A

TTLP Quarterly Performance Report Appendix 1

The BBC Earth Experience narrated by David Attenborough opened in March as a meanwhile use at our site in Earls Court

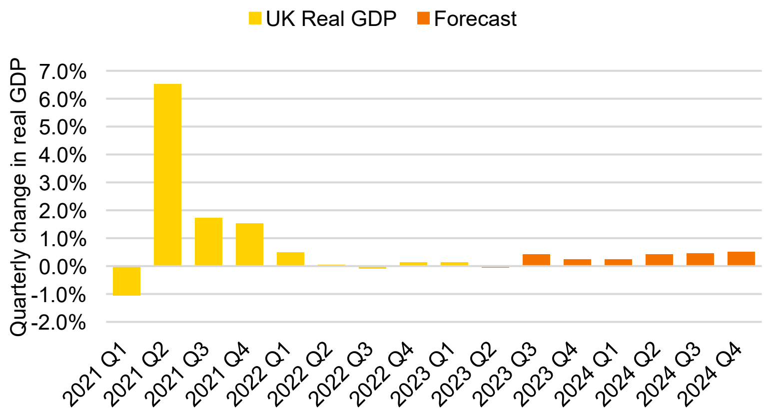
Loop, a new opening in Piccadilly station

Market Context

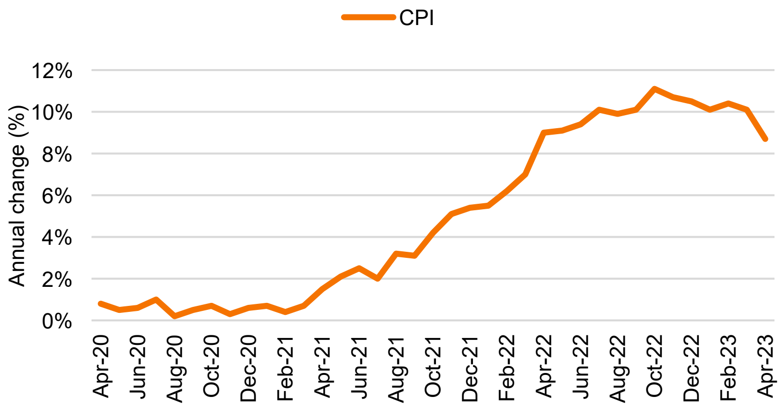
Graeme Craig
Director & Chief Executive, TTLP

Inflation remains high, but the economic forecast is slightly improving

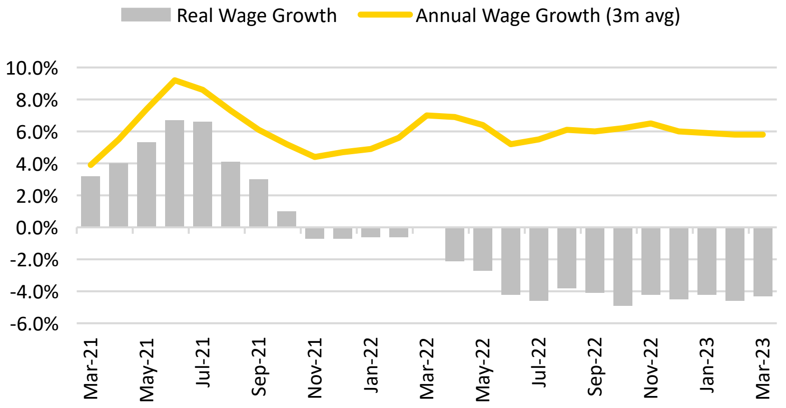
Real GDP grew by 0.1% during Q1 2023, out performing the forecast



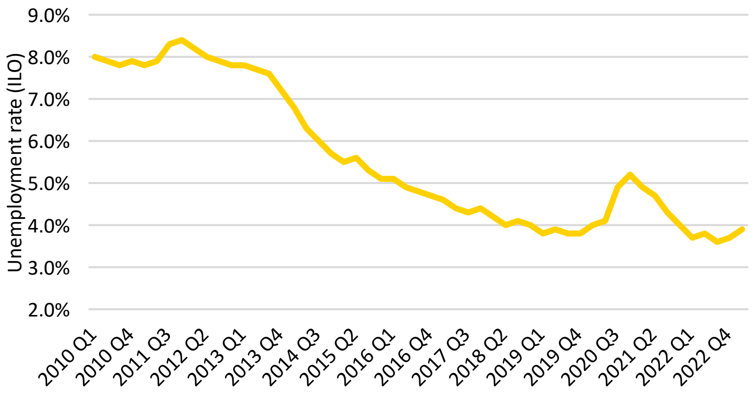
Inflation fell to 8.7% in April, from 10.1% in January, but was remained higher than expected



Nominal wage continues to rise at just under 6%, but high inflation is driving real terms wage falls



