Press Release

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17 APRIL 2018

INTU PROPERTIES PLC ('INTU')

TRADING UPDATE FOR THE PERIOD 1 JANUARY 2018 TO 17 APRIL 2018

RECORD RETAILER DEMAND AND STRONG OPERATING PERFORMANCE

David Fischel, intu Chief Executive, commented:

"Our prime shopping centres produced a strong first quarter with lettings at increased rents, high occupancy and footfall exceeding the comparable period* last year, with footfall significantly and consistently outperforming the ShopperTrak national retail benchmark over the last five years.

It was a record three months for retailer demand as we signed 60 new leases, with high quality names increasing their presence with intu and great new brands coming to our shopping centres for the first time. This includes flagship retailers Zara and River Island trebling and doubling their space respectively at intu Lakeside and Abercrombie & Fitch choosing intu Trafford Centre for its first UK store outside London.

Our prime centres continue to outperform as retailers and shoppers gravitate towards the best locations. We have a very concentrated portfolio. Over 80% of our UK gross asset value is comprised of 10 centres, all PMA ranked top-25 UK centres and some of the largest and most popular retail and leisure destinations in the country.

We continue to see growth opportunities for our £10 billion UK portfolio. We have a substantial ongoing investment programme that will see us open our £180 million extension at intu Watford later this year and the £72 million leisure extension at intu Lakeside next year, with lettings proceeding strongly in both cases. We are also planning to invest over £560 million in our UK centres over the next three years.

Our well-timed entry into the Spanish market continues to offer significant upside as the country's economic recovery continues, both from the three top-10 centres we currently own and from our plan to begin construction in the next 12 months of a £600 million world class retail resort near Málaga.

All this development activity is underpinned by a robust financial structure with cash and available facilities of £872 million and an active capital recycling programme.

As a result of this strong performance, we reiterate our guidance for like-for-like net rental income growth both for the current financial year, subject to no further material tenant failures, and over the medium term."

* First quarter excluding the two weeks commencing 18 February 2018 impacted by severe snow

Highlights in the period:

- **Record level of retailer demand in the first quarter with 60 long term leases agreed (43 in the UK and 17 in Spain) for £10 million of annual rent, 5 per cent above previous passing rent**
- **Sustained high occupancy of 96.1 per cent (March 2017: 95.8 per cent), unchanged from 31 December 2017**
- **Increased footfall year-on-year to date, excluding the periods of severe snow, by 1.5 per cent in the UK and continuing to outperform the UK benchmark**
- **Anticipated growth in like-for-like net rental income for the year continues to be in the range of 1.5 per cent to 2.5 per cent, with the outcome expected to be stronger in the second half than the first half**
- **£180 million intu Watford extension on target to open in October 2018 and anchored by Debenhams and Cineworld. Further letting in the period to Jack Wills and The Florist, taking pre-lets to 70 per cent**
- **Completed the disposal of 50 per cent of intu Chapelfield for £148 million, in line with the December 2016 market value**
- **Cash and available facilities of £872 million and debt to asset ratio of 45.3 per cent at 31 March 2018 (based on 31 December 2017 investment property valuations)**
- **Market movements in the fair value of debt and financial instruments since the year end have positively impacted net assets (and thereby NNNAV) by around £180 million**

Delivering operational excellence

We had record letting activity in the quarter, with 60 long term leases signed representing £10 million of annual rent (Q1 2017: 42 leases; £6 million of annual rent). In aggregate, these were 5 per cent above previous passing rent. Signings in the period include:

- key flagship fashion retailers ensuring they optimise their store size in prime high footfall destinations. At intu Lakeside, Zara and River Island are both upsizing, trebling and doubling their space respectively
- international brand Abercrombie & Fitch to open only its second UK store at intu Trafford Centre
- aspirational brands continuing to open stores in our regional centres with Jo Malone opening at intu Lakeside and The White Company at Cribbs Causeway
- leisure operators recognising the attraction of regional destinations with Rock Up, a climbing experience for all ages, set to open at intu Watford

Tenants have opened or are shop fitting 61 stores year to date, including the 78,000 square foot Next flagship store at intu Metrocentre which opened in March, another example of a major retailer recognising the importance of flagship stores in their multichannel strategy.

