



**Annual Report and  
Accounts 2016**

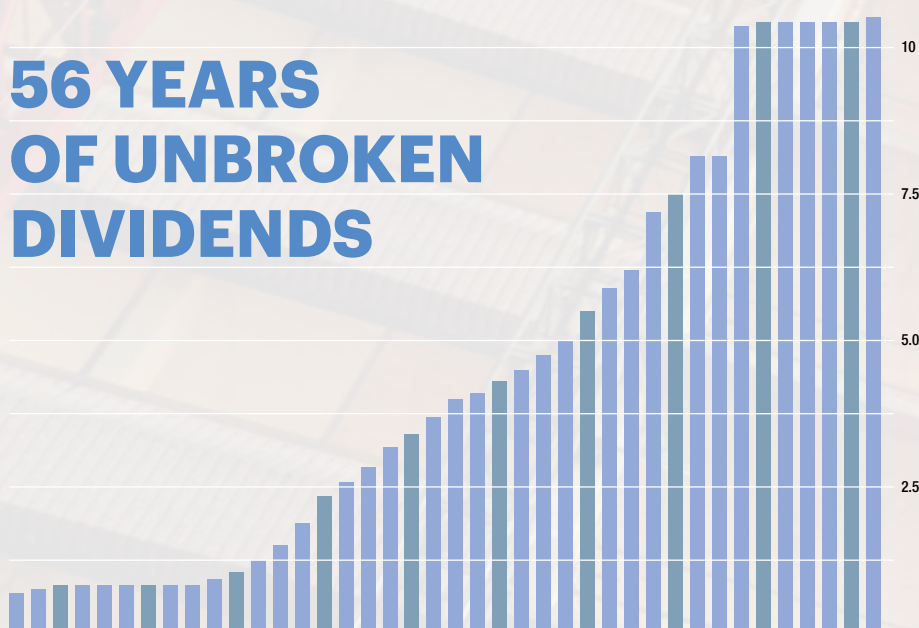




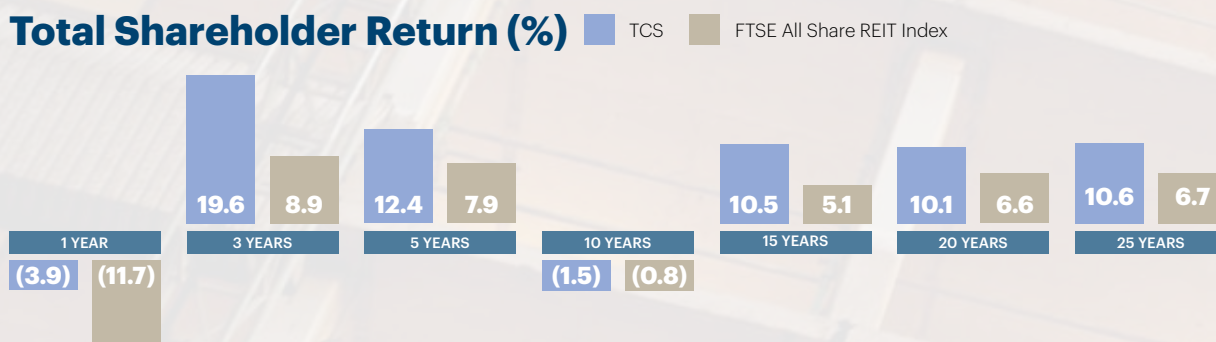
# Who we are and what we do

We are a specialist regional property investor with a £378m portfolio principally in Leeds, Manchester, Scotland and London. We have a 56 year track record as a listed company with 56 years of dividend payments either maintained or increased. Our strategy is focused on active management of income based on local knowledge. We are conservatively funded and we have delivered high long term returns for shareholders which compare favourably against market indices.

