Town Centre Securities PLC

TOWN CENTRE SECURITIES PLC
RESULTS PRESENTATION
YEAR ENDED 30 JUNE 2014

EDWARD ZIFF
CHAIRMAN AND CHIEF EXECUTIVE

DUNCAN SYERS
FINANCE DIRECTOR

RICHARD LEWIS
PROPERTY DIRECTOR

17 SEPTEMBER 2014

A STRONG PERFORMANCE

Town Centre Securities PLC

- Another strong year's earnings
- 15.3% growth in net assets per share on the back of 10% like for like portfolio growth
- Total shareholder return over 19%
- Dividends unchanged at 10.44p per share
- Good progress with Merrion Centre
  - New Front
  - Car Park upgrade underway
  - Morrisons lease renewed with 20% increase in the size of the store
  - Merrion House deal progressing
  - More in the pipeline
- Land acquired at Milngavie and development of a Waitrose supermarket underway
- Property sales £8.9m with a further £7.5m completed in July
- Apperley Bridge value now £4.5m (2013: £2.8m) to be sold this year
- Car park profit up 5% and first acquisition completed

FINANCIAL RESULTS

Town Centre Securities PLC

- Underlying* profit before tax £7.6m (2013: £7.3m)
- Underlying* earnings per share 14.4p (2013: 13.7p)
- Net assets per share 308p (2013: 267p); discount to net asset value of [20.5%] at last night's closing share price of [244.8]p
- Triple net assets per share 320p (2013: 285p per share); discount to triple net asset value of [23.5%]
- Total dividends per share 10.44p (2013: 10.44p); proposed final dividend unchanged at 7.34p (2013: 7.34p)
- Statutory profit before tax (including revaluation gains) £27.4m (2013: £3.6m)
- Basic earnings per share (including revaluation gains) 51.6p (2013: 6.7p)

**Excluding valuation movement*

Town Centre Securities PLC

UNDERLYING PROFIT BEFORE TAX

	Year ended 30 June 2014 £000	Year ended 30 June 2013 £000
Rental income from investment properties	**17,532**	17,499
Income from car parks	**5,101**	4,928
	22,633	22,427
Property expenses	**(1,635)**	(1,815)
Car Park expenses	**(2,045)**	(2,156)
Administrative expenses	**(4,678)**	(4,183)
	14,275	14,273
Joint venture income	**87**	78
Other income	**852**	609
Interest	**(7,585)**	(7,676)
Underlying profit before tax	**7,629**	7,284

INCOME STATEMENT

Town Centre Securities PLC

	Year ended 30 June 2014	Year ended 30 June 2013
	£000	£000
Underlying profit	**7,629**	7,284
Sundry items	**-**	85
Valuation movement	**19,805**	(3,806)
Profit/(loss) before tax	**27,434**	3,563
Tax (Charge)/Credit	**-**	(5)
Profit/(loss) after tax	**27,434**	3,558
Earnings/(loss) per share		
- basic	**51.6p**	6.7p
- underlying	**14.4p**	13.7p

BALANCE SHEET

Town Centre Securities PLC

£m	30 June 2014	30 June 2013
Investment properties	297.8	286.2
Development properties	18.6	13.6
Property held for sale	7.5	-
Joint ventures	1.7	1.7
Other	6.3	5.8
	331.9	307.3
Other current assets	6.4	6.0
Net debt	(160.5)	(158.4)
Other creditors	(13.9)	(13.0)
Net assets	163.9	141.9
Net assets per share	308p	267p
Triple net assets per share	320p	285p

FINANCING

	30 June 2014	30 June 2013
Net debt	£160.5m	£158.4m
Loan to property value	52.6%	52.6%
Gearing	97.9%	112%
Interest cover (underlying)	2.01x	1.95x
Fixed rate debt (2013 :and SWAP)	£106.0m	£124.9m
Weighted average cost of debt	4.2%	4.6%
Bank facilities and Debenture	£206m	£196m
Weighted average maturity	13.1 years	13.1 years

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COVENANTS
30 June 2014

	Facilities £	LTV	Interest cover
Debenture	106.0m	66.7%	1.0 x net rent
Banks	100.0m	65-75%	1.35-1.75 x net rent
Overdraft / money market facility	5.0m	65%	-
Undrawn revolving credit facilities	47.1m		