We settled 24 rent reviews in the period for new rents totalling £8 million, an average uplift of 8 per cent on the previous rent.

Footfall in the period, excluding the periods of severe snow when some centres were closed, increased by 1.5 per cent in the UK. Over the Easter period, footfall was up by 7 per cent against the Easter period in 2017 demonstrating the attraction of day out retail and leisure destinations.

Unprompted awareness of the intu brand increased to 29 per cent (December 2017: 26 per cent), with prompted awareness increasing to 75 per cent (December 2017: 71 per cent).

intu.co.uk, our premium content publisher and shopping platform, delivered a 31 per cent increase in sales for retailers against the same period in 2017.

Growing like-for-like net rental income

Anticipated growth in like-for-like net rental income for 2018 continues to be in the range 1.5 per cent to 2.5 per cent, subject to no further material tenant failures, with the outcome expected to be stronger in the second half than the first half.

Since the end of 2017, a number of administrations and restructurings have been initiated by tenants, including New Look, Toys R Us and Prezzo. The majority of our units with these operators are still trading as the tenants go through their restructuring processes.

The estimated impact of these administrations and restructurings is approximately £3.9 million in 2018, equivalent to 0.8 per cent of our 2017 net rental income. This is before we take any mitigating actions to find quality replacement tenants and reduce property operating expenses to minimise the impact of any closures. Our like-for-like net rental income guidance is inclusive of the effect of these administrations and restructurings.

As previously stated, we expect to deliver medium term like-for-like net rental income growth of 2 to 3 per cent per annum, over the next three to five years.

Optimising our flagship destinations

We remain on target with two major development projects on-site.

At intu Watford, the £180 million extension is scheduled to open in October 2018 and we have exchanged on 70 per cent of the space, with Jack Wills and The Florist signing in the period. A further 7 per cent is in detailed negotiations.

The £72 million Nickelodeon anchored leisure development at intu Lakeside, which is expected to substantially strengthen the centre through increasing catchment and footfall, is due to open in Spring 2019 and is progressing well, with 85 per cent of the space exchanged.

In Spain, following last year's acquisition of Madrid Xanadú, we are successfully delivering our shopping resort concept with ongoing active asset management projects, introducing an aquarium and Nickelodeon theme park. These will augment the attractions of the centre, which already includes an indoor ski slope and a compelling mix of retail and catering.

Making smart use of capital

In January 2018, we completed the disposal of 50 per cent of intu Chapelfield for £148 million, in line with the December 2016 market value. Further, we have agreed a £74 million debt facility on our remaining interest in intu Chapelfield.

Cash and available facilities at 31 March 2018 were £872 million.

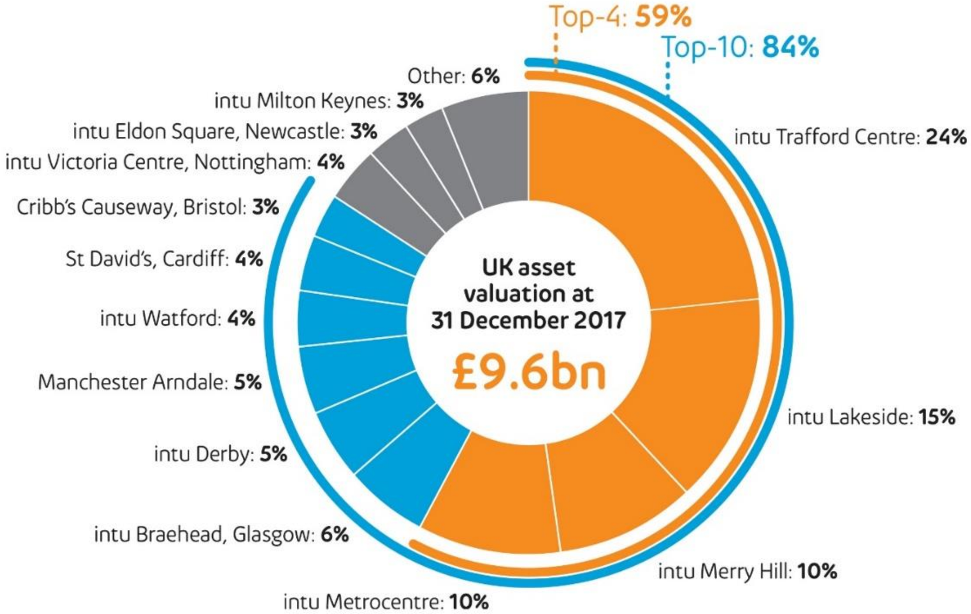
In April 2018, we amended and extended our €225 million term loan secured on Puerto Venecia, Zaragoza. The margin on this loan was reduced by 120 basis points and the maturity date extended from 2019 to 2025.

