



intu Transitional Services Arrangements

26 June 2020

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TSA terms and cash flow assumptions



Nine central entities are placed into Administration and contracts are agreed to provide for funded transition of PropCos within six months

1. Key terms and principles – continuation of services provided on an “as is” basis with full cost recovery for central entities and no or minimal credit risk taken by those central companies in Administration
2. Tenor – TSA duration will be for six months, but with an option to cancel the TSA within 60 days notice as long as this does not result in cancellation in the first three months
3. Payment - services must be paid for in advance with two months up front funding provided to the administrator on day one, to be topped up on a rolling monthly basis two months in advance before unwinding at the end of the TSA period. The same profile will be applied to the allocation of central recharges, as well as a contingency requested by the Administrator to cover day one costs
4. Intercompany positions – Administration will seek to recover pre-appointment opex and capex intercompany receivables on day one
5. Migration – PropCos own migration arrangements
6. Liability – Administration companies only liable for wilful default, up to a cap of charges paid. PropCos indemnify Administration companies for any third party claim

TSA cash flows



TSA cash flows - Q3'20						
	SGS	Trafford	Metro-centre	Deben-ture	Merry Hill	Other Propcos
Beginning cash	4.4	6.6	8.8	1.4	3.1	12.4
Cash NRI	10.7	9.8	4.4	2.7	4.1	3.1
FY20 deferred VAT	-	-	-	-	-	-
S/C income	4.7	2.3	1.3	1.6	1.4	1.4
S/C expense	(12.0)	(5.2)	(4.4)	(4.8)	(4.7)	(5.1)
Management fee	(3.3)	(2.9)	(0.5)	(0.6)	(1.1)	(0.6)
Professional fees	(8.7)	(8.0)	(2.3)	(3.2)	(2.4)	(3.1)
Cash centre CapEx	(4.1)	(1.7)	(0.5)	(0.3)	(4.3)	(1.5)
Interest	(25.5)	(10.5)	-	-	(3.1)	(3.1)
Amortisation	-	(7.3)	-	-	-	-
Additional payables	(7.1)	(3.1)	(2.4)	(1.8)	(3.5)	(3.7)
Contingency payments	(2.1)	(1.8)	(0.8)	(0.4)	(0.7)	(0.8)
Other recharges	(0.5)	(0.4)	(0.2)	(0.1)	(0.2)	(0.2)
Others	-	(0.2)	-	-	-	1.5
Net cash flow	(47.9)	(29.0)	(5.3)	(6.9)	(14.3)	(12.0)
Closing cash	(43.4)	(22.5)	3.5	(5.5)	(11.2)	0.3
Minimum cash	(43.4)	(24.4)	1.1	(7.1)	(11.8)	n/a
<i>Timing</i>	<i>Sep-20</i>	<i>Aug-20</i>	<i>Aug-20</i>	<i>Aug-20</i>	<i>Aug-20</i>	<i>n/a</i>

TSA cash flows - Q4'20						
	SGS	Trafford	Metro-centre	Deben-ture	Merry Hill	Other Propcos
Beginning cash	(43.4)	(22.5)	3.5	(5.5)	(11.2)	0.3
Cash NRI	17.3	13.4	5.7	2.7	5.6	6.7
FY20 deferred VAT	-	-	-	-	-	-
S/C income	3.1	1.5	0.9	1.1	0.8	1.1
S/C expense	(6.0)	(2.5)	(2.1)	(2.4)	(1.8)	(2.8)
Management fee	(1.7)	(1.5)	(0.3)	(0.3)	(0.6)	(0.4)
Professional fees	-	-	-	-	-	(0.1)
Cash centre CapEx	(0.4)	(1.1)	(0.7)	(0.3)	(4.3)	(1.6)
Interest	(1.5)	(10.4)	(10.0)	(8.1)	(3.1)	(3.1)
Amortisation	-	(7.3)	-	(3.3)	-	-
Additional payables	-	-	-	-	-	-
Contingency payments	(0.4)	(0.4)	(0.2)	(0.1)	(0.1)	(0.2)
Other recharges	(0.2)	(0.1)	(0.1)	(0.0)	(0.1)	(0.1)
Others	-	0.2	-	-	-	0.4
Net cash flow	10.3	(8.3)	(6.7)	(10.8)	(3.5)	0.0
Closing cash	(33.2)	(30.7)	(3.2)	(16.3)	(14.7)	0.4
Minimum cash	(42.6)	(38.3)	(3.2)	(16.3)	(15.2)	n/a
<i>Timing</i>	<i>Oct-20</i>	<i>Oct-20</i>	<i>Dec-20</i>	<i>Dec-20</i>	<i>Nov-20</i>	<i>n/a</i>

Notes

1 - Other Propcos includes Derby, Milton Keynes, Uxbridge, Chapelfield, Barton Square

2 – S/C expense includes any acceleration and additional S/C contingency requested by the Administrators on day 1

3 - Management fee also includes any acceleration as requested by the Administrators on day 1

4 . The forecast does not reflect any subsequent true up of the up front payments made to the Administrators (i.e. to the actual costs expected to be incurred during the TSA period)

5 - Additional payables relates to the unwind of day 1 intercompany opex, capex, management fee arrears and other items

6- The peak funding need is based on month end positions only and does not reflect any intra-month requirements

Cash levers

Within the structures there are a number of cash levers which could be used to address funding shortfalls during the TSA.