Unemployment rose slightly during Q1 2023 to 3.9% from 3.7% in Q4 2022

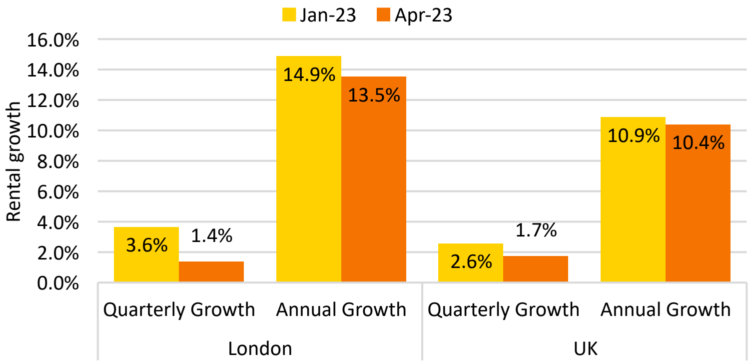


1 Market Context

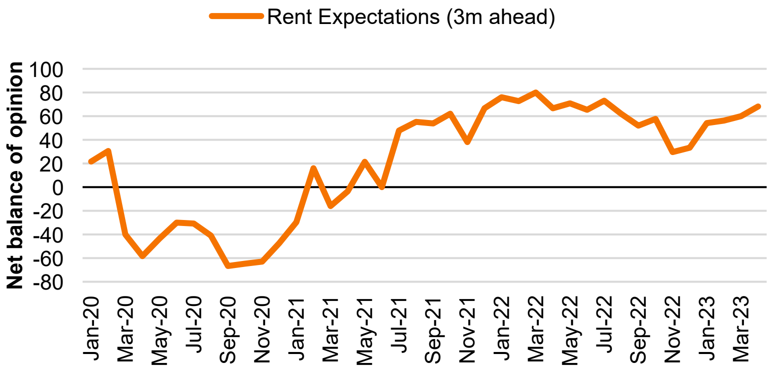
- Over the past quarter, the UK economy grew by 0.1% in real terms.
- The short term outlook has improved and the UK is now forecast to avoid a recession in 2023.
- Inflation has also started to fall, slowing to 8.7% in April 2023 compared with 10.1% in January 2023.
- However, this level was higher than markets had expected, and this has led to expectations of the Bank of England raising interest rates again at the next Monetary Policy Committee meeting on 22 June.
- Nominal wage inflation remains robust, rising by 5.8% in March 2023, compared with 6.0% in December 2022.
- This is supported by continued low unemployment, which rose slightly to 3.9% in Q1 2023.

Residential rental growth rate eases, but continued mismatch between supply and demand

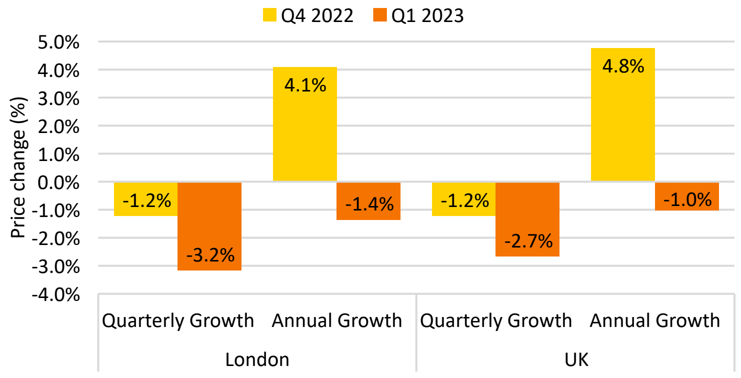
Rents in London have risen by 1.4% over the 3 months to Apr-23 , down from the 3.6% in 3 months to Jan-23



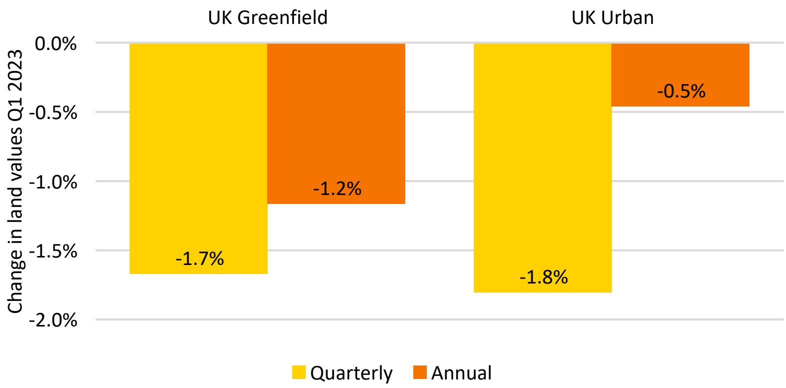
Agents report continued supply/demand imbalance – strengthening expectations of continued rental growth in the near term



