Press Release

2 NOVEMBER 2017

INTU PROPERTIES PLC

TRADING UPDATE FOR THE PERIOD FROM 1 JULY 2017 TO 2 NOVEMBER 2017

David Fischel, intu Chief Executive, commented:

"We have recorded another active quarter with strong tenant demand. 73 long term leases have been agreed which are ahead of a robust comparative period in 2016. We anticipate achieving a third year of positive like-for-like net rental income as we continue to attract well-known international and national brands.

intu's nationwide portfolio allows international retailers opportunities to expand their UK coverage with brands such as Victoria's Secret (US), Lovisa accessories (Australia) and Inglot cosmetics (Poland) having all taken further stores in the period. Other major flagship brands, such as Next, Primark, Decathlon, Footasylum and Nespresso, are optimising their store sizes in our must-have quality locations.

Our Spanish centres continue to perform well with occupancy levels remaining high and 10 long term leases have been signed in the quarter. Our recently acquired Madrid Xanadú shopping centre has benefited from our relationships with UK and Spanish retailers and since acquisition we have introduced Quiz, Vans, G-Star and TGB to the centre.

Although retailers continue to be selective with their expansion plans in the challenging consumer environment, our 20 prime centres are the first port of call because of their strong catchment, reliable footfall and differentiated leisure content. This leaves us well positioned to take advantage of this demand and we are confident of delivering further growth in like-for-like net rental income in 2018 and at a level of 2 to 3 per cent over the medium term."

Highlights for the period

- **An active period with 73 long term leases agreed (63 in the UK and 10 in Spain) for £13 million of annual rent, 5 per cent above previous passing rent (year to date 6 per cent above) and in line with ERV and valuers' assumptions**
- **We anticipate positive like-for-like net rental income for a third year in 2017, in line with earlier guidance, consolidating the growth achieved in 2015 and 2016**
- **Rent reviews in the period have been concluded at an average uplift of 15 per cent on the previous rents. Year to date, we have settled 164 rent reviews for new rent totalling £36 million, 10 per cent above previous rents**
- **Occupancy remains high at 96 per cent, unchanged from June 2017**
- **Footfall has shown encouraging strength in the second half year to date at 2 per cent ahead of the same period in 2016 bringing the overall figure for 2017 back in line with 2016**
- **We have commenced the £73 million leisure extension at intu Lakeside for opening at the end of next year, with all four leisure anchors now let and the**

overall project 85 per cent pre-let. Other extensions, including intu Watford and Barton Square at intu Trafford Centre, are progressing to plan

- **Unprompted awareness of the intu brand increased to 26 per cent, a three-fold increase since 2015 when we started monitoring, and in-centre net promoter score, our measure of customer service, remains consistently high at 70**
- **Encouraging lettings and activity at the recently acquired Madrid Xanadú, including the Nickelodeon and aquarium developments, and strong year-on-year footfall growth of 8 per cent at intu Asturias following the opening of the redeveloped lower level**
- **Exchanged contracts to introduce a 50 per cent joint venture partner to intu Chapelfield for a net consideration of £148 million. This is in line with the 31 December 2016 valuation of £296 million (100 per cent) and a small discount to the 30 June 2017 valuation of £305 million (100 per cent). The transaction further advances our stated strategy of introducing partners to our assets and recycling capital into our UK development pipeline**
- **Cash and available facilities of £850 million at 30 September 2017 reduced by the repurchase of £140 million of the £300 million 2018 convertible bond at a price around par. Financial position further strengthened by the disposal of 50 per cent interest in intu Chapelfield**

We have continued to make good progress with our four strategic priorities for 2017:

- optimising asset performance
- delivering UK developments
- making the brand count
- seizing the growth opportunity in Spain

Optimising asset performance

We have had an active third quarter with 73 long term leases signed in the period, representing £13 million of annual rent (Q3 2016: 67 leases; £13 million of new passing rent). In aggregate, these were 5 per cent above previous passing rent and in line with valuers' assumptions. This brings the total for the year to date to 176 new leases (2016: 165) producing £31 million of new annual rent, 6 per cent above previous passing rent.

Signings in the period include:

- international retailers continuing to use intu's nationwide portfolio to expand their UK coverage. Victoria's Secret exchanged on its fourth lease with intu at Manchester Arndale, Australian accessories brand Lovisa signed three more leases and has around one-third of its UK stores with intu and Polish cosmetics retailer Inglot chose intu Eldon Square for its first stand-alone store outside London
- key flagship brands ensuring they optimise their store size in our must-have locations including Nespresso and Footasylum at Manchester Arndale and Primark agreeing to take the former BHS unit and additional space in Barton Square, at intu Trafford Centre, to create an 88,000 sq ft flagship store

We expect to deliver modest growth in like-for-like net rental income for the full year driven by new lettings at improved rents and successful rent reviews, subject to no material tenant failures.