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DIVIDENDS PER SHARE

	30 June 2014			30 June 2013		
	PID	Ordinary	Total	PID	Ordinary	Total
Interim	3.10	-	3.10	3.10	-	3.10
Final	6.52	0.82	7.34	6.52	0.82	7.34
Total	9.62	0.82	10.44	9.62	0.82	10.44
Underlying EPS			14.4p			13.7p
Dividend cover (underlying)			1.4x			1.3x

VALUATION – INVESTMENT PORTFOLIO

Town Centre Securities PLC

12 months to 30 June	2014	2013	2012
'Like for like' revaluation gain/ (deficit)	9.9%	0.4%	(2.8)%
Passing rent	£19.5m	£19.2m	£17.9m
Initial yield	6.4%	7.2%	7.1%
ERV	£22.7m	£19.7m	£19.0m
Reversionary yield	7.4%	7.5%	7.4%

VALUATION

Town Centre Securities PLC

Net Initial Yield

%	30 June 2014	30 June 2013	30 June 2012
Retail	**5.8%**	**6.7%**	6.4%
Merrion (excl offices)	**7.5%**	**8.3%**	8.0%
Out of town retail	**5.2%**	**5.9%**	5.5%
Offices	**6.4%**	**7.4%**	7.5%
Overall Investment Portfolio	**6.4%**	**7.2%**	7.1%