House prices fell by -3.2% during Q1 2023 across London



Development land value fall continued to soften in Q1 2023

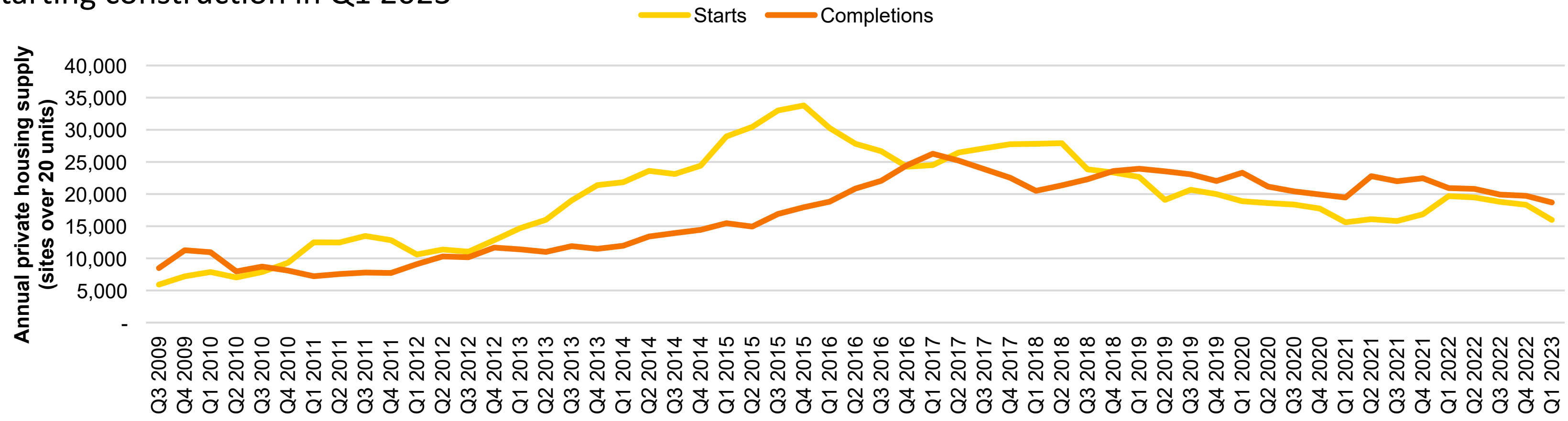


1 Market Context

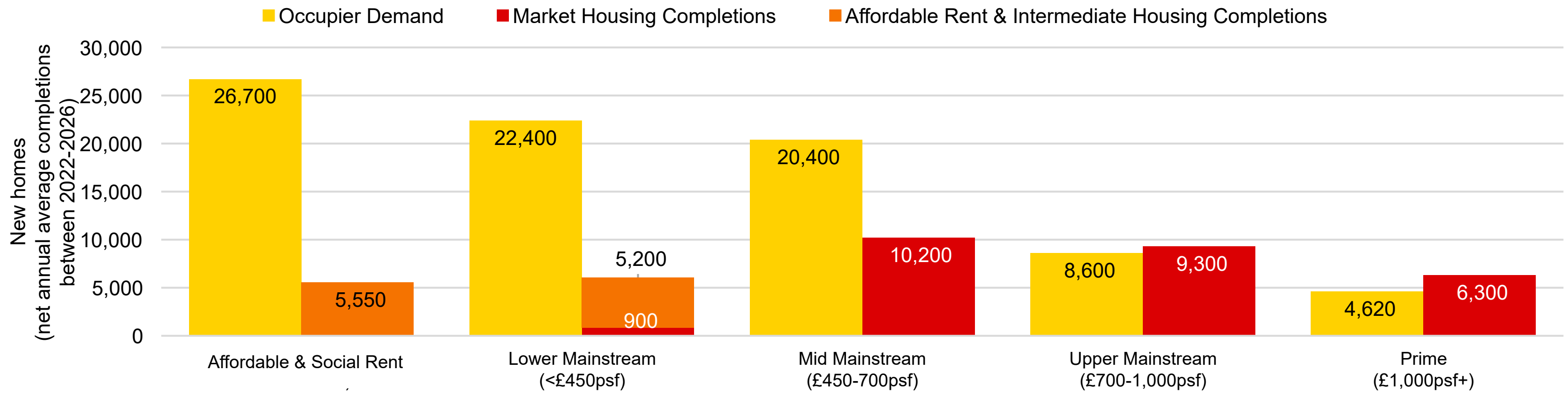
- Rents in London continue to rise, although the rate of growth has slowed. In the three months to January 2023 rents rose by 3.6% but this eased to 1.4% in the 3 months to April 2023.
- Agents completing the Royal Institution of Chartered Surveyors survey continue to report a significant mismatch between supply and demand. This is leading to more agents in April 2023 (+68%) reporting that they expect continued rental growth over the next 3 months, compared with +54% in January 2023.
- House prices continued to fall in Q1 2023, with quarterly falls of -3.2% in London according to Nationwide. This compares with a fall of -1.2% during Q4 2022.
- There was a similar story for UK development land values, which fell by -1.8% for urban and -1.7% for greenfield in Q1 2023.

New construction starts falling, adding to shortfall against occupier demand

New construction starts in London have been falling from their peak in Q1 2022, with 3,000 new homes starting construction in Q1 2023



Savills latest five-year delivery forecasts (2022-26) expects that 37,450 new homes will be delivered in London over that period, compared with demand for 82,700

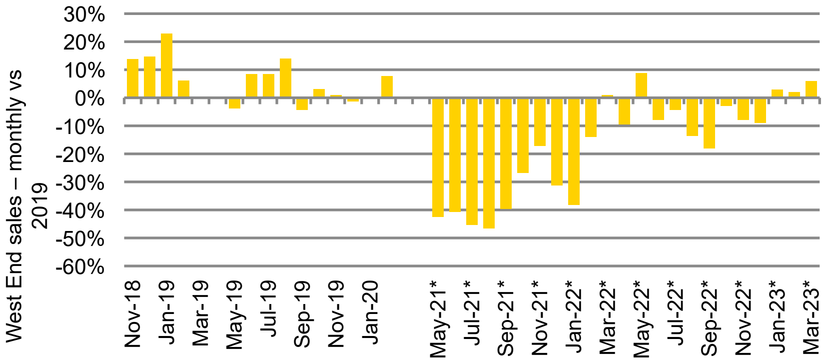


1 Market Context

- London has seen the number of new homes starting construction fall over the past 12 months.
- In Q1 2023, construction started on 3,000 new homes, compared with 5,450 during Q1 2022.
- This fall in starts will have a knock-on impact on delivery in the coming years.
- Savills' latest five-year supply forecast was for 2022-26 period. This forecast expected 37,450 new homes to be delivered over the period.
- This is significantly below the estimated occupier demand of almost 83,000.

Retail spend surpassed 2019 levels during Q1 2023, though vacancy rates rising slightly in central London

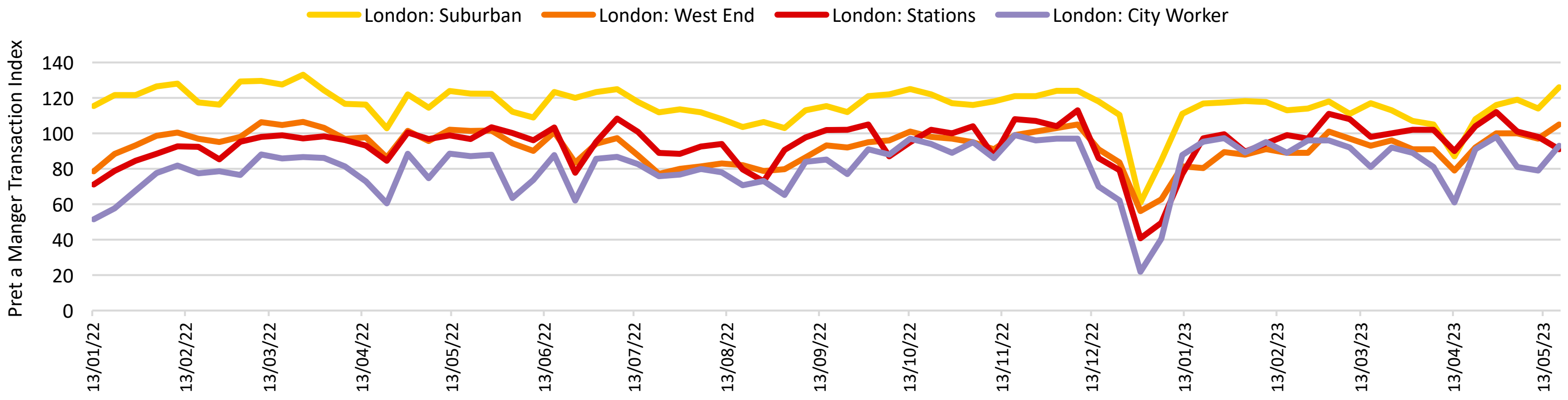
Sales and Footfall in the West End were recovering during 2022 but remain below pre-Covid levels



