Results Presentation

Year ended 30 June 2021

Edward Ziff – Chairman & CEO

Stewart MacNeill – Group FD

Further progress in 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 to enable us to bring forward development sites

…delivered in the year:

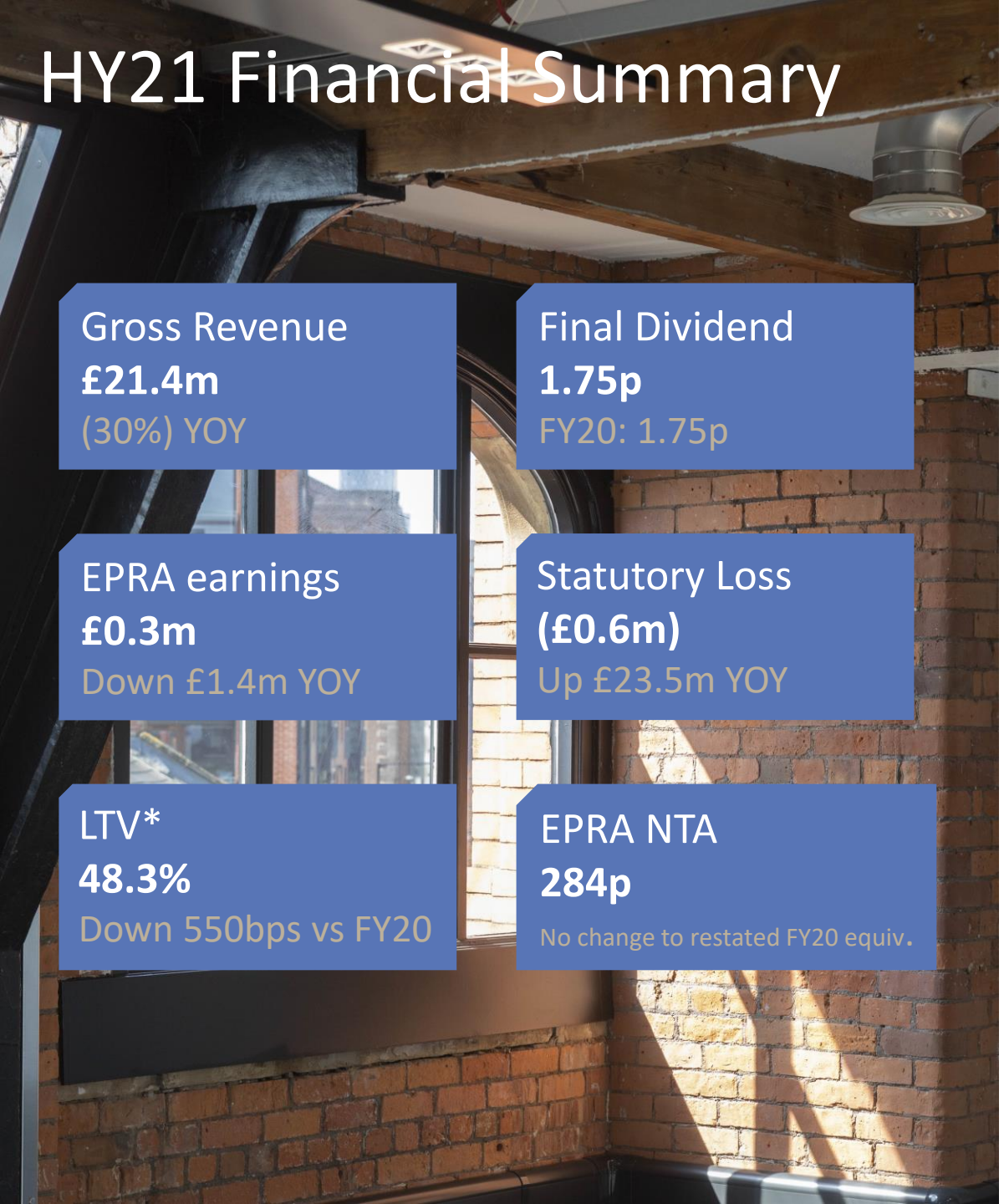
Town Centre Securities

- Disposals of Retail and Leisure assets:
  - £48.0m receipt following sale of nine properties. Further £3.85m in October 21
- Continue to reduce proportion of Retail and Leisure in the portfolio (excl Merrion MSCP):
  - Retail and leisure now 29% (FY20 40%), with pure retail only 21%*
- Reduce Borrowings and LTV** (excluding finance leases):
  - Net borrowings down 21% (£38m) to £146m, LTV** down to 48.3% (FY20: 53.2%)
- Create headroom for future growth:
  - Headroom of £12m, with significant development pipeline in place

***** Disclosure in FY20 and HY21 results included the Merrion MSCP within retail and leisure assets – with the prior year adjustments recognised in the current year, the Merrion MSCP is now excluded from the analysis of retail and leisure

****** The calculation of LTV specifically excludes finance lease assets and liabilities. The FY21 statutory reporting and announcement of results includes all assets and financial liabilities (including finance lease right-of-use assets) and accordingly present a different percentage although the underlying improving trend is the same. (These separately reported percentages were FY21: 51.3% and FY20: 56.0%)

HY21 Financial Summary



Gross Revenue
£21.4m
(30%) YOY

Final Dividend
1.75p
FY20: 1.75p

EPRA earnings
£0.3m
Down £1.4m YOY

Statutory Loss
(£0.6m)
Up £23.5m YOY

LTV*
48.3%
Down 550bps vs FY20

EPRA NTA
284p
No change to restated FY20 equiv.