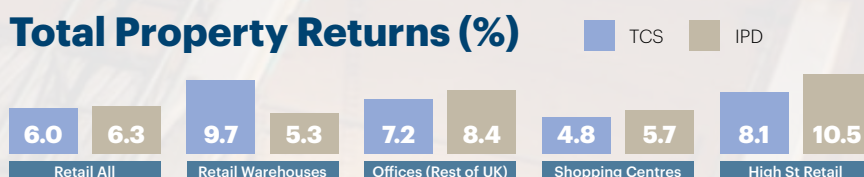
## 56 YEARS OF UNBROKEN DIVIDENDS



## Total Shareholder Return (%)



## Total Property Returns (%)





# Financial Highlights

Total shareholder return

**(3.9%)**

2015: 19.1%

EPRA net assets per share

**357p**

2015: 344p

Statutory profit before tax

**£11.9m**

2015: £24.0m

EPRA profit before tax

**£6.6m**

2015: £6.5m

Total property return

**7.8%**

2015: 12.2%

Total dividends per share

**11.0p**

2015: 10.44p

Statutory earnings per share

**22.4p**

2015: 45.1p

EPRA earnings per share

**12.4p**

2015: 12.1p

# Contents

<b>Introduction</b>	<b>IFC-3</b>
Who we are and what we do	IFC
Financial highlights	1
<b>Strategic Report</b>	<b>2-27</b>
Business Model and Strategy	2
Five year record	3
<b>Chairman and Chief Executive's Statement</b>	<b>4-27</b>
Development Programme	7-13
Intensive Asset Management	14-17
Detailed Portfolio Performance	18-19
Financial Review	20-22
Key Performance Indicators	23
Car Parking	24-25
TCS Energy	26-27
<b>Corporate Social Responsibility</b>	<b>28-29</b>
<b>The Board</b>	<b>30-31</b>
<b>Valuers' Reports</b>	<b>32-34</b>
JLL	32
CBRE	33
Sanderson Weatherall	34
<b>Locations of Property Portfolio</b>	<b>35</b>
Property Valuation Reconciliation	35
<b>Corporate Governance</b>	<b>36-43</b>
<b>Directors' Remuneration Report</b>	<b>44-47</b>
<b>Financial Statements</b>	<b>48-86</b>
Directors' Report	48-49
Independent Auditors' Report	50-52
Consolidated Financial Statements	53-74
Company Financial Statements	75-86
<b>Notice of Annual General Meeting</b>	<b>87-90</b>
<b>Investor Information</b>	<b>IBC</b>

## Business Model and Strategy

**We aim to maximise shareholder value by investing in property and car parking assets.**

**Our strategic priorities are:**

### Intensive Management

For many years we have managed our properties intensively to maximise income. This has translated into excellent total returns and has allowed us to maximise and maintain our long term outstanding dividend growth.

We concentrate our portfolio in the strong regional cities of Leeds, Manchester, Glasgow and Edinburgh along with suburban London.

### Property Sales and Re-Investment

Property can reach a plateau in respect of value and income in a low growth economy. It is crucial that such properties are sold and the capital re-invested in opportunities where growth can be achieved.

### Investment in Car Parking

We have always believed that car parking can generate above average returns. We built up a substantial business in the 1990's and we intend to do the same again.

### Secure Funding

We are conservatively funded - the majority of our borrowings are long term fixed interest. Our loan to value is moderate at 49% and we have £27.7m of headroom as protection for the future.

