Press Release

25 OCTOBER 2016

INTU PROPERTIES PLC

TRADING UPDATE FOR THE PERIOD FROM 1 JULY 2016 TO 25 OCTOBER 2016

Highlights of the period:

- **Disposal of intu Bromley for £177.9 million, a premium to the 30 June 2016 valuation of £175.9 million**
- **Active retailer demand with 67 new long term leases agreed (61 in the UK and 6 in Spain) for £13 million of new annual rent, 4 per cent above previous passing rent (year to date 5 per cent above) and in line with valuers' assumptions**
- **Occupancy is 95.6 per cent, a reduction of 0.6 per cent against June 2016 (96.1 per cent). New lettings in the year have more than offset the 1 per cent impact from the closure of BHS (September 2015: 95.5 per cent)**
- **Year-on-year footfall to date is up by 1.2 per cent in the UK, outperforming the Experian benchmark which is down by 1.8 per cent**
- **UK development pipeline on track with new restaurants at intu Eldon Square now handed over to the occupiers, and the £180 million intu Watford extension, which is 60 per cent pre-let, progressing in line with our construction programme**
- **Anticipated promotional revenue for the year now fully secured, including the launch of the intu branded credit card offering customers a range of benefits and offers in intu centres**
- **Footfall and retailer sales were up 2 per cent and 3 per cent respectively at our Spanish centres, Puerto Venecia and intu Asturias, along with encouraging lettings**
- **Cash and available facilities were £534 million and debt to asset ratio of 44.5 per cent at 30 September 2016. On a pro-forma basis, following the disposal of intu Bromley, cash and available facilities would be £616 million and debt to asset ratio would be 43.5 per cent**
- **We remain on target to deliver growth in like-for-like net rental income for 2016 in the range of 3 per cent to 4 per cent. We expect this momentum to continue in 2017 with good progress on lettings and rent reviews as set out in this statement. We also have opportunities to improve the tenant mix from re-letting the BHS stores and taking major stores back for remodelling at intu Lakeside and intu Merry Hill. The void periods this creates could impact 2017 growth by 2 per cent to 3 per cent resulting in a lower level of aggregate growth in like-for-like net rental income than we expect to achieve in 2016**

David Fischel, intu Chief Executive, commented:

"We continue to demonstrate the attractiveness of our top quality prime shopping centres to shoppers, to retailers and to global investors, with increased footfall, good progress on lettings and rent reviews and the disposal of intu Bromley at a consideration above June 2016 market value. The business has a pipeline of attractive organic investment opportunities in both the UK and Spain which will enhance intu's long-term growth potential."

Optimising asset performance

The Group's operating metrics remain strong. 67 new long term leases were signed in the quarter, representing £13 million of new passing rent, in aggregate 4 per cent above previous passing rent and in line with valuers' assumptions. This brings the total for the year to date to 165 new leases producing £30 million of new annual rent, 5 per cent above previous passing rent.

Signings in the period include:

- Next agreed a lease to upsize at intu Metrocentre. The new 85,000 sq. ft. flagship store will more than double their space in the centre. The new store will incorporate the recently closed BHS unit and 12 other smaller units, enhancing the overall offering and reducing the number of smaller units in the centre. Negotiations are at an advanced stage to back-fill their existing unit
- Lovisa, an international accessories retailer, signed two further leases with intu and following the pattern of recent international entrants, such as Smiggle and Kiko Milano, they are using intu's nationwide platform in the first stage of the roll out of their brand in the UK. Three of Lovisa's five current stores are at intu centres
- Similarly, New Look Men, the new stand-alone format from New Look, signed three additional leases taking their presence to 7 units in the intu portfolio, around half of their total New Look Men stores

We settled 42 rent reviews in the period for new rents totalling £7 million, an average uplift of 8 per cent on the previous rents. Year to date, we have settled 222 rent reviews with rent totalling £45 million, an average uplift of 9 per cent on the previous rents.

BHS closed all its stores in the period. Of the 10 stores in our portfolio, representing approximately 1 per cent of the rent roll, we have let the unit at intu Metrocentre (see above) and acquired the long leasehold of the unit at Manchester Arndale which provides a strategic addition to our JV holding. The remaining units are at various stages of negotiations and we fully expect to re-let them through the rest of 2016 and in 2017 with an improved tenant mix.