A significant COVID-19 impact

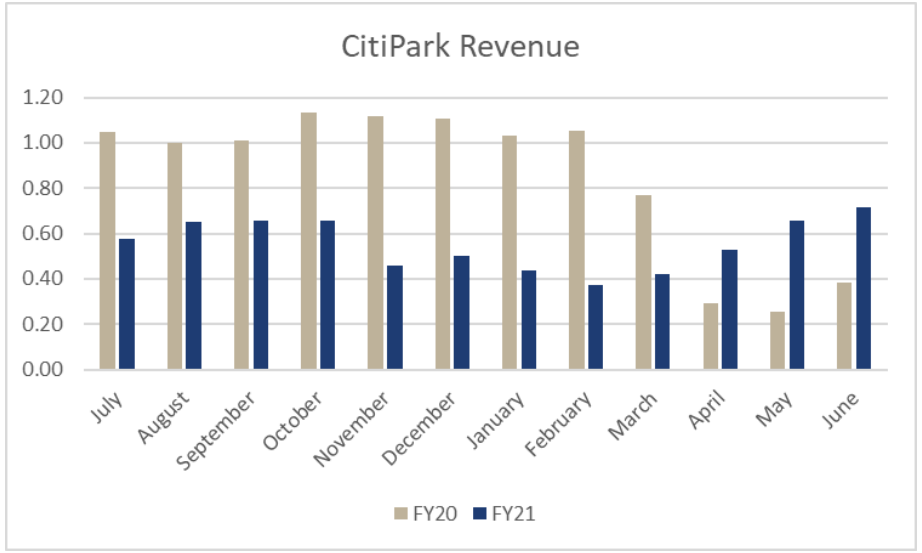
Town Centre Securities

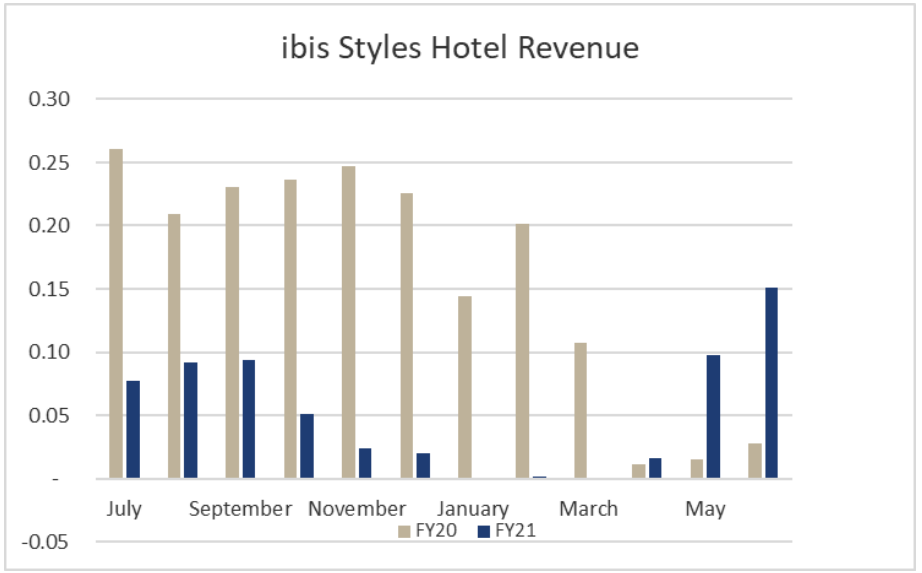
- Rent receipts remain strong averaging 92.6% over the entire Covid-19 period
- £6.2m earnings impact from COVID-19 in FY21
  - £4.5m CitiPark, £1.1m property, £0.6m ibis hotel
- Modest 0.3% LFL increase in Property values highlighting resilient and diverse nature of portfolio
- Final dividend 1.75p, uncovered but reflective of expected short-term nature of COVID-19 impact and cash benefit of sales. Total dividend for the year of 3.5p
- LTV* reduced to 48.3% following asset sales

*LTV excludes finance leases and IFRS 16 finance lease adjustments

COVID-19 – bouncing back

- Both our CitiPark business and our ibis Styles Hotel started to improve at the end of FY21
- Recovery continuing to improve post year end
- CitiPark – was growing strongly prior to the crisis. FY21 revenues down 34% YOY
- Ibis Styles - HY21 revenues down 67% YOY
- Merrion Centre resilient, anchored by core retailers including Morrisons, Iceland and Boots





COVID-19 – bouncing back – non-financial indicators

- Merrion Centre – Footfall
  - October 2019 – 1,036,603
  - October 2020 – 336,700
  - October 2021 – 758,957
- iBis Styles Hotel – Rooms Sold
  - October 2019 – 2,370
  - October 2020 – 916
  - October 2021 – 3,146
- CitiPark – Maximum occupancy across all spaces
  - October 2019 – 93%
  - October 2020 – 52%
  - October 2021 – 78%

Financial performance

Town Centre Securities

FY21 income statement

£m	**FY21**	*Restated* FY20	*YOY*
Gross Revenue	**21.4**	30.8	*(30.4%)*
Debtor impairment movemen	**0.8**	(1.5)	*(153.3%)*
Property Expenses	**(11.1)**	(13.7)	*(18.5%)*
Net Revenue	**11.1**	15.6	*(29.2%)*
Other Income / JV Profit	**3.0**	2.0	*46.8%*
Other Expenses	**0.0**	(0.8)	-
Administrative Expenses	**(5.6)**	(6.2)	*(9.9%)*
Operating Profit	**8.4**	10.7	*(20.9%)*
Finance Costs	**(8.1)**	(9.0)	*(9.6%)*
EPRA Earnings	**0.3**	**1.7**	***(81.8%)***
EPRA EPS (p)	***0.6***	*3.1*	

Segmental £m	FY21	FY20	*YOY*
Property			
Net Revenue	10.2	11.7	*(12.8%)*
Operating Profit	8.5	7.8	*7.9%*
CitiPark			
Net Revenue	1.1	3.8	*(72.3%)*
Operating Profit	0.2	2.7	*(94.2%)*
ibis Styles Hotel			
Net Revenue	(0.2)	0.1	*(229.2%)*
Operating Profit	(0.2)	0.1	*(229.2%)*

- Includes estimated £6.2m COVID-19 impact (£4.3m CitiPark, £1.0m Property, £0.7m ibis Styles hotel)

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 18 November 2021 we have collected or agreed deferrals for 93% of all billed rent and service charge
- Of the £2.7m remaining, £2.1m has been conceded (mostly in return for lease changes), and £0.6m remains with no agreement
- The top 10 tenants with no agreement total £0.4m of the £0.6m reported, and include Deltic Group and Nero Holdings

	March 2020 – September 2021*	%	Latest Quarter**	%	Cumulative	%
Total billed	£36.4m		£4.8m		£41.2m	
Total collected	£33.5m	92%	£4.6m	96%	£38.1m	92%
Agreed to be deferred* **	£0.3m	1%	£0.1m	3%	£0.4m	1%
Agreed total	£33.8m	93%	£4.7m	99%	£38.5m	93%