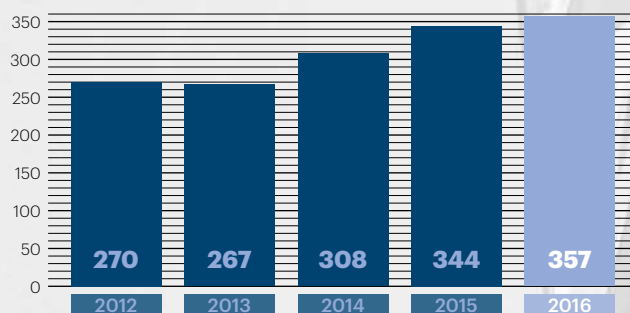




# 5 Year Record

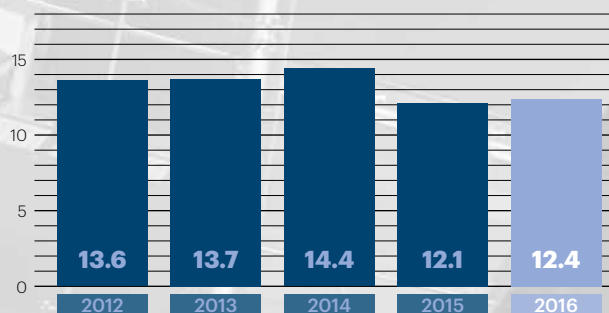
## EPRA net assets per share (p)

### 357p



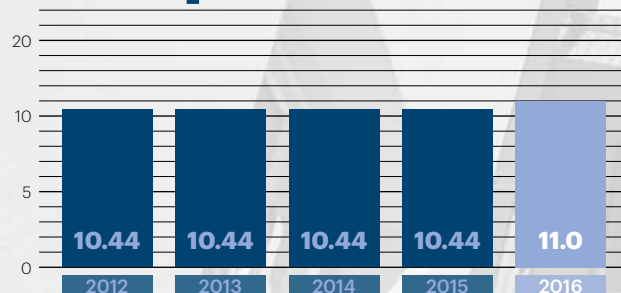
## EPRA earnings per share (p)

### 12.4p



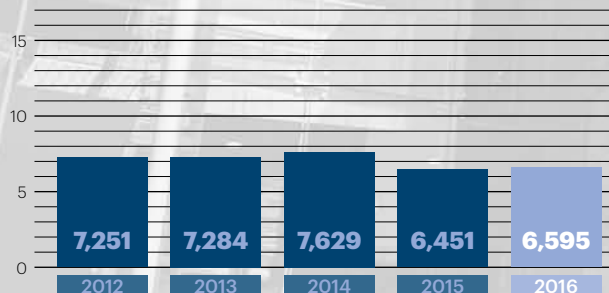
## Dividends per share (p)

### 11.0p



## EPRA profit before tax (000's)

### £6.595m

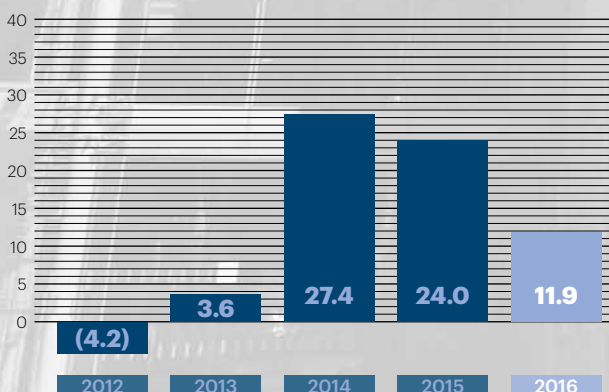


## Properties and Borrowings (£m)



## Statutory profit before tax (£m)

### £11.9m



# Chairman and Chief Executive's Statement

**OUR PORTFOLIO HAS SHOWN ITS RESILIENCE IN PERFORMING WELL AGAINST A DIFFICULT MARKET WITH LIKE FOR LIKE INCREASES IN VALUATION (2.2%), PASSING RENT (2.8%) AND ERV (2.1%). THIS BODES WELL FOR DIFFICULT TIMES AHEAD.**

**Edward Ziff**

Chairman and Chief Executive



## Portfolio performance

The like for like increase in the value of our investment property portfolio this year has been 2.2% (2015: 7.1%) which reflects a reversionary yield of 6.4% (2015: 6.8%). The total property return of 7.8% is broadly in line with IPD with strong performances by Urban Exchange Retail Park, Manchester up £1.0m or 12.5%, Shandwick Place, Edinburgh up £0.9m or 7.7%, Leeds Dock Car Park up £1.0m or 12.5% and the development sites up £5.5m or 23.5% offset by a 3% reduction overall at The Merrion Centre principally due to a reduction in the car park valuation.

