

Results Presentation

Six months ended 31 December 2023

*“Resilient performance given
macroeconomic conditions”*

Edward Ziff – Chairman & CEO

Stewart MacNeill – Group FD





Business Review – resetting and reinvigorating

In 2020 we initiated a resetting and reinvigorating of the business:

- Strategy and business model remained appropriate but needed acceleration given events
- Key elements of acceleration included:
 - 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 – retail and leisure have now stabilised and we are looking to grow the proportion on other sectors, including residential
 - Reduce Gearing and LTV
 - Create headroom for future growth to enable us to bring forward development sites



... delivered in the six months ended Dec 23

- **Retail and Leisure now stable, residential growing in the portfolio:**

Retail and leisure now stable at 30% (FY23: 29%, FY19: 44%), residential now 13% (FY23: 12%, FY19: 6%)

- **Reduce Borrowings and LTV (including finance lease assets and liabilities):**

NAV per share accretive Tender Offer in the period, resulted in net borrowings increasing by 6.3% (£7.3m) to £109.2m (FY23: £101.9m, FY19: £177.5m). Coupled with valuation reductions - LTV increased to 50.3% (FY23: 45.8%)

- **Create headroom for future growth:**

Headroom of £20.0m at the period end. Significant development pipeline in place.

HY24 Financial Summary

Gross Revenue

£16.1m

Up 2% POP

Interim Dividend

2.5p

FY23 (Final): 2.5p

EPRA earnings

£3.8m

Up 118% POP

Statutory Loss

£7.3m

Down £11.8m POP

LTV

50.3%

Up 450bps vs FY23

EPRA NTA

286p

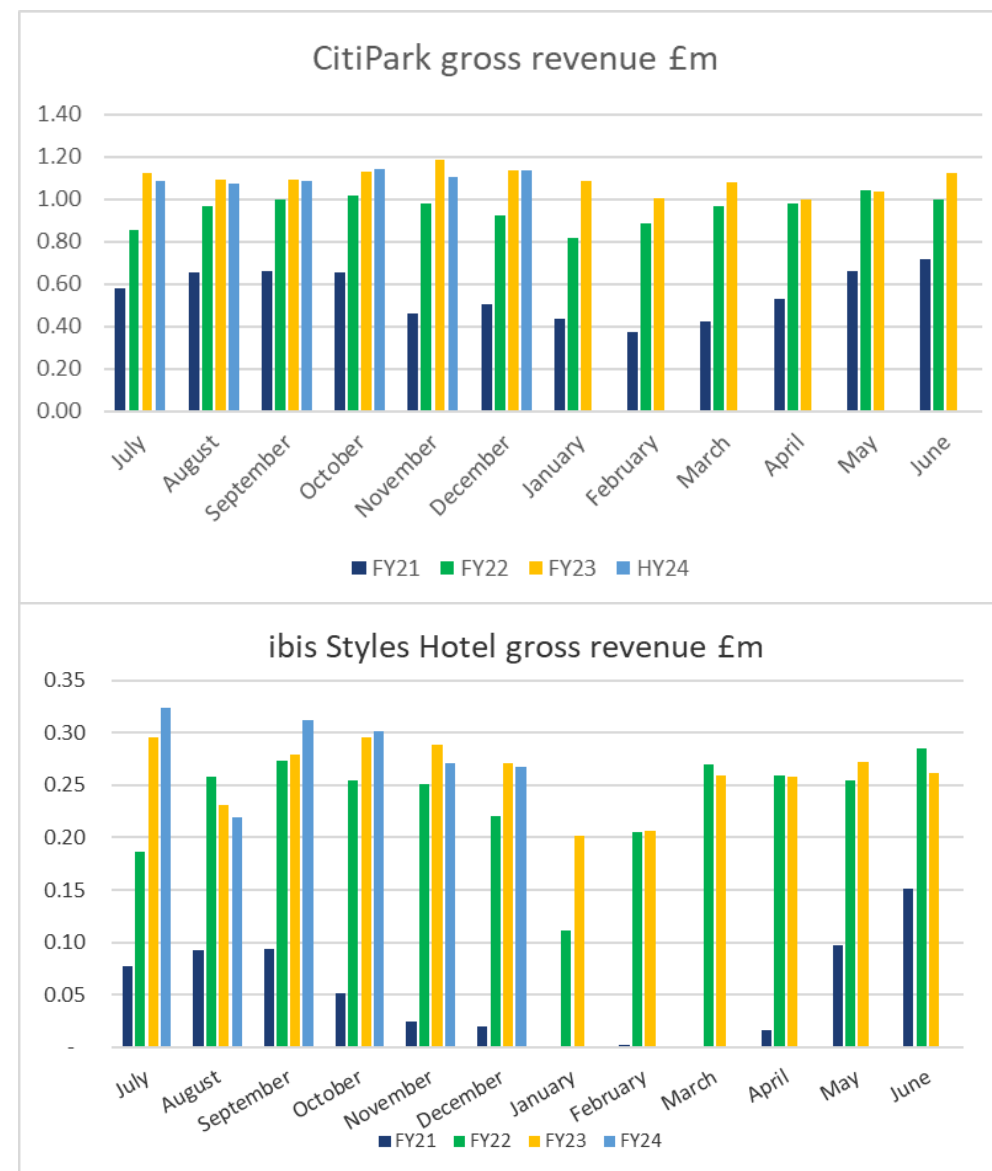
Up 2p vs FY23

Resilient performance

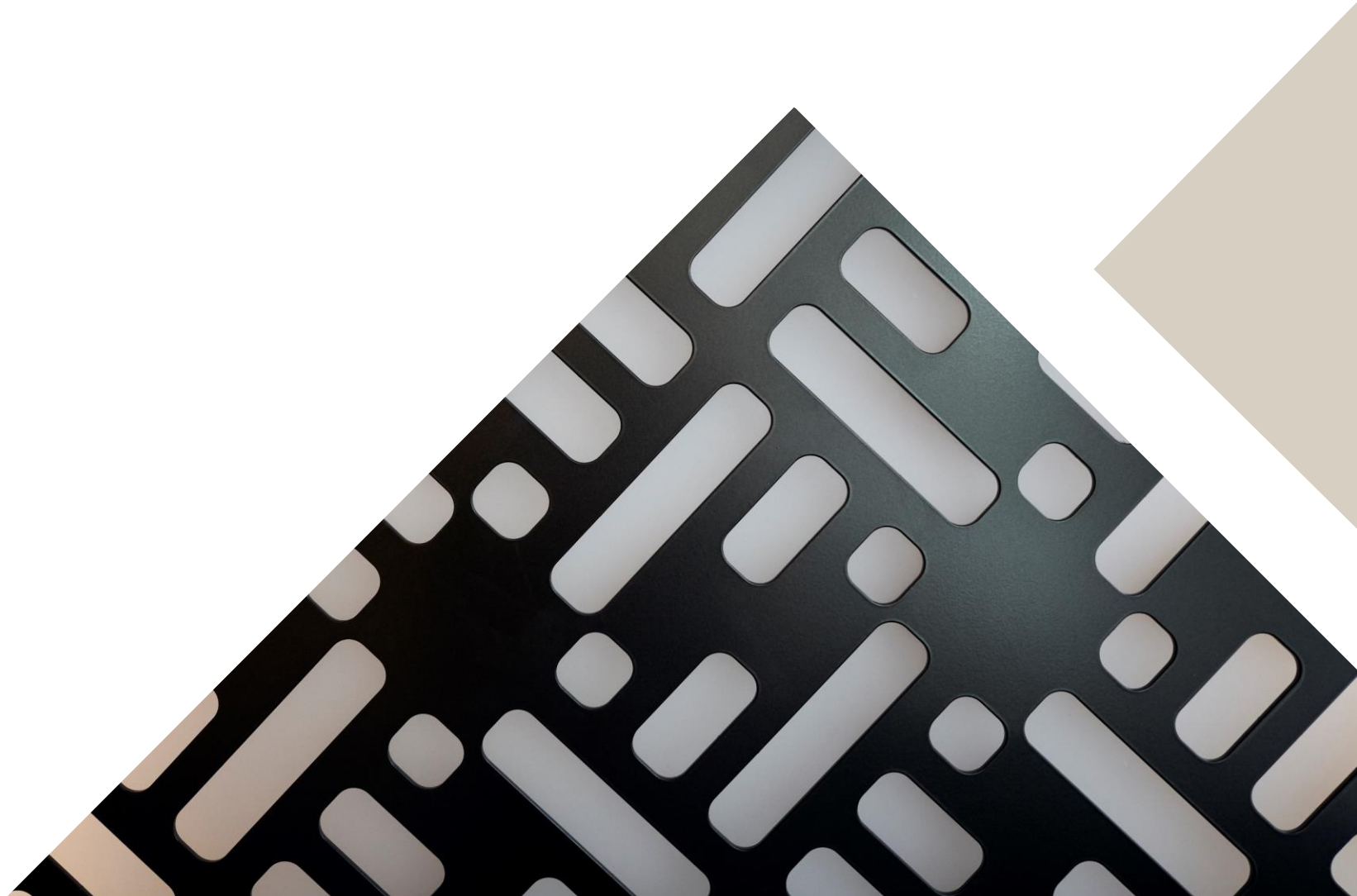
- Relative stability in underlying earnings
- Rent receipts remain strong averaging 99.2% over the period
- 4.4% LFL decrease in property values, compared to MSCI/IPD All Property Capital Index which fell by 3.9% over the period
- Interim dividend of 2.5p. Fully covered by EPRA earnings of 7.9p in the period, and post tax credit EPRA earnings of 4.4p in the period
- LTV increased to 50.3% following small increase in net borrowings and valuation reductions
- Tender Offer bought back 6.3m shares at 145p per share (before fees) in November 2023. As expected this resulted in the Company leaving the REIT regime with effect from 1 July 2023

Car Park and Hotel Businesses – Stable and resilient performance

- Both our CitiPark business and our ibis Styles Hotel have traded consistently through the period
- CitiPark - HY24 revenues down 1% POP
- ibis Styles Leeds City Centre Arena Hotel – HY24 revenues up 2% POP
- Two new car park management agreements won in the period