**English & Scottish quarters, and monthly billings (collections from 25 March 2020 to date)*

***English quarter only (collections due on 29 September 2021 and 1 October 2021)*

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

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

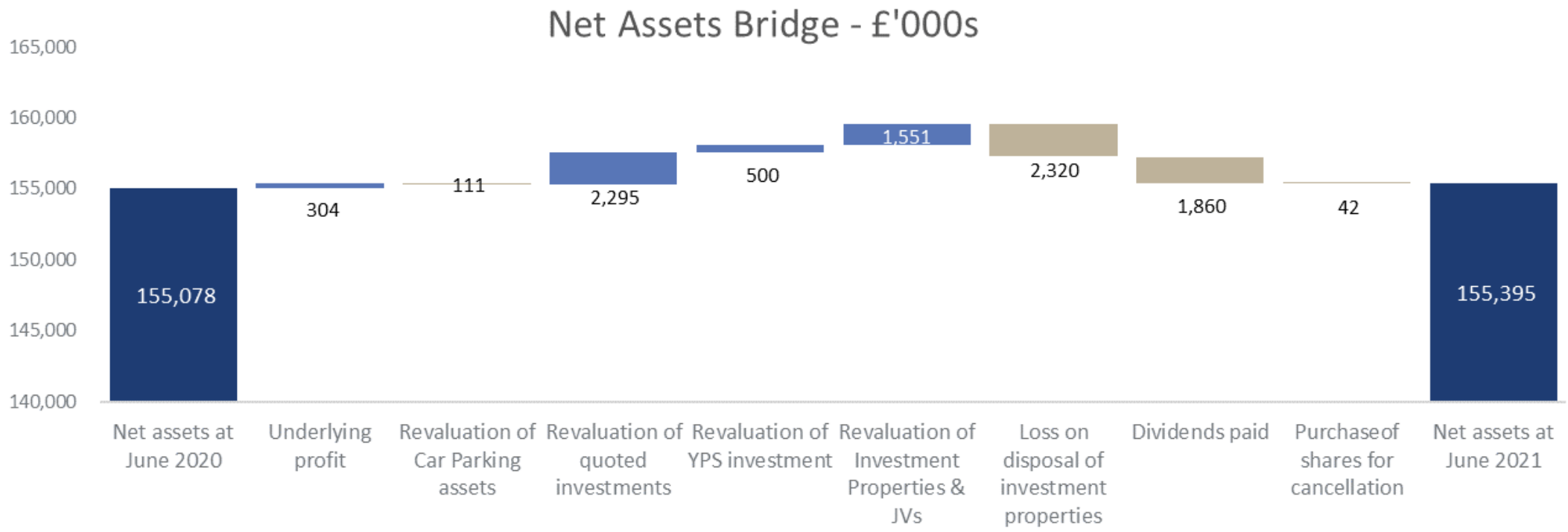
FY21 balance sheet

£m	FY21	Restated FY20	vs FY20
Freehold and Right to Use Investment properties*	**181.3**	239.4	*(24.3%)*
Development properties	**41.5**	37.8	*9.8%*
Car Park related Assets, Goodwill and Investments	**82.7**	83.2	*(0.6%)*
Hotel operations	**8.6**	0.0	*n/a*
	314.1	360.4	*(12.8%)*
Joint ventures	**16.2**	13.8	*17.4%*
Listed Investments	**5.8**	3.5	*65.7%*
Other non-current assets	**1.0**	1.1	*(9.1%)*
Total non-current assets inc available for sale	**337.1**	**378.8**	*(11.0%)*
Net borrowings	**(174.6)**	(214.2)	*(18.5%)*
Other assets/(liabilities)	**(7.1)**	(9.5)	*(25.9%)*
Statutory NAV	**155.4**	**155.1**	***0.2%***
Statutory NAV per share	**292p**	**292p**	***0.0%***
EPRA Net Tangible Assets (NTA)	**151.0**	**151.1**	***(0.0%)***
EPRA NTA per share	**284p**	**284p**	***(0.0%)***

** includes Assets held for sale in FY20 of £23.2m, FY21 £3.9m*

- NAV up 0.2% from FY20 highlighting resilience of underlying portfolio
- Property portfolio up 0.3% LFL (£1.0m) impact
- Net borrowings including IFRS 16 adjustments down 18.5%. Removing the effect of IFRS 16 actual net borrowings down 21% from June 2020
- EPRA Net Tangible Assets of £151.0m, as a result of the exclusion of goodwill

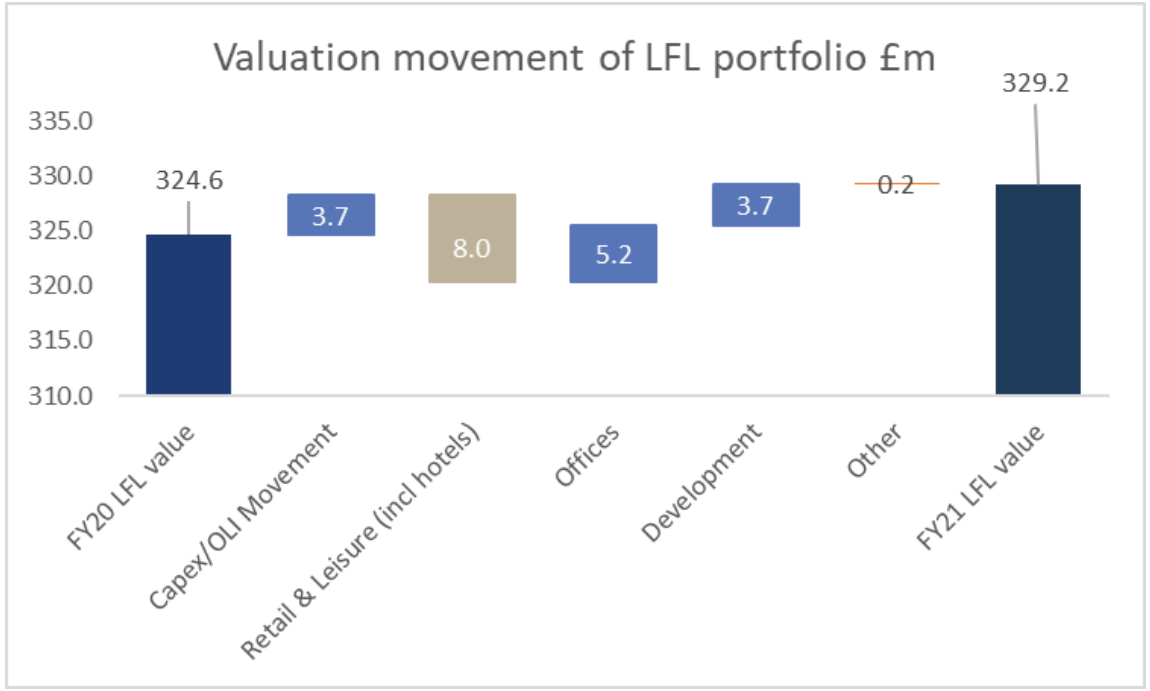
Net assets bridge



- Revised fair value of our YourParkingSpace (YPS) investment following new private equity investment delivering a £0.5m improvement in value
- Total Revaluation of £1.4m Investment Properties and Car Parks (details on following slide)
- Sold assets were disposed of at 2% below June 2020 valuation, driving the £2.3m loss on disposal

