



THE PEEL GROUP REVIEW **2017**

POSITIVELY IMPACTING PEOPLE'S LIVES



POSITIVELY IMPACTING PEOPLE'S LIVES

1715

Liverpool builds the world's first commercial wet dock



1761

Frances Egerton, the first Duke of Bridgewater, builds the Bridgewater Canal to transport coal from his mines in Worsley to industrial areas of Manchester



1850

Sir Robert Peel, Prime Minister and founder of the Metropolitan Police, dies. His home town of Bury, where his father's textile business was founded, mourns him and erects Peel Tower in his memory

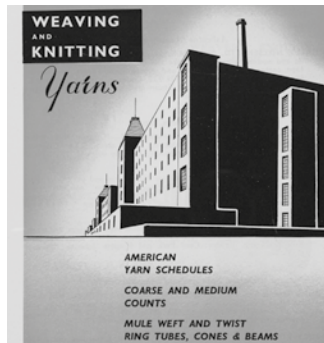
1882

Businessman Daniel Adamson becomes champion promoter of the Manchester Ship Canal although he does not live to see its completion in 1894



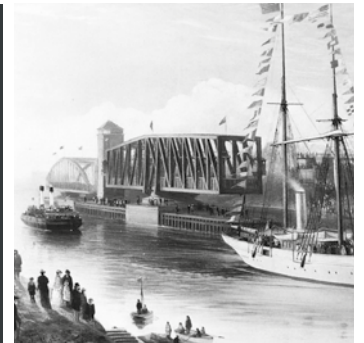
1930

Built in the grounds of Speke Hall, Liverpool, Speke Airport starts commercial flights to Croydon Airport via Barton Aerodrome in Salford - now City Airport and Heliport



1971

John Whittaker acquires Peel Mills, the foundation of The Peel Group



1987

Olayan Group becomes a shareholder in Peel upon the acquisition of Boundary Post Ltd



1997

Peel invests in airports with the acquisition of Liverpool Airport, subsequently renamed in honour of John Lennon

1998

Following a House of Lords decision confirming planning in 1995, The Trafford Centre opens



2004

Peel Holdings is taken private and rebrands as The Peel Group

2007

The BBC signals its intention to move jobs to Manchester in 2004 and the Salford Quays site is chosen. Construction of MediaCityUK commences in 2007 and opens in 2011



2008

50:50:50 Peel launches The Ocean Gateway



2011

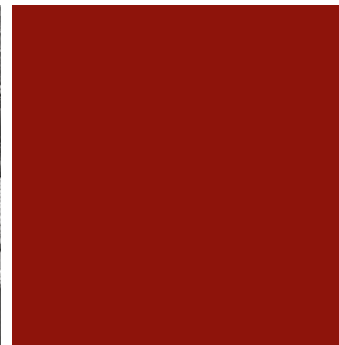
Peel exchanges its investment in The Trafford Centre for shares in intu Properties



2016

Liverpool2 deep water container terminal, built by Peel Ports, officially opens





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FOREWORD FROM THE CHAIRMAN

We have experienced another year of consolidation and growth across all of our investments; transport, retail and leisure, property, land, energy and utilities, with all our teams working tirelessly towards our shared vision of continuous growth fuelled by reinvestment.

We are proud to be breaking ground in a number of areas, notably, within Land and Property Group, where we established a new platform for development and investment in modern warehousing, Peel Logistics Property, in partnership with management and Macquarie Group. Within our other investments we also established a new partnership in the growth market of utility networks with Ancala Partners, Leep Utilities.

Indeed all parts of the Group performed well with valuation increases across Ports and Land and Property. These increases were slightly off-set by a decrease in share prices across our listed portfolio (Intu Properties, Harworth, Hammerson and LandSec). We believe that this is largely as a result of changes in the political landscape. The underlying performance of these companies remains strong. We have every confidence that the share prices will recover to reflect this.



JOHN WHITTAKER

Peel Ports has this year performed exceptionally well, completing the world acclaimed Liverpool2 deep water container terminal, during very tough market conditions. It has already commenced its phase 2 expansion plans.

There remains a huge opportunity within Peel Airports. Since taking back a controlling ownership of Liverpool John Lennon Airport in 2014, it is now in a profitable position and has recently published its exciting expansionary 2050 masterplan. With the enhanced accessibility linking Doncaster Sheffield Airport to the Great Yorkshire Way and the motorway network, coupled with the transformational potential of an airport station on the East Coast Main Line, Doncaster Sheffield Airport has huge potential. The leakage of passengers from the Airport's catchment with only

17% of passengers currently flying out of their local Yorkshire airport adds to the potential. We also anticipate growth for Durham Tees Valley Airport as it continues to reinvest itself and its assets, and also for City Airport and Heliport, so well located close to TraffordCity, Manchester and its city region.

Very few companies boast Peel's diversification and expertise across so many sectors; land, property, utilities, energy, environmental, logistics, ports, airports, media, retail and leisure. It's the power of the synergies between these businesses that gives Peel its unique insight and exceptional platform for the future.

To enable us to achieve our £50 billion development programme and to go forward with greater impetus, our strategy of 'less is more' will be key to accelerating our success. By reducing our equity and securing the support of strategic partners such as Legal & General, Macquarie Group, Deutsche Asset & Wealth Management and Ancala Partners we spread our capital further, yet still maintain management and apply expertise in these areas, enabling us to achieve our goals much faster.

It's a strategy which has been working exceptionally well for MediaCityUK and Peel Ports.

Of course it's the people that make a company and drive its success. Supported by a talented, ambitious and enthusiastic team of people, our

directors are successfully growing each of our businesses and it's the talent and dedication of these people which will continue to grow Peel.

We still have a long way to go, but we own the assets and have the people to take us where we want to be. Our investee businesses still have in excess of 70,000 acres of land and water and the opportunities that come with it to explore. The challenge, for us, will be to replenish these land banks, not piecemeal, but through significant and strategic acquisitions which hold real potential.

It is testament to our shareholders, the Olayan Group and Tokenhouse, which share our vision and allow us to plough profits back into the business, enabling us to drive forward with our strategy to regenerate, create jobs, wealth and economic prosperity.

Peel's future is very bright and we will continue to forge ahead, working to the best of our ability, on a National, European and Global scale with the honesty, integrity and humility for which we have become known and respected.

There is no limit to what we can achieve, Peel is here to support the communities in which we invest in perpetuity.

John Whittaker
Chairman

**DETERMINATION,
PERSEVERANCE
AND PATIENCE**

STEWARDSHIP

The Peel Group Supervisory Board



John Whittaker
Executive Chairman
The Peel Group



Neil Lees
Deputy Chairman
The Peel Group



Steven Underwood
Chief Executive
The Peel Group



Hani Lazkani
Non Executive



Tom Allison
Non Executive
& Chairman
Peel Ports



Robert Hough
Non Executive
& Chairman
Peel Airports



Chris Eves
Finance Director
IOM



Paul Wainscott
Finance Director



Peter Hosker
Legal Director



Peter Nears
Executive Director
Strategic Planning



John Peter Whittaker
Group Corporate
Development



Mark Whitworth
Chief Executive
Peel Ports



David Glover
Land & Property
Operations Director



James Whittaker
Land & Property
Development Director



Mark Whittaker
Land & Property
Property Director



Louise Morrissey
Land & Property
Planning Director



Stephen Wild
Land & Property
MD, MediaCityUK

INVESTMENTS ENCOMPASSING:



70,000 ACRES
OF LAND AND WATER



40M SQ FT
WORKSPACE



50M SQ FT
FUTURE DEVELOPMENT





Neil Lees
Deputy Chairman
The Peel Group

WE CREATE THE FUTURE FROM OUR PROUD PAST TO POSITIVELY IMPACT PEOPLE'S LIVES

Our long standing vision is founded on the conversion of natural assets into sustainable

businesses or environments. We strive to grow and turn these natural assets into businesses, investments or property, through ports, airports, energy, retail, leisure, hotels, venues or residential developments for family homes or apartment living.

