document E.

In addition, completion of the Contribution is subject to the conditions precedent provided for by Articles 2.2 and 3.1 of the Implementation Agreement, by successive referrals from section 3.7.2 of the document prepared by UNIBAIL-RODAMCO pursuant to Article L412-1 of the Monetary and Financial Code, a draft of which was sent to us on March 21, 2018 (the “Draft Prospectus”), and to Article 2.2.1.2. of the Draft Document E, i.e., in particular and cumulatively, and without prejudice to the exact and complete list of conditions mentioned in those documents:

- the consultation of the employee representative bodies of UNIBAIL-RODAMCO;
- the approval of the applicable stock exchange authorities;
- the approval of the Schemes of Arrangement by the shareholders of the WESTFIELD group;
- the approval of the Transaction by the shareholders of UNIBAIL-RODAMCO;
- the approval of the final form of the Draft Prospectus by the *Autorité des Marchés Financiers*;
- the approval of the Transaction by the applicable Australian Court pursuant to Australian legislation;
- obtaining a report from the Australian independent expert appointed pursuant to the applicable Australian legislation, concluding that the Schemes of Arrangement procedure is in the best interests of the WESTFIELD shareholders;
- the absence of any “Prescribed Event” or “Material Adverse Effect”, as defined in the Draft Prospectus;
- the consent to admission to listing of the financial securities to be created at the end of the Transaction.

## **2. REVIEW AND ASSESSMENT OF THE VALUE OF THE CONTRIBUTION**

### **2.1. Review conducted by the contribution appraisers**

In fulfilling our engagement, we have conducted the review which we considered necessary in accordance with the professional standards of the French National Company of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to the engagement. Those professional standards require us to conduct a review designed:

- to check the reality of the Contribution;
- to analyze the individual values proposed;
- to check that the value of the Contribution taken as a whole is not overvalued;
- to check, up to the date of issue of this report, that there are no facts or events likely to call into question the value of the Contribution.

The purpose of our engagement is to inform the shareholders of the company benefiting from the Contribution with regard to the value of the proposed Contribution. It may not be likened to a “due diligence” exercise conducted for a lender or a purchaser and it does not involve all the work necessary for that type of procedure. Our report may not be used in that context.

Moreover, the transaction subject to your approval constitutes a reorganization on which it is your responsibility to express a view and on which we do not issue any opinion of a financial, estate planning, tax, legal or accounting nature, of whatever kind.

As is customary, we have treated as true and complete the information and documents that have been sent to us by UNIBAIL-RODAMCO and WESTFIELD and their respective advisers.

We have, in particular, carried out the following work:

- we have interviewed those responsible for the WESTFIELD and UNIBAIL-RODAMCO groups in charge of the proposed transaction, together with their advisers, at the operational as well as financial level, in order both to become acquainted with the context and to understand its economic, accounting, legal and tax terms;
- we have visited several significant sites operated by the WESTFIELD group, owned by companies whose securities are included in the Contribution;
- we have noted the principal contents of the legal documentation relating to the Transaction;
- we have noted the Draft Document E;
- we have noted the financial communication of the WESTFIELD and UNIBAIL-RODAMCO groups;
- we have analyzed the due diligence reports carried out, together with the other opinions provided, at the request of the UNIBAIL-RODAMCO group for the purposes of the Transaction;
- we have noted the consolidated accounts of the WESTFIELD group, the consolidated balance sheet of WCL, the individual accounts of WFDT and the

consolidated accounts of WAT, as of December 31, 2016, June 30, 2017 and December 31, 2017; we have noted the related opinions of the statutory auditor;