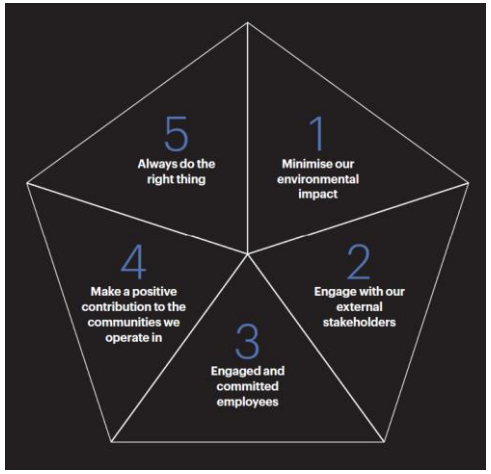
Robust year end valuation

- 0.3% LFL increase in property portfolio at the full year
- Driven by a 8.7% reduction in Retail and Leisure, including a 6.3% reduction in the Merrion Centre
- Offices increased in value by 6.1% including a 3.2% increase in Merrion House, and a 21.7% increase in 123 Albion St
- Development land increased in value by 9.7%, driven by a 15.6% increase in Piccadilly Basin, Manchester as demand for development sites strengthens



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

Sustainability – EPC Performance of the Portfolio

Core part of strategy to improve sustainability credentials of all refurbished buildings (starting with offices):

- Town Centre House – EPC B
- Merrion House – EPC B
- 123 Albion Street – EPC B (previously EPC D)
- Ducie House – EPC C for newly refurbished units (previously EPC D)
- Carvers Warehouse – EPC D
- Merrion Centre (Retail and Leisure) –EPC C
- Urban Exchange (Retail Warehouse) – EPC D
- Waterside Business Park – EPC C
- Premier Inn, Whitehall Road – EPC A
- iBis Styles, Merrion Hotel – EPC B

Any new residential and office developments will be built to EPC B or better, both to comply with building regulations but more importantly, it is what potential occupiers are expecting.

Existing buildings, especially some of the more historical assets, are to be refurbished to meet the needs of new tenants. Improving the sustainability of these buildings is a key part in this process

CitiPark and Technology – recovering from COVID-19 impact

- COVID-19 impact estimated to have cost £4.5m for the year to 30 June 2021
  - Gross revenue of £6.7m is £3.5m or 34% down on the previous year
  - Despite fully closing certain branches during lockdowns, and closing decks in others, continued rent commitments and other fixed costs meant a material profit impact
- The Car Park business is now recovering, back to two thirds of pre pandemic levels and we expect recovery to continue to improve
- 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
  - Acquisitions of over 250 parking enforcement contracts during the year
- 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:

1. Disposals of Retail and Leisure assets

2. Continue to reduce proportion of Retail and Leisure

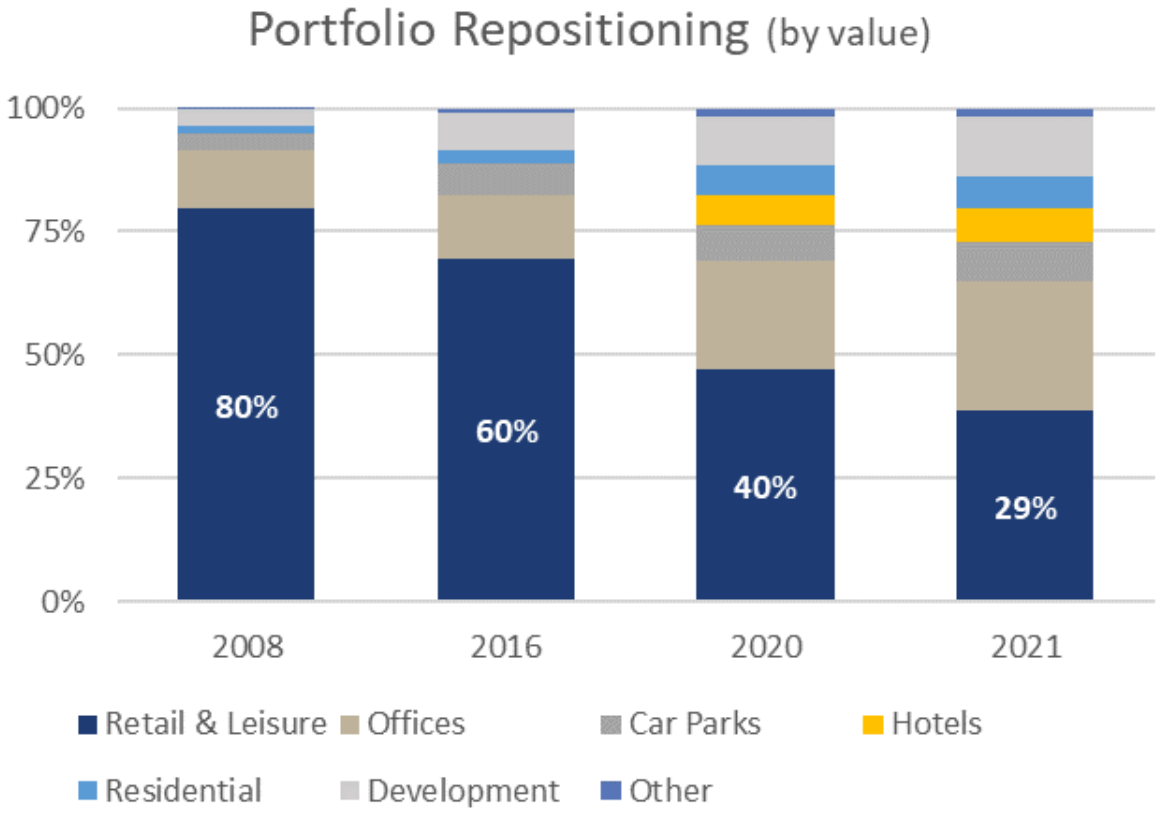
3. Reduce Gearing and LTV

4. Create headroom for future growth

1. Disposals of retail and leisure assets

- In the year to 30 June 2021 asset sales totalling £48.0m were completed:
  - Two Waitrose stores in Scotland (Milngavie and Glasgow) sold for £23.2m
  - 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
  - Thornton Chambers, Leeds sold for £2.1m
  - Central Road, Leeds sold for £1.4m
  - Additional deferred consideration from the sale of Brownsfield Mill received £3.1m
- On average sold for within 2% of June 2020 valuations
- Sales reduce net income by £3.0m annually, or £1.8m after interest savings (of which £1.2m impact in FY)
- £3.85m London asset sale completed in October, with further sales expected