*Note, post 2021 figures are relative to the same period in 2019

Central London vacancy rate rose from 3.0% in Dec-22 to 3.6% in Feb-23 but remains well below pandemic levels

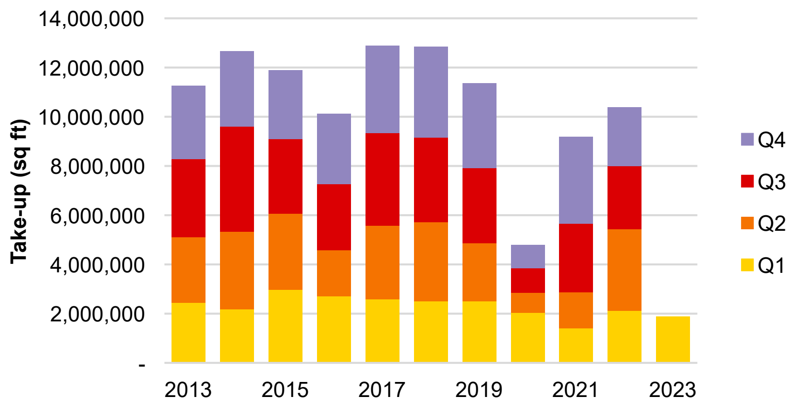
Pret Sales Index shows trading levels have recovered in the West End and Stations



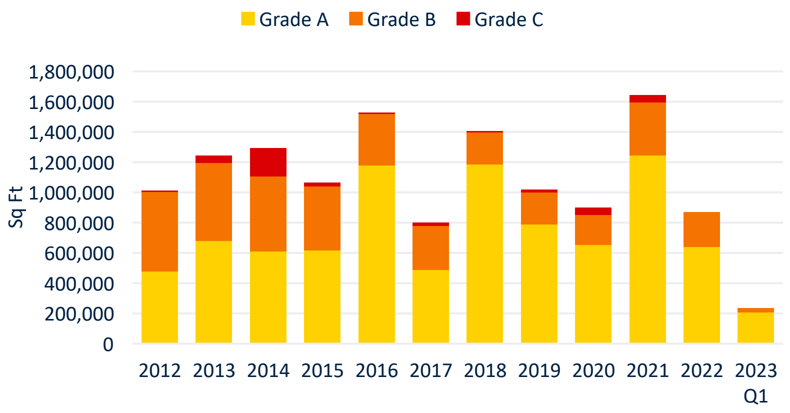
- Consumer spend across the West End has seen positive growth compared with pre-pandemic levels across the first quarter of 2023. March has been the strongest month with spend up 6% compared with 2019. In contrast spend in December 2022 was -9% below 2019 levels.
- The vacancy rate across central London continued to rise slightly during the first two months of 2023, reaching 3.6% in February 2023 compared with 3.0% in December 2022. However, it remains significantly lower than the Covid peak.
- Since February 2023, the Pret a Manger sales index shows that trading volumes have recovered in the West End and Stations, with most of April showing similar levels of sales to pre-pandemic.

Office and light industrial leasing volumes were below the long-term average in Q1 2023

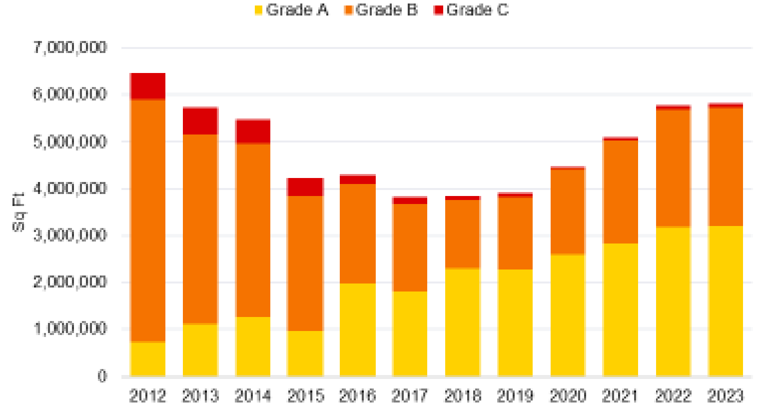
1.8m sq ft of space was leased in Central London in Q1 2023 – 20% below the long run average



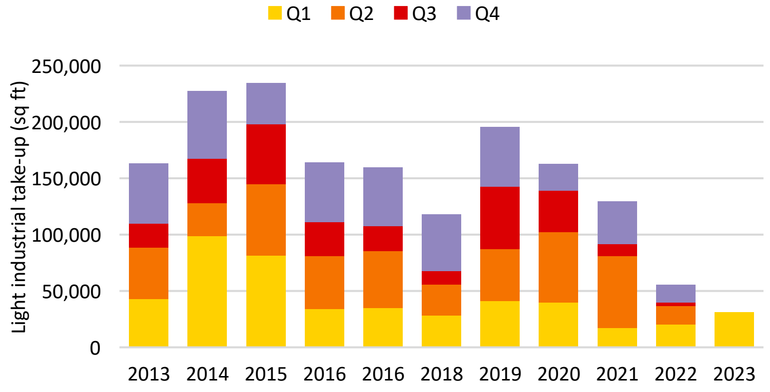
Take-up in Greater London was 235k in Q1 2023 – 89% of which was for Grade A space



Supply across Greater London rose by 30k sq ft between Feb and May 2023



31k sq ft of light industrial space (sub-10k deals) was let during Q1 2023, 26% below the long run average



- Following a robust leasing market in Central London 2022, only 1.8m sq ft of space was let during Q1 2023 – 20% below the long term average.
- Across Greater London, a further 235,000 sq ft of space was let during Q1 2023. This was 8% below the long term average.
- Of the space let in Greater London, 89% was Grade A.
- Supply across Greater London rose marginally between February 2023 and May 2023 – with an additional 30,000 sq ft coming to market.
- During Q1 2023, there was 31,000 sq ft of light industrial space let across London for deals of less than 10,000 sq ft. This was up on 20k let during Q1 2022, but down by 26% on the long run average.