Our aim is to create places where businesses and people can flourish, thereby making a lasting contribution to the economic and social wellbeing of the UK.

Since 1971, when the foundations of Peel today were established by John Whittaker, we've built a strong and unique reputation for delivery of a multiplicity of places or investments across the UK from Kent to Scotland.

We recognise our role as the custodian of key infrastructure with a history that dates back over 300 years from the world's first commercial wet dock in Liverpool through to transformational commercial destinations such as MediaCityUK. As the custodian of many historic assets, the Group is also recording their valuable history, protecting heritage, as well as delivering new strategic developments that provide homes or employment for the current and future generations.



STRATEGIC APPROACH

Today, The Peel Group is an investor, land owner, developer, manager and operator of a range of businesses and investments held either directly or indirectly through shares in private and public companies.

As owner and manager, our investments generate activity that provides insight into the behaviour of businesses and consumers encompassing:

**TRADE FLOWS
COMMODITY DEMAND
RETAIL AND LEISURE SPEND
DISTRIBUTION AND
POINT-OF-SALE CHANNELS
LEISURE AND BUSINESS TRAVEL
ENERGY MIX**

GROUP PERFORMANCE

It's pleasing to report that in the last year, the Group has seen its investments in Land and Property and Ports grow by 10%, albeit this has been partially offset by the reduction in the value of our listed investments post the EU referendum.

INVESTING £850M

Overall, these investments extend to over 70,000 acres of land and water, 40 million sq ft of commercial space and 50 million sq ft of future development. In the last year, we have seen the underlying businesses within the portfolio invest or facilitate an investment of circa £850 million. This pioneering investment, often in a development space that does not attract traditional investors, drives growth in economic activity, employment and homes.

Peel's strategic objective is always to prioritise opportunities with prospects for superior long-term growth. In doing so we utilise expertise derived from intimate knowledge and understanding from a diverse portfolio to inform the choice of investments.

Accordingly, in selecting investments or developments, Peel responds to changing conditions in the political, regulatory, market or technological spectrum that create industries or economic cycles. At present, we see opportunities in the transport infrastructure, industrial and logistics sectors, housing supply and utilities deregulation, as well as the generation and efficient distribution of energy.

Together, the Group's investments and its partners both public and private contribute to the wellbeing of the UK economy. Metrics measured over the last 10 years illustrating the positive impact on people's lives include:



£5.4BN

CAPITAL
INVESTMENT



10.5M SQ FT

EMPLOYMENT
FLOORSPACE



133,000

PERMANENT JOBS
(66,000 IN NORTHERN
POWERHOUSE)



GVA £27BN

OVER 10 YEARS

Our investments are not only key economic engines or contributors, they also have significant beneficial social impacts from their activities. CSR strategies underpin the Group and its investments; some illustrations are on pages 18 to 21.



PARTNERSHIPS: ACCELERATING AMBITION

Our investments and businesses are capital intensive. To deliver ambitious expansion or development, our success has been enhanced by working in

partnership with the private, public and third sectors illustrated by several notable relationships.

CORPORATE

PUBLIC & THIRD SECTOR

STRATEGIC PLANNING CHAMPIONING GROWTH ACROSS THE UK

Our aim is to work in partnership to support the economic and spatial planning policies, which promote sustainable growth across the country, particularly in the North of England. Ensuring the assets of the Group contribute as much as possible to the strength of UK Plc will be particularly important as we enter new trading relationships after the nation's exit from the European Union. Our long term approach, taking a strategic view to the development of and reinvestment in our projects, is paramount. It has been this strategy which we have followed for the last four decades that continues to guide us as we look forward. We strongly believe that a more balanced economy is critical to the UK's global success. It is essential that investment in new infrastructure and transport in the North allows all communities to flourish and contribute to the nation's international performance.

Currently, we work with many different organisations and groups to ensure we support shared strategies for driving economic growth. This includes national and local government across the country. We have co-operated with Government Departments, including BEIS, DIT, DCLG and the HCA in the formulation of the Industrial Strategy and Northern Powerhouse initiative to support the UK's global ambitions. Tireless work by national partners in the CBI, BPF, HBF and Business North is supported across the Group. Our work in the regions in co-operation with Local Enterprise Partnerships, Chambers of Commerce and Local Government, helps support regeneration

objectives and provides the attractive places international investors seek. We also engage actively with the voluntary, charitable and education sectors, including our universities. Our 'acorn to oak tree' investments over many decades prove the value of working with strategic partners.

Peel champions and promotes bold visions; visions that have required determination, perseverance and patience to deliver: The Trafford Centre, MediaCityUK and Liverpool2 are examples of transformational schemes that have provided the catalyst for investment by other partners. Funding the first steps in creating new destinations helps to secure a platform where multiple stakeholders can invest their capital, resources and energy into a shared strategy. These major developments within the regions, including the North of the UK and nationally have contributed materially to the economic prosperity of the country.



Ocean Gateway

oceangateway.co.uk

Peel launched the Ocean Gateway initiative in 2008 to act as a cross boundary catalyst for investment.

northernpowerhouse.co.uk

Peel is a supporter of the Industrial Strategy and The Northern Powerhouse

atlanticgateway.co.uk

Peel is a founding member of the Atlantic Gateway.

businessnorth.org

Peel is a founding partner of Business North, a leaders' network representing the voice of business in the north of England on issues of economic growth.

PIONEERING DELIVERY

To unlock future potential and introduce inward investment through Peel's investee companies is only achievable working in partnership with Government and across the public and private

sectors. Together over the next 20 years, there is opportunity to drive capital investment, create permanent jobs, build new workspace and homes, and improve productivity.

£53BN

CAPITAL INVESTMENT

363,000

PERMANENT JOBS

86M SQ FT

WORKSPACE

115,000

HOMES

GVA £140BN

OVER 10 YEARS

A LONG-TERM CHAMPION FOR REBALANCING THE UK ECONOMY

Illustrated by our ideas around economic catalysts, placemaking, transport and energy resources.

ECONOMIC CATALYSTS

Sheffield City Region's advanced manufacturing innovation district (AMID) is anchored by Doncaster Sheffield Airport (DSA) in an innovation corridor. DSA also has the potential to relieve aviation congestion in the South East via the East Coast Main Line.



DSA and Aero Centre Yorkshire

PLACEMAKING

The parklands concept creates new homes in sustainable urban fringe extensions, protecting valuable areas and releasing lower quality land to meet housing demand.



Mossland Park, Greater Manchester

TRANSPORT AND LOGISTICS

Encouraging productivity, growth and international trade via enhanced port, road and rail infrastructure at the Port of Liverpool and Port Salford.



Liverpool2

ENERGY AND RESOURCES

Supporting sustainable, low carbon and affordable energy supplies with unconventional gas, new industry and supply chain opportunities.



Protos, Cheshire

CSR AND SUSTAINABILITY



At The Peel Group we are committed to deliver benefits to communities and the environment in everything we do. We believe in being socially responsible and have been investing in the communities in which we work in for more than 40 years. Our philosophy is based around our three pillars of sustainability, illustrated below.

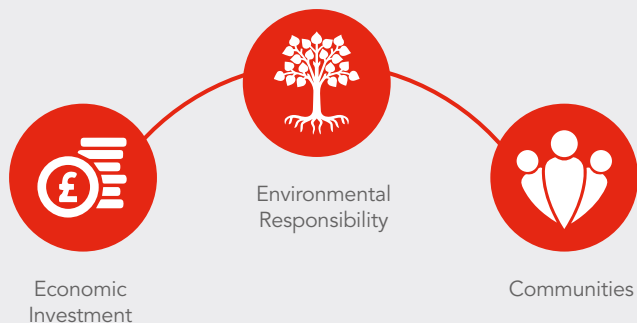
We encourage sustainability in all of our investee companies and are pleased to see them all prioritising CSR and giving back to the communities in which they operate. Some examples of the projects



that our investee companies have been working on this year are shown in the following case studies.

