



# PERSPECTIVES ON THE FUTURE OF RETAIL

Jean-Marie Tritant  
October 3, 2023

  
UNIBAIL-RODAMCO-WESTFIELD

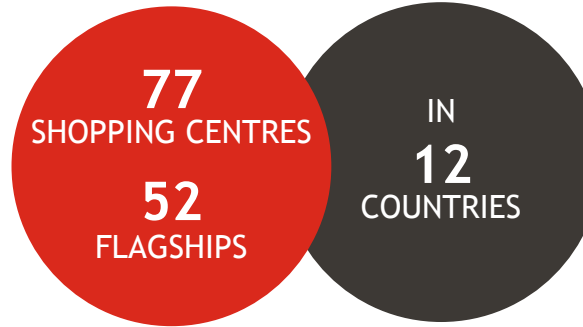


# Our Group

URW is the creator and operator of a platform of unique, sustainability-driven retail, office and lifestyle destinations that connect people through extraordinary, meaningful shared experiences.

Our ambition is to play an essential role in accelerating the regeneration of cities, helping them to adapt to climate change and facilitating their environmental transition to carbon neutrality.

We do this through mixed-use development, urbanisation projects and by updating existing buildings to industry-leading standards, leveraging the Westfield brand, to create sustainability-driven destinations that connect people and communities, and generate value for all stakeholders.



# Three trends shaping our sector

## Core focus on sustainability and climate

Capacity of all industries to address environmental impact will drive license to operate and future business opportunities

## Rise of people-centric destinations

Expansion of urban population creates demand for integrated mixed-use destinations where people live, work, shop and play

## Vital role of the physical store

Customer appetite for physical shopping and retailer drive-to-store strategies confirm the store's essential place in omnichannel world





# Core focus on sustainability & climate

Consumers request more sustainable shopping...

81%

URW customers say sustainability is important to their purchasing decisions<sup>(1)</sup>

76%

Shoppers expect malls to be committed on sustainability<sup>(2)</sup>

... and retailers are making commitments

*“Our mission is to make sustainable fashion accessible to all”*

– Helena Helmersson, CEO, 

*“Inditex will bring its net zero emissions target forward 10 years to 2040”*

– Pablo Isla, Executive Chairman, 

(1) 2021 URW Loyalty CSR Study  
(2) 2021 URW Usage and Attitude Study

Bringing in new  
**sustainability-at-core**  
**brands**



Westfield Parly 2



UK, Sweden: 2 leases



**CrushON second-hand marketplace**  
**Westfield Les 4 Temps**



# URW is a recognised sustainability leader

URW has a demonstrated track record of sustainable development and of supporting the environmental transition of cities to carbon neutrality.

**BETTERPLACES2030**

Our commitment to sustainability & to reducing greenhouse gas emissions.

**BETTERSPACES**

**BETTERCOMMUNITIES**

**BETTERTOGETHER**



URW's targets **approved by the Science Based Targets initiative** (SBTi).

**BREEAM®**

**BREEAM** in use certified assets.

**Deloitte.**

Third-party **independent verification of ESG data.**



UNIBAIL-RODAMCO-WESTFIELD

**#1** Consistently ranked in **top-quartile on ESG performance**



**A List**  
**5<sup>th</sup> year** in a row



**1<sup>st</sup>** in Real Estate  
**7<sup>th</sup>** Overall



**AAA**  
Since **2014**

**ISS ESG**

**B** rating / **Prime** status  
**1<sup>st</sup>** decile in the industry

As of December 31, 2022





# Retrofitting office buildings to achieve world-class energy efficiency

## Lightwell, La Défense

### Energy efficiency refurbishment

Improvement of the energy intensity that will avoid up to 85 tCO<sub>2</sub>eq / year

### Biodiversity Net Gain

Improvement of the local biodiversity of the site

### Circular economy

Reuse of existing materials to reduce the embodied carbon footprint of the project

### Awards for sustainable buildings



Exceptional



Excellent



RT-40%

GLA (sqm)  
34,6000

TIC (100%)  
€140 Mn

# Three trends shaping our sector

## Core focus on sustainability and climate

Capacity of all industries to address environmental impact will drive license to operate and future business opportunities

## Rise of people-centric destinations

Expansion of urban population creates demand for integrated mixed-use destinations where people live, work, shop and play

## Vital role of the physical store

Customer appetite for physical shopping and retailer drive-to-store strategies confirm the store's essential place in omnichannel world