Estimated release date for the restricted cash balances at silos with public debt instruments outlined below:

- **SGS:** Lender Reserve Account - £13.1m (Jul-20), Debt Service Account - £11.0m (Aug-20), Restricted sales proceeds - £2.2m (Aug-20)
- **Trafford:** Junior cash trap - £0.8m (Jul-20), VAT reserved amounts - £6.5m (Jul-20), £0.5m relating to surrenders and loan deposits. There are additional funding arrangements being agreed which will not require Noteholder consent
- **Deben-ture:** Restricted cash - £15m (Jul-20)

In addition agreements for the deferral of debt service, additional funding sources or payment plans agreed with the Administrator may also be available / under discussion to address funding shortfalls

TSA assumptions



Consumer & Customer

- Lockdown gradually phased out, centres opening from June but social distancing persists
- Customer disruption persists, customer failures and stressed business models

Occupancy

- Most new lettings rolled out to 2021
- Occupancy stress reflected financially in the collections and bad debt assumptions

NRI & Collections

- Collections:
- Q2 50%; Q3 50%; Q4 75% (paying to trade Christmas) with shift to monthly
 - Material reductions in income from turnover rent, mall income and car park income

Corporate Finance &

- Existing debt service maintained
- Capex removed other than committed
- Opening cash before release of lender controlled accounts

TSA terms

- Interco unwind relates to recovery of pre-appointment intercompany payables on day 1
- Two months up front funding of expenses on day 1
- Additional recharges relating to individual asset proportion of groupwide contingency and additional central running cost recharge
- Other entities, including Broadmarsh, St David's, Cribbs Causeway, Arndale and Xanadu do not enter into TSAs



Group entity priority analysis



Group entity priority analysis (1 of 3)

Background

An EPA model was prepared to understand fund flows across the Group and provide an overview of the estimated illustrative outcomes for the key lenders of the Group in a hypothetical scenario if all assets were sold and central Group entities were liquidated.

Key assumptions

- An orderly and consensual sales process for all assets of the Group.
- The real estate assets are sold solvently via corporate transactions, on a debt free / cash free basis, resulting in all allocated swaps and break fee ('spens') liabilities crystallising.
- Any surplus funds (post settlement of secured debts and transaction costs), are distributed to the Group either via repayments of intercompany balances or equity.
- Following completion of all asset sales, central Group entities are assumed to undergo insolvency processes (e.g. liquidation) allowing distributions to the relevant creditors to be made.

Key components

- Property valuations as at Dec-19
- Balance sheets and intercompany matrix as at 31-Dec-19
- Drawn debt and accrued interest as at 31-Mar-20
- Swaps as at 31-Mar-20 mark-to-market ('MTM') valuations
- Breakage costs (including 'spens') as at 31-Mar-20
- Cash as at 31-Mar-20
- Intercompany adjustments to reflect sale of a Spanish asset, completed in Jan-20.



Group entity priority analysis (2 of 3)