The Peel Group and its investee companies also take part in fundraising opportunities to contribute to their nominated charities. During the year, The Peel Group donated to the Manchester Emergency Fund via the British Red Cross to support those affected by the 2017 Manchester Arena attack as well as making a corporate donation to The Christie.

The three pillars of sustainability



CASE STUDIES FROM OUR INVESTMENTS

PEEL PORTS



INSPIRING YOUNG PEOPLE IN MERSEYSIDE

Peel Ports' Liverpool staff will be helping young people to understand how logistics and the global supply chain work through an innovative new board game called Business on the Move.

The game was successfully piloted at The Everton Free School with year 12 students facilitated by a team of rising stars in the business. It is hoped that visits like this will inspire young people to consider a career in the industry and also learn about the transformative investments Peel Ports Group are making in the region.

The game challenges young pupils to find the most efficient way to transport cargo to customers in the North West from China using a combination of air, sea, road and rail. Each round, students are tasked with delivering a real product to local companies such as B&M Retail and Jaguar Land Rover to illustrate the kinds of decisions those working in the supply chain have to make daily.

Crucial transit points such as the new Liverpool2 and Liverpool John Lennon Airport feature in the game and feedback has been positive. Peel Ports hope to engage 200 schools in the coming year, rolling out a newly created Liverpool centric version as part of the Cargo 200 initiative.



INTU PROPERTIES



FOOD WASTE REDUCTION

With more people visiting intu centres every Saturday than go to Premier League matches, what intu does with food waste is high on its priority list. intu has a number of food waste projects including dewatering machines at intu Metrocentre and intu Potteries, which separate water from food waste to reduce the amount of food sent to anaerobic digestion. intu is also piloting a BidWhale system, which collects waste for recycling into renewable energy in the form of biogas and organic fertiliser.



PACKAGING

The other major area of waste intu looks at is packaging. At intu Uxbridge, a new pilot is diverting more general waste to an offsite facility to better utilise their onsite resources, and at intu Metrocentre an onsite materials recycling facility for plastics and cardboard has opened that gives intu a higher value rebate and reduces the amount going to general waste, the most expensive type to dispose of.



ALTERNATIVE ENERGY

Solar panels installed at intu Chapelfield are expected to meet 10% of the centre's annual energy needs. The panels will pay for themselves in nine years, giving intu up to 21 years of cost-free and carbon-free energy.

PEEL LAND AND PROPERTY GROUP

ISO 50001

Peel Land and Property is proud to be the first major property company to achieve the energy management standard ISO 50001 which was awarded in 2015. It promotes sustainability across its diverse range of assets.



Peel Land and Property supports the charity Once Upon a Smile which does amazing work for bereaved families in the North West and further afield. Based in Trafford Park, this charity provides financial support, respite and continued emotional support for many families who find themselves in devastating circumstances with the loss of a parent or child.

Specifically, funds contributed have helped the charity fund a respite residential weekend for bereaved children which provides teenagers with a well-deserved break away from the sadness and pain, a time to 'be a child' and to build positive relationships with other grieving children and share their thoughts and feelings.

SUSTAINABLE STAFF CONFERENCE 2017

For their third annual staff conference, Peel Land and Property worked closely with EventCity to increase the sustainability of the event. The Green Team liaised with the Head of Catering at EventCity, who sourced 100% compostable cups and lids from Vegware. The cups and lids look the same but use low carbon plant-based materials to replace the plastic components and can be composted along with food waste.



The Green Business scheme is run by Groundwork, a local environmental charity based in Trafford Park, who will help Peel Land and Property demonstrate its commitment to green business objectives. Membership gives access to their Green Business Awards scheme, which Peel Land and Property intends to enter in the future.



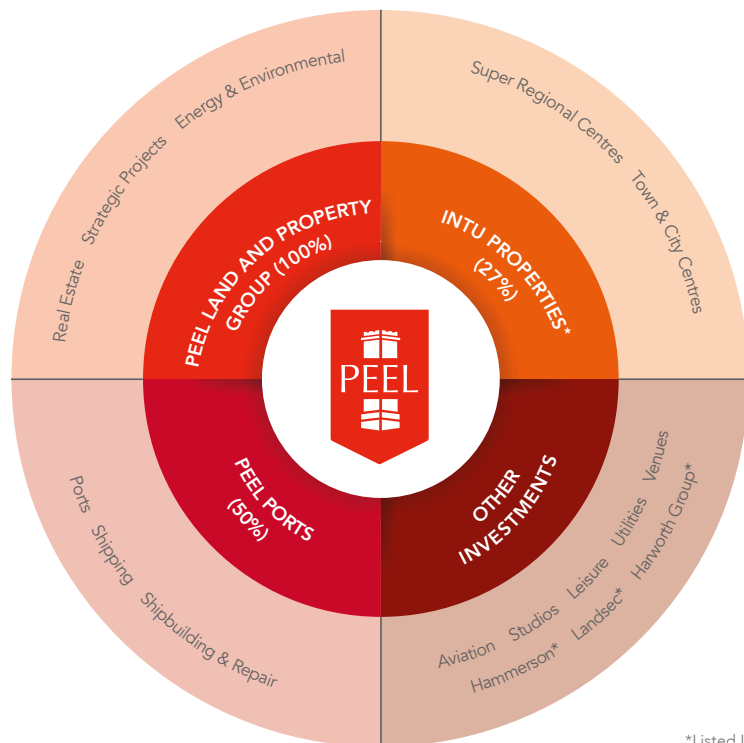


Steven Underwood
Chief Executive
The Peel Group

OUR PORTFOLIO

Our aim is clearly set out by our shareholders: to deliver sustainable growth, achieved by recycling capital to reinvest over the long-term. By taking

minimal dividend and continually reinvesting in new projects alongside strategic acquisitions, our approach is to grow the value of our investments over many decades and continue their contribution to the communities in which they operate. We invest directly or indirectly through our portfolio of investee companies as shown below.



*Listed Investments

KEY INVESTMENT THEMES

Our investments span a wide range of sectors. They are linked by a number of key themes and are in businesses that have a key role to play in the fabric of our economy and society.



TRANSPORT AND LOGISTICS



Connecting the UK for international trade, ports are essential to the wellbeing of the UK economy.

As an island nation, over 90% of imports and exports travel through the UK's ports.

In the last year, we continued to invest in port infrastructure, particularly in Liverpool which saw the launch of Liverpool2 by the Secretary of State for International Trade. Peel Ports' new deep water container terminal has the capability to take the largest container vessels in the world and significantly increases the container throughput capacity of the Port of Liverpool. Liverpool is closer to circa 60% of the UK population than the traditional southern container ports which currently handle 90% of the UK's containers. We believe that Liverpool2 offers a compelling proposition of reducing costs, carbon and congestion through its location and capability and it is supported by over 200 leading businesses in the North. Peel Ports has also now committed to phase 2, bringing further capacity increases.

Major capital investments also took place in Heysham and Great Yarmouth. With the new link road connecting Heysham Port to the M6, investment is being delivered to meet growing demand.



While in Great Yarmouth, investment is linked to the energy sectors including some high profile offshore wind projects.

At the Port of Sheerness, its 20 year masterplan was approved, giving the port a platform for growth. Elsewhere, the decline in coal fired energy production has seen the Ports team reposition its Hunterston Port as Hunterston PARC, a multi-modal centre for exporting, importing, processing and distributing resources that support economic growth in Scotland. With its deep water port and excellent rail and road connections, Hunterston PARC is a unique site, with in excess of 300 acres of development land.



Forecasts for air travel in the UK, even after including some adjustment for the UK leaving the EU, still show substantial annualised air passenger growth to 2030 and beyond.

