Results Presentation

Half-year ended 31 December 2020

Edward Ziff – Chairman & CEO

Mark Dilley – Group FD

Good progress resetting and reinvigorating the business

Town Centre Securities

Business Review – resetting and reinvigorating

Following our June 2020 year end we confirmed that a resetting and reinvigorating of the business was underway:

- Strategy and business model remained appropriate but needed acceleration given events
- Key elements of acceleration to include:
  - Disposals of Retail and Leisure assets, either where they have matured following investment, or where they are under-performing
  - Continue to reduce proportion of Retail and Leisure in the portfolio
  - Reduce Gearing and LTV
  - Create headroom for future growth

…delivered in the half-year:

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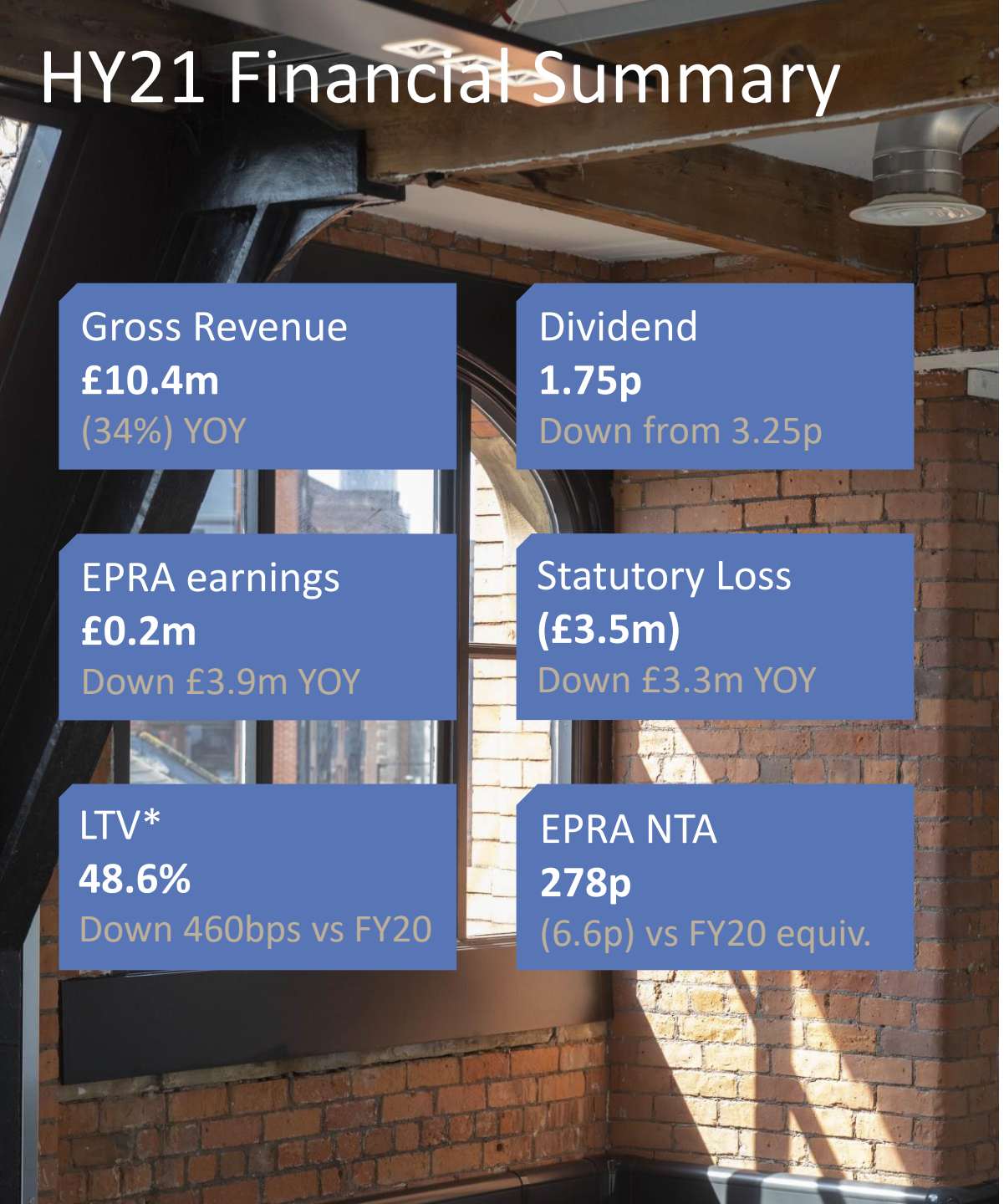
- Disposals of Retail and Leisure assets:
  - £41.2m receipt following sale of nine properties. Further £1.4m in February 21
- Continue to reduce proportion of Retail and Leisure in the portfolio:
  - Retail and leisure now 39% (FY20 47%), with pure retail only 26%
- Reduce Gearing and LTV:
  - Net borrowings down 20% (£36m) to £148m, LTV down to 48.6% (FY20: 53.2%)
- Create headroom for future growth:
  - Headroom of £13m, with significant development pipeline in place

HY21 Financial Summary



Gross Revenue
£10.4m
(34%) YOY

Dividend
1.75p
Down from 3.25p

EPRA earnings
£0.2m
Down £3.9m YOY

Statutory Loss
(£3.5m)
Down £3.3m YOY

LTV*
48.6%
Down 460bps vs FY20

EPRA NTA
278p
(6.6p) vs FY20 equiv.

A significant COVID-19 impact

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- Rent receipts remain strong averaging 88%
- £3.2m earnings impact from COVID-19 in HY1
  - £2.3m CitiPark, £0.5m property, £0.4m ibis hotel
- Modest 0.8% LFL reduction in Property values main driver of statutory loss
- Interim dividend 1.75p, uncovered but reflective of expected short-term nature of COVID-19 impact and cash benefit of sales
- LTV reduced to 48.6% following asset sales

*LTV excludes finance leases and IFRS 16 adjustments

Decisive and continued COVID-19 response

Focusing on liquidity and preserving cash

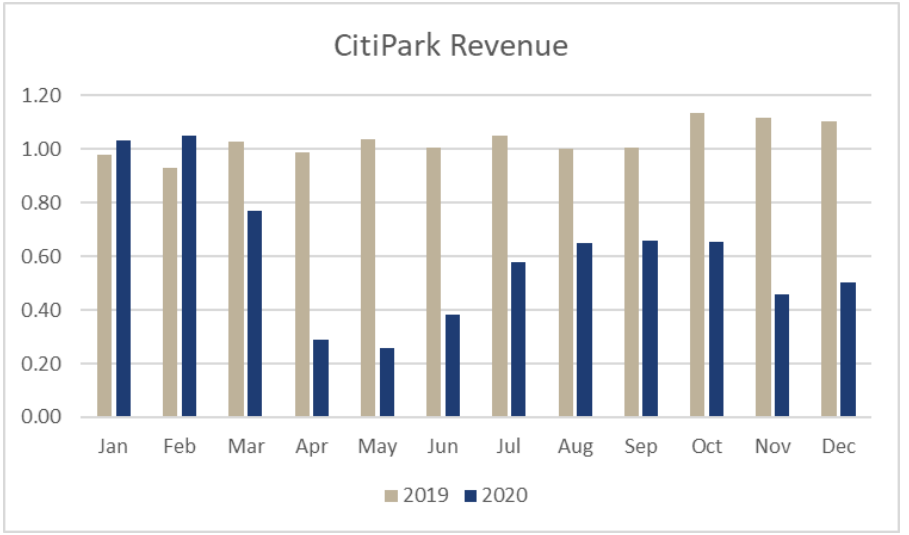
- At 31 December 2020 TCS had cash at bank plus borrowing headroom of £12.8m
- We continue to operate comfortably within debt covenants:
  - RCF interest cover at Dec'20 ranged between 333% and 493% compared to covenants of 175%
  - RCF LTVs at Dec'20 ranged between 30% and 54% compared to covenants of 60%-65%
  - Debenture tested annually and remains comfortably within covenant requirements
- As at 22 February we had collected or deferred £21.9m (88%) of cash since 25th March, with the latest quarter consistent at 87%
- Cost saving measures remain a high priority across all parts of the business