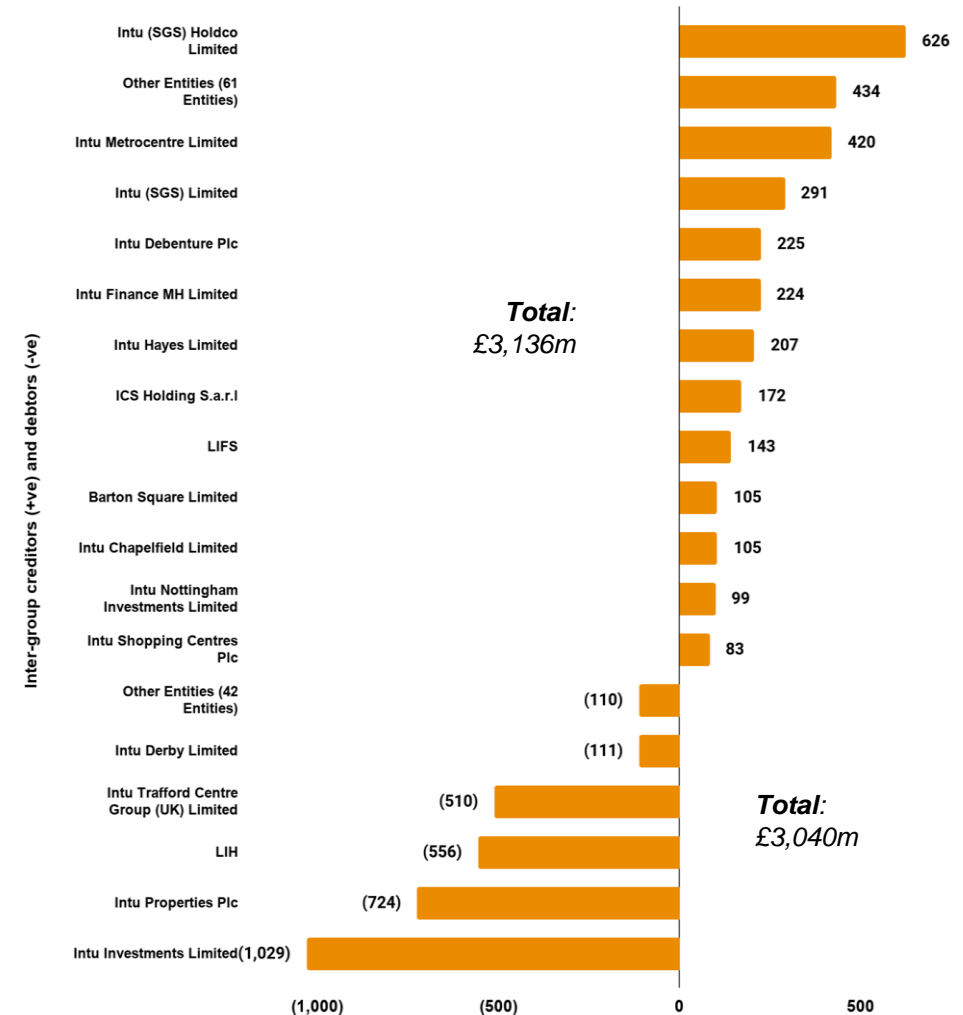
Group intercompany position

- There are significant intercompany balances across the Group.
- As at 31-Dec-19, these were £10.5bn which primarily existed between the asset owning structures and the key central Group entities.
- Intercompany positions at intu properties plc and LIGT are outlined on this page.
- Other notable intercompany positions is a £1.5bn receivable at Intu (SGS) Finco from entities in the SGS sub-group.

Intu properties plc intercompany positions (as at 31-Dec-19)

Entity	£m
LIGT	724
Intu Holding S.A.R.L	64
Nailsfield Limited	50
Total receivables	838
Other entities	(0)
Intu Payments Limited	(1)
Intu (Jersey) 2 Limited	(370)
Total payables	(371)

LIGT intercompany positions (£m and as at 31-Dec-19)





Group entity priority analysis (3 of 3)

Scenarios

To provide a view on the sensitivity of potential creditor recoveries to the asset valuations (with the majority of all other factors remaining consistent), three principal scenarios have been included in the EPA model:

- (1) illustrative outcomes using Dec-19 formal valuations;
- (2) illustrative outcomes using a range of discounted valuations (between 20% and 40% for trading assets)*, and;
- (3) illustrative outcomes of additional 25% discount on scenario (2) valuations.

Illustrative outcomes

Scenario 1: all central creditors achieve 100% illustrative recoveries.

Scenarios 2 and 3: due to the fall in asset level recoveries (below the value of secured debts in some cases), the ability to repay outstanding intercompany balances and for significant surplus equity to flow to PLC following asset sales is reduced, impacting the estimated outcomes for all creditors, including PLC creditors

Illustrative outcomes (cont'd)

Illustrative outcomes with spens and break fees	Scenario 1	Scenario 2	Scenario 3
RCF	100%	65%	51%
Convertible bonds	100%	31%	23%
Unallocated swaps	100%	24% - 57%	17%-35%
Asset level recoveries	83%-100%	58%-100%	12%-100%

Illustrative outcomes (without spens or breakage fees)

For illustration we have also included the impact on recoveries of spens and break fees not being paid.

Illustrative outcomes w/o spens and break fees	Scenario 1	Scenario 2	Scenario 3
RCF	100%	71%	51%
Convertible bonds	100%	57%	23%
Unallocated swaps	100%	37% - 58%	17% - 36%
Asset level recoveries	100%	79%-100%	38%-100%