PROPERTY LOCATION BY VALUE
JUNE 2014

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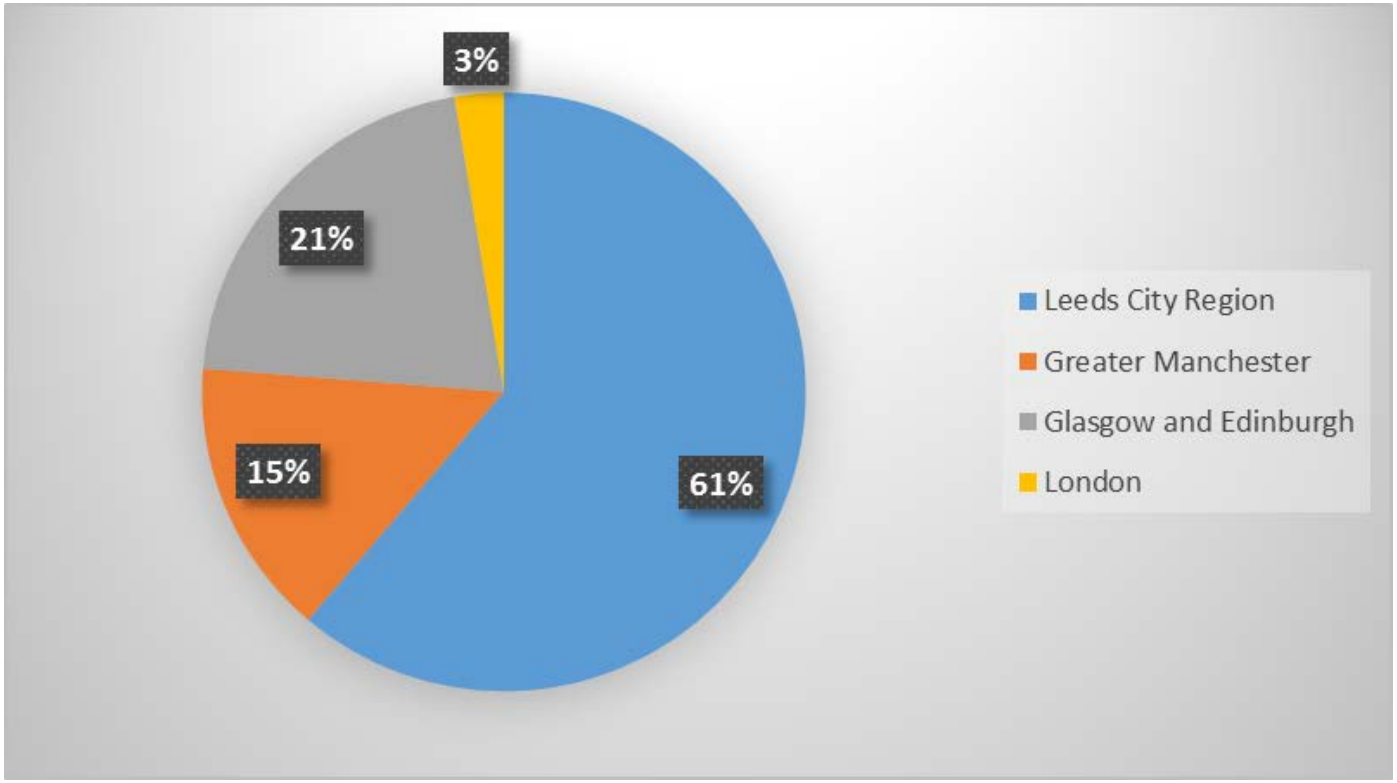
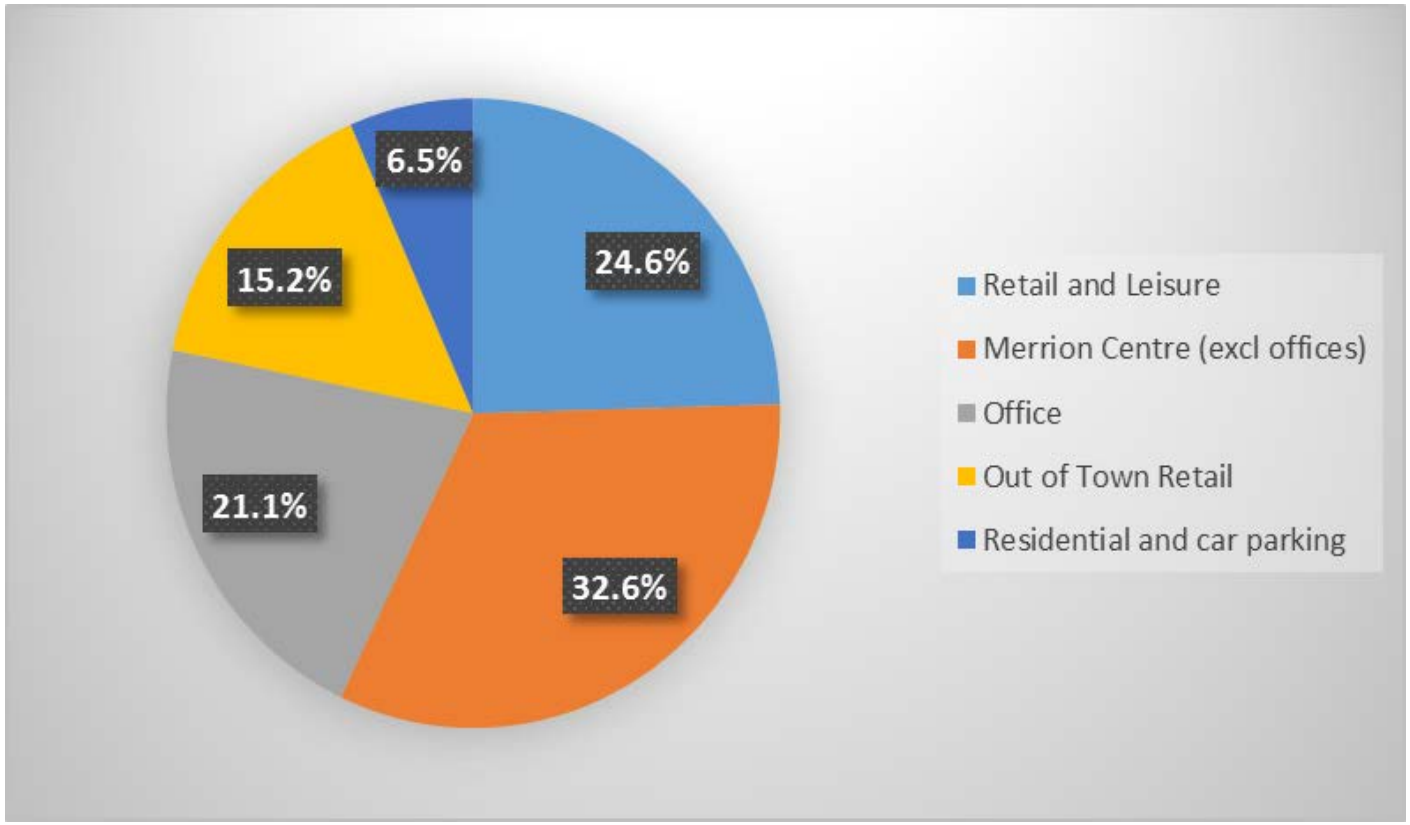