Our principal aviation investments in Liverpool John Lennon Airport and

Doncaster Sheffield Airport have both seen exceptional growth in passengers, with over 6 million passengers now handled, a growth of 12% year on year. Investment in Liverpool John Lennon Airport, alongside our partner, Liverpool City Council, with a £15 million programme in improving passenger facilities is reflected in all time high passenger satisfaction levels. We are seeing strong support for our airports from passengers once they experience the easy surface access connectivity, efficient passenger handling and quality retail, food and beverage offers. Our strategic aim is to see more passengers and airlines recognise the quality, hassle-free travel options available from our 'best in class' airports in Liverpool and Doncaster Sheffield.



LIVERPOOL JOHN LENNON AIRPORT TARGETS INCREASE IN PASSENGER NUMBERS TO 7.8M PASSENGERS PER ANNUM BY 2030



DONCASTER SHEFFIELD AIRPORT NAMED BEST SMALL AIRPORT IN THE UK BY CONSUMER GROUP 'WHICH' 2017



RETAIL AND LEISURE

During the year, we have increased our investment in super prime shopping and leisure destinations by raising our holding in intu Properties, and more recently acquiring a strategic stake in Hammerson.

intu Properties continues to expand, recycling capital into prime retail and entertainment destinations with the acquisition of Xanadu in Madrid and the remaining 50% of Merry Hill in Birmingham. intu and Hammerson own and operate enviable portfolios of the best prime shopping and entertainment destinations in key out of town locations and in core city centres. Across retail, we see the continuing integration of online and offline. Shopping destinations and physical stores are merging the online shopping experience with experiential offers only available in physical stores. This adds to the recreational, social and destination experiences for friends and family, making the centres much more than just shopping.



10 OF THE TOP 25 SHOPPING CENTRES IN THE UK ARE OWNED BY INTU

In our direct property investment business, Peel Land and Property Group, we also continue to see further investment in retail and leisure, be it in convenience-led retail parks or lifestyle outlet malls. These provide opportunities for convenience and premium brands to reach their customers with a different offer in attractive destinations. A programme of upgrading our retail parks is enhancing returns for Peel and our retail partners whilst we continue to see exceptional growth in our Lifestyle Outlets in Gloucester and Manchester.



LAND AND PROPERTY

We continue to expand our investments across the whole spectrum of land and property, and in the year there has been a strong focus on logistics, housing supply and placemaking.

By supporting solutions for rapidly changing distribution channels, we can help retailers and manufacturers adapt to the challenges of online retail. Our increased investment in Peel Logistics Property recognises the changing mix of retail and distribution space.

Peel Logistics Property is a joint venture with Macquarie Group and an experienced management team led by the former Evander Properties executive directors.

Collectively our Peel Logistics Property team has in the past developed 6.1 million sq ft of logistics space and is currently fundraising to provide capital that will help to deliver a portfolio gross development value of £2 billion over the next ten years.

A shortage of housing supply alongside strong and growing demand has been fuelling the housing crisis across the UK for many years.

Overall the Peel Land and Property portfolio is capable of delivering in excess of 100,000 homes and has made significant progress with circa 6,000 homes consented in the last year. In its 2017 Housing White Paper, the Government committed to 'breaking down barriers' and 'taking the big, difficult decisions' to build more of the right homes in the right places, build faster and diversify the market. Peel is playing an important role in bringing forward a large and diverse portfolio of housing for sale and rent, including high density 'Strategic Waters' regeneration schemes and sustainable urban parkland developments.



MEDIACITYUK HAS BEEN TRANSFORMED INTO THE HEART OF THE REGION'S CREATIVE AND DIGITAL COMMUNITY WITH MORE THAN

250 SMES CALLING IT HOME



A strong emphasis is given to placemaking by Government from the initial concept to delivery, illustrated by our Strategic Waters regeneration projects in Manchester, Trafford, Liverpool, Wirral, Glasgow and Chatham but also to sustainable urban extensions to major towns and cities.

With demographics, lack of housing supply and lifestyle choices all creating the need for more rented homes, investors are becoming increasingly willing to get involved with build to rent homes. It's pleasing that demand for high density homes designed and built specifically for renting with good onsite amenities is strongly aligned with our Strategic Waters regeneration schemes.

An innovative 'parkland' concept has been applied to our urban extension projects, whereby new development can be paired with strategic landholdings to secure capital investment in the creation, and the ongoing maintenance, of large scale biodiverse and recreational

green spaces – such as country estates, waterways and linear parks. Social sustainability is achieved by providing quality homes for all, including affordable homes to rent and buy, investing in new social infrastructure such as schools and local community facilities and creating environments for healthy living.

Local experience around the country provides an insight to the causes of the housing crisis. In some areas, the need to plan positively for the right housing in the right places is being recognised, difficult decisions are being made and innovative approaches taken. In many others the symptoms and causes of the housing crisis identified by the White Paper can be seen first-hand. A key issue for the Peel Land and Property Group and our investee company Harworth Group over the coming year will be the extent to which the Government will act to hold local and devolved authorities to account over the scale and timeliness of housing plans.



Glasgow Harbour



ENERGY, UTILITIES AND INFRASTRUCTURE

We also see opportunities in the utilities market with the Government's drive to create competition for the benefit of commercial and residential customers.

In this context, we have formed a JV with Ancala Partners to develop a multi-utility infrastructure platform named Leep Utilities. Leep is already an Independent Distribution Network Operator (IDNO), one of only seven IDNOs in the country and operates an Ofwat regulated Inset Appointment at MediaCityUK. These licenses allow Leep to own and operate regulated utility networks and therefore target all new residential and commercial developments across the UK (including both Peel's development pipeline and 3rd party schemes).

Elsewhere in energy, our teams have secured and developed over 200MW of wind farm capacity, having successfully completed circa 60MW in Cheshire and Kent in the last year.

However, the Government's changing strategy towards renewable projects is driving Peel's teams to explore standalone decentralised energy generation opportunities.

We are also creating energy focused development schemes, for example at Protos in Cheshire, a flagship £700 million energy-led destination, launched in the last year by the Northern Powerhouse Minister.

PEEL PORTS





PEEL PORTS MORE THAN PORTS

The Peel Group owns 50.1% of the Peel Ports Group with the remaining 49.9% being held by funds managed by Deutsche Asset & Wealth Management. Peel Ports owns or operates eight ports across the UK and Ireland.

Peel Ports also invests in ship building, ship repair and heavy fabrication through Cammell Laird and A&P Group as well as being the owner and operator of BG Freight, a £100 million turnover Short Sea Services provider.



Peel Ports provides port-centric logistics solutions. Working with importers and exporters, shipping lines and logistics service providers, rail operators and hauliers and businesses in numerous industrial sectors from all around the world, to improve the efficiency and the environmental impact of supply chains. With ports in the north, south, east

and west of the UK, Peel Ports invests in its people, assets and technology to ensure that it brings sector-leading innovation, operational discipline and service flexibility in a safe environment. Peel Ports pioneers new services, supports emerging markets and builds better facilities for its customers and communities.



PEEL PORTS' PURPOSE

Peel Ports' purpose is to provide "Port Centric Logistics Solutions" delivered by a series of initiatives that build momentum with existing customers and extend and transform the capability of current assets to attract new customers.