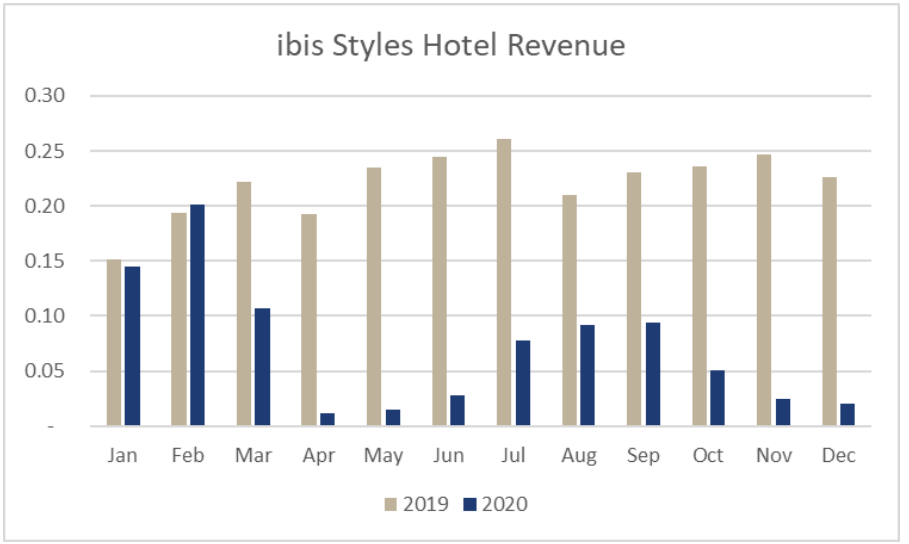
Managing operations & stakeholders

- We continue to support tenants, agreeing where appropriate to share the pain, and ensure they are ready to rebound when restrictions lift
- We have limited exposure to CVAs. 5 tenants since July 20, but accounting for only 2% of income
- Car parks hit hardest with seven closed at the height of the disruption, and two currently closed. A quick recovery expected
- Our ibis Styles hotel is currently closed but we are pursuing short-term alternative use options during the crisis
- We completed two key redevelopments during the pandemic, ensuring positive momentum is maintained
- We continue to support our staff and our wider communities wherever possible

COVID-19 – ready to bounce back

- Both our CitiPark business and our ibis Styles Hotel saw a material improvement in revenue during summer 2020 as restrictions eased, before falling again following the second lockdown
- We are reassured by the summer pick up and expect a quick recovery as the current lockdown ends
- CitiPark – was growing strongly prior to the crisis. HY21 revenues down 45% YOY (38% down Q1, 52% down Q2)
- Ibis Styles - HY21 revenues down 75% YOY (62% down Q1, 75% down Q2)
- Merrion Centre resilient, anchored by core retailers including Morrisons, Iceland and Boots





Financial performance

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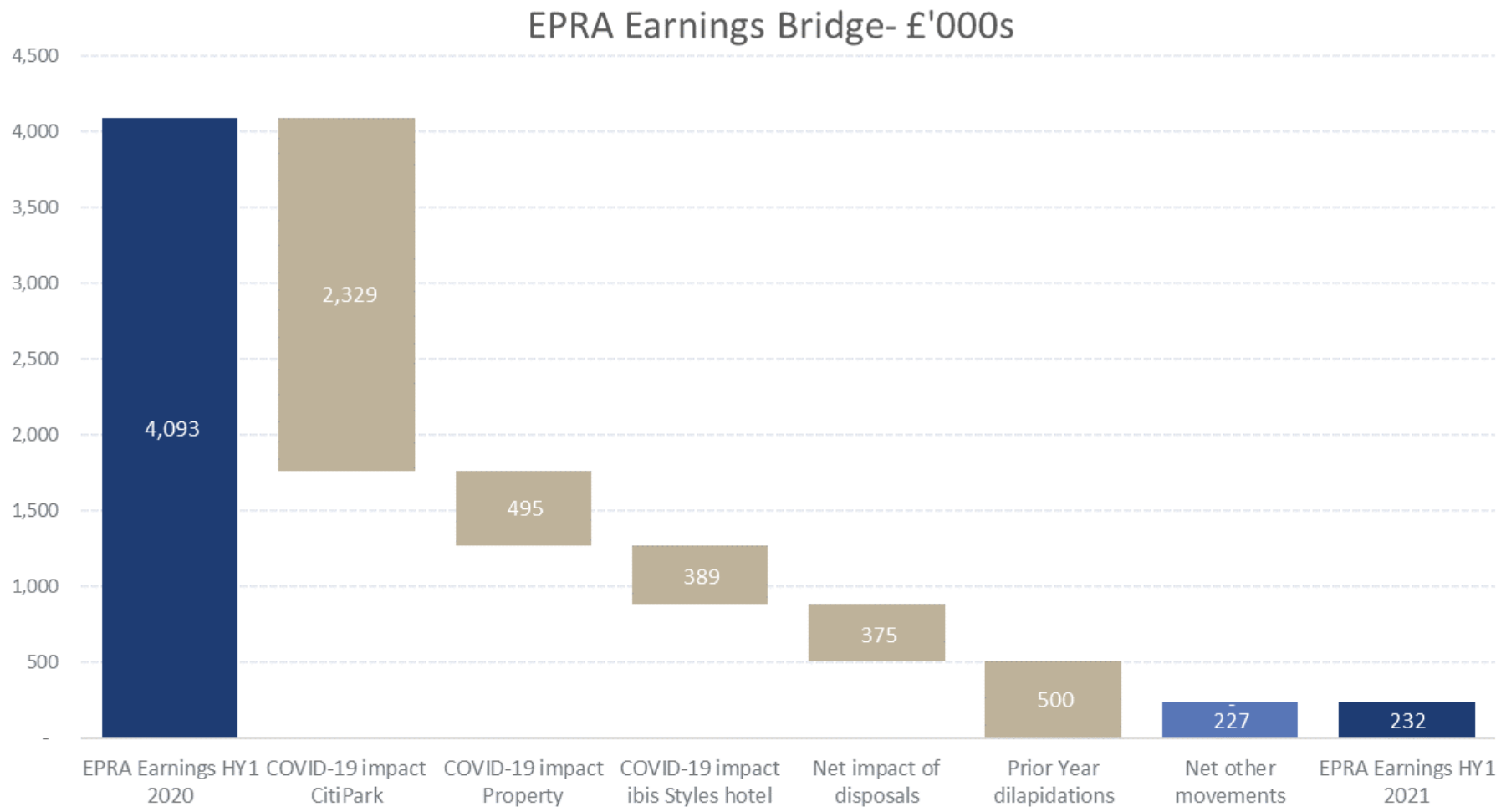
HY21 income statement

£m	**HY21**	HY20	*YOY*
Gross Revenue	**10.4**	15.8	*(34.2%)*
Property Expenses	**(4.2)**	(5.6)	*(26.0%)*
Net Revenue	**6.3**	10.2	*(38.6%)*
Other Income / JV Profit	**0.9**	1.5	*(39.1%)*
Other Expenses	**0.0**	0.0	-
Administrative Expenses	**(2.8)**	(3.1)	*(11.5%)*
Operating Profit	**4.4**	8.6	*(48.6%)*
Finance Costs	**(4.2)**	(4.5)	*(7.0%)*
EPRA Earnings	**0.2**	**4.1**	***(94.3%)***
EPRA EPS	***0.4***	*7.7*	