INVESTMENT PROPERTY PORTFOLIO BY SECTOR JUNE 2014

Town Centre Securities PLC



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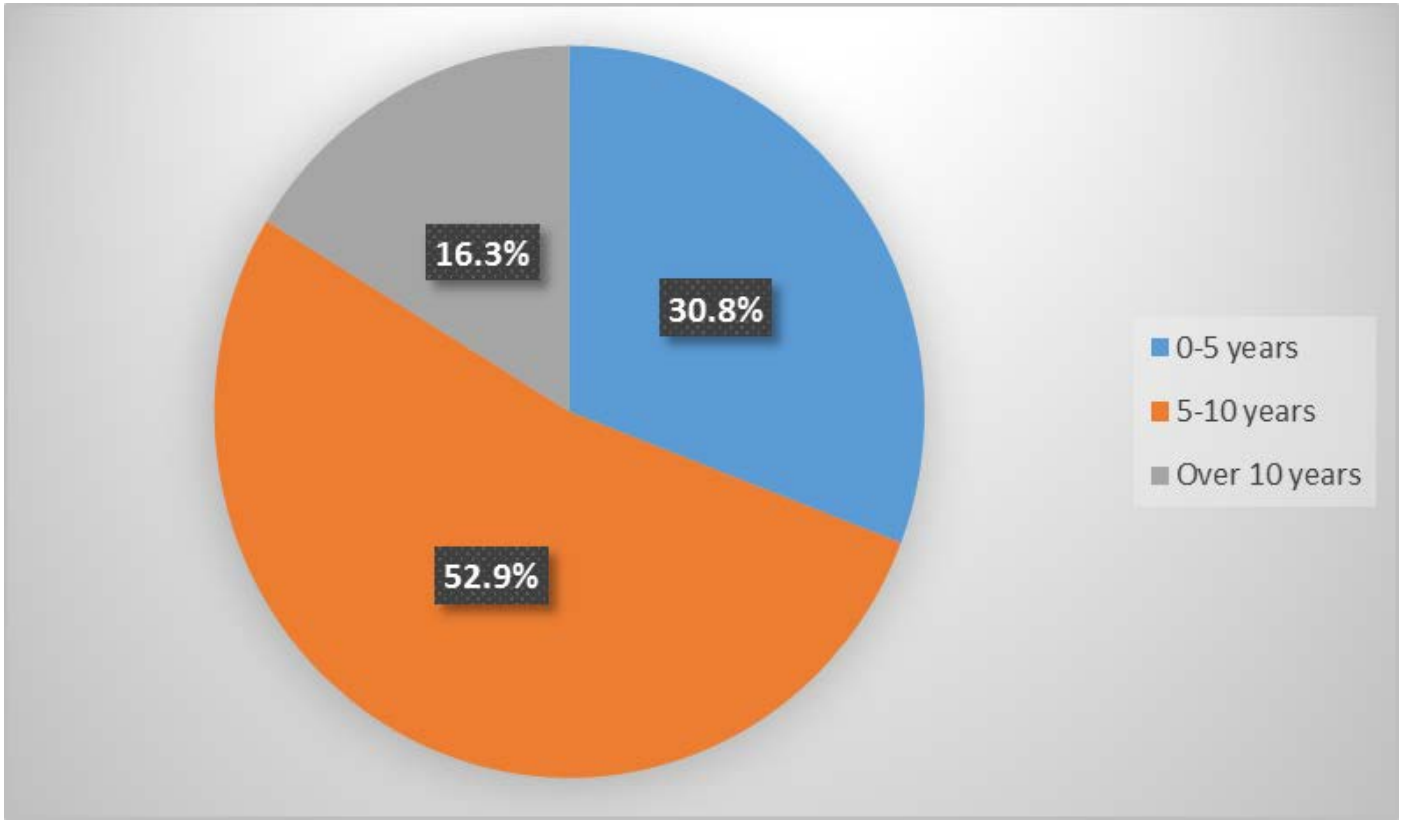
LEASE EXPIRIES BY RENTAL INCOME
JUNE 2014