Financial Performance



FY23 Income Statement

£m	HY24	HY23	YOY
Gross Revenue	16.1	15.7	2.8%
Debtor Impairment Movement	(0.1)	0.1	(172.5%)
Property Expenses	(8.0)	(7.8)	1.6%
Net Revenue	8.1	7.9	2.2%
Other Income / JV Profit	1.1	0.9	13.0%
Other Expenses	0.0	0.0	-
Administrative Expenses	(3.7)	(3.6)	1.2%
Operating Profit	5.5	5.2	4.8%
Finance Costs	(3.4)	(3.5)	(3.2%)
Taxation	1.7	0.0	
EPRA Earnings	3.8	1.7	117.9%
<i>EPRA EPS (p)</i>	7.9	3.5	

<u>Segmental £m</u>	HY24	HY23	YOY
<u>Property</u>			
Net Revenue	4.9	5.0	(1.5%)
Operating Profit	3.0	2.9	4.5%
<u>CitiPark</u>			
Net Revenue	2.9	2.7	6.2%
Operating Profit	2.1	2.1	2.1%
<u>ibis Styles Hotel</u>			
Gross Revenue	1.7	1.7	2.0%
Operating Profit	0.4	0.3	28.5%

- Key change in the year relates to a one-off taxation credit of £1.7m (following the Company's exit from the REIT regime) affecting underlying EPRA results
- Excluding tax credit, underlying EPRA results ahead of HY23, 4.2p per share compared to 3.5p per share

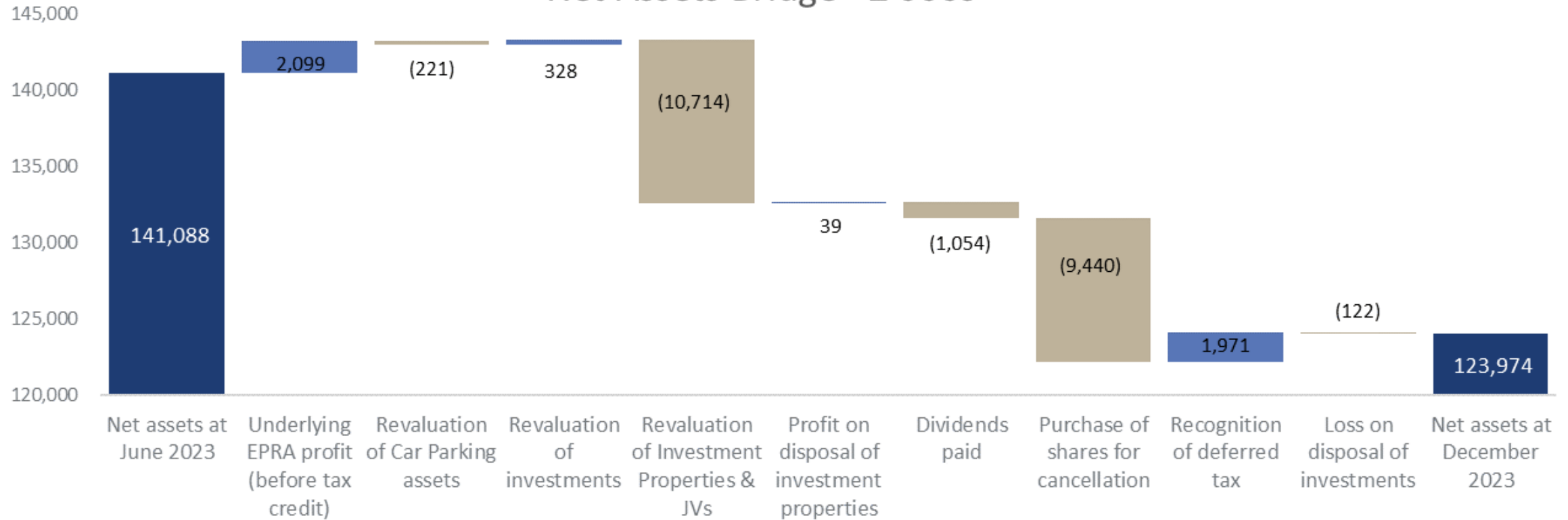
HY24 Balance Sheet

£m	HY24	FY23	vsHY23
Freehold and Right to Use Investment Properties	158.1	162.9	(2.9%)
Development Properties	20.9	20.9	0.0%
Car Park related Assets, Goodwill and Investments	68.6	74.4	(7.8%)
Hotel Operations	9.5	9.5	n/a
	257.1	267.7	(4.0%)
Joint Ventures	5.1	7.1	(28.2%)
Other Investments	4.6	4.1	12.2%
Other Non-Current Assets	3.9	1.3	200.0%
Total Non-Current Assets	270.7	280.2	(3.4%)
Net Borrowings	(138.0)	(129.9)	6.2%
Other Assets/(Liabilities)	(8.7)	(9.2)	(5.4%)
Statutory NAV	124.0	141.1	(12.1%)
Statutory NAV per Share	294p	291p	1.1%
EPRA Net Tangible Assets (NTA)	120.6	137.7	(12.4%)
EPRA NTA per Share	286p	284p	0.7%