Segmental £m	HY21	HY20	*YOY*
Property			
Net Revenue	5.4	6.7	*(18.3%)*
Operating Profit	4.1	5.6	*(26.1%)*
CitiPark			
Net Revenue	0.9	3.2	*(71.7%)*
Operating Profit	0.4	2.7	*(86.3%)*
ibis Styles Hotel			
Net Revenue	(0.1)	0.3	*(136.5%)*
Operating Profit	(0.1)	0.3	*(136.5%)*

- Includes estimated £3.2m COVID-19 impact (£2.3m CitiPark, £0.5m Property, £0.4m ibis Styles hotel)
- Underlying performance excluding COVID-19 impact down only £0.7m YOY:
  - £0.4m after interest impact of the £41.2m of property sales completed in the half year
  - £0.5m of one-off dilapidations income received in the prior year (123 Albion St) not repeated in current year

HY21 income statement



- EPRA Earnings of £0.2m, down £3.9m YOY with main driver being £3.2m COVID impact

Rent Collections

- Throughout the crisis the strength of our tenant relationships, the diversified nature of our portfolio, and our lack of exposure to traditional high street retail has led to a continued strong level of rent receipts
- Since the 25th March quarter day and up to 22 February 2021 we have collected or agreed deferrals for 88% of all billed rent and service charge
- Of the £3.0m remaining, £1.3m has been conceded (mostly in return for lease changes), and £1.7m remains with no agreement
- The top 10 tenants with no agreement total £1.2m of the £1.7m reported, and include Deltic Group, Go Outdoors and Premier Inn

	March – December*	%	Latest Quarter**	%	Cumulative	%
Total billed	£19.4m		£5.5m		£24.9m	
Total collected	£16.9m	87%	£4.3m	78%	£21.2m	85%
Agreed to be deferred* **	£0.2m	2%	£0.5m	9%	£0.7m	3%
Agreed total	£17.1m	89%	£4.8m	87%	£21.9m	88%

**English & Scottish quarters, and monthly billings (collections from 25 March)*

***English quarter (collections due on 29 December and 1 January) and Scottish quarter (collection due on 2 February)*

**** Agreed to be deferred and still outstanding*

Amounts are rent and service charge combined and include VAT where relevant

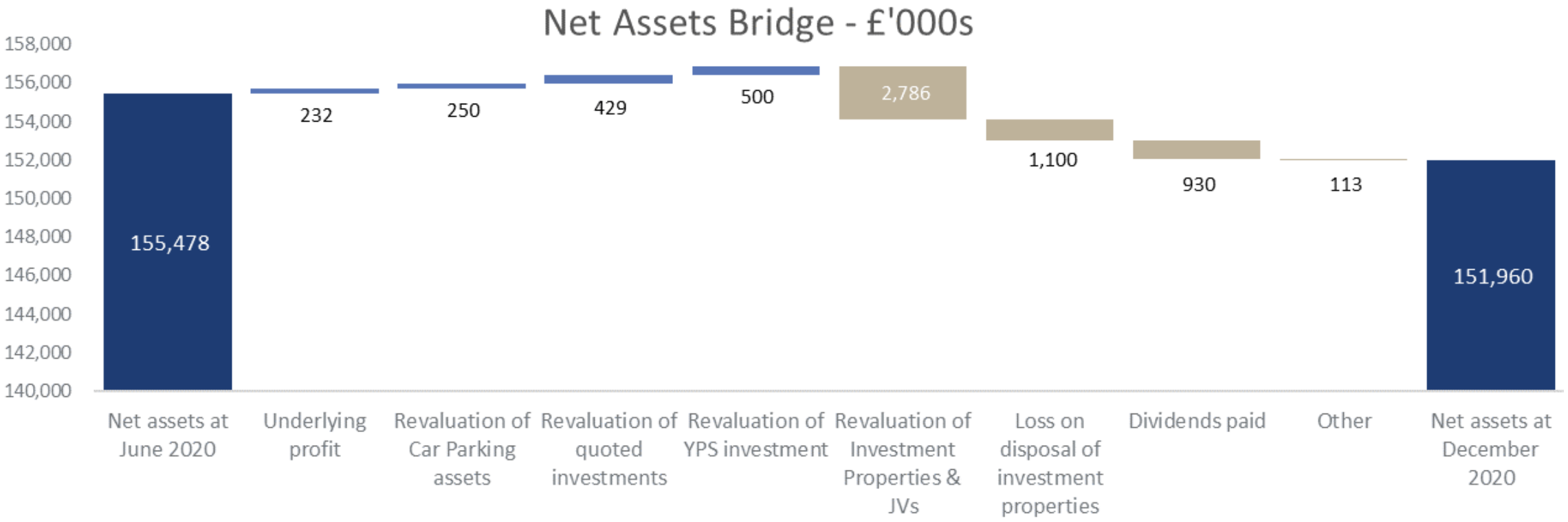
HY21 balance sheet

£m	**HY21**	FY20	*vs FY20*
Investment properties*	**219.8**	266.4	*(17.5%)*
Development properties	**40.1**	37.8	*6.1%*
Car Parks	**57.3**	56.8	*0.7%*
	317.1	361.0	*(12.1%)*
Joint ventures	**15.5**	13.8	*13.0%*
Other non-current assets	**1.1**	1.1	*(4.9%)*
Total non-current assets inc available for sale	**333.7**	**375.8**	*(11.2%)*
Net borrowings	**(176.2)**	(214.2)	*(17.8%)*
Other assets/(liabilities)	**(5.6)**	(6.1)	*n/a*
Statutory NAV	**152.0**	**155.5**	***(2.3%)***
Statutory NAV per share	**286p**	**292p**	***(2.3%)***
EPRA Net Tangible Assets (NTA)	***147.8***	***151.5***	***(2.4%)***
Statutory NAV per share	***278p***	***285p***	***(2.4%)***

- NAV down 2.3% from FY20 primarily due to the revaluation of our Retail investment assets
- Property portfolio down 0.8% LFL (£2.5m) impact
- Net borrowings including IFRS 16 adjustments down 17.8%. Removing the effect of IFRS 16 actual net borrowings down 20% from June 2020
- EPRA Net Tangible Assets of £147.8m, as a result of the exclusion of goodwill

*The Statutory FY20 balance sheet treats the two Waitrose stores as Current Assets (available for sale) due to heads of terms for sale being agreed at the balance sheet date. For the purposes of the above the £23.2m is included in Investment Properties in FY20