UK development momentum

We continue to progress our near-term development pipeline in the UK. Key milestones in the period include:

- We have handed over the Grey's Quarter restaurants at intu Eldon Square. This £25 million development (intu share £15 million) is adding 20 new restaurants to Newcastle city centre. The first five of these are now open, with a further twelve fitting out and opening over the next few weeks
- Our £180 million extension of intu Watford continues, with 60 per cent pre-let. The project is progressing in line with our construction programme for an expected opening in Autumn 2018

Making the brand count

- intu Experiences, our dedicated promotions business, has secured its £20 million targeted revenue for the year, working with major global brands such as Mercedes Benz, Nespresso and BMW
- Using the power of our national consumer facing brand, we launched the intu credit card in collaboration with MBNA. The credit card offers our customers access to exclusive offers in intu centres and a range of benefits whenever they spend
- The number of visits to our website continues to grow, with annual visits to the website currently running at 27 million

Seizing the growth opportunity in Spain

Our centres continue to perform well benefitting from our asset management initiatives and taking advantage of the improving Spanish economy.

- Occupancy remains strong at 99 per cent at intu Asturias and increased to 96 per cent at Puerto Venecia, with the main shopping galleries in both centres being effectively fully let. New lettings in the period include the supermarket operator masymas anchoring the remodelling of one mall at intu Asturias and Globo on the retail park at Puerto Venecia.
- Year to date, footfall and sales are up 2 per cent and 3 per cent respectively

Disposals

We have exchanged contracts to sell our stake in intu Bromley to Alaska Permanent Fund Corporation for £177.9 million, representing a premium to the valuation at 30 June 2016 of £175.9 million. This transaction is expected to complete before the end of the year and is in line with our strategy of recycling capital into our development pipeline. We will repay from the proceeds the current bank debt secured on the asset of £95.8 million.

Outlook

Since the EU referendum vote on 23 June, consumer confidence has remained robust and UK unemployment remains at low levels, but financial markets have been and are likely to continue to be turbulent.

Sentiment in the overall UK property investment market since the vote would indicate a small decline in market values across many sectors including retail property. However, little transactional evidence is available for prime UK shopping centres, and our disposal of intu Bromley at a consideration above the June 2016 market value is indicative of the continuing investment demand in this sector.

We remain on target to deliver growth in like-for-like net rental income for 2016 in the range of 3 per cent to 4 per cent. We expect this momentum to continue in 2017 with good progress on lettings and rent reviews as set out in this statement. We also have opportunities to improve the tenant mix from re-letting the BHS stores and taking major stores back for remodelling at intu Lakeside and intu Merry Hill. The void periods this creates could impact 2017 growth by 2 per cent to 3 per cent resulting in a lower level of aggregate growth in like-for-like net rental income than we expect to achieve in 2016. A further update will be given at the annual results announcement in February 2017. Underlying earnings per share in 2017 will also be impacted by the disposal of intu Bromley.

Overall, while the prospects for the UK economy are particularly unclear as the Brexit agenda is pursued, we continue to be positive about the performance of the intu business with stable footfall, occupancy over 95 per cent, good progress on lettings and rent reviews and strong momentum in our programme of active management and extensions.

Conference call

A conference call for analysts and investors will be held today at 08:30 BST.

A copy of this press release is available for download from our website at intugroup.co.uk

ENQUIRIES

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NOTES FOR EDITORS

intu is the UK's leading owner, manager and developer of prime regional shopping centres with a growing presence in Spain.

We are passionate about creating uniquely compelling experiences, in centre and online, that attract customers, delivering enhanced footfall, dwell time and loyalty. This helps our retailers flourish, driving occupancy and income growth.

A FTSE 100 company, we own many of the UK's largest and most popular retail destinations, including nine of the top 20, with super regional centres such as intu Trafford Centre and intu Lakeside and vibrant city centre locations from Newcastle to Watford.

We are focused on four strategic objectives: optimising the performance of our assets to provide attractive long term total property returns, delivering our UK development pipeline to add value to our portfolio, leveraging the strength of our brand and seizing the opportunity in Spain to create a business of scale.

We are committed to our local communities and to operating with environmental responsibility. Our centres support over 120,000 jobs representing about 4% of the total UK retail workforce.

Our success creates value for our retailers, investors and the communities we serve.