- we have analyzed the reconciliation report between the consolidated shareholder equity of the WESTFIELD group and the respective contributions of WCL, WFDT and WAT to such shareholder equity; we have noted the related opinion of the statutory auditor;
- we have analyzed the valuation work on the WESTFIELD group carried out by UNIBAIL-RODAMCO and its advisers;
- we have analyzed the distribution of securities thereby determined, carried out by UNIBAIL-RODAMCO, between WCL, WFDT and WAT;
- we have analyzed movements in the share price of WESTFIELD before the Transaction was announced;
- we have taken a sample analysis of the reports of real estate experts appointed by the WESTFIELD group to value its assets for the purposes of drawing up its financial statements; we have obtained such additional explanations as we have considered necessary;
- we have analyzed the projected performance of the WESTFIELD group, as foreseen by UNIBAIL-RODAMCO following its analysis;
- we have analyzed the performance forecasts by the financial analysts responsible for monitoring WESTFIELD shares, along with their price targets for the shares;
- we have carried out our own valuation work along with sensitivity tests on the valuations carried out by varying hypotheses relating to the main valuation parameters;
- we have interviewed the Australian financial expert responsible for assessing the transaction pursuant to Australian regulations;
- we have noted the forecast synergies that are expected to arise from the Transaction;
- we have asked the management of WESTFIELD and UNIBAIL-RODAMCO groups to confirm to us in writing the completeness of the information communicated in respect of this transaction;
- we have also drawn on the work which we have carried out for the purposes of our assessment of the Global Transaction Consideration, at the request of the *Autorité des Marchés Financiers*, pursuant to its Position-Recommendation 2011-11;
- we have conducted such additional reviews as we have considered necessary.

## **2.2. Accounting of the Contribution applied by UNIBAIL-RODAMCO**

As set out in paragraph 1.3.2. of this report, the Contribution is to be accounted for at its actual value.

In this respect:

- the Contribution constitutes a contribution in kind within the meaning of Article L225-147 of the French Commercial Code;
- the Contribution constitutes a contribution of equity securities conferring control of that equity to the company benefiting from the Contribution, within the meaning of Article 710-2 of Regulation 2014-03 of the Accounting Standards Authority (*Autorité des Normes Comptables*) relating to the General Accounting Plan (*Plan comptable général*), as amended;
- the Contribution is therefore subject to the provisions of Chapter VII of the said Regulation;
- as regards contributions made by individuals, these are, on principle, to be accounted for at their actual value;
- as regards contributions made by legal entities, these constitute:
  - contributions made between entities under separate control, within the meaning of Article 741-1 of the Regulation referred to above;
  - straightforward contributions (*apports à l'endroit*), within the meaning of Article 742-1 of the Regulation referred to above, in so far as the company initiating the Transaction is the company benefiting from the Contribution;
- therefore, pursuant to Article 743-1 of Regulation 2014-03 referred to above, the Contribution is to be accounted for at its actual value.

### **2.3. Reality of the Contribution**

We have assessed the reality of the Contribution of the WCL and TH NEWCO shares in view of the absence of any circumstances likely to call into question its transferable nature.

We should highlight that completion of the Contribution is subject to the satisfaction of the conditions precedent referred to and summarized in paragraph 1.5 above.

In particular, completion of the Contribution requires (i) the obtaining of a report by an Australian independent expert, appointed pursuant to Australian regulations, concluding that the Transaction is in the best interests of the WESTFIELD shareholders, (ii) the obtaining of necessary decisions by the stock exchange authorities, (iii) the order approving the Schemes of Arrangement by the relevant Australian court pursuant to the applicable regulations and (iv) the approval of the Schemes of Arrangement by the shareholders of the WESTFIELD group.

In addition, as indicated in paragraph 1.2.1.2. above, the existence and substance of the TH NEWCO shares which are the subject of the Contribution requires the prior transfer of those shares to the WESTFIELD shareholders, in respect of the TH NEWCO Contribution, in exchange for their WFDT securities, pursuant to the Implementation Agreement.

### **2.4. Value of the Contribution**

Under the terms of the Draft Document E, the value of the Contribution is 8,197,172,977 euros.

#### **2.4.1. Valuation work on the Contribution carried out by UNIBAIL-RODAMCO**

In order to determine the value of the Contribution, UNIBAIL-RODAMCO has proceeded in two stages:

1. Determination of the total value of the WESTFIELD group, conducted in accordance with a multi-criteria approach, using:
  - the adjusted net asset value method determined in accordance with the EPRA (European Public Real estate Association) method;
  - the discounted cash flows method;
  - the method of the market price of WESTFIELD shares before the announcement of the Transaction;
  - the method of the price targets of financial analysts before the announcement of the Transaction.
2. Determination of the value of the Contribution, namely the value of the WCL and TH NEWCO<sup>4</sup> shares contributed (excluding the value of the WAT securities, which do not form part of the Contribution), on the basis:
  - of their respective contribution to the consolidated shareholder equity of the WESTFIELD group as of December 31, 2017, which was 67.21% for WCL and WFDT combined and 32.79% for WAT;
  - of the proportionate share of their capital contributed.