CORE STRATEGIES

Supporting the purpose are the core strategies that will serve to drive the way Peel Ports develops and manages its Group activities. These are as follows;

- Take advantage of central commercial relationships, exploiting scale
- Continue to build an organisational and operating model that provides opportunities to benefit from investments in scale
- Integrate shipping to advantage the ports. Use BG Freight Line to drive profit and to boost all ports in their development and competitive plans



65M

TONNES OF
GOODS
SHIPPED



45%

OF UK TRADE WITH
NORTH AMERICA
HANDLED BY PORT
OF LIVERPOOL



1100

NUMBER
OF PEOPLE
EMPLOYED



1 MILLION

TOTAL CONTAINERS (TEUs)
HANDLED ANNUALLY ACROSS
THE PEEL PORTS NETWORK



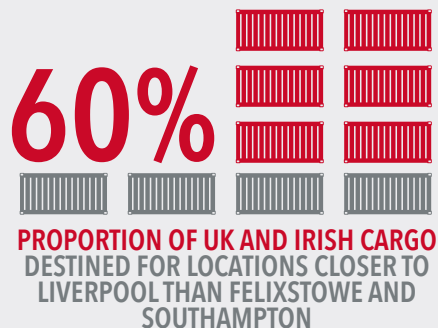
PORT OF LIVERPOOL OPENS LIVERPOOL2 AND NEW BIOMASS TERMINAL

This year has been an exciting one for Peel Ports and the Port of Liverpool. In November 2016, Peel Ports opened its £400 million investment in one of the world's most modern deep water container terminals, Liverpool2. The facility provides a state of the art ocean gateway for UK importers and exporters with road, rail and canal connections linking directly to the heart of the UK mainland, easily accessing a catchment of over 35 million people, around 60% of the UK's population.

The new deep water facility complements the existing Royal Seaforth Container Terminal. The Port of Liverpool has the capability to handle around 1 million TEUs per annum. The Port is already the nation's biggest transatlantic port (45% market share) and the only major container port in the north or west of the UK.

Liverpool2, one of the UK's largest private sector infrastructure projects, was developed in response to changing trading patterns and shipping industry trends towards the use of 'mega' ocean-going container ships. Liverpool2 will now be able to handle the largest vessels in the global fleet.

LIVERPOOL2



Also in the last year, a new biomass terminal at Port of Liverpool opened. Since 2009, Drax Power Station had begun a process of upgrading its coal-fired boilers to run on sustainable biomass, sourced from huge, well-established working forests. More than this, it has plans to set up its own pellet manufacturing plants in the US South and needed to import large quantities of wood pellets. Drax was looking for a logistics partner to aid the importing of compressed wood pellets. The synergy with Peel Ports and Liverpool was obvious. This started a £100 million investment that helped transform the port infrastructure.

The central element of the partnership between Drax and Peel Ports was a significant redesign of the technical infrastructure and the construction of a state of the art biomass terminal. Not only do compressed wood pellets have different physical properties to other fuels like coal, they are more combustible and need to be handled safely. In the history of the Port of Liverpool, the new facility is another chapter, one that is helping transform the logistics infrastructure and the economic growth of the North West.

DRAX BIOMASS



£100M
INVESTMENT



DIRECT EMPLOYEES



500
CONTRACTORS
WORKED ON THE
PROJECT



3M
TONNE CAPACITY
PER ANNUM





INTU OWNS 10 OF THE TOP 25 SHOPPING CENTRES IN THE UK AND HAS A GROWING PRESENCE IN SPAIN WITH 3 TOP 10 SPANISH CENTRES



+3.6%

LIKE FOR LIKE NET RENTAL INCOME GROWTH IN 2016



£526M

CAPITAL INVESTMENT AND ACQUISITIONS



22M SQ FT

OF RETAIL, LEISURE AND CATERING SPACE



OVER 400M

CUSTOMER VISITS A YEAR



3.4%

TOTAL FINANCIAL RETURN IN 2016



70

NET PROMOTER SCORE FOR CUSTOMER SERVICE



50%

OF THE UK POPULATION VISIT AN INTU CENTRE EACH YEAR



INTU PROPERTIES

In its financial year to December 2016, intu saw strong performance and has made considerable progress with its strategic priorities highlighted below. A 3.6% growth in like for like net rental income helped to deliver a 3.4% total financial return. This net rental growth is attributed to increased rental levels, improved occupancy and also as a result of recent redevelopment work.

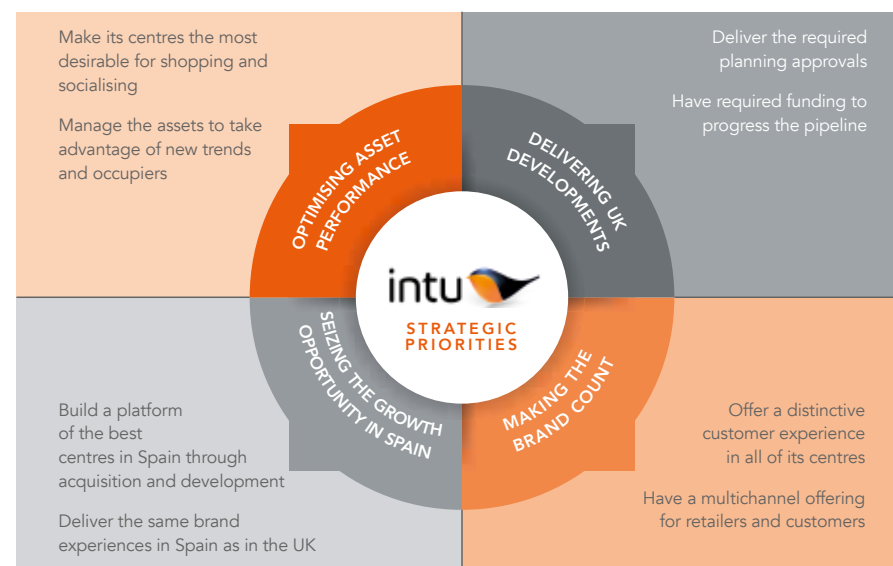
intu has continued the process of recycling capital into its super prime regional centres. This is demonstrated by the disposal of intu Bromley during 2016 and the acquisition of the remaining 50% of intu Merry Hill.

In the UK the intu Watford development is now well underway and 2016 saw the opening of restaurant redevelopments at both Eldon Square and intu Metrocentre, increasing customer dwell time at both centres. In Spain, the performance of the existing centres is strong and exciting development plans at three future locations mean that the outlook is positive.

intu's online shopping platform has seen strong growth this year in both revenue and website traffic with 28 million website visits. This demonstrates that the growth of online shopping enhances the customers' physical shopping experience.

BUSINESS MODEL AND STRATEGY

intu's business model has a single purpose – to create shopping centres that are loved by customers and where retailers flourish, which builds a long-term business that delivers value for intu's shareholders and stakeholders. intu focuses on its strategic priorities to create a competitive advantage and deliver long-term value.





Corporate activity in the year saw intu actively recycling its portfolio. In addition to the acquisition of the remaining 50% of intu Merry Hill in

March this year, intu acquired Xanadu in Madrid subsequently entering into a 50/50 joint venture with TH Real Estate.