Site clearance works at Southall ahead of construction starting on 460 homes

Health and Safety Performance

Lisa-Jane Risk

Head of Operations

Health & Safety

Metric	FY23 Actual	FY23 Target
All injuries	10	6
Workforce killed and seriously injured	1	0
Severe Non Compliance - open	0	0

- There was a tenant injury on 21 March at a retail kiosk unit at Canary Wharf DLR station where a person fell while standing on a cabinet. He suffered fractures to his shoulder and pelvis.
- We continue to refine our risk-based approach towards managing tenant compliance, with the frequency of inspection determined by the risk level presented by the tenant and our findings from previous visits. Visit frequencies range from 6 months to 3 years.
- We are also looking to extend our compliance and assurance activity across other aspects of our business including assurance of the activities of our suppliers and service partner.

2 Health & Safety

- **We are working closely with the TfL Safety, Health and Environment (SHE) team to develop TTLP's long-term Health and Safety (H&S) strategy, with activity including:**
  - Developing the TTLP H&S Vision
  - Setting a personal objective for all colleagues focused on delivering our H&S Improvement Plan
  - Defining and documenting our H&S roles and responsibilities
  - Developing of a core H&S skills matrix for all colleagues
  - Introducing measures that will enable us to benchmark our performance against the rest of the industry
  - The TTLP Executive Team completed Institution of Occupational Safety and Health (IOSH) Leading Safely training in May

New units open and trading at Canary Wharf

Financial Performance

Joanna Hawkes
Interim Chief Finance Officer

FY23 Operating performance outperformed Budget

Income Statement	Full Year - FY23			
(£m)	Actuals	Revised Budget	var to Revised Budget	Prior Year
Retail	37.2	35.8	1.3	31.0
Arches	11.4	11.4	(0.0)	10.6
Infrastructure Property Income	11.5	11.2	0.3	14.8
Offices	2.0	2.7	(0.7)	3.0
Residential	1.5	1.3	0.2	1.5
Car Parks	18.6	16.5	2.1	13.2
Contract revenue & central income	0.8	1.0	(0.1)	5.0
Gross Property Income	**83.0**	**79.9**	**3.1**	**79.0**
Direct Property Costs	**(18.4)**	**(23.3)**	**4.9**	**(27.0)**
Net Property Income	**64.7**	**56.6**	**8.1**	**52.0**
Net Property Margin (%)	**78%**	**71%**	**7%**	**66%**
Other Non-Operating Income	0.0	0.0	0.0	0.9
Total Other Costs	(31.7)	(32.5)	0.8	(32.0)
Management Fee Cost	(7.4)	(7.6)	0.2	(6.4)
Operating Surplus / (Deficit) (before JV & Development Income)	**25.6**	**16.5**	**9.1**	**14.5**
JV & Development	17.2	18.9	(1.6)	0.0
Total Operating Surplus / (Deficit)	**42.8**	**35.4**	**7.5**	**14.5**

*The Revised Budget is mid-year forecast, used for the TfL scorecard and performance metrics

Against a challenging economic backdrop, TTLP delivered a strong financial performance in 2022/23.

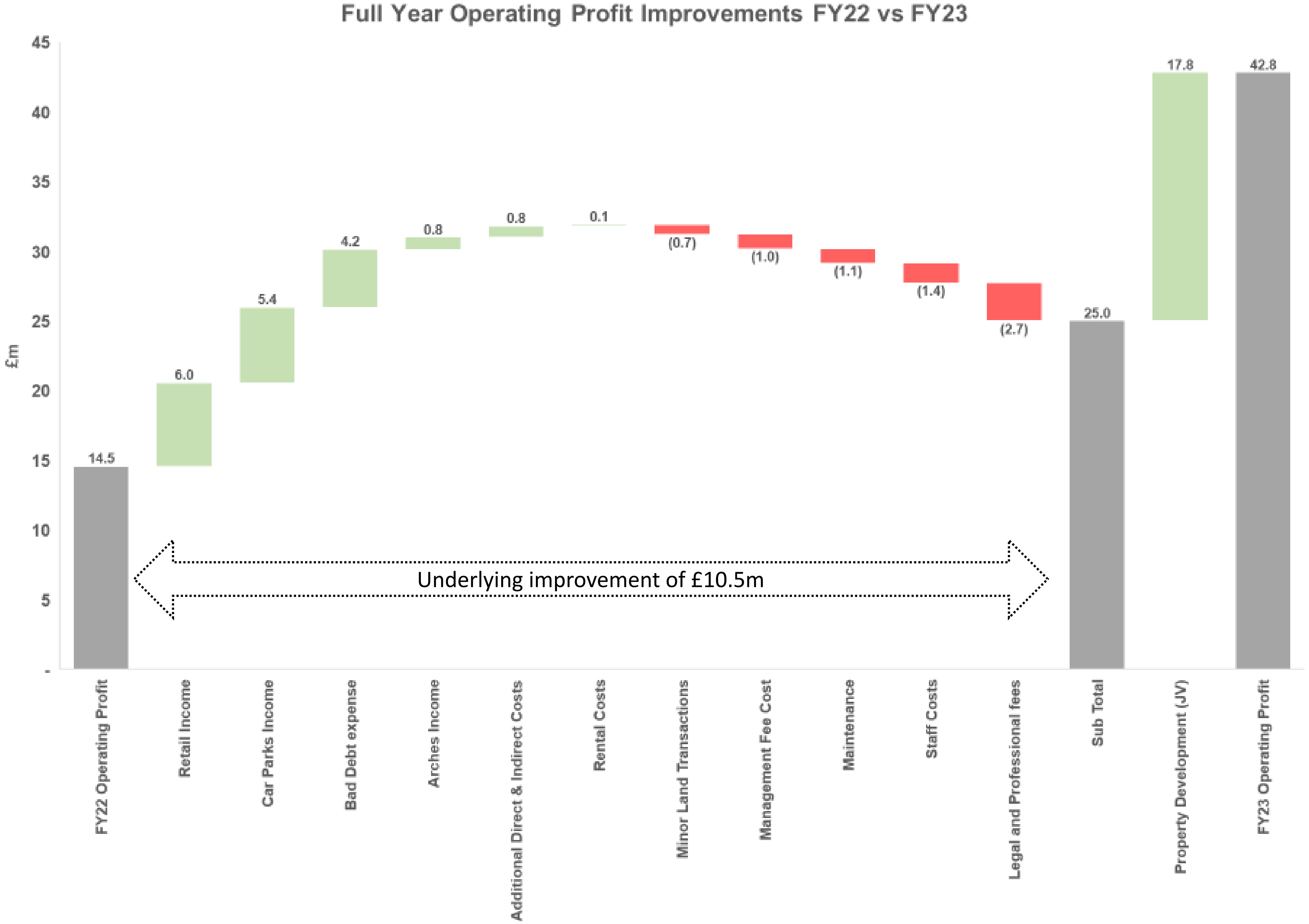
Gross Property Income was £3m higher than revised budget, driven by a strong performance in Retail and Car Parks.