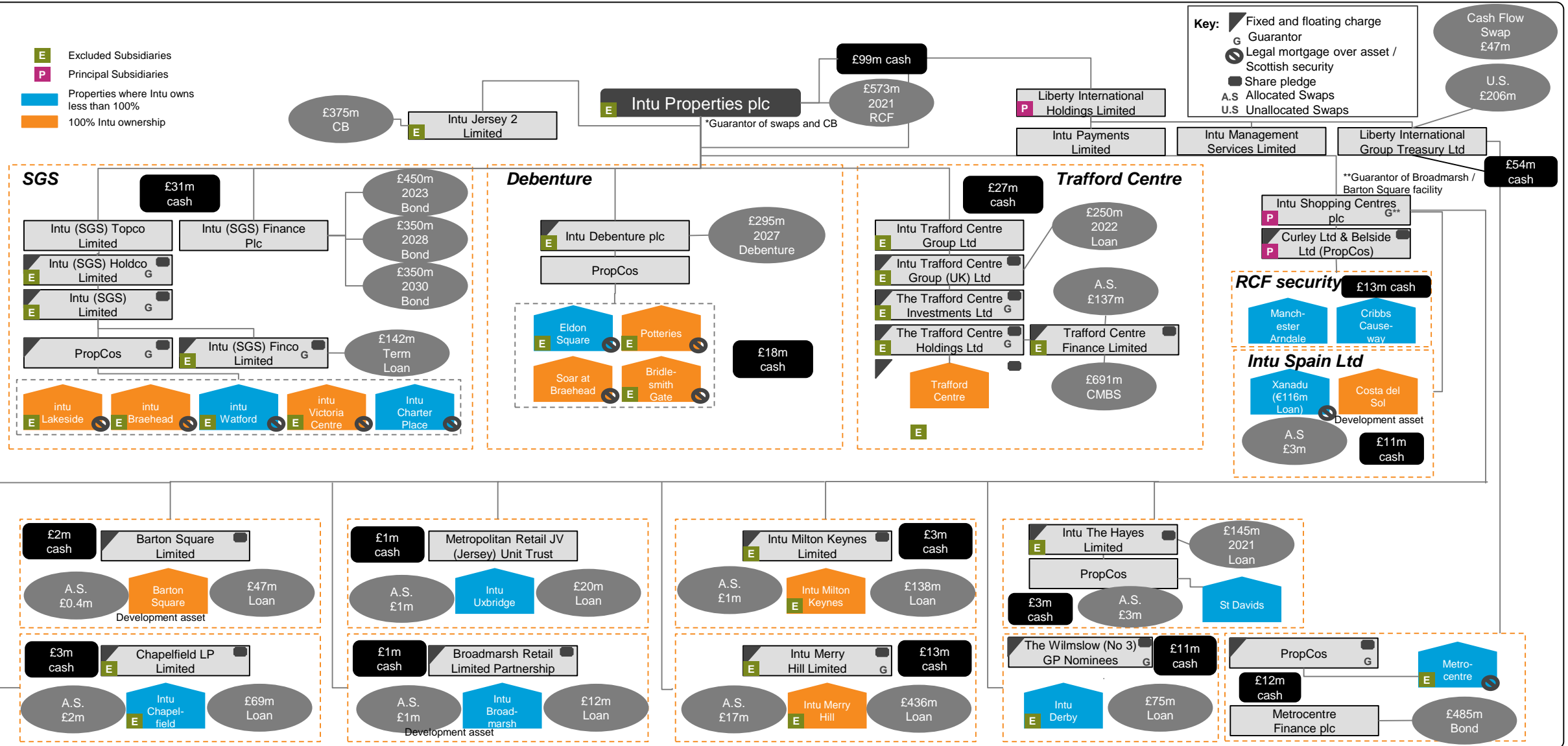
* Note larger discounts have been applied for non trading assets including Broadmarsh and Costa del Sol



Group and asset information



Simplified corporate and debt structure



Notes: Debt and cash balances as at 31 March 2020 (intu's share). 26-Jun MTM swap positions. Debuture also includes £15m of cash held in trust

H1-20 cash flow



Structure level cash flow summary

<i>£ millions</i>	SGS	Trafford	Metro	Deben- ture	Merry Hill	Arndale/ Cribbs	Other PropCos	Total PropCos
Q1 '20								
Opening	49.5	39.1	15.3	1.1	20.2	10.2	24.0	159.5
Income	28.8	16.6	12.5	9.6	10.8	-	11.2	89.5
Opex/Capex	(17.9)	(5.3)	(5.7)	(6.5)	(6.0)	-	(1.6)	(42.8)
Net finance	(25.4)	(20.4)	0.0	-	(3.8)	-	(3.0)	(52.6)
Other	(0.2)	(0.7)	(1.4)	(0.2)	(3.9)	-	(2.5)	(8.9)
Tax	(3.4)	(1.6)	(0.6)	-	0.0	-	1.1	(4.6)
Exceptionals including professional fees	(0.0)	(0.7)	-	-	-	-	-	(0.7)
Balancing figure for non-managed JV	-	-	-	-	-	2.5	(1.4)	1.1
Net flow	(18.2)	(12.2)	4.8	3.0	(2.8)	2.5	3.8	(19.0)
Closing	31.4	26.9	20.2	4.1	17.4	12.7	27.8	140.4
Q2-20								
Opening	31.4	26.9	20.2	4.1	17.4	12.7	27.8	140.4
Income	9.7	4.8	3.4	2.5	3.5	-	3.0	27.0
Opex/Capex	(9.2)	(4.6)	(3.0)	(3.2)	(4.3)	-	(4.4)	(28.7)
Net finance	(1.1)	(20.6)	(10.0)	-	(3.1)	-	(4.5)	(39.3)
Other	2.7	13.6	(0.7)	0.6	(2.1)	-	0.7	14.8
Tax	-	-	-	-	-	-	0.4	0.4
Exceptionals including professional fees	(1.1)	(0.2)	(0.5)	(1.9)	(0.7)	-	(0.3)	(4.6)
Balancing figure for non-managed JV	-	-	-	-	-	(2.2)	(1.8)	(4.0)
Net flow	1.0	(7.0)	(10.6)	(2.1)	(6.7)	(2.2)	(6.8)	(34.4)
Closing	32.4	20.0	9.5	2.0	10.7	10.5	21.0	106.1
<i>Memo:</i>								
<i>Of which restricted at Q2-20</i>	27.9	13.4	0.4	0.5	7.5	10.5	2.9	63.1

Income consists of tenant rent, service charge and car park income.