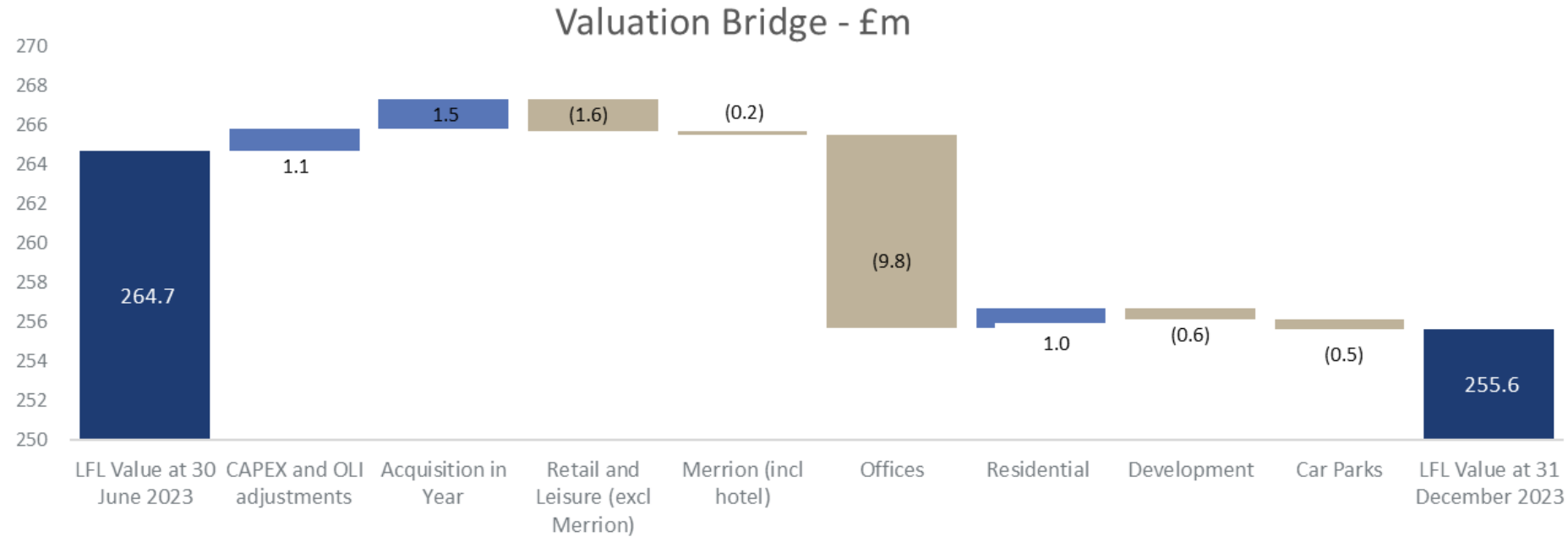
- Property portfolio down 4.4% LFL - compared to the MSCI/IPD All Properties Capital Index which showed a 3.9% decline over the same period
- Net borrowings up 6.2% from FY23
- Only 12.5% of borrowings at variable interest rate; weighted average cost of debt at the period-end 5.3%
- EPRA NTA per share up 2p from FY23: the impact of the successful tender offer and recognition of deferred tax assets negating the effect of valuation reductions in the period
- EPRA Net Tangible Assets of £120.6m
- First element of YPS deferred consideration received in July 2023 (£4.4m)

Statutory Net Assets Bridge

Net Assets Bridge - £'000s



Year End Valuation



- 4.4% LFL decrease in property portfolio at the period
- MSCI/IPD All Property Capital index down 3.9% in the period
- Driven by significant valuation reduction in offices

ESG – a long term commitment to Corporate Responsibility

We have a 5-part approach to ESG incorporating:



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 Merriam Centre sustainability plan
Goals 10 & 17 - Reduced inequalities and Partnerships for the goals	Local charitable partnerships including Tempus Nova

- 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 (15%) using the income for charitable endeavours
- We directed a portion of the proceeds from the sale of YPS to set up a staff charitable foundation with a view to colleagues suggesting the causes they want to support



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 B
- ibis Styles Leeds City Centre Arena Hotel – EPC B

Percentage of portfolio currently EPC B or above 39.9%

EPC C - 23.4%, EPC D – 22.6%, EPC E and over 14.1%

Estimated cost to bring all of the portfolio to EPC B or better: £16.8m

Strategy Review





Four Key Areas of Strategy:

1. Disposals of assets – no material disposals in the period

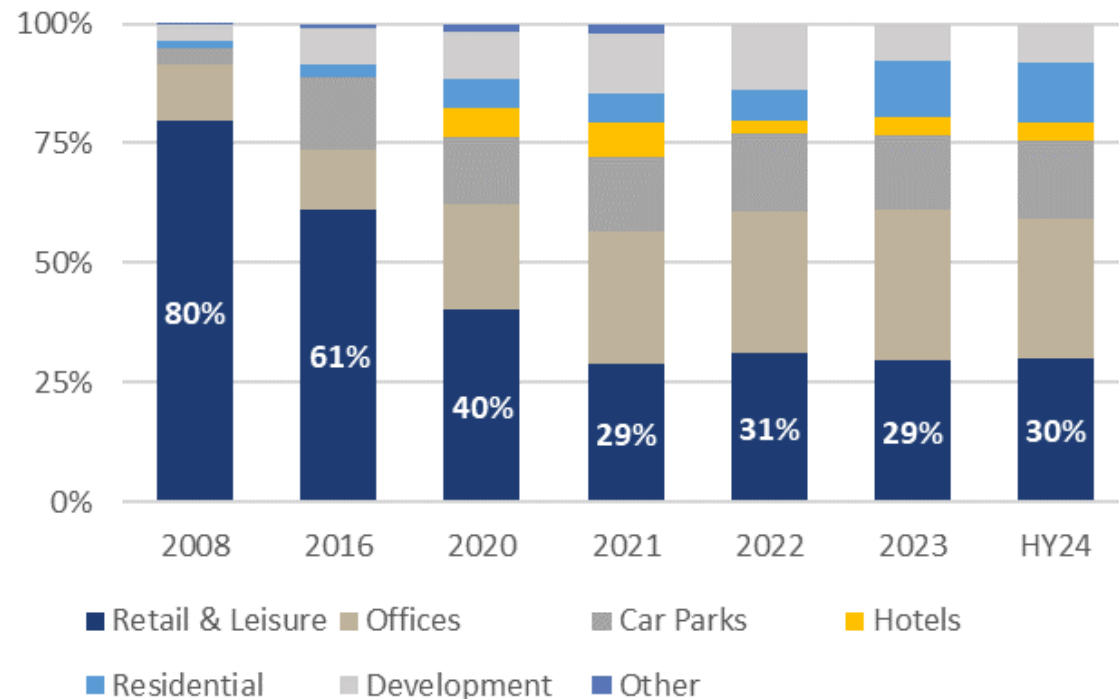
2. Maintain reduced proportion of Retail and Leisure

3. Reduce debt and LTV

4. Create headroom for future growth

2. Proportion of retail and leisure

Portfolio Repositioning (by value)



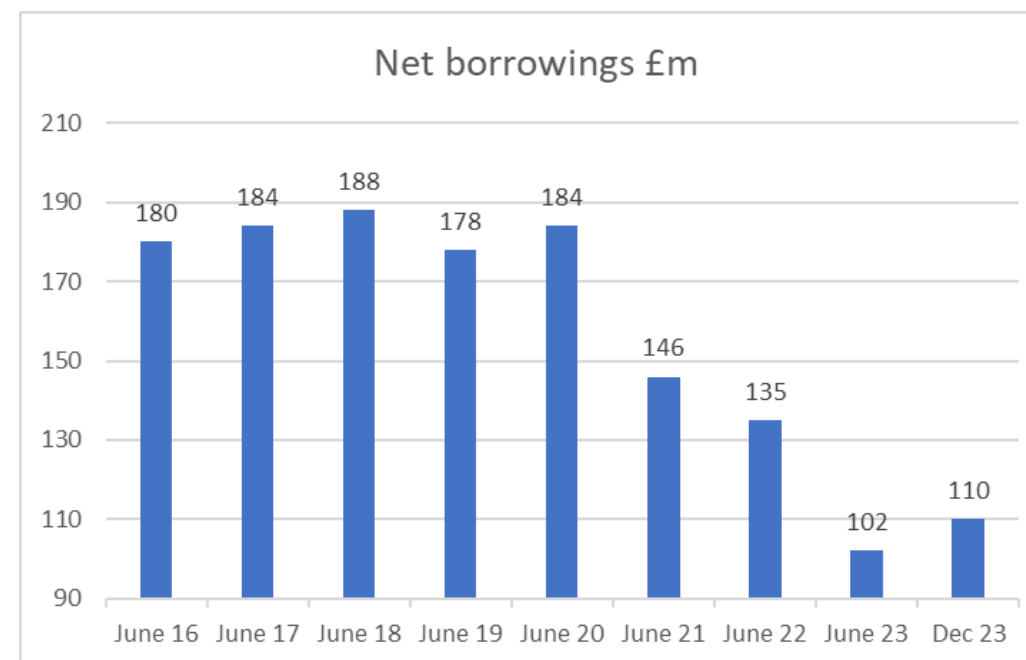
At 31 December 2023:

- Retail & Leisure represents 30% of the portfolio, down from 60% in 2016, and 80% in 2008
- Offices represent 29% of the portfolio, up from 13% in 2016 and are predominantly recently modernised buildings including Merrion House and Town Centre House
- Residential now represents 13% of the portfolio, up from 6% in June 22, following the Burlington House acquisition in the year

3. Reduce debt and LTV

	HY24	FY23	FY22
Net Debt	£110.0m	£101.9m	£135.1m
Loan to value	50.3%	45.8%	46.4%
Interest cover (underlying)	4.7	4.5	3.9
Weighted average cost of debt	5.3%	5.1%	4.9%
Bank facilities (total facilities)	£88.8m	£88.8m	£85m
Debenture	£82.4m	£82.4m	£96.1m
Weighted average maturity	6.9	7.6	6.8

- Loan to Value increased to 50.3% following both a small increase in borrowings but also valuation movements
- £82.4m debenture stock (5.375% maturing in 2031) outstanding
- £75m RCFs with RBS, Lloyds and Handelsbanken, plus £5m overdraft facility. RBS facility has next expiry, in September 2024 – currently documenting the first +1 year extension to this facility
- £13.8m single asset facility (3.02% maturing in January 2029), secured on Burlington House, residential asset



- LTV Headroom over existing facilities stood at £20.0m at period end
- Restructuring of the security pool and/or the charging of unsecured properties will give the opportunity for further increases in headroom