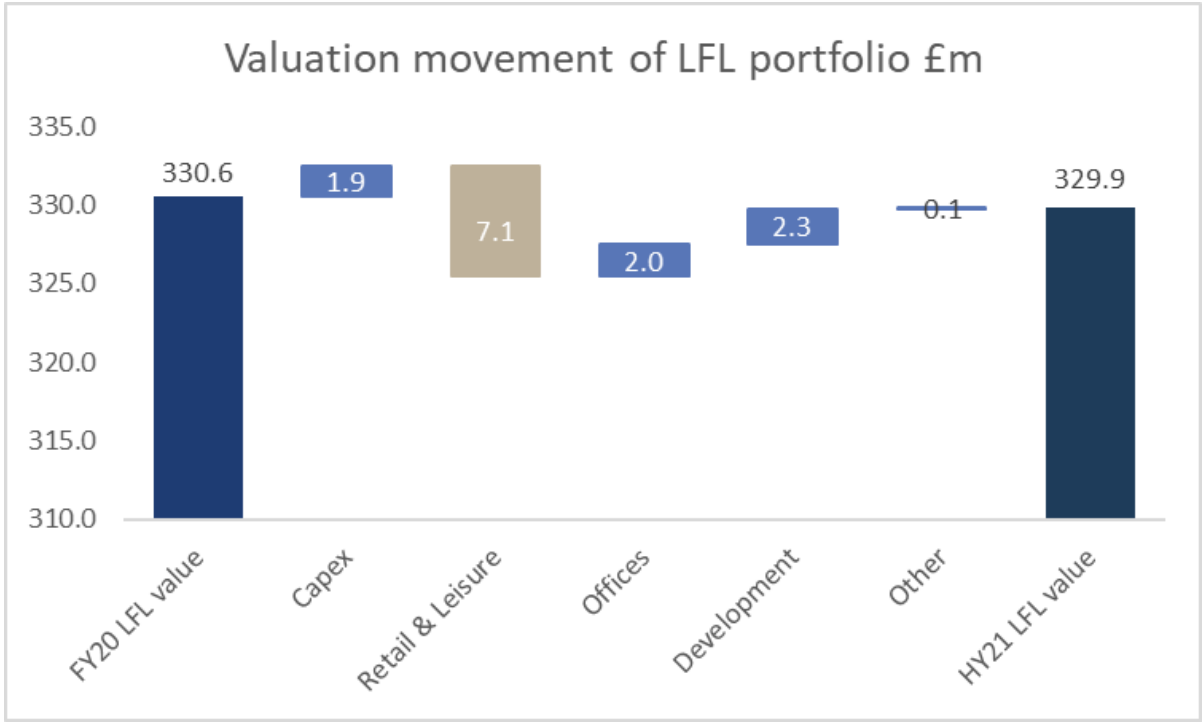
Net assets bridge



- Revised fair value of our YourParkingSpace (YPS) investment following new private equity investment delivering a £0.5m improvement in value
- Total Revaluation of £2.5m Investment Properties and Car Parks (details on following slide)
- Sold assets were disposed of at 2% below June 2020 valuation, driving the £1.1m loss on disposal reduction

Robust half-year valuation

- 0.8% LFL reduction in property portfolio at the half year
- Driven by a 5.5% reduction in Retail and Leisure, including a 3.7% reduction in the Merrion Centre
- Offices increased in value by 3% including a 3.2% increase in Merrion House, and a 5.9% increase in 123 Albion St
- Development land increased in value by 6.1%, driven by a 9.7% increase in Piccadilly Basin, Manchester as demand for development sites strengthens



CitiPark and Technology – recovering from COVID-19 impact

- COVID-19 impact estimated to have cost £2.3m for the six months to 31 December 2020
  - Gross revenue of £3.5m is £2.9m or 45% down year
  - Despite fully closing two branches during the latest lockdown, and closing decks in others, continued rent commitments
    and other fixed costs meant a material profit impact
- We saw a material improvement in revenue during summer 2020 with revenue July to October 2020 to c. 65% of prior year, and expect a quick recovery once restrictions are lifted
- Notwithstanding COVID-19, the business made some significant advances in the year including:
  - Bay Sentry parking enforcement solution being marketed for wider third party potential
  - Acquisition of all 75 parking enforcement contracts from independent operator
- YPS – YourParkingSpace.co.uk, in which we have an equity share, has completed a new round of fund-raising with a new private equity investor taking a material stake. This gives YPS the capital for growth, and raises the possibility of a significant return on our initial investment

Business Review

Town Centre Securities

Four key areas of acceleration:

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1. Disposals of Retail and Leisure assets

2. Continue to reduce proportion of Retail and Leisure

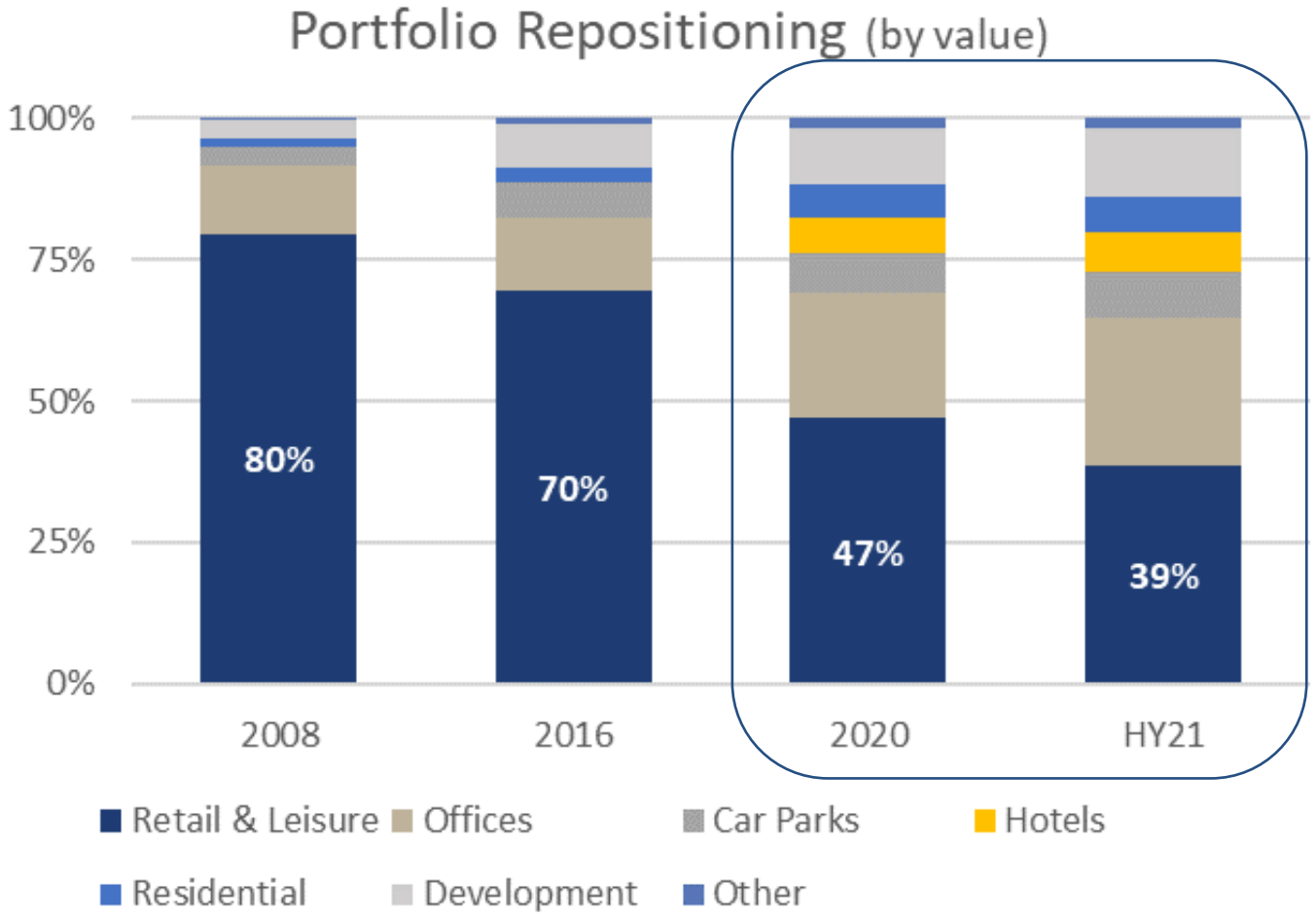
3. Reduce Gearing and LTV

4. Create headroom for future growth

1. Disposals of retail and leisure assets

- In the six months to 31 December 2020 asset sales totalling £41.2m were completed:
  - Two Waitrose stores in Scotland (Milngavie and Glasgow) sold for £23.2m
  - Recently completed retail unit in Milngavie let to Aldi and Home Bargains sold for £10.7m
  - Retail unit in Chiswick, London sold for £1.4m
  - Four retail units in Wood Green, London sold for £4.8m
  - Blackpool Market sold for £1.2m
- On average sold for within 2% of June 2020 valuations
- Sales reduce net income by £2.3m annually, or £1.3m after interest savings (of which £0.4m impact in HY)
- Further sales expected, including £1.4m Leeds asset exchanged in February