The investment properties, developments, joint ventures and car parks at the year end stood at £375.5m (2015: £360.4m).

## Results

Net assets and EPRA net assets at 30 June 2016 were £189.9m, representing 357 pence per share (2015 restated: £182.9m, 344 pence per share).

We report a statutory profit for the year of £11.9m (2015: £24.0m) which includes the property revaluation surplus of £3.5m this year (2015: £14.8m).

Our EPRA profit before tax of £6.6m (2015: £6.5m) (excluding property revaluation and property disposals) is in line with expectations. CitiPark's operating profit (before funding costs) was up £2.2m or 118% on the back of acquisitions over the last 2 years.

Statutory earnings per share (including property revaluation and property disposals) were 22.4p (2015: 45.1p). EPRA earnings per share were 12.4p (2015: 12.1p).

Certain figures in last year's accounts have been restated to bring them into line with current accounting standards and our accounting policies. The restatements did not have a material effect on any of the primary measures.

## Dividends

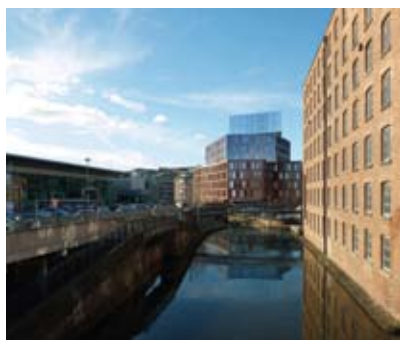
The Board is recommending a final dividend of 7.9p per share, which, with the interim dividend of 3.1p per share gives a total of 11.0p. We have approved this 5.4% increase because of the increase in earnings which is expected to come from our development programme.

The final dividend comprises a Property Income Distribution of 4.0p and an ordinary dividend of 3.90p per share. The final dividend will be paid on 4 January 2017 to shareholders on the register on 2 December 2016.

## Funding

Net debt at 30 June 2016 amounted to £185.8m (2015 restated: £179.1m). This comprised £106.1m of 5.375% First Mortgage Debenture Stock 2031 and £79.8m of revolving credit facilities. The increase in the level of net debt is principally due to capital expenditure on the development schemes. Borrowings represent 49% of property values (2015 restated: 50%).

The group has renewed its bank facilities during the year, all on a 3 year revolving credit basis; the total of the 3 facilities with Lloyds, RBS and Handelsbanken is £105m and these have been renewed with a reduction in the average margin of 50 basis points.



### Development programme on track to deliver increases in income and net assets

Last year I reported on an extensive programme of asset management initiatives which have added over £20m to net assets over the last two years.

At the time of this report we are engaged in what is probably the biggest development programme the company has ever had ongoing at one time, at least since the construction of the Merrion Centre in the 1960's.

This development spend is on our existing assets at Merrion Centre Leeds, Whitehall Road Leeds and Piccadilly Basin Manchester. In the current low inflation economic environment investment is essential to create growth and these three projects alone will generate additional annual profits of £1.8m or 3p per share and are expected to increase net assets by around £10.5m and net assets per share by 20p. The first full year of these benefits will be 2018/19. While the income statement has seen no benefit to date these future gains are all contracted and we can be confident they will flow through to the bottom line. It is worth noting that we have fixed the contract price on all these developments during the year so we are not exposed to the current build cost inflation risk.

There is more to come from our land bank. At Whitehall Road, Leeds we are marketing further office opportunities with potential for 400,000 sq ft of space with river frontage. We are also preparing the way to start building work on a 500 space multi-storey car park.

In Manchester we have embarked on the first phase of an exciting residential development programme of 800 units by forming 2 joint ventures with specialist residential developers. The first is with Highgrove Investments and will deliver a 91 unit canal-side scheme with the start on site in the financial year 2016/17. We have also formed a JV with Urban Splash to create 24 loft style units in the listed Brownsfield Mill. In total the masterplan for this site comprises a £250m programme which will both maximise the value of our existing land asset as well as providing opportunities in the coming years to invest in residential assets and make development profits.