4. Create headroom for future growth – Development pipeline of +£400m GDV

	Development Type	Status	Estimated GDV	Estimated Income	Yield on Cost
Manchester - Eider House	Residential	Pre-app planning	£52,000,000	£ 2,200,000	4.1%
Leeds - MSCP	Car Park	Detailed planning	£22,380,000	£ 1,365,000	6.0%
Leeds - Whitehall Road No.2	Offices	Detailed planning	£64,000,000	£ 4,135,000	8.2%
Leeds - Whitehall Road No.4	Aparthotel/Hotel	Outline planning	£19,400,000	£ 1,300,000	8.6%
Leeds - Whitehall Road No.9	Offices	Outline planning	£51,600,000	£ 3,300,000	8.2%
Leeds - Wade House	PBSA	Pre-app planning	£28,000,000	£ 1,400,000	5.7%
Leeds - 100MC Merrion Office	Offices	Detailed planning	£62,000,000	£ 4,000,000	7.1%
Manchester - Residential D	Residential	Strategic Framework	£24,600,000	£ 1,040,000	4.3%
Manchester - Ducie House	Offices	Unscoped	£21,000,000	£ 1,300,000	7.8%
Manchester - Commercial	Mixed Use	Strategic Framework	£76,000,000	£ 5,000,000	7.9%
Manchester - MSCP	Car Park	Strategic Framework	£20,000,000	£ 1,500,000	8.0%
Leeds - Merrion/Woodhouse Corner	Residential / Mixed Use	Unscoped	£98,000,000	£ 4,110,000	4.1%
			£ 538,980,000	£ 30,650,000	
Excluding					
Manchester - Ducie House	Offices	Unscoped	£21,000,000	£ 1,300,000	7.8%
Leeds - Merrion/Woodhouse Corner	Residential / Mixed Use	Unscoped	£98,000,000	£ 4,110,000	4.1%
			£ 419,980,000	£ 25,240,000	
Also Excluding					
Vicar Lane - Mixed Use					
Ilford - MSCP					
Rickmansworth - MSCP					

- GDV pipeline value of over £400m, following recent development site land sales
- Land currently in TCS ownership with detailed planning or strategic frameworks in place for the majority
- Exploring options to unlock Piccadilly Basin, Manchester 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
- In recent years over 3,500 student rooms have been completed around the Merrion Centre alone, with over 2,000 currently under construction and more in the pipeline
- 76% of our Leeds portfolio is within the Merrion Estate and represents our largest single asset
- £126m asset, over £40m invested since 2012
- Significant student developments around the centre will continue to drive footfall
- Planning application submitted for 1,110 student rooms in the refurbished Wade House and the Separate 100MC Tower



The Merrion Centre Estate



Merrion House



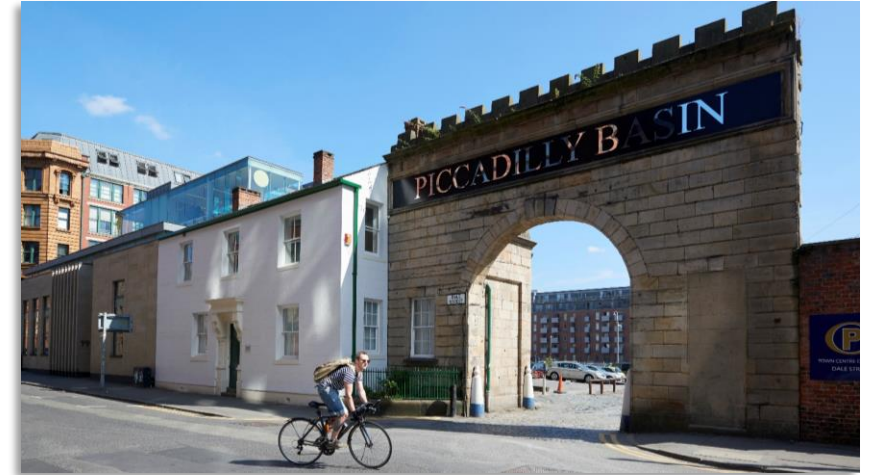
ibis Styles hotel, Merrion



Vicar Lane

Manchester - Significant potential growth

- Part of the 2nd largest conurbation in the UK
- 7m people within 1hr drive
- Significant growth in employment and city living forecast
- 27% of our portfolio based in the city with Piccadilly Basin providing our largest development opportunity – over £170m 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 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 a second building having detailed planning consent, although we are in the process of revising these
- Redeveloped Ducie House has further development opportunity within its car park
- Development value rising in the area and in our portfolio