2. Continue to reduce proportion of retail & leisure



At 30 June 2021:

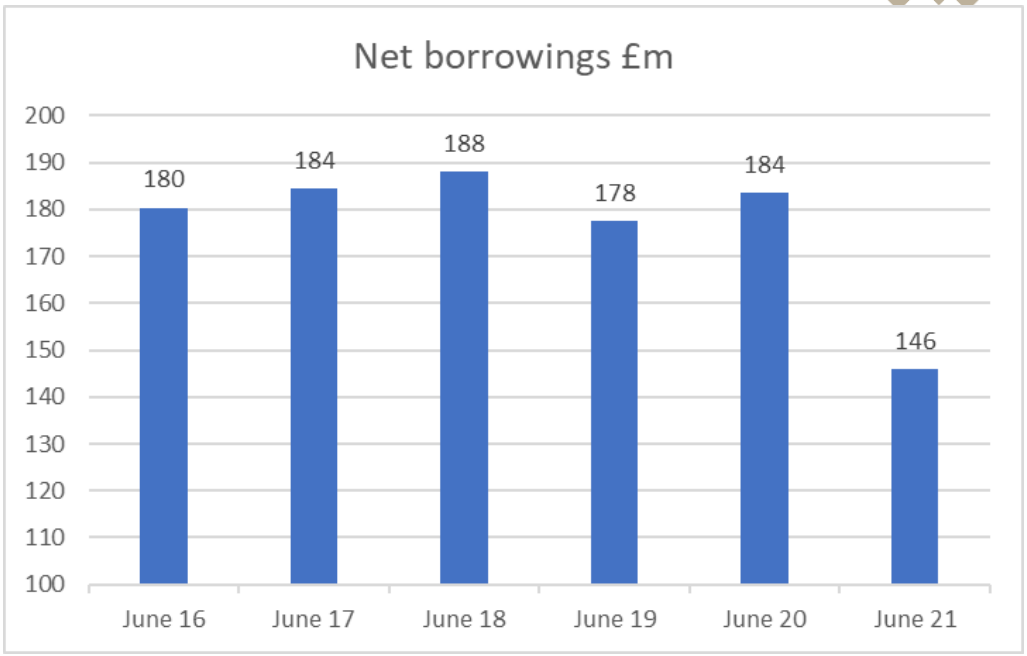
- Retail & Leisure represents 29% of the portfolio, down from 60% in 2016, and 80% in 2008
- Pure Retail represents only 21% of the Portfolio, 52% of which resides in the Merrion Estate
- Office, residential and development segments continue to strengthen as we reduce the size of the retail & leisure segment

3. Reduce gearing and LTV

	FY21	FY20
Net Debt	£145.6m	£183.6m
Loan to value	48.3%	53.2%
Interest cover (underlying)	2.2	2.1
Weighted average cost of debt	4.1%	4.1%
Bank facilities	£10m	£108m
Debenture	£99.5m	£106m
Weighted average maturity	5.6	6.7

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

- Loan to Value reduced to 48.3% following asset sales
- £6.5m debenture stock (5.375% maturing in 2031) cancelled in the first half of the year leaving £99.5m outstanding
- £103m RCFs with RBS, Lloyds and Handelsbanken, plus £5m overdraft facility (RBS reduced by £8m post year end) – total RCF's now £95m



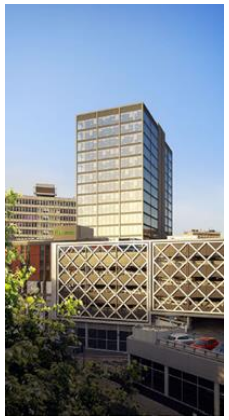
- We continue to focus on reducing absolute levels of debt
- Headroom stood at £12.1m at year end
- Further sales and restructuring of the security pool will give the opportunity for further increases in headroom

4. Create headroom for future growth - Development pipeline of +£700m

	Development Type	Status	Estimated GDV	Estimated Income	Yield on Cost
Manchester - Eider House	Residential	Strategic Framework	£51m	£2.2m	4.2%
Leeds - MSCP	Car Park	Pre-app planning	£20m	£1.7m	9.4%
Leeds - Whitehall Road No2	Offices	Pre-app planning	£55m	£3.5m	7.5%
Leeds - Whitehall Road No4	Aparthotel	Pre-app planning	£22m	£1.4m	8.1%
Leeds - Whitehall Road No6/7	Residential	Pre-app planning	£115m	£5.1m	5.1%
Leeds - Whitehall Road No9	Offices	Pre-app planning	£55m	£3.5m	7.5%
Leeds - Wade House	PBSA	Pre-app planning	£28m	£1.4m	5.3%
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 - MSCP	Car Park	Strategic Framework	£20m	£1.7m	9.4%
Leeds - Merrion Corner Tower	Residential / Mixed Use	Unscoped	£50m	£3m	6.4%
			£740m	**£40.8m**	

Whitehall Road developments, Leeds CGI

Eider House PRS, Manchester CGI



100MC, Merrion, Leeds CGI

- GDV pipeline value of over £700m – (Annual Report disclosure conservative at £600m specifically excluding un-scoped developments)
- 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

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
- 68% of our portfolio with the Merrion Estate being our largest single asset
  - £145m 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