Opex/capex consists of silo contributions to service charge voids and bad debts, ground rent payments, central recharges/management fees and expansion capex.

Net finance cost reflects interest received and paid in the period.

Other cash flows includes capital contributions, movements in tenant deposit balances, non-opex transfers from group and ancillary land disposals.

Balancing figures required for non-managed JVs where detailed cash flow information is not available.

Restricted cash includes cash restricted in lender-controlled accounts and other restricted cash such as tenant deposits.

Note:

1. Metrocentre and Derby represent entire cash flow rather than Intu proportion only
2. Other Propcos constitutes Milton Keynes, Chapelfield, Uxbridge, Barton Square, Xanadú, Broadmarsh and Derby. Excludes St. David's.
3. Other Propcos and Total Propco figures reflect the aggregate of Propcos. It does not include plc or any other central entities.

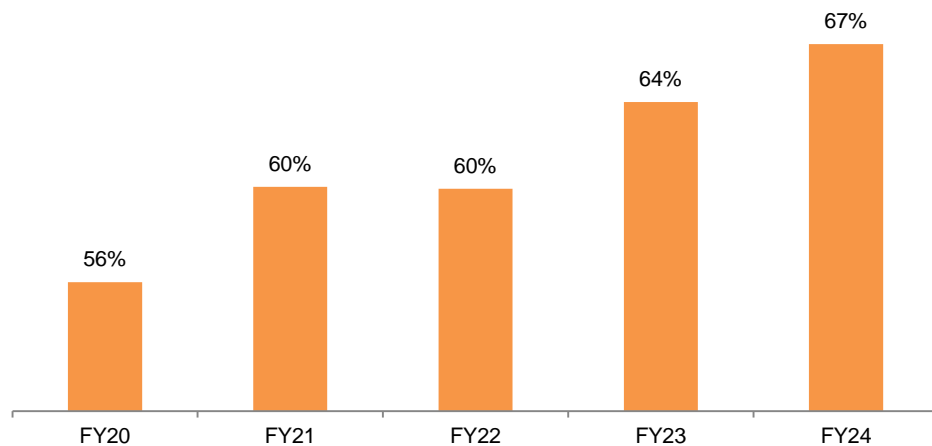


Debenture

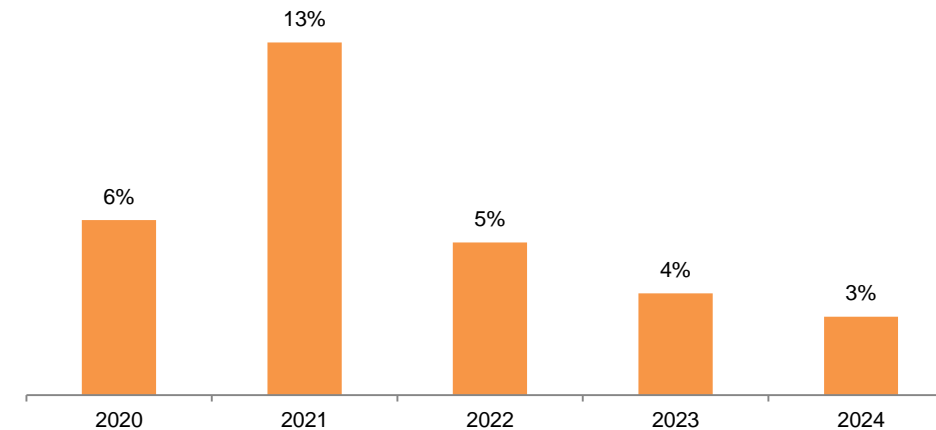
Top 10 tenants¹

Rank	Tenant	% of Passing rent *
1	Next	5.7%
2	Boots	5.0%
3	Odeon Cinemas	3.3%
4	Primark	3.2%
5	River Island	1.8%
6	Watches of Switzerland Company Limited	1.5%
7	A S Watson	1.4%
8	Sainsburys	1.4%
9	C & J Clark International	1.4%
10	John Lewis	1.4%