# Rise of people-centric destinations

## CONSUMERS WANT

Social  
interactions

**77%**

Westfield visitors  
come shopping  
with friends/family<sup>(1)</sup>

Variety  
& choice

**+72%**

Westfield visitors come  
for the larger choice  
of shops & leisure  
vs. other destinations<sup>(1)</sup>

Recent Leisure & F&B concepts in  
URW Europe portfolio include:



# Strong H1-2023 performance from experience-led segments

## Entertainment

*Diverse and premium experiences drive excellent performance of URW assets*

**+37%** sales vs. H1-2022



## Fitness

*Fitness market recovered and continues to perform strongly in URW locations*

**+28%** sales vs. H1-2022



## Food & Beverage

*F&B strong performance supported by new dining concepts*

**+18%** sales vs. H1-2022



**24%** of H1-2023 deals signed<sup>(1)</sup>

<sup>(1)</sup> In terms of GLA  
NB: Group sales excluding US Regionals and CBD assets



# Creating people-centric destinations drives our mixed-use strategy

TOTAL AREA  
**214,600 sqm**

**3** HOTELS  
**820** ROOMS

RESIDENTIAL  
**590** FLATS

RETAIL & DINING  
DESTINATION  
**95,400 sqm**

OFFICES  
**48,000 sqm**

**€1.3 Bn**  
INVESTMENT  
(EXCL. DISPOSED  
RESIDENTIAL)

**3,500** BICYCLE  
PARKING SPACES

CBD WITHIN  
WALKING DISTANCE  
& DIRECT METRO  
ACCESS

PARKING  
**2,450** SPACES

PHASED  
COMPLETION  
**2023-2025**



# Three trends shaping our sector

## Core focus on sustainability and climate

Capacity of all industries to address environmental impact will drive license to operate and future business opportunities

## Rise of people-centric destinations

Expansion of urban population creates demand for integrated mixed-use destinations where people live, work, shop and play

## Vital role of the physical store

Customer appetite for physical shopping and retailer drive-to-store strategies confirm the store's essential place in omnichannel world



# Stores at the core of retailer success

## Consumers want in-person shopping experiences

**INDITEX**

“In-store sales have increased compared to 2019 with 11% less stores in operation”<sup>(1)</sup>

*Pablo Isla, Chairman & CEO*



“Further contributing to NIKE Direct growth was the steady normalisation of traffic in owned physical retail, with NIKE owned stores up 14%”<sup>(2)</sup>



“Customers look forward to stepping into a store and physically engaging with our product”<sup>(3)</sup>

*Sandy Gilsenan, SVP Retail*

## Physical and digital channels complement each other



“We saw just how well the physical and digital sales channels complement each other”<sup>(4)</sup>

*Helena Helmersson, CEO*



## Physical stores drive retailer profitability<sup>(6)</sup>

Revenue uplift

**5-10%**

additional sales when fulfilled in store

Cost savings

**up to 5%**

Increase in profitability by store fulfilment

EBIT margin improvement

**10-25%**

for a typical player with EBIT margin ~10%

(1) Inditex, Interim 9 Months 2021 results disclosure

(2) NIKE Fiscal 2022 Third Quarter Results, reported March 21, 2022

(3) Warby Parker 2021 Investor Day, “Customer Journey & Retail Stores”