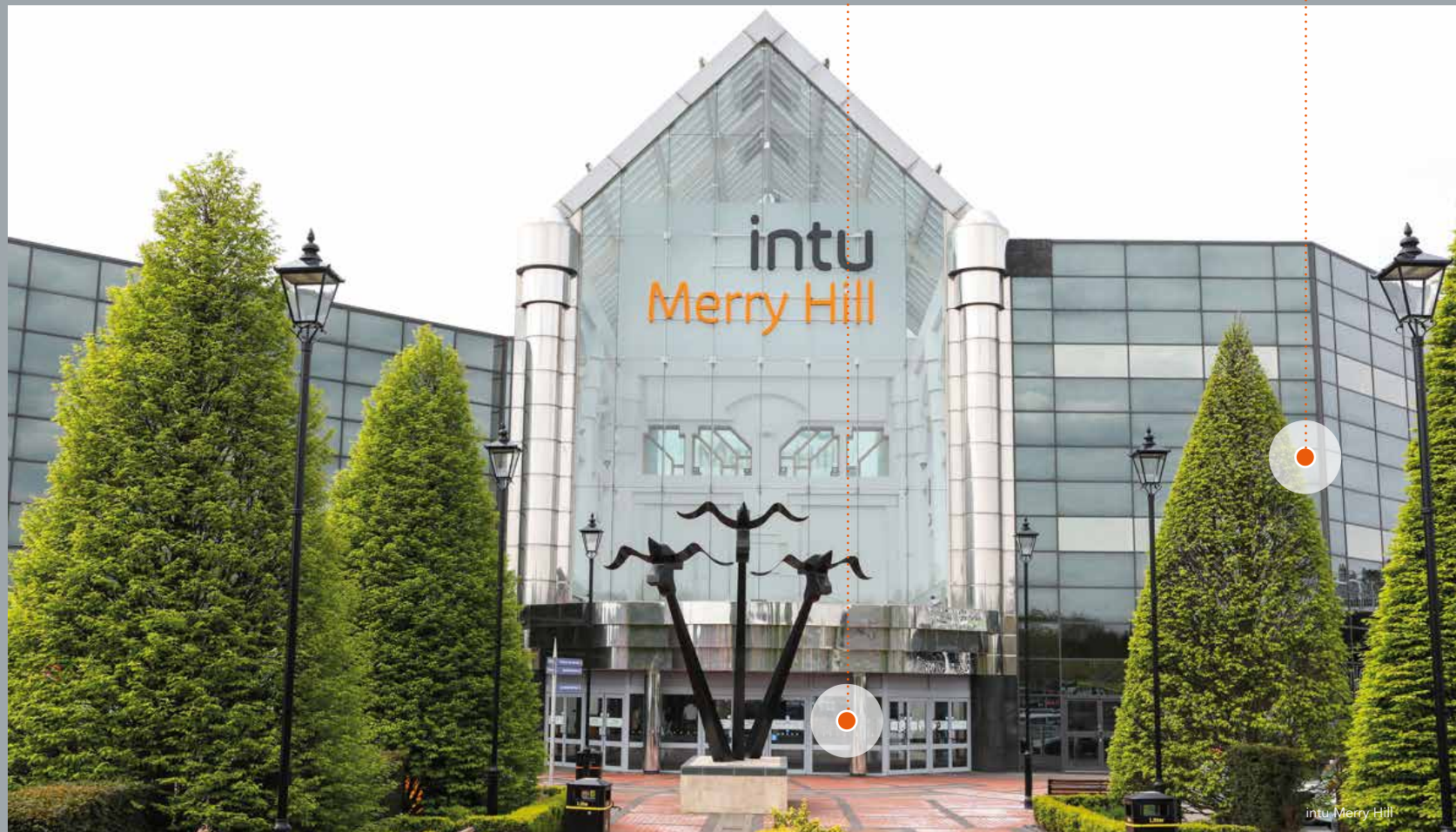
CASE STUDY: ACQUISITION OF MERRY HILL

In June 2016, intu acquired the remaining 50% interest in the West Midlands super regional shopping centre, intu Merry Hill, almost two years after the original 50% acquisition in 2014. The asset comprises not only the main shopping centre, which has an annual footfall of 22 million, but also a number of other assets including retail parks, offices, leisure and development land covering 229 acres.

intu has plans to invest £110 million to embed intu Merry Hill's position as a super prime UK shopping centre. The key to this is increasing the leisure and catering available at the centre through an extension as well as remapping the retail anchors. This has already commenced with River Island, JD Sports and Topshop upsizing and more similar moves are to follow.

22 MILLION
annual footfall

229 ACRES
of development land
including retail parks,
offices and leisure



PEEL LAND AND PROPERTY GROUP



Liverpool Waters CGI

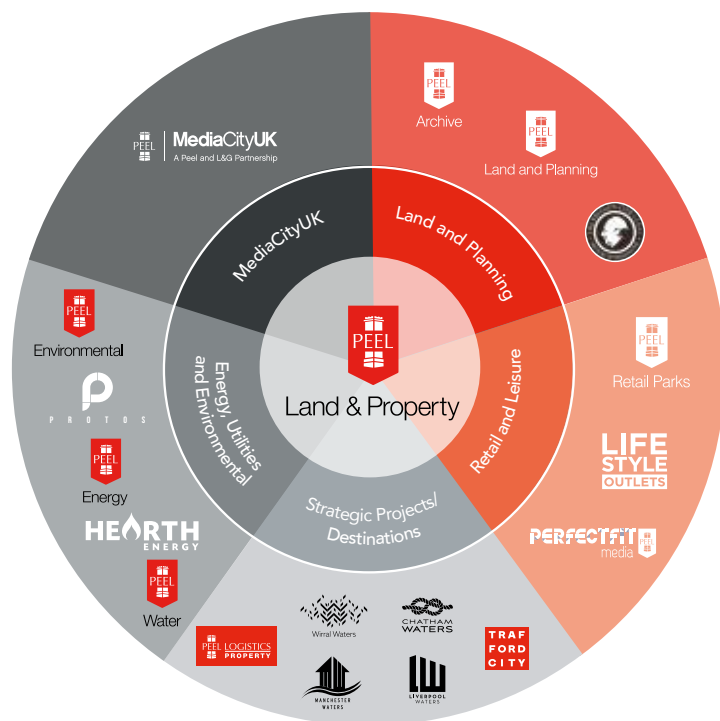


PEEL LAND AND PROPERTY GROUP THE DIRECT PROPERTY ARM OF THE PEEL GROUP

Peel Land and Property combines specialist planning, development and investment management teams with a proven track record in delivering high quality sustainable projects, from single site residential schemes to transformational mixed-used developments. Peel Land and Property operates across a diverse range of markets – from workspace, residential, development land, industrial and distribution, retail, leisure, energy and environmental technologies.

These interests encompass in excess of 30,000 acres of land and 13 million sq ft of property.

In the last year, there has been an unprecedented level of activity in planning, development and asset management. Outline and detailed planning has been secured for 6,000 family homes and apartments and 2 million sq ft of workspace, as well as progressing high profile planning for the Royal Horticultural Society's fifth garden in Salford and also an international golf venue in Bolton. In the coming year, development projects start on site at Chatham, Ellesmere Port, Gloucester, Glasgow, Liverpool, Manchester, MediaCityUK, Salford and Trafford.

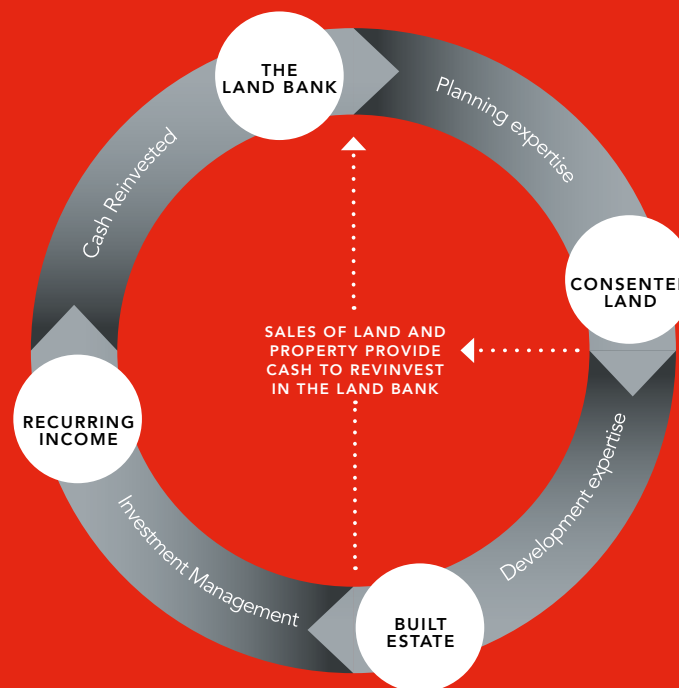


VISION, VALUES AND STRATEGY

Peel Land and Property aims to create sustainable destinations, change landscapes and enhance lives.

This vision is delivered proactively through a constant cycle of reinvestment and regeneration. Investment is made to secure planning consent on the land bank. When planning consent is secured further investment is made to create properties and destinations. The

income returns and cash flows generated from this built portfolio then fund further investment in the land bank and the cycle repeats itself. The pipeline of projects is long-term which is illustrated by some of Peel Land and Property's high profile consented schemes, Liverpool Waters, Wirral Waters, Chatham Waters and MediaCityUK, four of the largest regeneration projects in the country.