Despite increasing utilities and rate costs, our direct property costs were £4.9m lower than revised budget. A key focus on customer accounts has driven lower bad debt costs. In addition there was lower maintenance expenditure.

Lower level of joint venture and development income compared to budget due to timing of dividend – this will be received in 2023/24.

Dividend back to TfL is awaiting finalised taxation, completion of audit and calculation of historical distributable reserves. The forecasted dividend at this stage is c.£15m – to be confirmed at the next LPC meeting.

Underlying operating business improving year-on-year



Recurring revenue +£10.5m (72%):

- Retail income +£6m driven largely by turnover rents and new lettings
- Car Park income +£5.4m as a result of improved utilisation
- Bad Debt recovery +£4.2m improvement as we move beyond Covid impact
- Management Fee -£1m based on headcount
- Maintenance -£1.1m increase as a result of efforts to address the wider legacy estate
- Staff Costs -£1.4m as TTLP has increased staff to support organisational development
- Legal and Professional Fees -£2.7m increase as a result of TTLP standing-up costs
- Also one-off receipts from joint venture profits

Year on year total operating surplus up £28.3m, of which £17.8m driven by joint

Capital Account

Capital Account	Full Year - FY23		
(£m)	Actuals	Revised Budget	var to Revised Budget
Income			
Asset Disposals	5.0	23.6	(18.6)
Build to Rent	44.7	44.8	(.0)
Commercial	1.8	6.9	(5.1)
Residential	27.6	27.5	0.1
Other	-	0.1	(0.1)
Total Income	**79.1**	**102.9**	**(23.8)**
Expenditure			
Asset Investments	(11.9)	(26.3)	14.4
Build to Rent	(37.9)	(43.7)	5.9
Commercial	(4.9)	(29.9)	24.9
Residential	(30.4)	(31.1)	0.7
Other	(1.6)	(1.7)	0.1
Total Expenditure	**(86.8)**	**(132.7)**	**45.9**
Net			
Asset Disposals	5.0	23.6	(18.6)
Asset Investments	(11.9)	(26.3)	14.4
Build to Rent	6.8	1.0	5.8
Commercial	(3.1)	(23.0)	19.8
Residential	(2.8)	(3.6)	0.7
Other	(1.6)	(1.6)	(0.0)
Net Capital Surplus / (Deficit)	**(7.7)**	**(29.8)**	**22.1**

- Disposals did not hit target in FY23 due to operational complexities and resourcing issues – a new team is now in place to increase the scale and pace of activity. Similar challenges also resulted in Asset Investment expenditure to be lower than budget.
- Build to Rent income target was in line with budget – this is a good result as it relied on significant delivery in the latter part of the year of Southall Sidings and Nine Elms.
- Commercial income and expenditure lower than budget due to slight delays in our key activities associated with the Platinum Portfolio.
- Build to rent expenditure was lower than budget due to slight programme delays, however the majority of targets were achieved.

*The Revised Budget is mid-year forecast, used for the TfL scorecard and performance metrics

Operating Account (Current Year – P2 Position)

Income Statement	Year To Date			Full Year
(£m)	Actuals	Budget	var to Budget	Budget
Core Trading				
Retail	6.0	5.5	0.4	38.0
Arches	1.8	1.7	0.1	11.3
Offices	0.6	0.4	0.2	3.0
Residential	0.2	0.2	0.1	1.3
Car Parks	2.7	2.5	0.1	16.9
Infrastructure, Bus Garages & Industrial	2.5	1.5	1.0	9.4
Contract revenue & central income	0.1	0.2	(0.1)	3.1
Gross Property Income	**13.9**	**12.0**	**1.9**	**82.9**
Direct Property Costs	(4.6)	(3.3)	(1.3)	(19.8)
Net Property Income	**9.3**	**8.7**	**0.6**	**63.1**
Margin (%)	**67%**	**73%**		**76%**
Central Operating Costs	(5.6)	(6.6)	1.0	(44.2)
Core Trading Surplus	**3.7**	**2.1**	**1.6**	**18.9**
Project Income (inc JV Dividends - Build to Sell)	2.4	0.1	2.3	2.3
Project Costs	(0.9)	(0.6)	(0.4)	(6.0)
Net Operating Surplus	**5.1**	**1.6**	**3.5**	**15.2**

- The financial year FY23-24 operating performance has started strongly and is currently £3.5m ahead of the budget.
- Income is on track at £13.9m as at P2. Sectors are largely performing to budget. There has been a new lease agreed at Ash Grove Bus Garage, driving the early performance in Infrastructure, Bus Garages and Industrial.
- Direct Property costs captures Bad Debt provision increase, as we continue to provide 100% for all overdue invoices. This is a cautious approach and driver of the adverse performance, but will change during this year.
- Central Operating Costs, timing delays in recruitment and legal and professional driving a £1m upside.
- Property Income (JV Dividend – Build to Sell) includes £2.4m from Liberty / Landmark Court, which was forecast to be received end of prior year.