Market movements in the fair value of debt and financial instruments since the year end have positively impacted net assets (and thereby NNNAV) by around £180 million.

intu's key strengths

- **intu is the UK's leading owner, manager and developer of prime regional shopping centres**

  intu has a portfolio that comprises some of the largest and most popular retail and leisure destinations in the country, owning four of the top-10 PMA ranked shopping centres and eight of the top-20, with our assets set out in the chart below.



  Five years on from launch, the importance of the intu brand has continued to grow with customer awareness increasing considerably. The combination of our national presence, attractive digital offering and in-house commercialisation team offers retailers and brands promotional opportunities, which in turn gives us a multidisciplinary opportunity to help retailers flourish within our centres.

- **intu entered the Spanish market at an opportune time and we have successfully implemented the strategy set out at the time of our first acquisition, intu Asturias**

  Our £0.8 billion investment comprises three of Spain's top-10 shopping centres and the proposed 230,000 square metre, £600 million shopping resort development, intu Costa del Sol, near Málaga. The value of intu Asturias has almost doubled to €317 million in our four years of ownership, and with the approval of the General Plan of Torremolinos, we have seen a £75 million uplift in the valuation of our development site for intu Costa del Sol.

- **intu's assets have consistently shown they remain relevant to both shoppers and retailers despite the backdrop of a challenging retail environment**

  Our centres attract 400 million customer visits per annum and we estimate that over half of the UK's population visits an intu centre each year. Occupancy across the portfolio is structurally high and has been at 96 per cent for the last three years (equivalent to 97 per cent on the EPRA basis). Leasing activity has been, and remains, strong and has contributed to generating continued like-for-like growth in net rental income over the last three years, averaging 2 per cent per annum over that period.

- **intu has consistently invested in its centres**

  In 2017, £287 million was invested across our UK portfolio (2016: £204 million). Of this, £103 million was invested by tenants predominantly in improved shop fit outs. intu itself invested £184 million in extensions and enhancements to centres. In general, these projects are expected to deliver stabilised initial yields on cost in a range between 6 and 10 per cent depending on the individual project. We are planning to invest over £560 million in our UK centres over the next three years. At intu Merry Hill in the West Midlands, a centre we took full ownership of in 2016, we have a great opportunity to generate value with a leisure extension, similar to that at intu Lakeside, to ensure the centre has a compelling mix of retail, catering and leisure on a par with our flagship asset outside Manchester, intu Trafford Centre.

- **intu has delivered strongly against its strategic objectives since the demerger of Capital and Counties in 2010, when it recreated the company as a specialist regional shopping centre business**

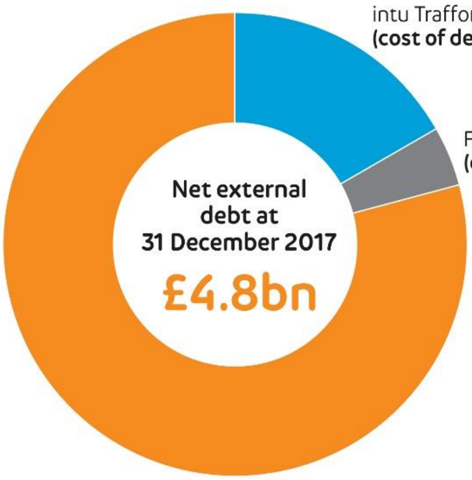
  Over the period to 31 December 2017, we have:

