



18 November 2008

**TOWN CENTRE SECURITIES PLC**  
("TCS" or "The Company")

**Interim Management Statement**

Town Centre Securities, the Leeds based property investment and development company announces its first Interim Management Statement for the year ending 30 June 2009.

**Overview**

The Company continues to make progress, with performance in line with the Board's expectations, although conditions in the property sector are extremely challenging.

There is no indication yet that the fall in property prices is arresting or of any willingness on the part of the banks to open for new property lending business. It remains to be seen whether governmental support for the UK banks, and similar initiatives worldwide, will stabilise the financial system; however, with the base rate cut to 3 per cent, there is now the prospect that as financial markets unlock, recovery can begin.

The position of TCS is unchanged. We are securely financed, and with the benefit of a number of sales in October and November, believe we are well positioned to take advantage of the attractive opportunities that will emerge as the market reaches the bottom of the cycle later in 2009.

Our sole focus is the protection of existing resources and preservation of capital. We are nearing the end of our current refurbishment programme and will not commence any further development work until we are confident that the environment for property investment has materially changed.

Highlights of our activity since the year end include:

**Disposals**

- The sale of two retail properties in York for a total of £6.5m in October and November at initial yields of 6.0% and 5.5% respectively, and the exchange of contracts on a further York property due to complete in December for £1.5m on an initial yield of 5.9%.
- The sale in November of our 50% interest in Sheffield Station Car Park for £8.7m realising a profit on disposal of £1.4m.



## **Asset Management**

- Leeds, Merrion Centre – the refurbishment of Town Centre House will be completed early in 2009. Occupational interest in the remaining 20,000 ft is positive.
- Manchester, Deansgate – Staples and Cotswold are in occupation and we are optimistic that a tenant for the first floor will be secured shortly.
- Harrogate, West Park – construction work will be completed by February 2009 on this small retail and residential scheme.
- Rochdale, Central Retail Park – Phase 1 is complete with the final unit in solicitors' hands.
- The former ILVA store, Piccadilly Basin, Manchester – marketing continues of our 120,000 ft<sup>2</sup> building, with an open retail consent. We have a preferred strategy in place and are marketing the opportunity aggressively.
- Void levels at 29<sup>th</sup> October were approaching 10%. However, excluding the former ILVA store and refurbishment projects, the underlying voids were less than 4%.
- TCS's investment portfolio has no tenants with more than two premises.

## **Developments**

Leeds, Eastgate Quarters – together with our partner, Hammerson, enabling works continue. Main scheme construction is not expected to begin before the end of 2009 and the timetable remains under review in light of market conditions.

Other developments – there is potential tenant interest at Whitehall Riverside in Leeds and Piccadilly Basin in Manchester. In the current environment it seems unlikely that there will be progress in the short term and no development would commence without a significant pre-let.

## **Financing**

There has been no material change in the Company's financial position during the period. At 29<sup>th</sup> October 2008 the Company had net debt of £210m (30 June 2008; £212m), of which 90% was at fixed rates. Two bank facilities, together over £100m, are available until September 2012 and May 2013 respectively, in addition to £150m of 5.375% quoted debenture stock repayable in 2031.

Following the sales referred to above, net debt is expected to fall by the half year end, 31 December 2008.

At 29<sup>th</sup> October 2008, capital expenditure to complete the current refurbishment projects was approximately £4m.



**Edward Ziff, Chairman, commenting, said:**

“It is a time for consolidation. The defensive quality of our portfolio, with a diverse spread of tenants, will stand us in good stead. Our robust and secure financing arrangements continue to provide a stable foundation for our business.

“Our focus is on protecting our resources and conserving capital, to ensure that we will be ready to take advantage of opportunities which emerge as the investment and development markets show signs of recovery.

“The threat of more business failures is constant and we are increasingly concerned about the potential burden of empty rates. Having watched the government support the banking sector, I hope that they move to ease the impact of empty rates on the property industry before it is too late.”

**-ENDS-**

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