Our unrelenting focus on operational excellence, both in the UK and Spain, combined with the quality of our centres has continued to deliver a robust set of key performance indicators.

We settled 47 rent reviews in the period for new rents totalling £9 million per annum, an average uplift of 15 per cent on the previous rents. Year to date, we have settled 164 rent reviews with rent totalling £36 million per annum, an average uplift of 10 per cent on the previous rents.

Occupancy remains high at 96 per cent (June 2016: 96 per cent). intu Lakeside and intu Merry Hill remain slightly lower as we hold units for remodelling of significant space for key fashion tenant flagship stores. These are in advanced negotiations and should exchange shortly for openings in 2018.

We are continuing to capitalise on re-letting the former BHS stores. Of the 10 stores that closed in 2016, we have new leases signed on five units, improving the tenant mix with lettings to the likes of Next, Primark and Decathlon. One store is held for redevelopment and detailed discussions are on-going with the remaining four stores. We expect the overall new rental levels to be 15 per cent ahead of previous passing rent and the resultant retail offer to be more attractive to our shoppers.

There were no tenant administrations at our centres in the period.

Delivering UK developments

We continue to focus our capital expenditure programme on our prime centres to ensure they evolve with consumer and retailer trends. Key milestones in the period include:

- at intu Lakeside, we have signed the construction contract and are on site with the 175,000 sq ft Nickelodeon anchored leisure extension. The scheme has over 90 per cent of the space exchanged or in solicitors' hands. Including the recent lettings in the period for the remaining two leisure anchors and TGI Friday's, 85 per cent is now exchanged. The project is expected to cost £73 million and is due to open in late 2018
- at intu Trafford Centre, we have signed Primark to anchor the expansion and transformation of Barton Square. The £74 million project will enclose the courtyard, enhance the interiors, allow trading from two levels and provide a fashion offer for the first time at Barton Square. We are progressing the procurement of the construction works and expect the project to be completed by mid-2019
- at intu Watford, the £180 million retail and leisure extension continues on budget and on target for opening in autumn 2018. The scheme is two-thirds pre-let, including Debenhams and Odeon as anchors, and we are making good progress on the remaining units
- at intu Merry Hill, we have contracted on key site assembly transactions to enable us to pursue a leisure extension in the next few years which will have a transformational effect on the entire centre

Making the brand count

As the role of the shopping centre operator becomes ever more specialised, our scale, expertise and insight along with our in-house teams ensure we offer the best customer service and experience in an ever evolving multichannel world. In the period:

- our net promoter score, a measure of customer service, remained consistently high at 70
- brand recognition increased to its highest level, with unprompted brand awareness measuring 26 per cent in the period, a three-fold increase since 2015 when we started monitoring, and prompted awareness at 72 per cent
- sales on our online shopping platform are running around 50 per cent ahead of last year, with visits to our 'Shop' pages increasing by a similar amount
- intu Accelerate, our incubator for new technologies and services for the UK retail market, has identified seven start-ups to pilot new concepts in-centres and online, including Europe's first customer service robot in a shopping centre

Seizing the growth opportunity in Spain

Our three top-10 centres are performing well, benefitting from our asset management initiatives and taking advantage of the strengthening economy in the regions we operate:

- footfall remains strong, running 1.5 per cent ahead for the year to date. At intu Asturias, following the opening of the new lower level retail in July, footfall has increased by 8 per cent
- new lettings in the period were driven by tenant demand at Madrid Xanadú building on our relationships with retailers both in the UK and Spain, introducing the likes of Quiz, Vans, G-Star and TGB
- we completed our 50:50 joint venture partnership of Madrid Xanadú with TH Real Estate in July 2017, on terms in line with our original acquisition in March 2017

Corporate responsibility

We worked with the National Autistic Society to create the first UK-wide Autism Hour at the start of October. Retailers, restaurants and leisure operators at all our centres reduced their lights, music and other background noise for an hour to create a better environment for autistic customers to visit our centres and raise awareness of this issue.

With three years to go, we have met or almost met our 2020 environmental targets which were set against a 2010 base line. We have reduced the intensity of carbon emissions by 47 per cent (target 50 per cent), diverted 100 per cent of waste from landfill of which 74 per cent is recycled (targets 99 per cent and 75 per cent respectively) and reduced the water intensity by 14 per cent (target 10 per cent).

Our people are at the heart of what we do and in 2017 we have achieved the internationally recognised accreditation Investors in People gold standard across all intu branded centres. This highly regarded achievement defines what it takes to lead, support and manage people well for sustainable results.

Conference call

A conference call for analysts and investors will be held today at 08:00 GMT.

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.

We own many of the UK's largest and most popular retail destinations, 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 deliver attractive long-term total property returns, progressing 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, our centres support over 120,000 jobs representing about 4 per cent of the total UK retail workforce, and to operating with environmental responsibility.

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