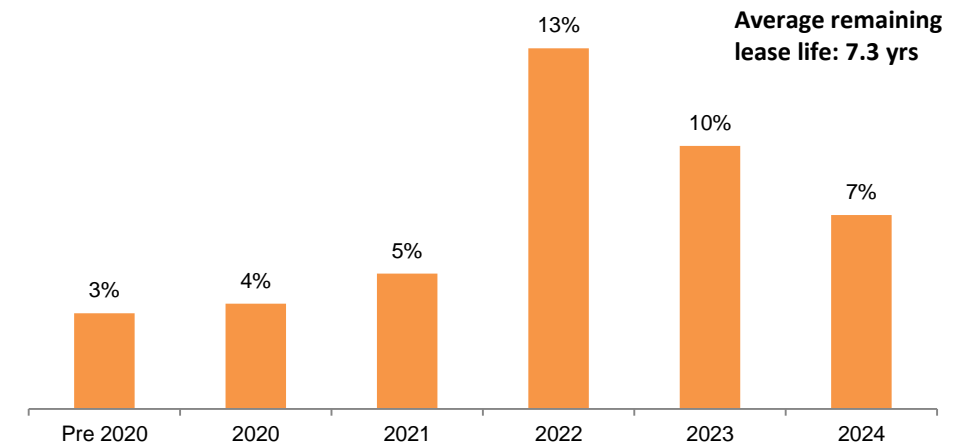
Centre performance vs 2019²



Lease break profile³



Lease expiry profile⁴



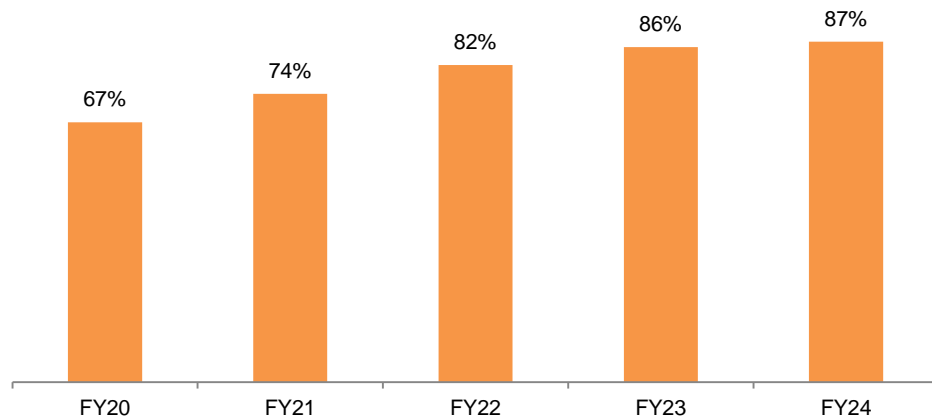
1 – Top 10 tenants excluding tenants in insolvency proceedings based on passing rent at June 2020 2 – Centre performance based on expected rental collection from all tenants as a function of gross rent less bad debt, prior to cash collection phasing assumptions 3 – lease break profile based on retail tenants not in insolvency proceedings as a percentage of passing rent at June 2020 4 – lease expiries based on retail tenants not in insolvency proceedings as a percentage of passing rent at June 2020



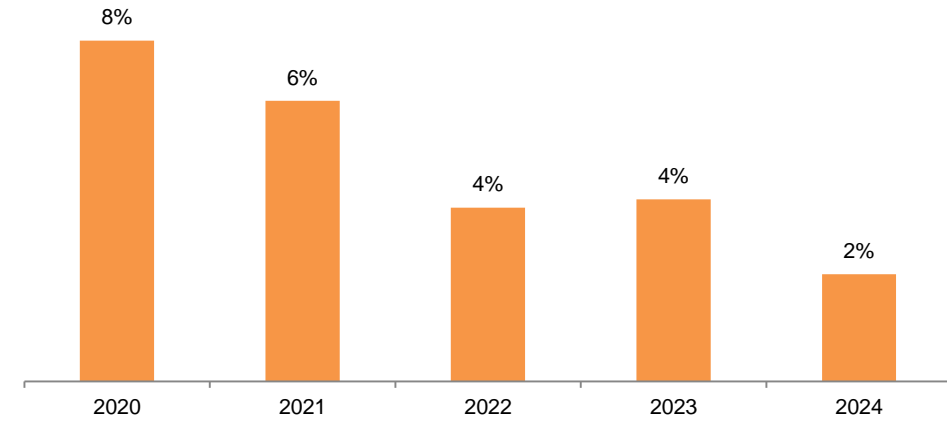
Top 10 tenants¹

Rank	Tenant	% of Passing rent *
1	Next	5.7%
2	Primark	4.8%
3	Boots	3.9%
4	H & M	3.1%
5	JD Sports	2.6%
6	River Island	2.5%
7	A S Watson	2.3%
8	Superdry	2.3%
9	DSG Retail	2.1%
10	Signet Group	2.0%