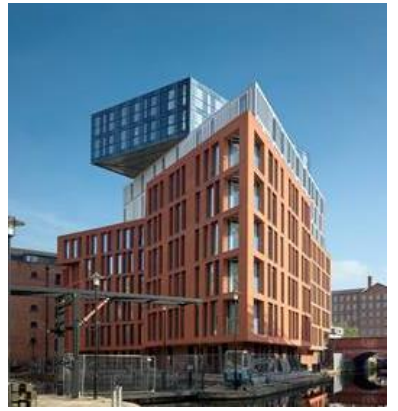
Merrion House

ibis Styles hotel, Merrion

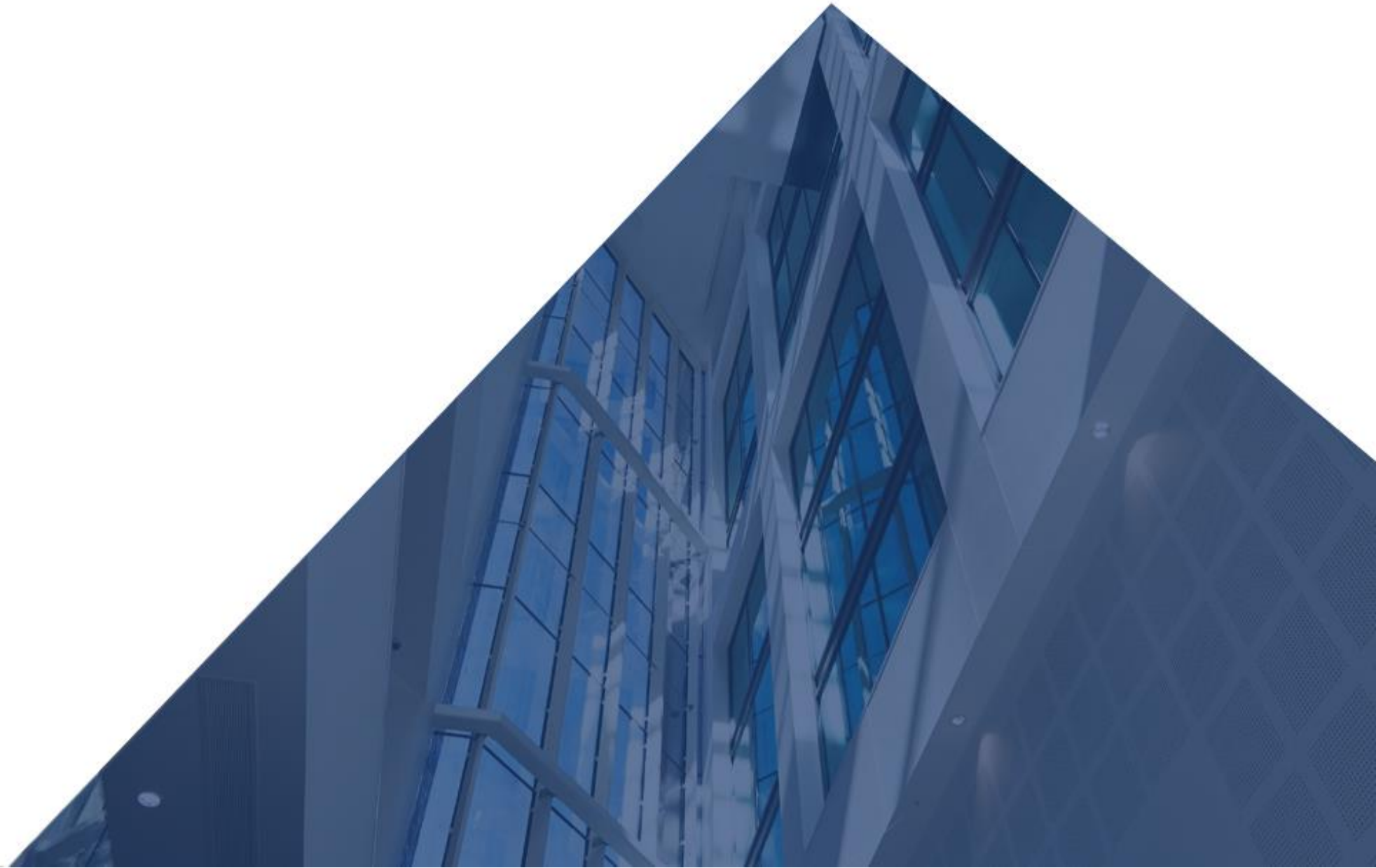
Premier Inn, Whitehall Road

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



Town Centre Securities

Current trading – stronger first half performance expected

- Strong rent receipts in the first quarter ended 30 September 2021
- Recoveries in both the car park and hotel operations as the economy reopened
- Further disposals agreed and being marketed

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

Town Centre Securities

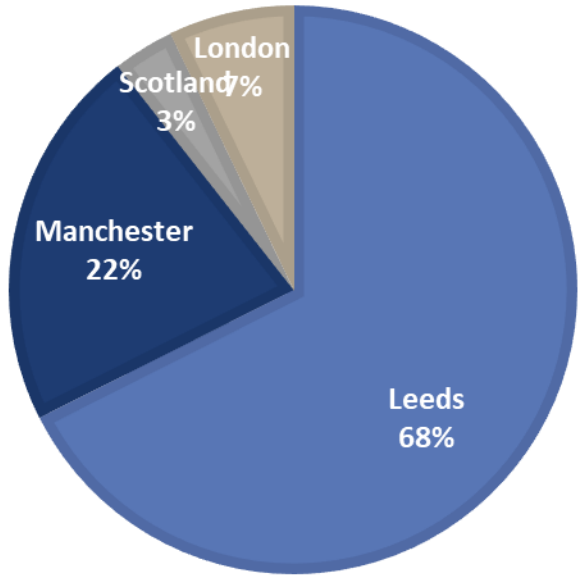
Appendices:

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

Town Centre Securities

Our diversified portfolio

	Passing rent	ERV	Value	% of portfolio	Valuation incr/(decr)	Initial yield	Reversionary yield
Retail & Leisure	1.6	1.9	23.4	7%	-17.4%	6.4%	7.9%
Merrion Centre (ex offices)	4.6	4.9	56.7	17%	-6.7%	7.7%	8.1%
Offices	4.5	6.2	91.4	28%	6.1%	4.7%	6.4%
Hotels	1.2	1.6	23.6	7%	2.4%	4.7%	6.5%
Out of town retail	1.2	1.2	14.5	4%	-2.0%	7.9%	7.5%
Distribution	0.4	0.5	6.5	2%	7.7%	6.0%	6.8%
Residential	1.0	1.0	20.5	6%	3.5%	4.6%	4.6%
	14.6	**17.3**	**236.6**	**72%**	**-1.1%**	**5.8%**	**6.9%**
Development property			41.5	13%	9.7%		
Car parks			51.2	16%	-1.4%		
Portfolio			**329.2**	**100%**	**0.3%**		



- LFL increase of 0.3% at the year end
- Reversionary yield of 6.9%
- Total Retail and Leisure overall reduced to 29%