(4) H&M 2020 Annual Report

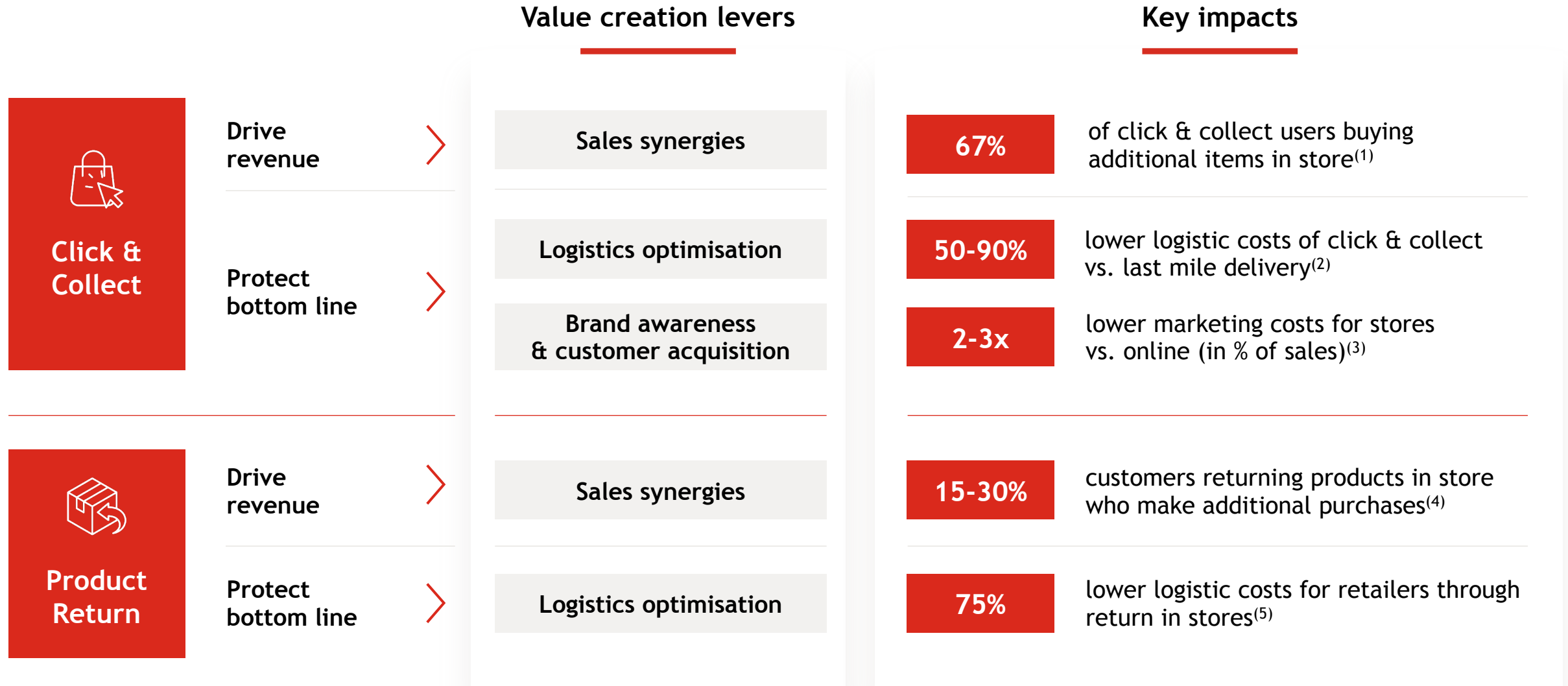
(5) “The impact of locations on online sales” study published by CACI in 2021

(6) Please refer to section “Portfolio strength underpins our 2024 growth projections” for more details



UNIBAIL-RODAMCO-WESTFIELD

# Retailers develop drive-to-store strategies to improve margins...



(1) Source: Shopify US study (2) Retail Expert benchmark : 2 times lower costs for warehouse fulfilment model, 10 times for store fulfilment) (3) Retail experts interviews + AQPC benchmark of average selling & marketing expenses as % of net sales for top 50 worldwide physical retailers vs. top 50 e-commerce retailers for which data is available (4) Average rate in apparel observed during 1 year for all types of customers (5) Expert benchmark on apparel vertical



# ... and optimise their store networks accordingly

## Premium locations

ZARA

+226

New store openings

H&M

+129

New store openings in the most prominent shopping areas with space and format optimised

MediaMarkt  
SATURN

+4

New flagship stores in major European cities

Abercrombie & Fitch Co.

+38

New stores openings in updated format with omnichannel capabilities

Foot Locker

+251

New store openings

## Other locations

-495

Closed older format stores (~3,000 avg sqm)

-321

Closed stores to optimise space, format and focus investments on key locations

-10

Closed older format stores

-44

Closed stores among lowest performing locations

-391

Closed stores mostly for Footaction brand

# URW is the preferred partner for retailers

## URW centres outperform the market

Highest asset quality in wealthiest  
catchment areas

**95%**

**URW GMV IN 'A-CATEGORY' <sup>(1)</sup>**

**21%**

**HIGHER RETAILER SALES**

A-category malls, URW vs. market <sup>(2)</sup>

## Retailers are expanding with us

Top 50 retailers <sup>(3)</sup> evolution  
in URW malls between 2019 - 2023

**>4%**

**AVERAGE INCREASE IN GLA**

**>14%**

**AVERAGE INCREASE IN MGR**

## Vacancy and NRI return to pre-COVID levels

- **Reducing vacancy,**  
leading to renewed  
commercial tension
- **Evolving tenant mix**  
at no cost to MGR

<sup>(1)</sup> Based on Green Street European shopping center database (2022)

<sup>(2)</sup> Excluding The Netherlands due to lack of available data and Slovakia due to lack of comparables. Analysis undertaken on A-category malls >30,000 sqm in total GLA

<sup>(3)</sup> Top 50 retailers in terms of Spot MGR, representing 32% of total GLA and 30% of total MGR

NB: All data for Europe only