Based on this valuation work, under the terms of paragraph 2.4.4.3. of the Draft Document E, *“Given the preponderance of real estate in Unibail-Rodamco, it is essentially the NAV that has been used to determine the value of the Contribution, along with the DCF method excluding the impact of the synergies. Moreover, the different methods of valuation used take account neither of any control premium, nor of the valuation of expected synergies, nor of the value of the Westfield brand. Consequently, the value of the Contribution has been set within the range between the NAV and the DCF value, excluding the impact of the synergies”.*

The value of the Contribution has thus been fixed at the sum of 8,197,172,977 euros.

#### **2.4.2. Assessments of the valuation methods used and procedures performed by the contribution appraisers**

We find that the valuation methods used in determining the value of the Contribution are of types generally used in valuing businesses, and appropriate for real estate businesses such as the WESTFIELD group.

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<sup>4</sup> As indicated in paragraph 1.2.1.2. above, at the time of the Contribution, the assets of TH NEWCO will consist solely of WFDT securities, contributed to it through the TH NEWCO Contribution.

*a) Adjusted net asset value*

The adjusted net asset value method consists of valuing a company:

- on the basis of its consolidated shareholder equity, as it appears from its financial statements;
- revalued with estimated unrealized capital gains not recognized in the consolidated shareholder equity, in accordance with the applicable accounting regulations.

We note that:

- the adjusted net asset value method is usually selected for the valuation of real estate companies;
- the principles of its application are governed by a recognized professional association, the EPRA (European Public Real estate Association), which promotes the good practices used most in Europe for financial reporting;
- in the consolidated accounts of the WESTFIELD group, assets corresponding to real estate investments are valued at their fair value, on the basis of external valuations;
- the consolidated shareholder equity of the WESTFIELD group as shown includes the value of companies accounted for using the equity method, on the basis of the proportionate share held by the group in the shareholder equity of those companies, following a revaluation of their real estate investments at fair value on the basis of external valuations;
- this method enables the value of a real estate company to be understood, on the basis of valuations of real estate assets that result from valuations carried out by specialists, the components contributing to its calculation then being reviewed by the statutory auditors in the course of their statutory engagement;
- moreover, UNIBAIL-RODAMCO has valued (i) real estate projects in the course of development, estimated on the basis of their costs and future revenues and (ii) service activities carried on by the WESTFIELD group, themselves valued by the discounted cash flows method, corroborated by observation of the implied levels of multiples.

We have:

- noted the process used to calculate the adjusted net asset value of the WESTFIELD group;
- noted samples of the real estate valuations on which the valuation of the real estate assets are based; corroborated those valuations with the amounts included in the consolidated accounts of the WESTFIELD group; obtained such additional explanations as we have considered necessary;

- analyzed the valuations prepared by UNIBAIL-RODAMCO of the real estate development projects and service activities; we have interviewed the operatives responsible for these valuations and have obtained such additional explanations as we have considered necessary;
- conducted the arithmetical checks which we have considered necessary;
- conducted sensitivity tests on the valuation carried out using the adjusted net asset value method, using the main parameters contributing to its determination;
- taken into account the latest financial data available for the WESTFIELD group, namely those as of December 31, 2017;
- conducted such other reviews as we have considered necessary.

*b) Discounted cash flows*

This method enables the value of a company to be understood on the basis, at one and the same time:

- of its forecast profitability, itself based on medium term operational forecasts;
- of the risk assessment of its activity by the market, though use of a discount rate;
- of its financial situation, through the amount of net debt shown.

As it is based on forecast activity, this method is appropriate when the valuation relates to a majority holding, which is the case for the Contribution.

We note that:

- in the absence of public information, in order to determine the future cash flows necessary to implement this method, the results of which appear in the Draft Document E, UNIBAIL-RODAMCO has based itself on the forecasts issued by two financial analysts responsible for monitoring WESTFIELD shares;
- UNIBAIL-RODAMCO has also modelled its own assessment of WESTFIELD's financial forecasts on the basis of information obtained in the course of the process of preparing for the Transaction;
- the results of the discounted cash flows method are particularly sensitive to the parameters chosen in its implementation, especially the discount rate and the perpetual growth rate.