  - delivered a total financial return (dividend plus growth in net asset value per share) of 7.5 per cent per annum (compound annual growth rate) increasing net asset value per share to 411 pence as at 31 December 2017
  - improved the quality and breadth, across the UK and Spain, of the investment and development portfolio. This has increased from £5 billion in 2010 to over £10 billion today, through organic growth, active management, developments and acquisitions net of the £1 billion of disposals referred to below
  - successfully launched the intu brand in 2013, the UK's only national consumer facing shopping centre brand, the strength of which is widely recognised today
  - made a timely and strategic entry into the Spanish market in 2013, building a business of scale to take advantage of the strong growth opportunity in that market, while profitably completing our exit from the US in January 2016

intu's robust financial structure

Our balance sheet is robust and we consider the structure of our borrowings, predominantly using flexible asset specific non-recourse arrangements, to be appropriate for our concentrated portfolio. The weighted average debt maturity at 31 December 2017 was 6.6 years with minimal maturities before 2021. We have a diversified, flexible capital structure with substantial covenant headroom.

With more than £5 billion of debt refinanced over the last five years, we have proven that we have very good access to both the public and private capital markets with our core secured group financing structure, comprising £1.5 billion of bank loans and investment grade bonds, A grade rated by S&P. Over this period, we have taken out borrowings at an average all-in cost of around 3.5 per cent and reduced our weighted average cost of debt from 5.2 per cent to 4.2 per cent. The average cost of debt includes legacy debt on intu Trafford Centre, which pre-dates this asset becoming part of the intu portfolio in 2011, and a first mortgage debenture stock 2027 originally issued over 25 years ago. Both these facilities would be expensive to break, and we have therefore chosen to keep them in place rather than incur the cost of refinancing.



Over the last three and half years, we have disposed of over £1 billion of assets to recycle capital into our investment programme, and we have flexibility for further disposals or part disposals as around two-thirds of our portfolio (£6.8 billion) is 100 per cent owned.

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

intu properties plc

David Fischel	Chief Executive	+44 (0)20 7960 1207
Matthew Roberts	Chief Financial Officer	+44 (0)20 7960 1353
Adrian Croft	Head of Investor Relations	+44 (0)20 7960 1212
Public relations		
UK	Justin Griffiths, Powerscourt	+44 (0)20 7250 1446
South Africa	Frédéric Cornet, Instinctif Partners	+27 (0)11 447 3030

FORWARD LOOKING STATEMENTS

This press release contains “forward-looking statements” regarding the belief or current expectations of intu properties plc, its Directors and other members of its senior management about intu properties plc’s businesses, financial performance and results of operations. These forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of intu properties plc and are difficult to predict, that may cause actual results, performance or developments to differ materially from any future results, performance or developments expressed or implied by the forward-looking statements. These forward-looking statements speak only as at the date of this press release. Except as required by applicable law, intu properties plc makes no representation or warranty in relation to them and expressly disclaims any obligation to update or revise any forward-looking statements contained herein to reflect any change in intu properties plc’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. No statement is intended to be a profit forecast or profit estimate for any period.

Any information contained in this press release on the price at which shares or other securities in intu properties plc have been bought or sold in the past, or on the yield on such shares or other securities, should not be relied upon as a guide to future performance.

NOTES FOR EDITORS

intu owns and manages some of the best shopping centres, in some of the strongest locations, in the UK and Spain.

Our UK portfolio is made up of 17 centres, including eight of the top 20, and in Spain we own three of the country’s top 10 centres, with advanced plans to build a fourth.

We are passionate about creating compelling experiences, in centre and online, that make our customers smile and help our retailers flourish.

We attract over 400 million customer visits and 26 million website visits a year offering a multichannel approach that truly supports retail strategies.

Our strategic focus on prime, high-footfall flagship destinations, combined with the strength and popularity of our brand, means that intu offers enhanced footfall, dwell time and loyalty. This helps our retailers flourish, driving occupancy and income growth.