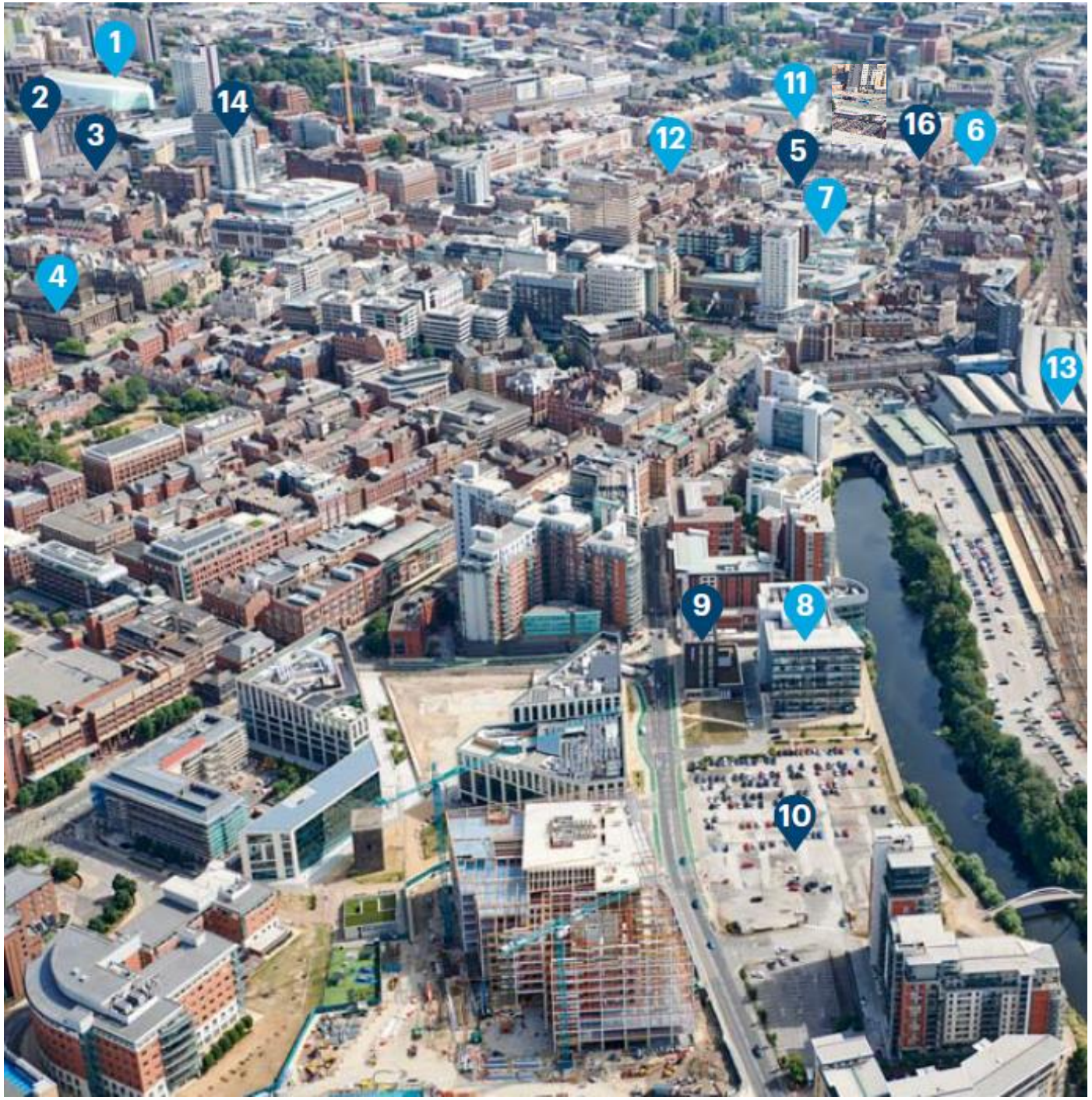
Note the above table includes Merrion House within Offices and Burlington House within Residential, and therefore differs from the notes in the accounts

Note excludes IFRS16 adjustments

Leeds– TCS Assets

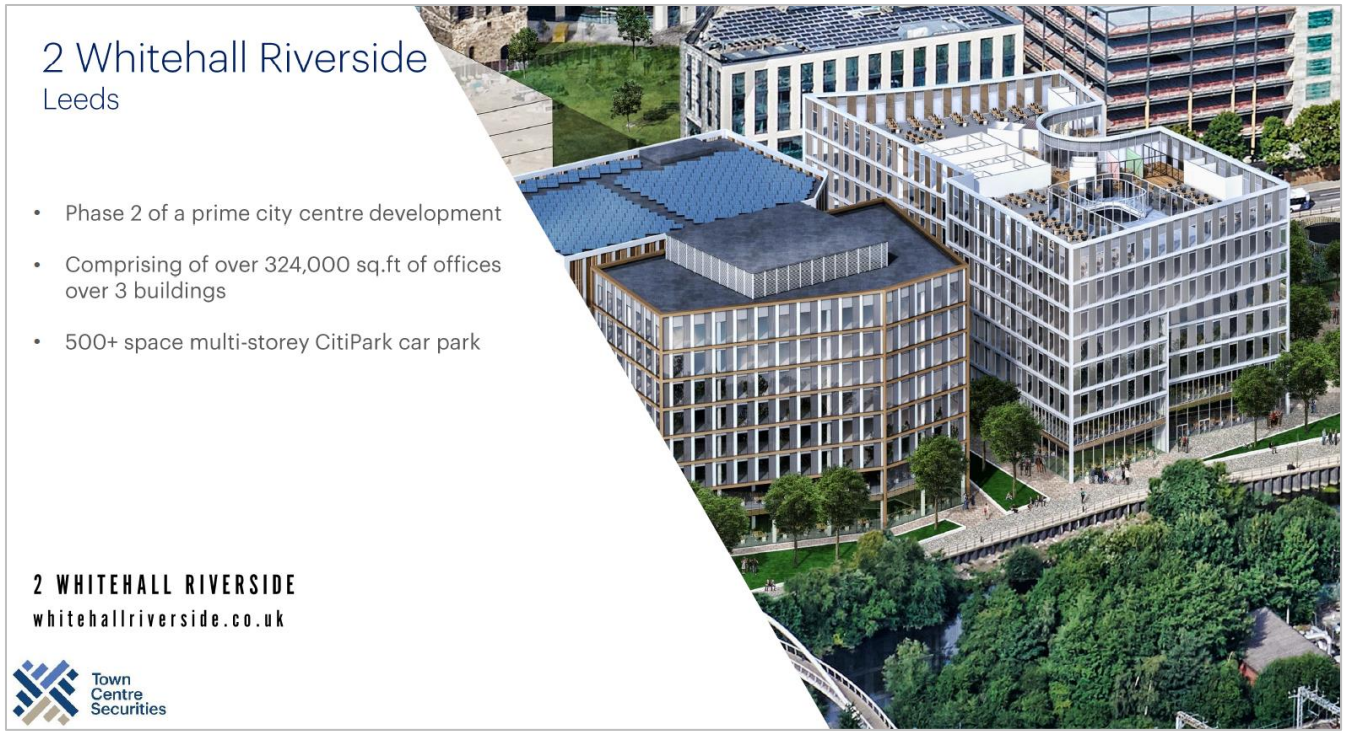
1. First Direct Arena
2. Merrion House
3. Merrion Centre
4. Town Hall
5. Vicar Lane
6. Corn Exchange
7. Trinity Shopping Centre
8. No. 1 Whitehall Riverside
9. Premier Inn
10. CitiPark Whitehall Road Car Park
11. Victoria Gate
12. Victoria Quarter
13. Leeds Station
14. 123 Albion St
16. Central Road