10 RETAIL PARKS



3 OUTLET CENTRES



7 STRATEGIC WATERS SITES



30,000+ ACRES OF LAND



Straiton Retail Park, Edinburgh

SECURING PLANNING TO TRANSFORM LANDSCAPES

Planning is at the heart of Peel Land and Property. Transforming land with planning permission into sustainable

environments and businesses requires strong partnerships with local government and investors. The Land and Property teams are well versed in working in partnership, thereby unlocking homes, workspace, recreational space and jobs.

The long-term potential of the Land and Property portfolio is capable of delivering:



30,000
ACRES



105,000
HOMES



450 MW
ENERGY



50M SQ FT
WORKSPACE

TRAFFORD WATERS

Trafford Waters is the residential and commercial quarter of TraffordCity, the UK's foremost shopping and entertainment destination. In the last year, outline planning approval for Trafford Waters was secured. This will bring a new, sustainable community featuring 3,000 new homes, 1 million sq ft of commercial space and amenities to support local residents and commercial workspace over a 20 year period.



CASE STUDY: 10 YEARS OF MEDIACITYUK

The former wasteland that once comprised Manchester's docks, has been transformed into the heart of the region's creative, digital and tech community with more than 250 businesses now calling it home.

A shared vision and Peel's commitment to invest more than £650 million in phase 1 ensured the delivery of a truly transformational media community, with huge potential for future growth.

MediaCityUK is a joint venture between Peel Land and Property Group and Legal & General Capital. Ambitious plans to double the size of the development by 2030 were approved last September. This will deliver a further £1 billion of private investment into the North West economy.

TOMORROW



Completed and launched in September 2016

Co-working space – flexible working to allow businesses to grow

Positioned at the gateway of MediaCityUK, totalling 100,000 sq ft, Tomorrow has created an additional 50,000 sq ft of co-working and office space with a 112-bed Premier Inn Hotel on its top floors. The new building has attracted a huge amount of interest, achieving 60% occupancy in less than a year since its opening, with key occupiers including Carbon Creative and Extravision.



Aerial image of docks in 1963



How the site looked before construction began

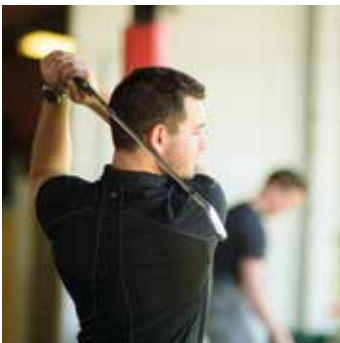


MediaCityUK as it looks today



MediaCityUK Phase 2

OTHER INVESTMENTS



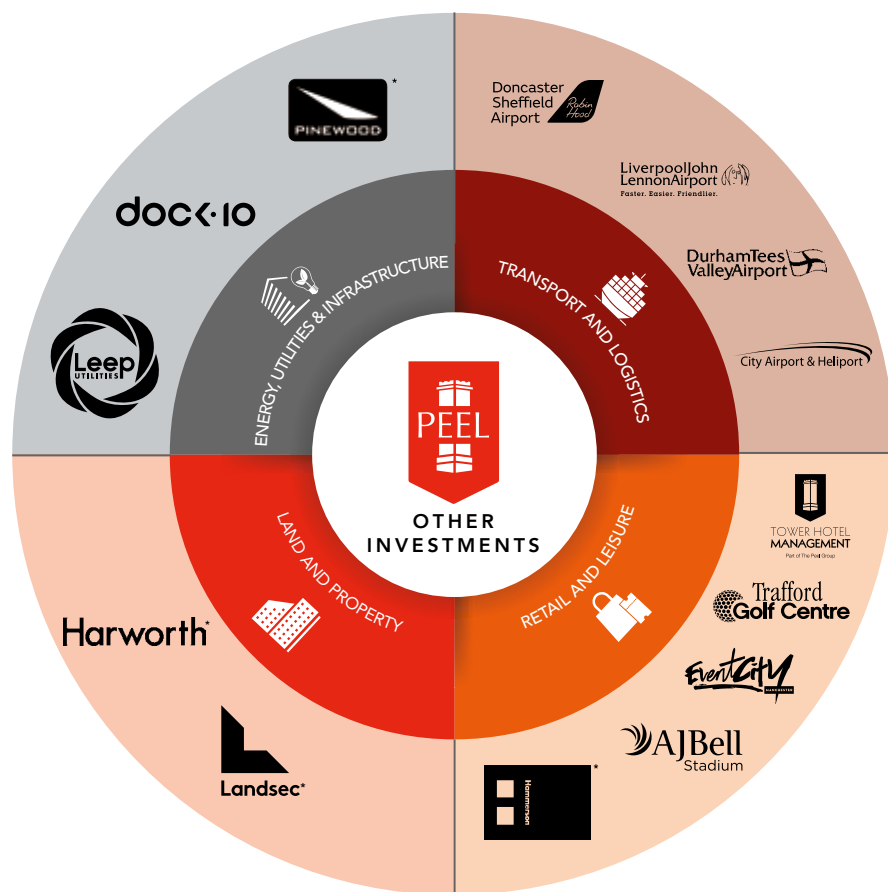
Harworth Group - Logistics North



AN OPPORTUNITY FOR GROWTH

We hold investments in both unlisted and listed companies where we see synergies with our existing portfolio and an opportunity for growth. Alongside this, we also invest in businesses, the success of which are fundamental to the destinations which we create.

During the year we have disposed of our shareholding in Pinewood, and have increased our shareholdings in both intu Properties and Hammerson. Additionally we participated in an expansionary fundraising at Harworth Group. We also formed a new joint venture with Ancala Partners, Leep Utilities.



*Listed Investments



TRANSPORT AND LOGISTICS

 **6M**
PASSENGERS IN YEAR
TO MARCH 2017

 **44%**
ANNUAL GROWTH
IN PASSENGERS AT
DSA, THE FASTEST
GROWING AIRPORT
IN THE UK

 **OVER 70**
DESTINATIONS

Peel's aviation investments include three passenger airports across the North of England and a General Aviation and Heliport at City Airport, Manchester. Our international passenger airports comprise Liverpool John Lennon Airport, Doncaster Sheffield Airport and Durham Tees Valley Airport. These airports handle more than 6 million passengers annually, to over 70 destinations and have benefited from year-on-year passenger growth from significant investment in improved passenger facilities.

Both Liverpool John Lennon Airport and Doncaster Sheffield Airport provide 'best in class' environments, services and accessibility to passengers, creating a hassle-free journey to and through the airports. This emphasis on customer experience has been rewarded with significant growth during 2016, with

Doncaster Sheffield Airport confirming a record year with 1.25 million passengers and the highest tonnage handled by its cargo operation since it began.

We saw the opening of phase 1 of the Great Yorkshire Way link road from the M18 improving the access to the airport, expanding its catchment area to 6.2 million within an hour's drive. Liverpool John Lennon Airport has also seen continued strong progress with 2016 being the airport's busiest year since 2011, with over 4.8 million passengers. Due to the continued growth 22 new scheduled services have been announced to 21 new destinations. Liverpool John Lennon Airport continues to be one of the best airports in the UK for 'on-time performance', with more scheduled flights departing on time than any other airport in the North of England.

LIVERPOOL JOHN LENNON AIRPORT, RATED FIRST FOR:



ACCESS

Parking facilities and value for money parking



CHECK IN

Waiting time



SECURITY

Waiting time, efficiency, courtesy of security staff and thoroughness of inspection



WAYFINDING

Wayfinding and flight information screens



ARRIVALS SERVICES

Baggage delivery

ASQ RANKINGS - 1ST IN Q1 2017 IN THEIR BENCHMARK GROUP OF 18 AIRPORTS.