2. Continue to reduce proportion of retail & leisure



<u>At 30 December 2020:</u>

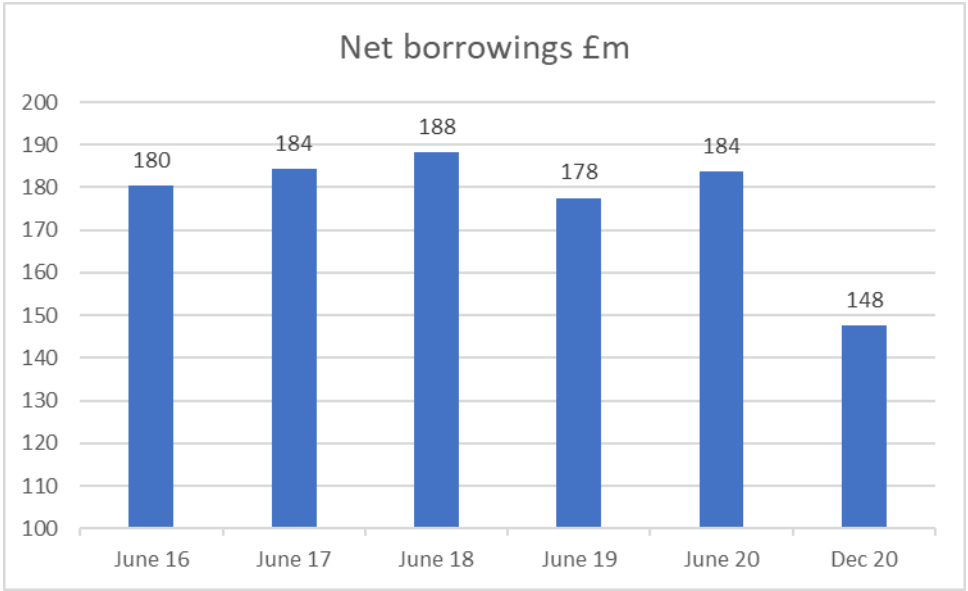
- Retail & Leisure represents 39% of the portfolio, down from 70% in 2016, and 80% in 2008
- Pure Retail represents only 26% of the Portfolio, 60% of which resides in the Merrion Estate
- Office, residential and development segments continue to strengthen as we reduce the size of the retail & leisure segment

3. Reduce gearing and LTV

	HY21	FY20
Net Debt	£147.6m	£183.6m
Loan to value	48.6%	53.2%
Interest cover (underlying)	2.2	2.1
Weighted average cost of debt	4.1%	4.1%
Bank facilities	£108m	£108m
Debenture	£99.5m	£106m
Weighted average maturity	6.1	6.7

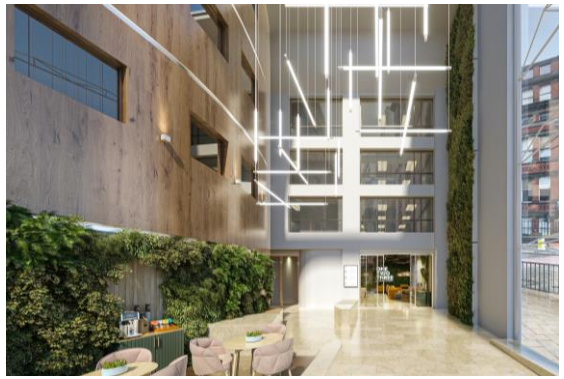
Note excludes IFRS 16 accounting, finance leases, and JVs on a net basis

- Loan to Value reduces to 48.6% following asset sales
- £6.5m debenture stock (5.375% maturing in 2031) cancelled leaving £99.5m outstanding
- £103m RCFs with RBS, Lloyds and Handelsbanken, plus £5m overdraft facility



- We continue to focus on reducing absolute levels of debt
- Headroom stood at £12.8m at half-year end
- Further sales and restructuring of the security pool will give the opportunity for further increases in headroom

4. Future growth – 123 Albion St, Leeds



- Purchased in 2018 for £12m – 50k sqft office space and 22k sqft leisure on ground floor
- £4m net capex scheme now complete, and redeveloped upper floors fully let following 46,000 twelve-year lease to StepChange
- £16.3m valuation at December 20, with further improvement expected in June 21
- Estimated total running yield on cost so far of 8.5%
- Opportunity now exists to redevelop and repurpose the ground floor, and further add to value and income
- StepChange's move from Wade House creates new redevelopment opportunity for this building

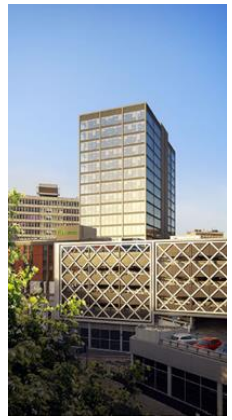
4. Development pipeline of +£600m – delivering future growth

	Development Type	Status	Estimated GDV	Estimated Income	Yield on Cost
Manchester - Eider House	Residential	Detailed planning	£41m	£1.6m	5.2%
Leeds - Car Park	Car Park	Detailed planning	£14m	£1.2m	9.1%
Leeds - Whitehall Road No2	Offices	Detailed planning	£92m	£5.3m	7.0%
Leeds - Whitehall Road No3	Offices	Strategic Framework	£40m	£2.8m	9.3%
Leeds - Whitehall Road No7	Offices / Leisure	Strategic Framework	£28m	£2m	9.2%
Leeds - 100MC Merrion Office	Offices	Detailed planning	£62m	£4m	7.1%
Manchester - Residential Tower A	Residential	Strategic Framework	£82m	£3.5m	5.2%
Manchester - Residential Tower B	Residential	Strategic Framework	£55m	£2.4m	5.2%
Manchester - Residential D	Residential	Strategic Framework	£28m	£1.1m	4.9%
Manchester - Ducie House	Offices	Unscoped	£21m	£1.3m	7.8%
Manchester - Commercial	Mixed Use	Strategic Framework	£76m	£5m	7.9%
Manchester - Car Park	Car Park	Strategic Framework	£12m	£0.8m	7.2%
Leeds - Merrion Corner Tower	Residential / Mixed Use	Unscoped	£50m	£3m	6.4%
			£601m	**£34m**	

- GDV pipeline value of over £600m
- Land currently in TCS ownership with detailed planning or strategic frameworks in place for the majority
- Opportunity to reconfigure Whitehall Road plans
- Exploring options to unlock Piccadilly Basin developments

Whitehall Road developments, Leeds CGI

Eider House PRS, Manchester CGI


100MC, Merrion, Leeds CGI

Leeds – a city of opportunity

- Part of the 4th largest conurbation in the UK
  - City alone has a workforce of over 2m
  - Significant growth in employment and city living forecast
  - >3,500 student rooms under construction around Merrion alone
- 69% of our portfolio with the Merrion Estate being our largest single asset
  - £146m asset, over £40m invested since 2012
  - Significant student developments around the centre will continue to drive footfall
  - Opportunity for significant development, with permission for tower already granted