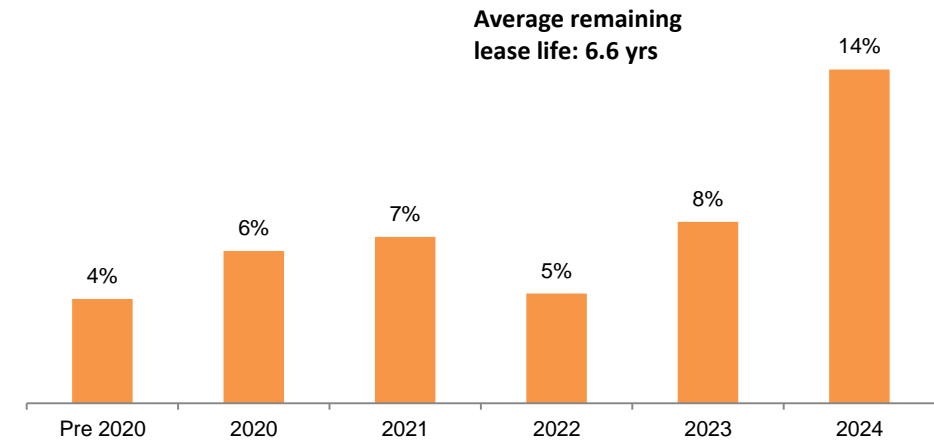
Centre performance vs 2019²



Lease break profile³



Lease expiry profile⁴



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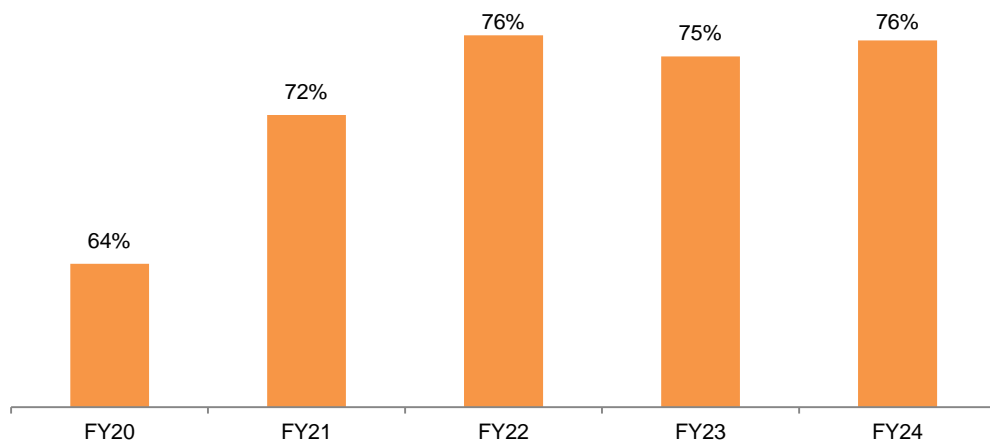
Trafford



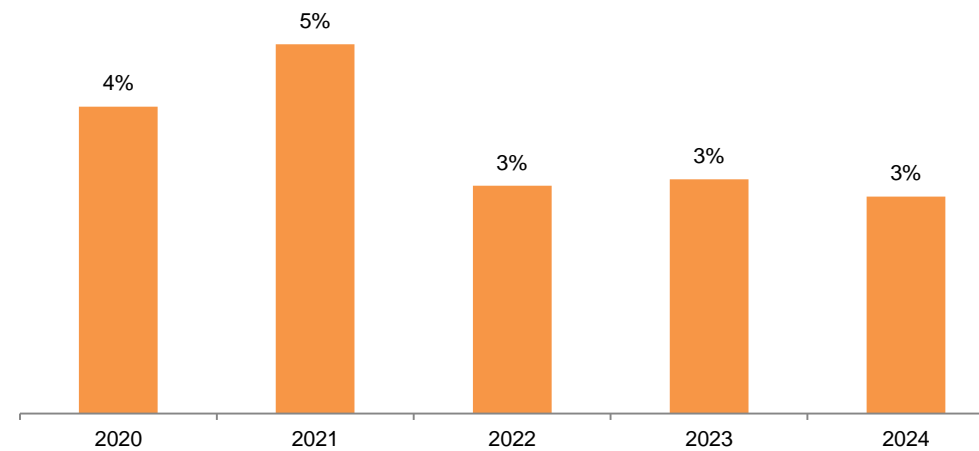
Top 10 tenants¹

Rank	Tenant	% of Passing rent *
1	Selfridges	4.3%
2	Next	4.0%
3	Marks And Spencer	3.7%
4	Boots	3.5%
5	JD Sports	3.3%
6	Odeon Cinemas	2.8%
7	H & M	2.7%
8	DSG Retail	2.2%
9	A S Watson	1.8%
10	River Island	1.8%