Capital Account (Current Year – P2 Position)

Capital Account	Year To Date			Full Year
(£m)	Actuals	Budget	var to Budget	Budget
Income				
Asset Disposals	-	-	-	39.4
Build to Rent	-	-	-	2.4
Residential	-	-	-	16.9
Commercial	3.6	0.1	3.5	1.1
Other	-	-	-	0.3
Total Capital Income	**3.6**	**0.1**	**3.5**	**60.1**
Expenditure				
Asset Investment	(2.6)	(4.8)	2.2	(34.1)
Asset Disposal costs	(0.0)	(0.1)	0.1	(5.9)
Build to Rent	(0.1)	(5.7)	5.6	(45.4)
Residential	(0.5)	(5.4)	4.9	(37.1)
Commercial	(23.3)	(2.1)	(21.3)	(12.3)
Other	(0.1)	(0.4)	0.3	(4.3)
Total Expenditure	**(26.5)**	**(18.5)**	**(8.1)**	**(139.2)**
Net Capital				
Asset Investment	(2.6)	(4.8)	2.2	(34.1)
Asset Disposal costs	(0.0)	(0.1)	0.1	33.5
Build to Rent	(0.1)	(5.7)	5.6	(43.0)
Residential	(0.5)	(5.4)	4.9	(20.2)
Commercial	(19.7)	(2.0)	(17.7)	(11.2)
Other	(0.1)	(0.4)	0.3	(4.1)
Net Capital Surplus / (Deficit)	**(22.9)**	**(18.4)**	**(4.5)**	**(79.1)**

3 Financial Performance

- Capital programmes are underway, with some delays in prior year budgeted activity impacting the start of this financial year and in-year project costs reprofiled into future periods.
- Commercial activity includes a land swap transaction to facilitate development for Southwark OSD. This was assumed to occur towards the end of last year. This includes £3.6m of income and £22m of expenditure as part of the exchange.
- Asset Investment focuses on improvement to the legacy estate – this is marginally underspent at this point, but ongoing property condition surveys will guide work programmes throughout the year.
- Build to Rent costs have been reprofiled in latest forecast to future periods, with Nine Elms costs the material reprofiling.
- Costs for Bollo Lane (£1.0m) and Earls Court (£3.7m) have also been reprofiled to future periods.

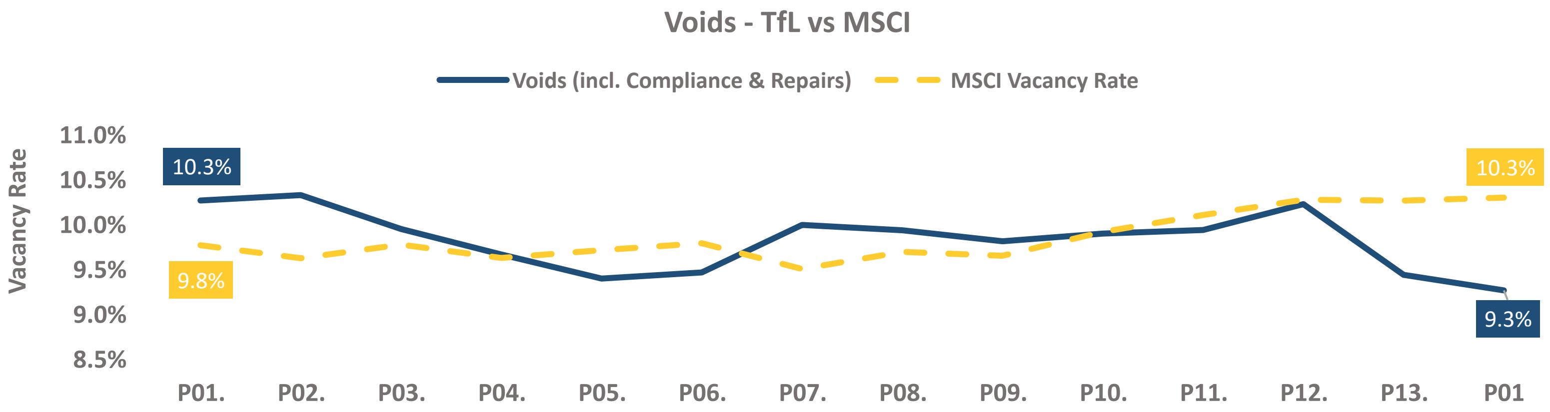
Bergamot, a new opening in our arches at Wood Lane