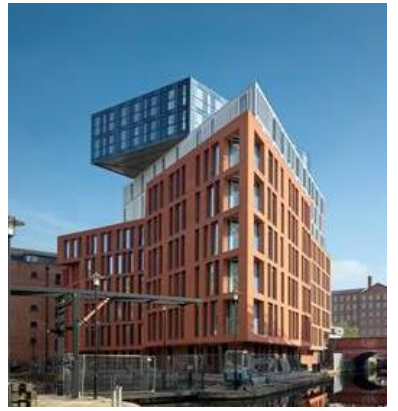
Merrion House

ibis Styles hotel, Merrion

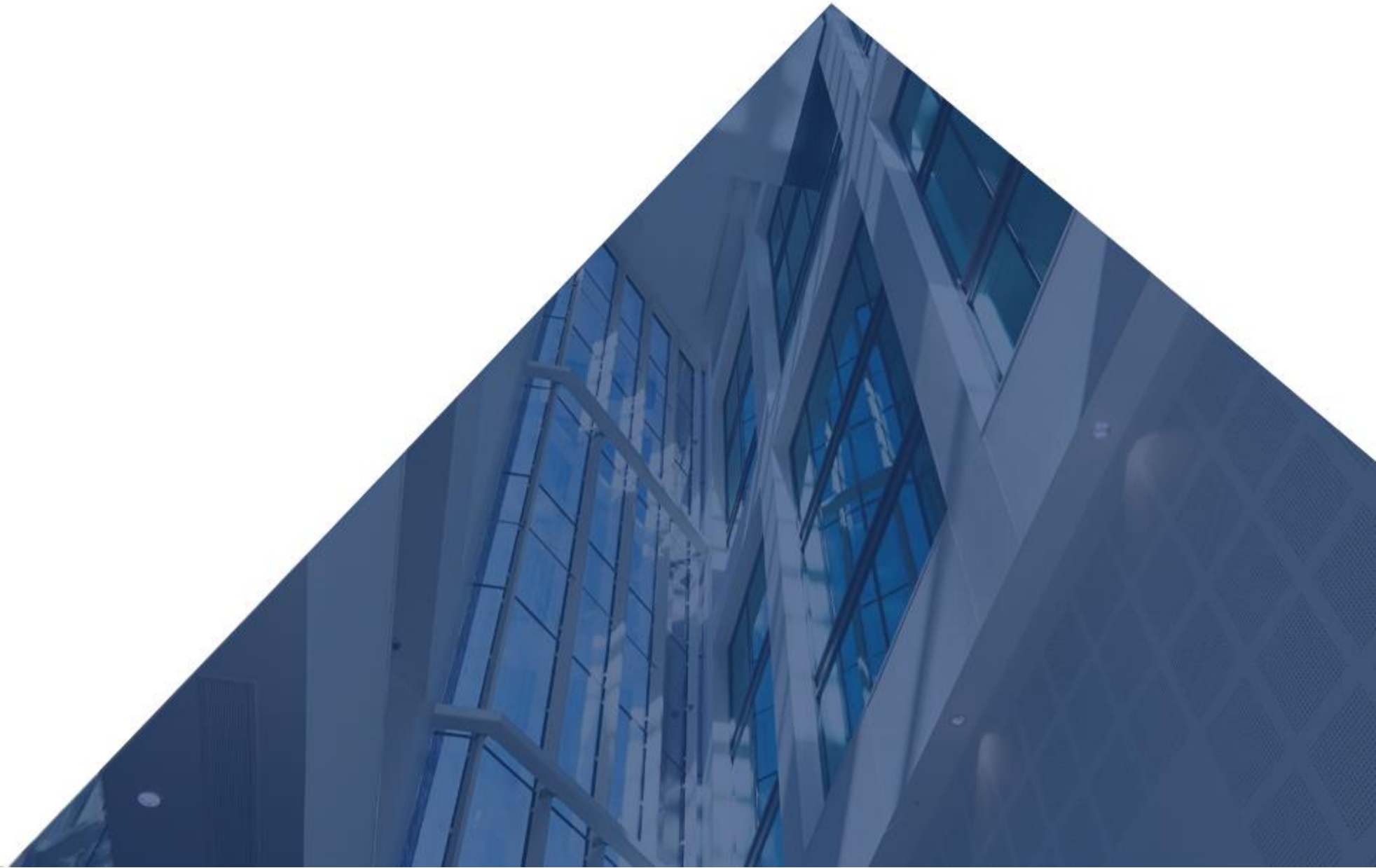
Premier Inn, Whitehall Road

Manchester – significant opportunity for growth

- Part of the 2nd largest conurbation in the UK
  - 7m people within 1hr drive
  - Significant growth in employment and city living forecast
- 22% of our portfolio based in the city with Piccadilly Basin providing our largest development opportunity – over £300m GDV
  - 12.5-acre mixed use development site in the heart of Manchester
  - Mixed-use scheme with Offices, Residential, Retail, Leisure and Car Parking
  - Framework includes another 638 residential units, a multi-storey car park and c.177,000 sq ft of commercial development
  - Opened first bespoke PRS building in Sept'19, with second building having detailed planning consent
  - Redeveloped Ducie House has further development opportunity with its car park
  - Development value rising in the area and in our portfolio



Outlook



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Outlook and next steps

Resetting and reinvigorating the business for the future

- The continued robust levels of rent receipts give confidence for the future
- Further disposals are expected, with the aim of creating a business that:
  - Has lower levels of debt and leverage
  - Is diversified with a much reduced level of retail property
  - Is diversified with a capital light, profitable car park business
  - Has rebased and has significant growth opportunities
- Our unique strengths remain intact, namely our knowledge of the Leeds and Manchester markets, our long-term approach, and our large high-quality development pipeline

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Appendices:

- Our portfolio
- Our Leeds assets
- Piccadilly Basin, Manchester
- ESG

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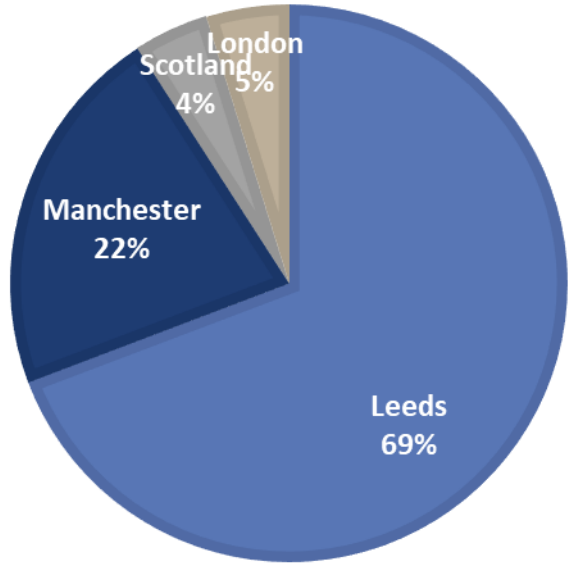
Our diversified portfolio

	Passing rent	ERV	Value	% of portfolio	Valuation incr/(decr)	Initial yield	Reversionary yield
Retail & Leisure	2.3	2.6	30.8	9%	-11.7%	7.2%	7.9%
Merrion Centre (ex offices)	5.6	7.6	82.6	25%	-3.7%	6.4%	8.7%
Offices	5.3	6.2	86.9	26%	3.0%	5.8%	6.7%
Hotels	1.2	1.6	23.1	7%	0.0%	4.8%	6.7%
Out of town retail	1.1	1.2	14.5	4%	-1.8%	7.1%	7.5%
Distribution	0.4	0.4	6.0	2%	0.0%	6.5%	6.7%
Residential	1.1	1.1	20.8	6%	0.4%	4.8%	5.0%
	17.0	**20.6**	**264.6**	**80%**	**-1.8%**	**6.1%**	**7.4%**
Development property	1.6	1.6	40.1	12%	6.1%		
Other Car parks	0.9	0.9	26.8	8%	0.0%		
Portfolio	**19.5**	**23.1**	**331.4**	**100%**	**-1.0%**		



- LFL reduction of 0.8% at half-year
- Reversionary yield of 7.4%
- Total Retail and Leisure overall reduced to 39%