TCS Assets



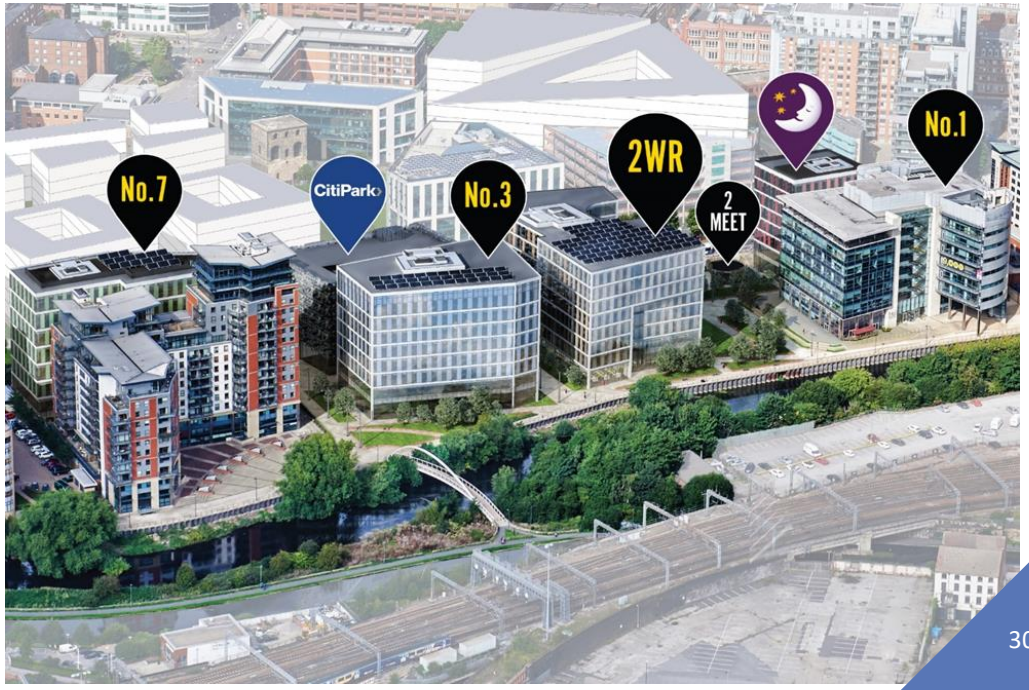
Town Centre Securities

Development pipeline – Whitehall Road, Leeds



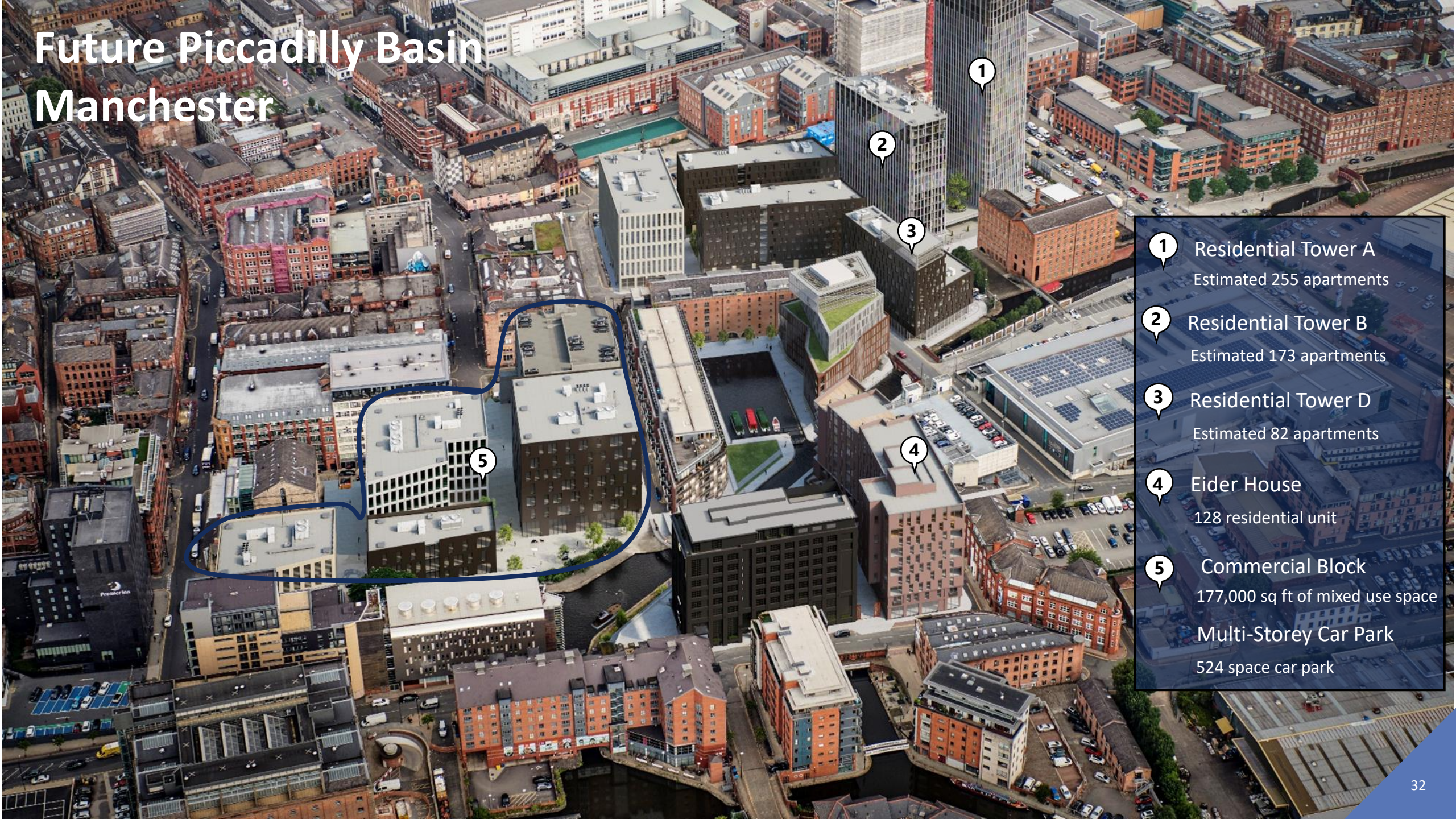
Currently operated as CitiPark car park operation with £150m GDV development opportunity:

- 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

Town Centre Securities

Town Centre House

The Merrion Centre

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