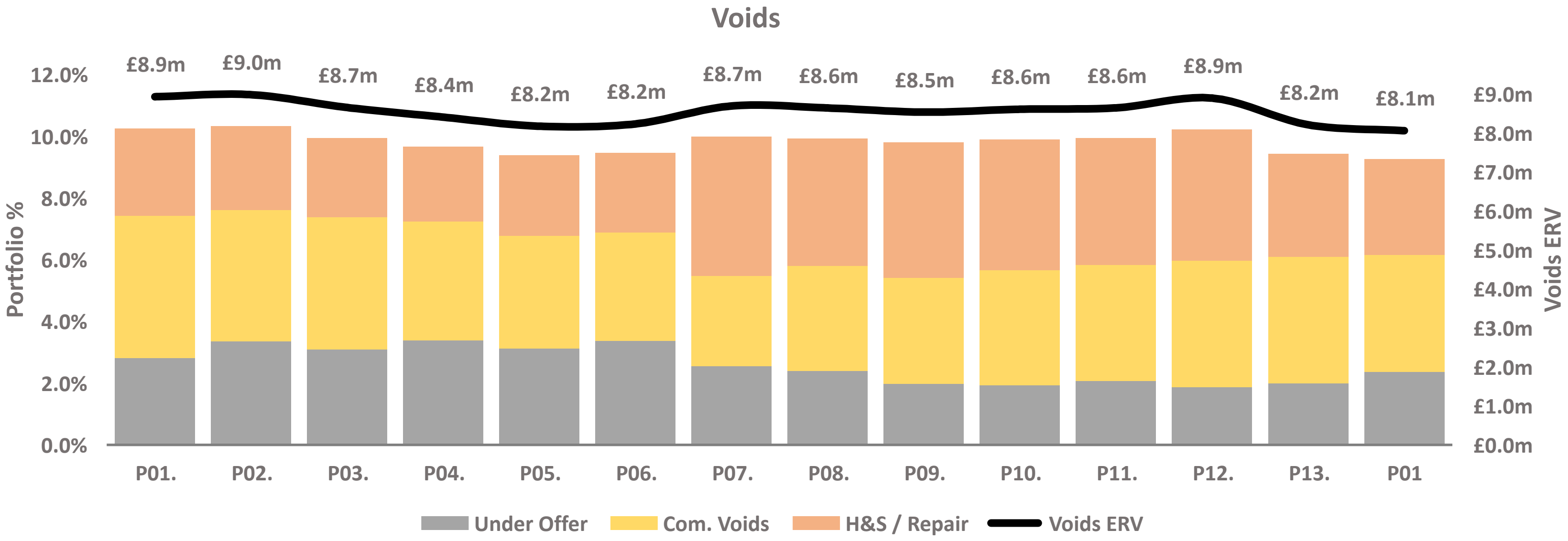
Operational Performance

Daniel Lovatt

Director of Asset Management

Year-on-Year void rate improved from 10.3% to 9.3%





- Our void rate is 9.3% which is ahead of our annual target of 10%.
- The income loss from voids has reduced by £0.8m Year-on-Year from £8.9m to £8.1m, and £0.5m from £8.6m in Q4.
- A steady increase of voids going Under Offer and a reduction of units undergoing repair / maintenance over the last three months, highlight the progress being made in letting activities.
- There is interest in marketed units, but with increased requests for capital contributions to tenant fit-out and for flexible lease terms. We continue to stress test business plans.
- TTLP is continuing to review opportunities for various uses across the portfolio to improve occupancy, mitigate rates and reduce holding costs.

TTLP is close to hitting its targets on collections and arrears

Arrears

Target
5%
FY24

Actual
7.4%
(excluding single accounts)

Collections

Quarterly Target
>95%
of sums demanded

December Quarter Recovered
96%
(excluding single accounts)

March Quarter Recovered**
87%
(excluding single accounts)

Last 4 Quarters
97%
(excluding single accounts)

- On 10 May, total TTLP arrears, excluding a single account, was £4.9m. £0.82m is currently on a payment plan.
- £0.5m recovered through Commercial Rent Arrears Recovery in last six months and a further £0.12m on a payment plan managed by agents out of £1.3m instructed.
- Full December quarter collections were strong at 96% of rent collected.
- March quarter is also indicating strong performance, currently at 87%, with 8 weeks remaining to the end of the quarter, but with further sums becoming due on 1 May and 1 June.

*arrears as at 26 April 2023

*collection rates as at 27 April 2023
**March Quarter is still live, and therefore collection rates will fluctuate

Engagement with students at Ark Academy Wembley to design teenage play space at our Wembley Park project

Project Updates

Lester Hampson
Director of Property Development

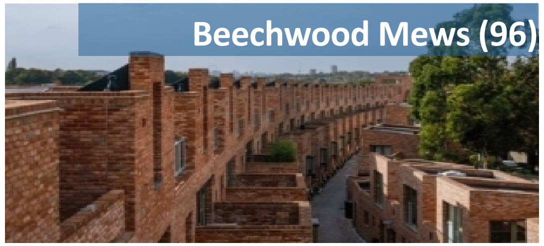
TTLP has 3,431 homes under construction with 2,121 new Starts on Site in 2022/23

4,155 homes completed or under construction


Kidbrooke (413 homes)


Blackhorse View (350)


Woodside Park (86)


Beechwood Mews (96)


Fenwick (46)


Montford Pl (139)

Other highlights from 2022/23

- Planning Committee Approvals for further 2,800 homes
- Barratt London procured as West London Partner
- s163 achieved for several sites (Hounslow West, Snaresbrook, Bollo Lane)
- Limmo land purchased from London Borough of Newham
- Edgware development agreement signed, and Colindale levelling-up bid approved
- Network Rail collaboration agreement signed

5 Project Updates

- We achieved 2,121 start on sites by the end of the 22/23 financial year, making TTLP one of the largest developers in London.
- 3,431 homes are currently under construction. As well as the locations pictured, work is also underway at Wembley Park (454 homes), TCRW Soho (92) and Oxbourne House (11), as well as 13 homes at two smaller sites.
- TTLP is actively managing a number of risks to the programme, including rising interest rates and construction cost inflation.
- Hounslow West has been delayed from 2022/23 – the project will come back into the programme at a later date.

Artist *7th Pencil* creating a mural celebrating the contribution of female artists to London, at Clapham Deep Shelter

Understanding our impact

Mark Farrow

Director of Strategy & Planning

Our scorecard summarises our FY23 performance

2022/23 TTLP Scorecard - Period 13				Score: 64.5 / 100
Commercially Astute (Finance)				
Measure	Full Year Actual	Full Year Revised Budget	Weighting 30%	Weighted Score 30%
Operating Surplus	£42.8m	£35.4m	10%	10%
Operating Surplus Margin	42.7%	35.8%	10%	10%
Asset Management Income Growth (%)	11%	7%	10%	10%
Safety and Risk				
Measure	Full Year Actual	Full Year Target	Weighting 20%	Weighted Score 15%
Statutory Testing - TfL Managed Property	100%	100%	10%	10%
Lost Work Time	1.0%	2.0%	5%	5%
Killed or Seriously Injured (KSI)	1	0	5%	0%
Customer				
Measure	Full Year Actual	Full Year Target	Weighting 15%	Weighted Score 6%
Customer Satisfaction	65%	71%	15%	6%
People				
Measure	Full Year Actual	Full Year Target	Weighting 15%	Weighted Score 0%
Total Engagement	59%	66%	15%	0%
Operations				
Measure	Full Year Actual	Full Year Target	Weighting 20%	Weighted Score 13.5%
% Affordable Start on Sites (Cumulative)	47%	50%	10%	5%
No. Start on Sites	2,121	2,409	10%	8.5%

Understanding Our Impact

- We had a strong year financially, exceeding operating surplus and operating margin, and growing our asset management income.
- Statutory testing of compliance with Health & Safety requirements for buildings achieved 100% and we improved on our target on lost work time.
- Unfortunately, we did have a seriously injured person in P11 of 2022/23 at Earl's Court. A full investigation took place following the incident.
- We achieved a 3% improvement on customer satisfaction compared with last year, but the score of 65% fell short of our ambitious 71% target.
- The employee engagement target was not met, for reasons that are well understood. Good progress is now being made with the People Plan.
- We started on site on a TTLP record 2,121 homes in the year across seven sites.