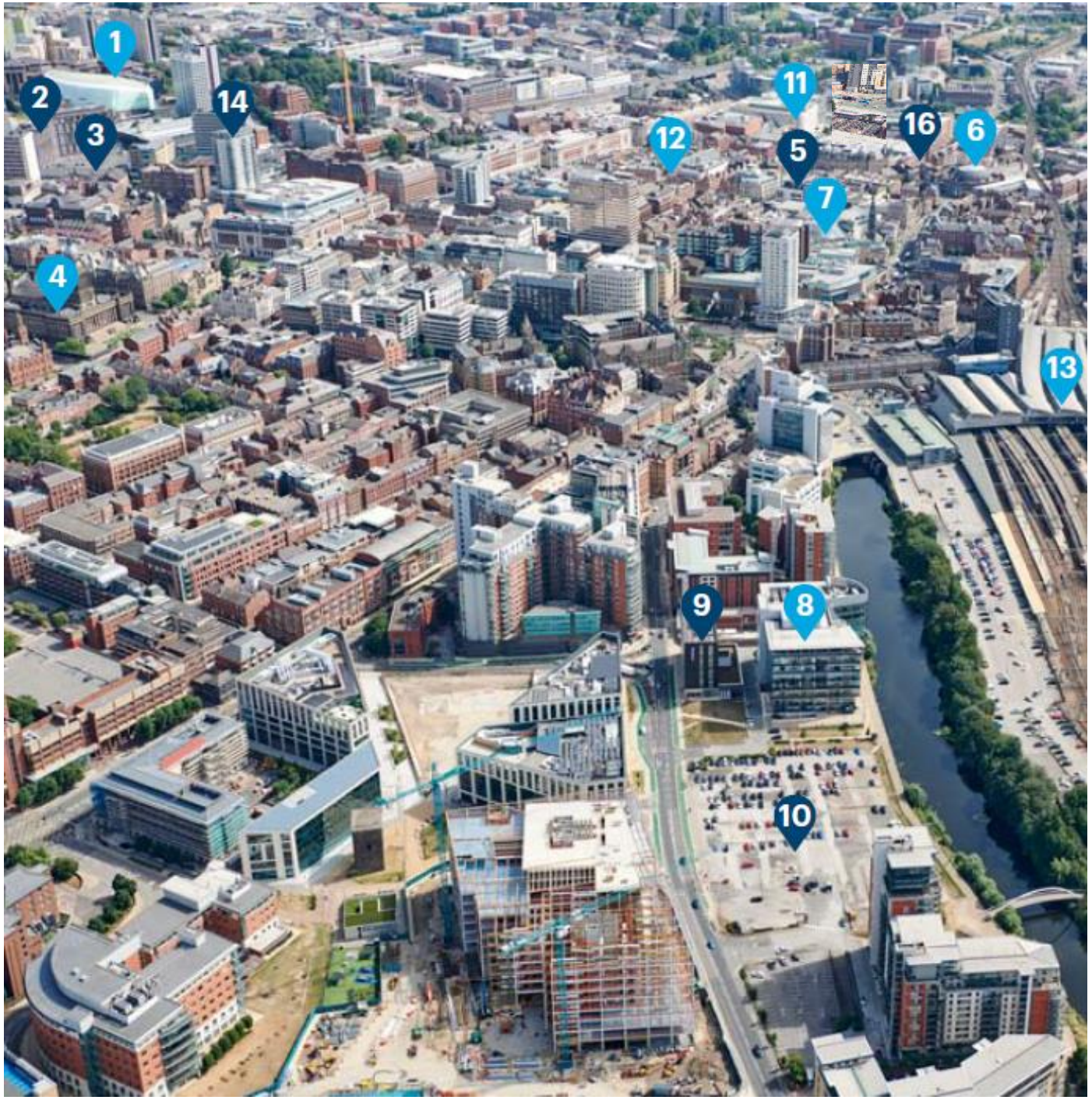
Note the above table includes Merrion House within Offices and Burlington House within Residential, and therefore differs from the notes in the accounts

Note excludes IFRS16 adjustments

Leeds– TCS Assets

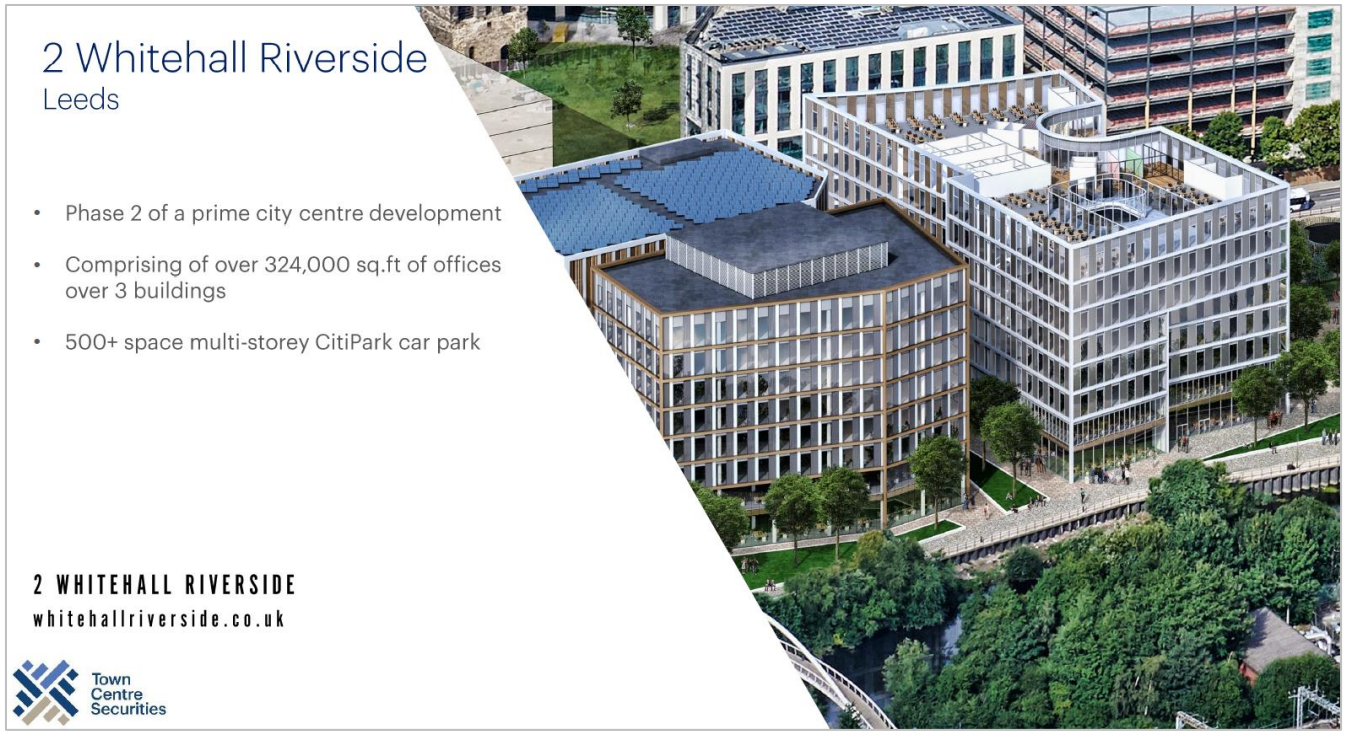
1. First Direct Arena
2. Merrion House
3. Merrion Centre
4. Town Hall
5. Vicar Lane
6. Corn Exchange
7. Trinity Shopping Centre
8. No. 1 Whitehall Riverside
9. Premier Inn
10. CitiPark Whitehall Road Car Park
11. Victoria Gate
12. Victoria Quarter
13. Leeds Station
14. 123 Albion St
16. Central Road