Entrance to Piccadilly Basin



Ducie House

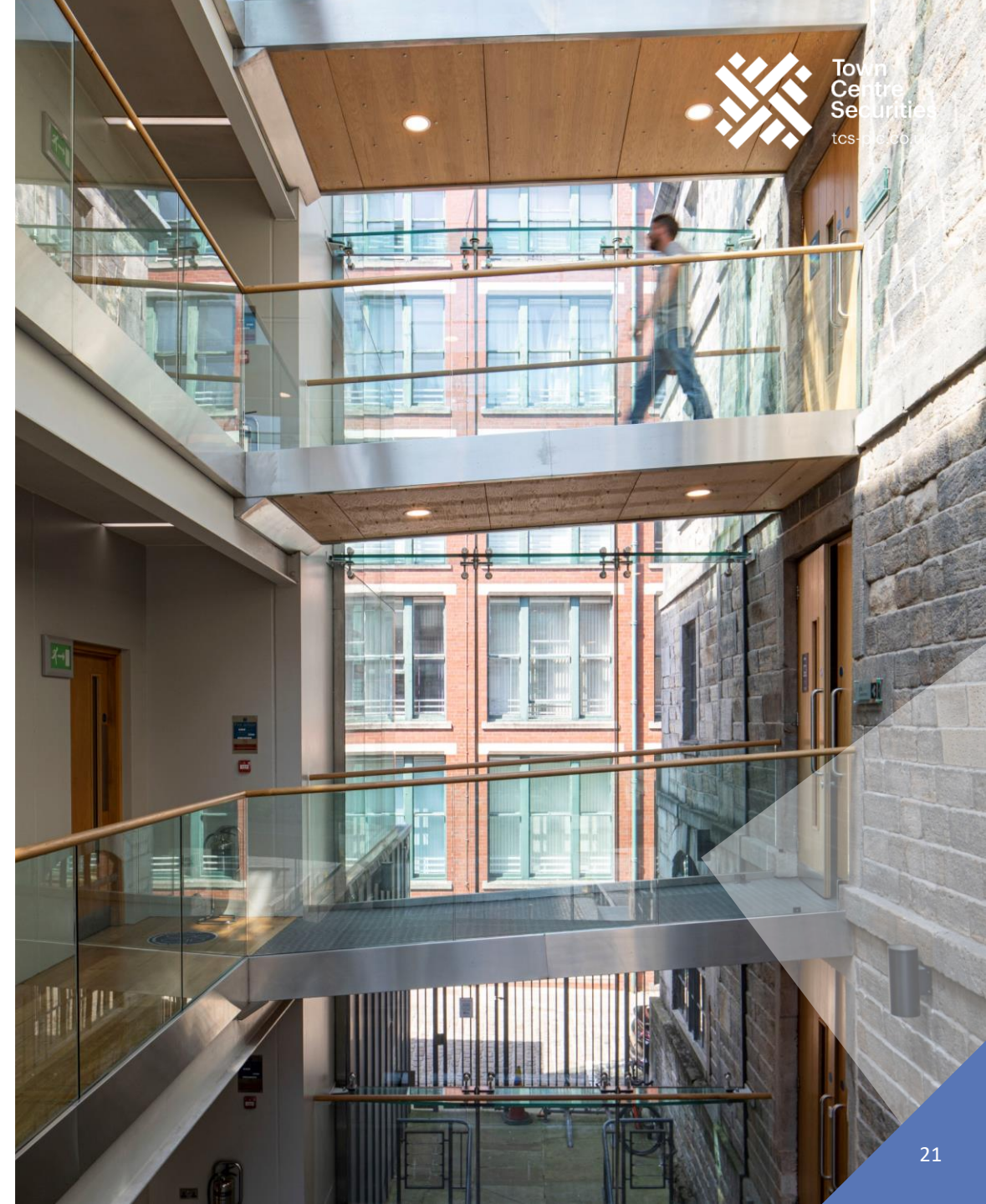
Outlook



Outlook and next steps

Resetting and reinvigorating the business for the future

- The continued robust levels of rent receipts give confidence for the future
- Cost of living crisis and inflation remain a concern, especially for leisure and retail operators
- No further disposals expected
- 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
- Low levels of variable interest rate bank debt ensure a strong position in uncertain times
- Our attention is now focussing on investing in our development programme over the coming years
- Two further receipts due from the YPS sale, totalling £5.3m, due in the next seven months



Appendices:

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

Our diversified portfolio

	Passing rent £m	ERV £m	Value £m	% of portfolio	Valuation incr/(decr)	Initial yield	Reversionary yield
Retail & Leisure	1.1	1.3	13.8	5%	-4.8%	7.8%	8.9%
Merrion Centre (ex offices)	4.5	4.9	51.6	20%	-0.4%	8.3%	8.9%
Offices	5.0	6.4	74.0	29%	-11.7%	6.3%	8.2%
Hotels	0.9	0.9	9.5	4%	0.0%	8.6%	8.6%
Out of town retail	1.0	1.1	12.1	5%	-6.9%	8.1%	8.4%
Residential	1.3	1.6	32.0	13%	3.3%	3.9%	4.7%
	13.8	16.1	193.0	76%	-5.2%	6.8%	7.9%
Development property			20.85	8%	-2.7%		
Car parks			41.75	16%	-1.2%		
Portfolio			255.6	100%	-4.4%		