Source: Airport Council International. Airport Survey Quality (ASQ) Quarter 1 Survey 2017



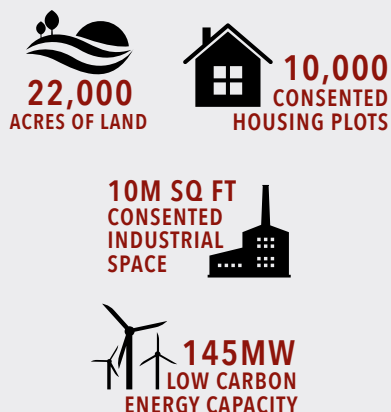
LAND AND PROPERTY

HARWORTH GROUP

Harworth continued to make excellent progress across its capital growth and income generation divisions. That success, coupled with a number of strategic acquisitions, saw it increase net assets by 13%.

Harworth has had incredible success at Logistics North, one of the largest commercial developments of its type in the North of England. Envisaged as a hub for both manufacturing and logistics operations, the scheme will deliver over 4 million sq ft of bespoke distribution and industrial buildings in a range of sizes. Harworth Group transformed a former opencast surface mine, Cutacre, over a number of years into the site it is today – 250 acres for employment space and 550 acres for a new country park. The site received outline planning consent in December 2013 and offers design and build opportunities for manufacturing and distribution businesses in an area with outstanding connectivity due to its immediate access

HARWORTH IN FIGURES



to the M61. Aldi have now completed the construction of their 650,000 sq ft North West Distribution HQ and Lidl (UK) are to develop their new North West Headquarters. Whistl are taking occupation of Logistics 225 and a joint venture with the Lancashire County Council Pension Fund to develop out the next phase of the site, known as Multiply, is underway.

ENERGY, UTILITIES AND INFRASTRUCTURE

LEEP UTILITIES

Leep Utilities – a joint venture between Peel Utilities and Ancala Partners, was launched in May 2017. Leep's current multi-utility platform has more than 2,000 connections to homes and businesses, including MediaCityUK, Liverpool Waters and Liverpool International

Business Park. Leep secured a licence to become an Independent Distribution Network Operator (IDNO) two years ago, enabling it to own and operate regulated electricity networks. Leep is holder of one of only 7 IDNOs in the UK and its plans include an Independent Gas Transport licence (IGT) providing access to the gas networks market.

DOCK10

Since opening its doors in 2011, dock10 has grown rapidly in scale and reputation. Establishing itself as the UK's leading television facility, dock10 boasts 10 state of the art television studios (including the largest studio in the UK) and extensive specialist post production and managed content services. dock10 provides the perfect platform to make everything from popular television shows to TV commercials with clients, regularly creating programmes such as Blue Peter, Countdown, Match of the Day, Happy Valley and The Jeremy Kyle Show.

Over the last year, dock10 has become the home of the Saturday night

entertainment show, with competing primetime shows for ITV (The Voice and Voice for Kids) and the BBC (Let it Shine and Pitch Battle) being filmed on site. Recent growth in its post production business has benefited from the acquisitions of Edit19 and 422.



PINEWOOD

The Pinewood Group is a world leading studio and production services provider to the global film and television industry. Peel became a shareholder in Pinewood in 2007. In 2016, following a strategic review by the Board, Aermont Capital's offer for the entire share capital of the Pinewood Group was accepted and Peel's direct investment concluded.

During the period of Peel's investment in Pinewood, Peel supported the Board in a series of initiatives including:

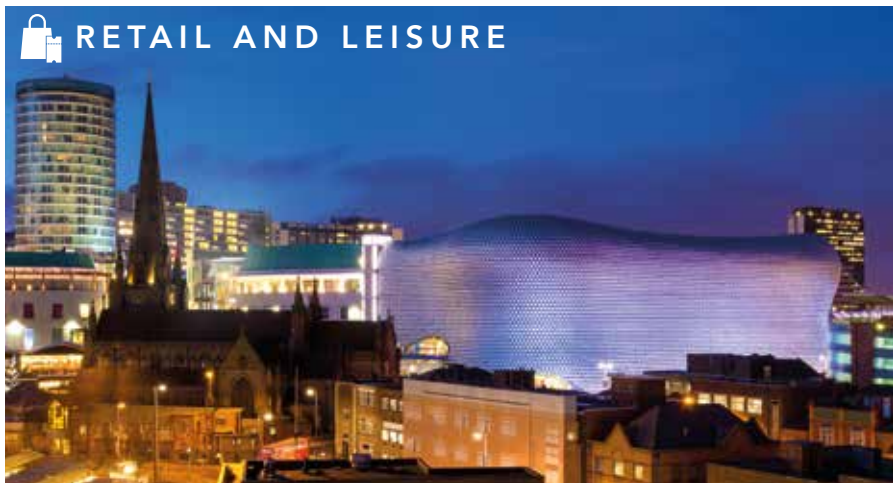
- Major expansion of its studio capacity both in the UK and Overseas
- Extension of complementary services to capture more of the film and TV production value chain
- Management of Film Funds for the Isle of Man and Welsh Governments

A key initiative was the expansion at its main UK site, Pinewood Studios in Buckinghamshire, which was capacity constrained. We supported the company in achieving a successful planning consent. Phase 1 of the construction of new stages and workshops, expanding capacity by one third, is now complete and fully let to Disney Studios.





RETAIL AND LEISURE



HAMMERSON

Hammerson owns, manages and develops prime retail destinations across Europe. Its portfolio includes investments in 23 prime shopping centres in the UK, Ireland and France, 17 convenient retail parks in the UK and 20 premium outlets across Europe. This equates to a portfolio value in excess of £10.5 billion. Hammerson's vision is to create desirable places for consumers, brands, commercial partners and communities.

In its financial year to December 2016, Hammerson saw an eventful and successful year. A 3.2% increase in like-for-like net rental income helped to deliver a 7.6% increased dividend per share. £635 million of disposals were completed to allow significant incremental investment into premium outlets which continue to be a major part of its growth strategy. Hammerson also increased its presence in prime UK and Ireland shopping destinations with new centres

in Birmingham, Leeds, Southampton and Dublin. In the UK, Hammerson also focuses on retail parks to serve time-short shoppers. This has involved introducing high-street fashion brands and increasing the range of food and beverage which has seen an increase in both dwell time and footfall.

INVESTMENTS IN
TRAFFORDCITY

With more than 44 million visitors a year, TraffordCity is cementing its position as a highly attractive place to work, live and play. There are also major infrastructure works underway including additional road access at junction 11 of the M60 and a Metrolink line extension that will connect TraffordCity with Manchester City Centre in under 15 minutes. The Peel Group owns various operational businesses within the TraffordCity boundaries which are critical to the success of this destination.

EVENTCITY

EventCity is the largest exhibition, conference and event space in the North of England. 2017 has been an exciting year for the venue which has seen growth in the number of events held. In October 2017, it will host *Dinosaurs in the Wild*, a multi-million pound, 3D, immersive dinosaur experience. EventCity is also proud to be the only event space in the UK with ISO 50001 status.

TOWER HOTEL
MANAGEMENT

In May 2017, Tower Hotel Management opened a 220 bed Holiday Inn Express next to EventCity. This unique hotel, which is modular and was constructed entirely of shipping containers, is already exceeding trading projections and gaining positive feedback. This hotel adds to Tower Hotel's portfolio of five managed hotels.

TRAFFORD GOLF CENTRE

Trafford Golf Centre, the second busiest driving range in Europe, had a record year to March 2017, with 12 million balls hit. It is also home to the largest golf centre academy in the North of England. Work has commenced on the development of Dino Falls, an 18 hole adventure golf course which opens in Autumn 2017.

AJ BELL STADIUM

The 11,500 capacity stadium is home ground to both Sale Sharks and Salford Red Devils and adds to the wealth of leisure operators at TraffordCity.

For more information, please contact:



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