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SECURITY OF INCOME

- Passing Rent £1m+ — Leeds City Council

- Between £500k-£1m — Wm Morrison, Waitrose, Homebase, Matalan, Lloyds TSB, Pure Gym

- Between £250k-£500k — Aldi, Step Change, Dune Group, Luminar Oceana

- Only eight tenants with two premises
- Only four tenants with three premises

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VOIDS

	30 June 2014		30 June 2013		30 June 2012	
	£m	%	£m	%	£m	%
Merrion excluding offices	0.1	0.5	0.1	0.5	0.1	0.6
Other	0.3	1.5	0.3	1.5	0.4	2.4
Total	0.4	2.0	0.4	2.0	0.5	3.0

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THE MERRION CENTRE

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- **Resilient** – strategic and improving location, Leeds Arena open and universities continuing to expand facilities including further student accommodation
- **Occupancy** – 99.1% (2013: 98.1%)
- **Broad customer base** – family value shoppers, older loyal customers, aspirational office employees: 10m visitors p.a
- **Footfall –** up in 2013/14
- **Strong retail anchors** – Morrisons, Home Bargains, Peacocks, Poundworld, Wilkinsons, served by 1,100 space multi-storey car park
- **Secure office tenants** - Leeds City Council, Step Change
- **Secure income -** 130 leases with average unexpired term of 11.4 years
- **Secure income** – 10 tenants including Leeds CC produce 62% of the income with unexpired term of 14.6 years

THE MERRION CENTRE – THE REGENERATION PROJECT

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- New Front
  - £9.4m investment in new retail space
  - 50,000 sq ft of retail added now 76% let, will add in total £650k To rental income
  - Costa, Cosmo, Pure Gym plus good quality independent multiples
- Car Park
  - £7.6m upgrade programme including new parking management system
- Morrisons renewal
  - Adds 20% to store and £500k to rental income
- Merrion House
  - £28m redevelopment adds 50,000 sq ft of new space creating 170,000 sq ft of brand new space in JV with Leeds CC
  - New 25 year lease adds £250k to TCS rental income
  - TCS share of JV adds significantly to value
- More to come
  - Hotel
  - Cinema

MERRION CENTRE – NEW FRONT

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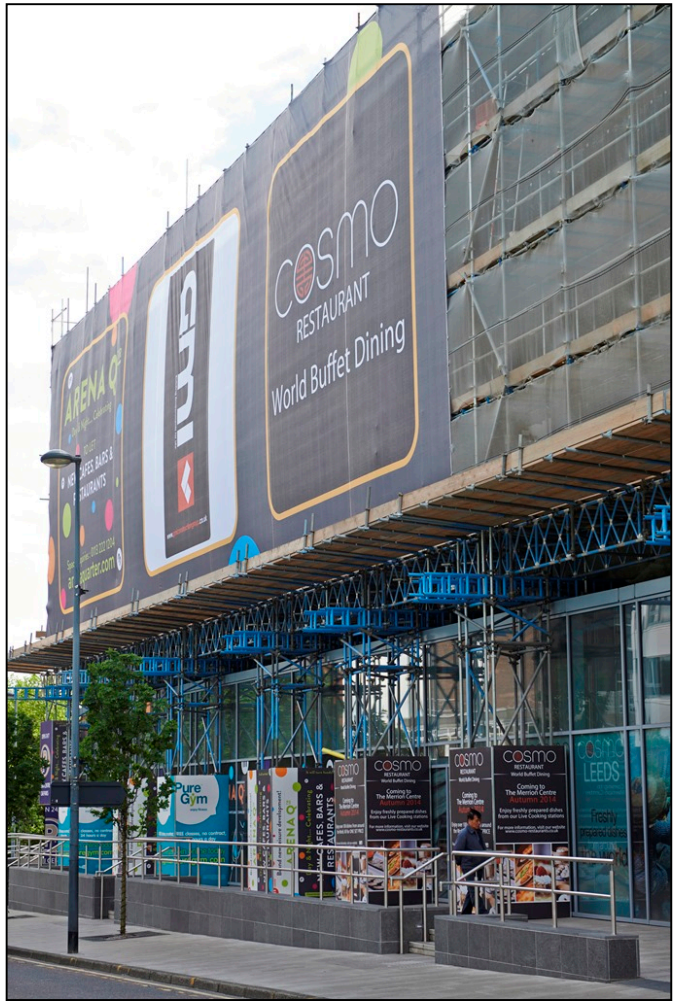