We have:

- noted the activity forecasts applied by the financial analysts;
- noted the activity forecasts modelled by UNIBAIL-RODAMCO, on the basis of information obtained in the course of the process of preparing for the Transaction;

- noted the methods used to determine the discount rate chosen and carried out our own analyses;
- noted the net debt shown;
- conducted the arithmetical checks which we have considered necessary;
- conducted sensitivity tests on the valuation carried out using the discounted cash flows method, using the main parameters contributing to its determination;
- taken into account the latest financial data available for the WESTFIELD group, namely those as of December 31, 2017;
- conducted such other reviews as we have considered necessary.

c) Market price

This criterion enables the value of a company to be understood on the basis of the stock market price of its shares.

It has the advantage of resulting in a direct way from the operation of the law of supply and demand, on a regulated and organized market.

However:

- it only enables the value of a company to be approached in an imperfect way, if the existing and potential features of the company are not perfectly understood by market participants;
- as regards real estate companies, their share price is often subject to a discount regarding their real estate asset value;
- it represents an approach that assesses the value of shares held by a minority and does not include the control premium which the majority holding of an entity confers, such as the one which will result from the Contribution.

We have:

- noted the market prices of WESTFIELD shares observed by UNIBAIL-RODAMCO prior to the announcement of the transaction;
- carried out our own analyses of those market prices;
- noted the appropriateness of the market prices of WESTFIELD shares, in terms of the volume of transactions carried out in respect of the shares;
- conducted such other reviews as we have considered necessary.



d) Market price targets of financial analysts

This method enables the value of a company to be understood directly on the basis of market price targets, published by financial analysts who monitor the share price of the considered company.

It enables one to benefit from the analysis of market participants specializing in the company being valued. It does, however, have the disadvantage of being based only on forecasts, which as a matter of principle are subject to uncertainties, and the underlying analysis of which is not always easy to rationalize. Moreover, as in the case of the market price method, it represents a valuation approach that is applicable to minority shareholdings.

We have:

- noted the price targets of the WESTFIELD shares published by the financial analysts prior to the announcement of the Transaction, used by UNIBAIL-RODAMCO;
- made our own observations;
- noted the number and quality of the financial analysts used;
- conducted such other reviews as we have considered necessary.

e) Means of allocating the total value of WESTFIELD to the entities included in the Contribution, WCL and WFDT

The value of the Contribution has been determined by allocating the value of the whole of the WESTFIELD group (consisting of three entities, WCL, WFDT and WAT), determined according to the methods described in a) to d) above, to the two entities included in the Contribution, WCL and WFDT<sup>5</sup>, on the basis of their contribution to the consolidated shareholder equity of the WESTFIELD group as of December 31, 2017.

We have:

- noted the allocation calculations carried out by UNIBAIL-RODAMCO;
- noted the report of upon agreed procedures, prepared by the statutory auditor of the WESTFIELD group, relating to the respective contributions of WCL, WFDT and WAT to the consolidated shareholder equity of the WESTFIELD group as of December 31, 2017;
- noted that this consolidated shareholder equity:

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<sup>5</sup> As indicated in paragraph 1.2.1.2. above, at the time of the Contribution, the assets of TH NEWCO will consist solely of WFDT securities, contributed to it through the TH NEWCO Contribution.

- included the fair value of the WESTFIELD group real estate (including a proportionate share of the real estate held by companies accounted for under the equity method), identified on the basis of real estate experts' reports;
- corresponded to the amounts mentioned in the certified financial statements without reservation by the statutory auditor;
- carried out alternative simulations based on a more effective allocation of the value of the assets and liabilities of the WESTFIELD group to the entities of which the securities are being contributed;
- conducted such other reviews as we have considered necessary.

*f) Valuation methods not chosen*

The method using multiples for comparable listed companies and the multiple transactions method have not been chosen by UNIBAIL-RODAMCO, owing to (i) the absence of any company identified as being truly comparable to the WESTFIELD group, particularly with regard to the qualitative level of the shopping centers that it operates and to its level of development projects, and (ii) the lack of available information, as regards these features, for companies likely to be considered comparable to WESTFIELD.

We noted, in addition, that the accounting features of real estate companies and the rhythm of recognition of their profits (depending on the infrequent commissioning of assets and the non-linear evolution of the fair value of their assets) make it difficult to use this method on any consistent basis, and we have not chosen it.