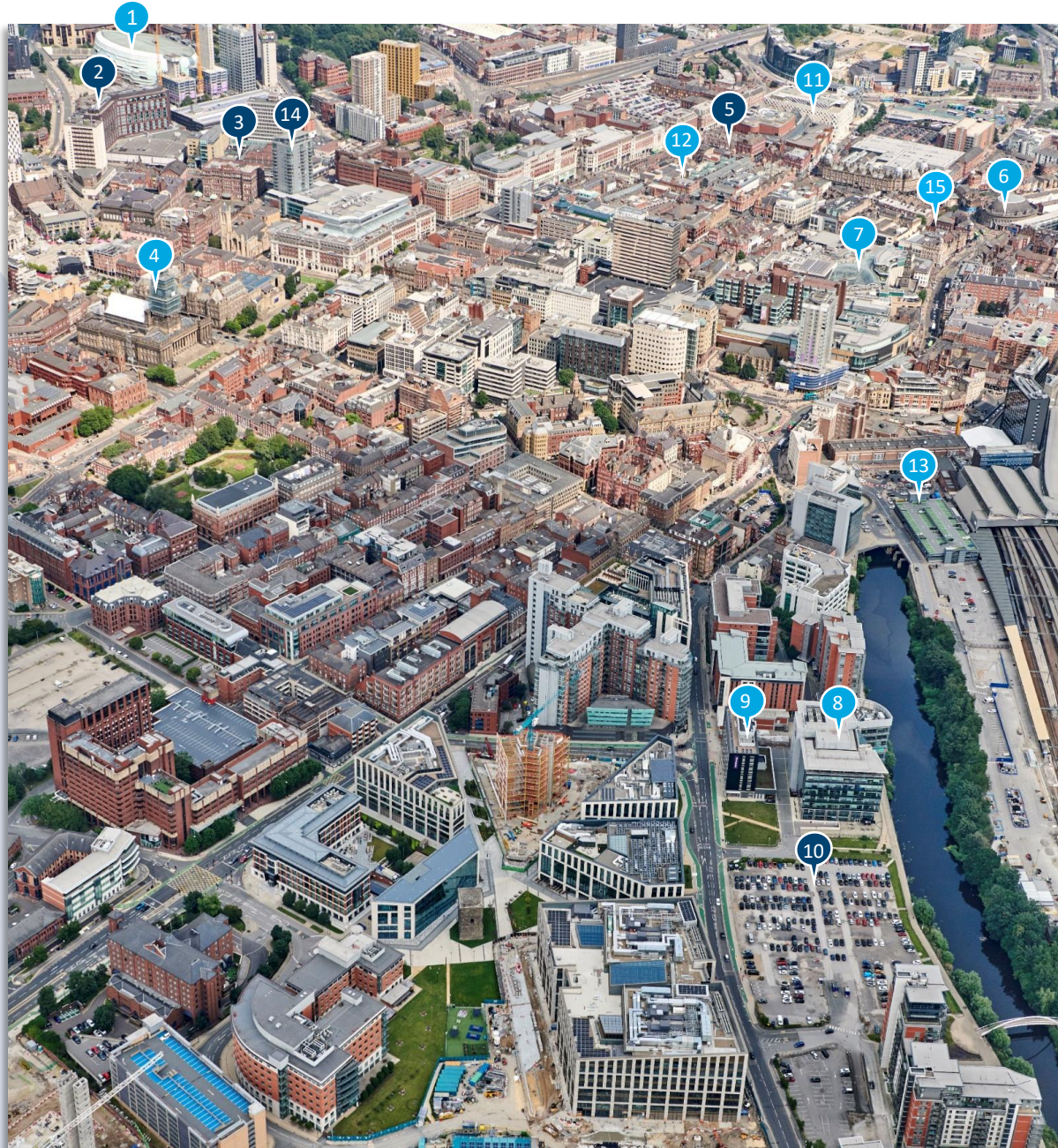
- LFL decrease of 4.4% during the period
- Reversionary yield of 7.9%
- Total Retail and Leisure stabilised at 30%, Residential percentage to 13% in the period

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

Note excludes IFRS16 adjustments to Car Park valuations

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 Street
- 15 Central Road



Development Pipeline – Whitehall Road, Leeds

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

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



Whitehall Riverside Case Study – the next step in the Company’s sustainability strategy

Delivering for future generations.

The strategy for the development of Whitehall Riverside not only provides provisions to be sympathetic to its existing surroundings, but also to safeguard for future generations. We have received a detailed consent for an energy-efficient office building and a multi-storey car park. The office will be best-in-class for the city in terms of its ESG credentials and we will be seeking a pre-let occupier prior to developing the building



- Target EPC A Rating
- BREEAM target ‘Outstanding’



- Target net zero carbon in operation
- Targeting 38.5% less energy consumption than buildings regulations target



- 100% of energy from renewable sources
- All electric building



- Heating & Cooling via zoned VRF system with heat recovery
- Fabric first approach to minimise every demand



- NABERS accredited

- WELL accreditation – base build designed to WELL Ready

SMART Building



Air Quality
Monitoring



Smart
Enabled BMS



Energy Monitoring
& Management



Demand Controlled
Fresh Air



Wired Score
Platinum



Visitor
Management System



Contactless
Access Control



Building
App


Development Pipeline – Piccadilly Basin, Manchester



- 1 Burlington House
- 2 Urban Exchange
- 3 Ducie House
- 4 Carvers Warehouse
- 5 AVRO (Urban Splash Dev)
- 6 CitiPark Tariff Street
- 7 Eider House Development
- 8 Car Park & Development (x4)
- 9 Premier Inn Hotel
- 10 Dakota Hotel

TCS Assets

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
Estimated 128 residential units
 - 5 Commercial Block
177,000 sq.ft of mixed use space
 - 6 Multi-Storey Car Park
524 space car park

 TCS Assets



**Town
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