MERRION CENTRE – REGENERATION PROJECT

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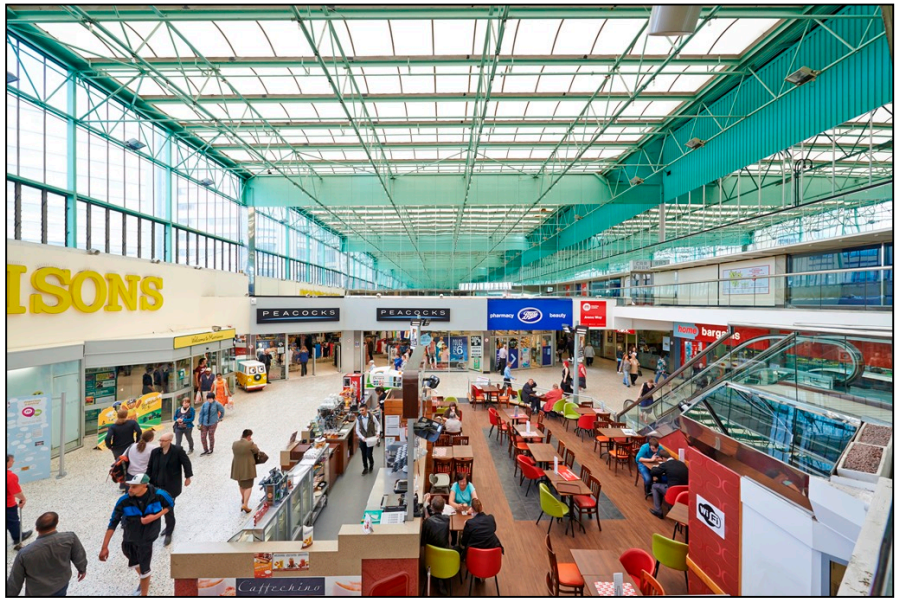
More to come - Hotel

Morrisons store extension



DEVELOPMENT IN PROGRESS

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Merrion Car park upgrade

Waitrose, Milngavie, Glasgow

FUTURE DEVELOPMENT - LEEDS

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No. 2 Whitehall Riverside, Leeds
160,000 sq ft office building

New Merrion House, Leeds

FUTURE DEVELOPMENT - MANCHESTER

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CitiPark

Town Centre Car Parks Review

		2014	2013
	Spaces	Turnover	Turnover
		£'000	£'000
Merrion Centre Leeds	960	1,795	1,841
Whitehall Road Leeds	510	747	613
Piccadilly Basin Manchester	853	1,210	1,173
Clarence Dock Leeds	1,650	1,229	1,237
Other including Ilford		120	64
	3,973	5,101	4,928
Group car parking profit		2,636	2,513

- Upgrade of Merrion Car Park
- Acquisition of Clements Road, Ilford
- Cloud based management technology
- Citipark branding

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OUTLOOK

- Intensive, hands on management of assets including churning of portfolio
- Specialist investor in Leeds, Manchester and Scotland
- Merrion Centre regeneration project
- Development in Milngavie Glasgow
- Development in Whitehall Riverside Leeds
- Development in Piccadilly Basin Manchester
- Further car parking acquisitions
- Continued conservative funding
- Working to maximise cash returns to shareholders

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NET ASSET AND SHARE PRICE PERFORMANCE

	2014	2013	Inc
Net assets per share	306p	267p	14.6%
Triple net asset value per share	320p	285p	12.3%
Share price 16 Sept/17 Sept	232p	204.5p	15.5%
Discount to: net assets	24.2%	23.4%	
: triple net assets	27.5%	28.2%	

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TCS INVESTOR RETURNS (since 1969)

	£1000 invested becomes
TCS	£562,700
Sector average	£297,900
Majors	£93,900
FTSE all share	£20,700
RPI	£15,000

Source: Oriel Securities