### **2.4.3. Result of the work performed by the contribution appraisers**

Based on the work which we have carried out, as mentioned in paragraph 2.4.2. above, we should highlight the following points:

#### **2.4.3.1. Valuation methods**

For the reasons indicated in paragraph 2.4.2. above, in order to assess the valuation of the WESTFIELD group:

- the methods which it seems to us should be favored are those of the adjusted net asset value and the discounted cash flows;
- it seems to us that the market price method and the method of using the price targets of financial analysts should be regarded as being for cross-checking purposes, bearing in mind that they are based on analyses of values of minority shareholdings;
- the methods using multiples for comparable companies (whether listed companies or transactions) do not appear to be capable of being used in an appropriate way.

We have also considered the premium linked to the control of the WESTFIELD group which the Transaction would bestow, as well as the synergies expected from the Transaction.

For cross-checking purposes, we have also noted the value of the WESTFIELD group elicited by the Global Transaction Consideration, taking account of the market price of UNIBAIL-RODAMCO shares and of the euro/dollar parity at the date of announcement of the Transaction. We note that the Global Transaction Consideration results from an offer made by a real estate professional, subject to the supervision of the administrative authorities of the stock exchange, with the assistance of his financial advisers, at the conclusion of an organized acquisition process.

#### 2.4.3.2. Individual values

Under the terms of the Draft Document E, the individual values of the contributions are not mentioned. We therefore do not make any observation relating to them.

#### 2.4.3.3. Points to note from the contribution appraisers

Based on the work which we have carried out, as mentioned in paragraph 2.4.2. above, we should highlight the following points:

- we recall that the activity carried on by WCL and WFDT (the securities of which are to be transferred to TH NEWCO), and the resulting value of the Contribution, are subject to the risk factors mentioned in Chapter 5.3.5. of the Draft Document E;
- the results of the discounted cash flows method (to a large extent) and of the adjusted net asset value method (to a lesser extent) are based on forecasts of activity of the entities whose securities are being contributed; as a matter of principle these forecasts are subject to uncertainties;
- in particular, the value of the Contribution is based in part on the capacity of the shopping centers operated by WCL and WFDT to take in the current changes in distribution activity, including their progressive digitalization; the actions taken by the WESTFIELD group in this respect, geared particularly towards developing the “client experience”, are intended to respond to this challenge; it is on the assumption that these actions will succeed that the value of the Contribution has been assessed;
- the results of the adjusted net asset value are based in large part on the current level of the American and British commercial real estate markets being maintained; in the event of a substantial negative variation, unknown at present, these results would come to be revised downwards, if need be significantly;
- the value of the Contribution is based in part on the tax regime specific to Real Estate Investment Trusts, currently applicable to the activities of the WESTFIELD group in the United Kingdom and the United States, being maintained; it is under the assumption that this regime will be maintained that the value of the Contribution has been assessed;
- the value of the Contribution, expressed in euros, is based in part on the monetary parities of the euro against the US dollar and the pound sterling being maintained at comparable levels to those currently observed.

#### 2.4.3.4. Assessment of the global value of the Contribution

On the basis of the reviews which we have conducted, our assessment of the valuation methods used enables us to position the value of the Contribution between the value derived from the adjusted net asset value method and that derived from the DCF method.

The adjusted net asset value method is particularly appropriate for the valuation of a real estate company. To take into account the other elements that are not included in it, such as the brand, and to reflect also the value of taking control of a vast portfolio of assets, the fact of considering (as UNIBAIL-RODAMCO has done) that the value of the Contribution lies between the result using the adjusted net asset value method and that using the DCF method, determined on the basis of the consensus of analysts, excluding synergies, does not call for any comment on our part.

Consequently, our review does not call into question the value of the Contribution.

The global value of the Contribution does not call for any other observation on our part.

### **3. CONCLUSION**

On the basis of our work and as of the date of this report, we are of the opinion that the value of the Contribution shown, amounting to 8,197,172,977 euros, is not overvalued and, accordingly, that the value of the Contribution is at least equal to the amount of the increase in capital of the company benefiting from it, together with the contribution share premium.

Signed in Paris on March 26, 2018

The Contribution Appraisers

Dominique MAHIAS

Olivier PERONNET

Jean-Jacques DEDOUTT