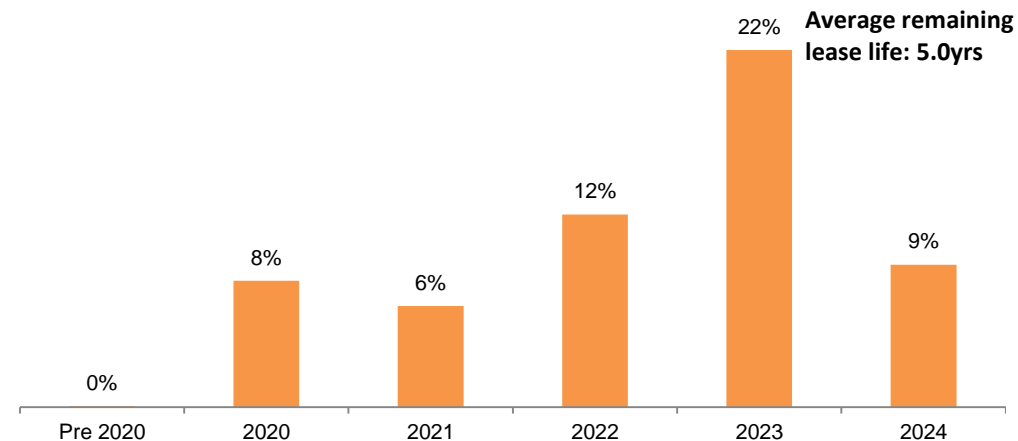
Centre performance vs 2019²



Lease break profile³



Lease expiry profile⁴



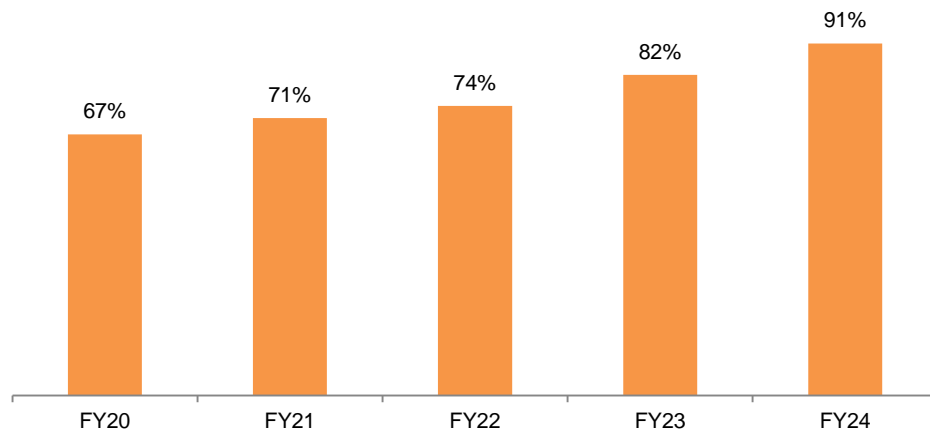
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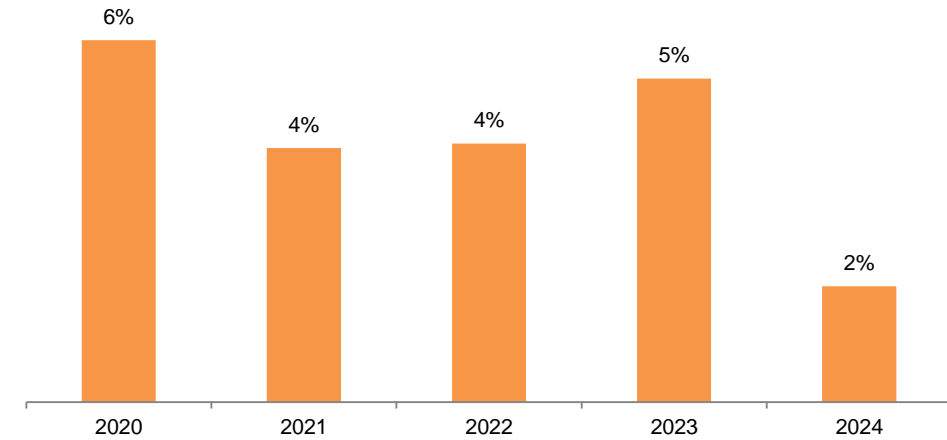
Top 10 tenants¹

Rank	Tenant	% of Passing rent *
1	Next	5.2%
2	Primark	4.3%
3	Marks And Spencer	3.3%
4	Boots	3.2%
5	Odeon Cinemas	3.2%
6	TJX UK	1.8%
7	Signet Group	1.6%
8	Inditex Group	1.5%
9	Namco UK	1.5%
10	DSG Retail	1.4%

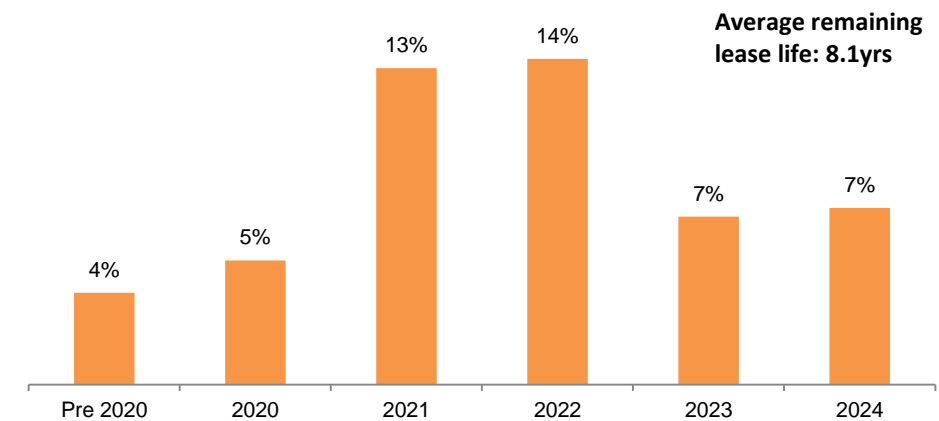
Centre performance vs 2019²



Lease break profile³



Lease expiry profile⁴



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