TCS Assets



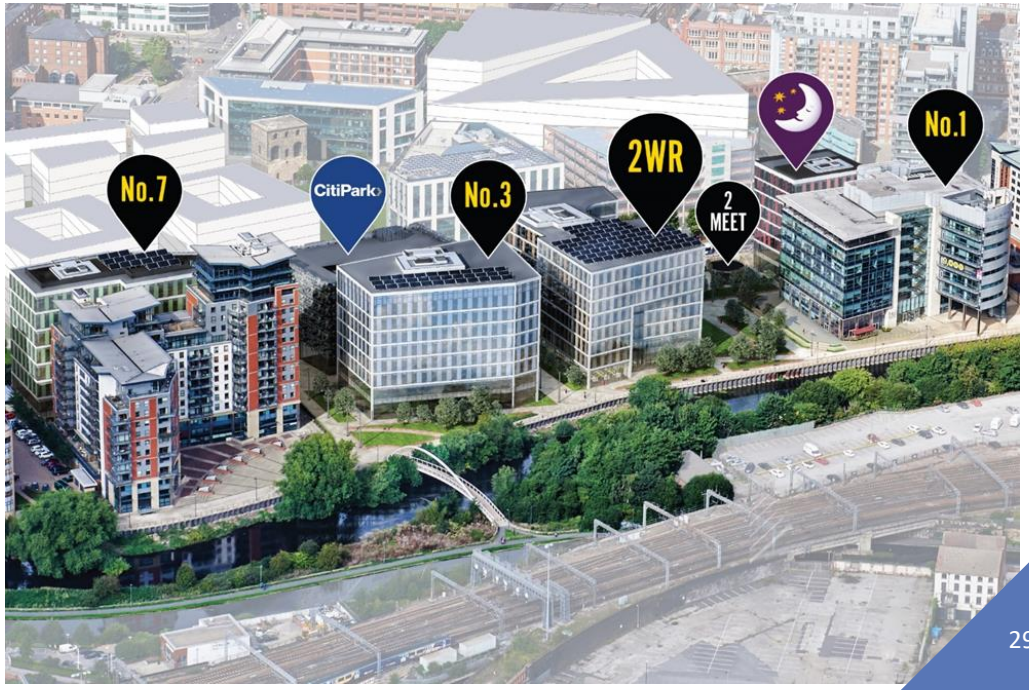
Town Centre Securities

Development pipeline – Whitehall Road, Leeds



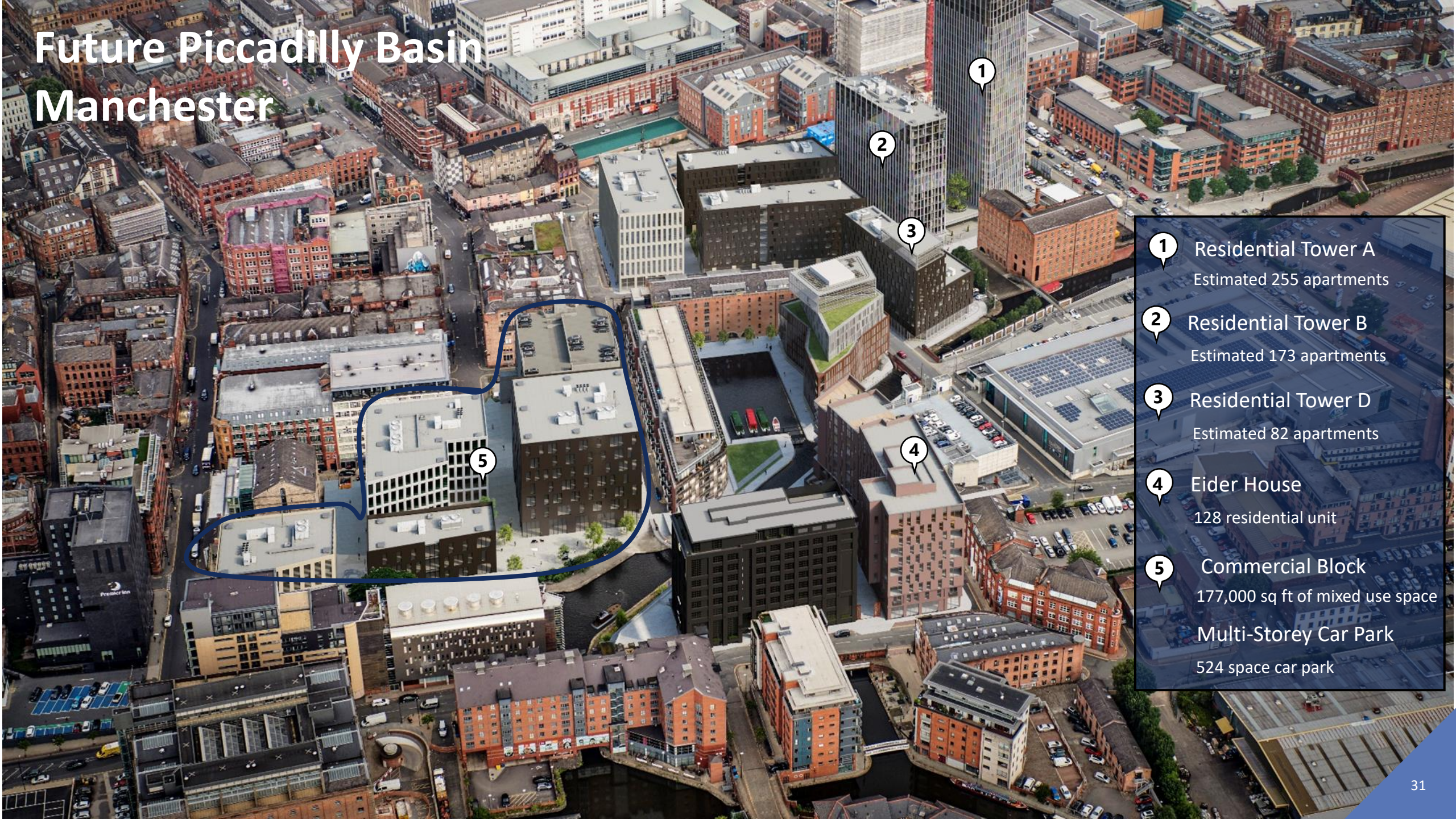
Currently operated as CitiPark car park operation with £150m GDV development opportunity:

- 2WR office – 167k sqft with detailed planning consent – in discussions with potential tenants
- 524 space multi-story car park with detailed planning consent
- 3WR & 7WR - 160k sqft in strategic framework



As is Piccadilly Basin Manchester

Future Piccadilly Basin Manchester

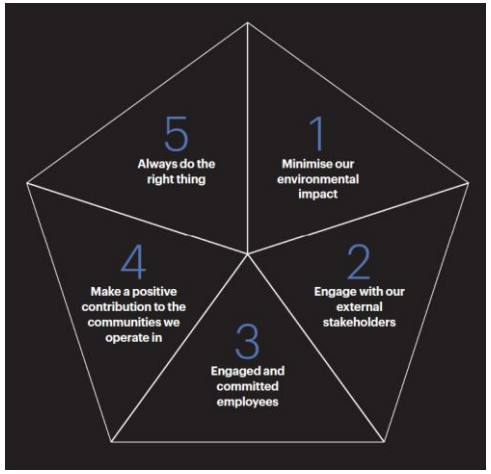


1. **Residential Tower A**
   Estimated 255 apartments
2. **Residential Tower B**
   Estimated 173 apartments
3. **Residential Tower D**
   Estimated 82 apartments
4. **Eider House**
   128 residential unit
5. **Commercial Block**
   177,000 sq ft of mixed use space

Multi-Storey Car Park
524 space car park

ESG – a long-term commitment to Corporate Responsibility

- We have a 5-part approach to ESG incorporating:
  - Minimising our environmental impact
  - Engaging with external stakeholders
  - Having engaged and committed employees
  - Making a positive contribution to our local communities
  - Always doing the right thing
- Much of this has formed a long-standing part of our way of doing business, and is embedded within our culture
- The Marjorie & Arnold Ziff Charitable Foundation controls approximately 6.5m shares (12%) using the income for charitable endeavours
- We recognise the need to further formalise our ESG strategy, including identifying measures of success. We have started that work



SUSTAINABLE DEVELOPMENT GOALS

Alignment with the UN Sustainable Development Goals (SDGs)

TCS recognises the importance of the UN SDGs and as we further develop our ESG programme we are using these to inform our decision-making and target setting.

The key SDGs that TCS has an impact on and our activities in these areas are set out adjacent:

SDG Goals	
Goal 3 - Good health and wellbeing	Our charitable work with children (e.g. our work with the Ahead Partnership)
Goal 7 - Affordable and clean energy	Producing our own solar energy through the development of three solar farms in Leeds and Manchester
Goals 11 & 12 - Sustainable cities and communities and Responsible consumption and production	EV charging network, and newly formed CitiCharge business. Also our five-year Merrion Centre sustainability plan
Goals 10 & 17 - Reduced inequalities and Partnerships for the goals	Local charitable partnerships including Tempus Nova

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