The area around the Piccadilly Basin is improving all the time and we intend to schedule in commercial and leisure development alongside the canal as soon as it is appropriate. The masterplan includes a further multi-storey car park. We should stress that this site is ideally situated to benefit from the new HS2/3 stations in due course.

### Intensive asset management activities

We face an exciting future as we work through these schemes but there are also other opportunities around the portfolio. It is not only development which is bringing through gains; we continue to work the portfolio with intensive asset management. We have an excellent and hard-working estates team who have completed 141 transactions during the year moving like for like passing rent forward by 2.8% and the ERV by 2.1%.

In the Merrion Centre we now benefit from the increased rent from the new lease to Morrisons and we have expanded their demise this year to include a main mall café area. We have let 2 further units in the Arena Quarter to Smoke BBQ and Dockyard; the scheme is now 90% let and we are currently considering offers on the 2 remaining units.

We are benefitting from the NHS and Bon Marche lettings concluded last year and have completed a letting to Heron Foods which will consolidate 3 smaller units. We have also recently let a small shop to Leeds United; this will be their only merchandise outlet away from Elland Road. There are further exciting letting discussions ongoing at present and we have every reason to be optimistic about the outlook for the centre maintaining its high occupancy.

We have started on a project to refurbish the former cinema partly as a leisure operation with further office accommodation. The leisure space will have aeroplane and F1 simulators. We have trialled the F1 units in the main mall and demonstrated good levels of demand. We have recently completed the initial preparatory infrastructure works and hope to start the refurbishment work in 2016/17.

Rochdale Retail Park – this 65,000 sq ft scheme is let to Poundstretcher, Matalan, Halfords and Argos. We have extended the Poundstretcher unit this year which will generate an 8% return on capital employed.

We have continued to improve our assets in Glasgow and Edinburgh. We are now seeing income from the Bella Italia letting at Empire House where we obtained a change of use and significantly increased the income from this unit. We have concluded a letting to a budget hotel operation at Shandwick Place, Edinburgh which has been a long and complex project which will significantly enhance this asset.

At Milngavie, Glasgow we are seeing the full year benefit of our new Waitrose supermarket development which opened in June 2015. There are other development opportunities on this site through our control of the access to an adjacent site.

# Chairman and Chief Executive's Statement

## Capital recycling

We have maintained our capital recycling programme during the year, selling Bothwell Street Glasgow and Albion Street Leeds for a total consideration of £13.3m which equates to an exit yield of 6.0%. The sales were ahead of valuation. We also purchased a retail block in Wood Green London for £6.3m at an initial yield of 5.7%. This activity was all in the first half of the year; we have found the market difficult in recent months as the attention of investors has been focused almost entirely on the Referendum. This capital recycling will continue in 2016/17 with further disposals of low growth assets and acquisitions in suburban London and the South East.

## CitiPark

On the car park side we have consolidated the assets we purchased in 2014/15. We have equipped all the new sites with our integrated parking management system which allows us to manage them from our central control room (the engine room). The £3m refurbishment of the 3 car parks in Watford is complete and these are trading well. We are now moving on to upgrade our operation at Bell Street, London where demand has increased significantly following the closure of an adjacent competitor operation.

The car park portfolio has traded well this year and we continue to benefit from strong income growth.

## OUTLOOK



As I write this statement we are facing an extended period of uncertainty as a result of the Brexit vote on 23 June 2016.

There is no doubt that the increases in value we have seen in the last couple of years have come to an end, but our portfolio has not seen the Brexit effects reported in central London and the end of year values reflect the hard work we have done in recent times. In fact we have seen excellent valuation results from some of our assets, particularly the development sites.

While the market absorbs the unfolding story of our exit from the European Union we will carry on doing what we have always done – we have an exciting development programme which will add three top quality assets to our investment portfolio while increasing rental income and net assets significantly and we will continue to generate gains through our intensive management activities.

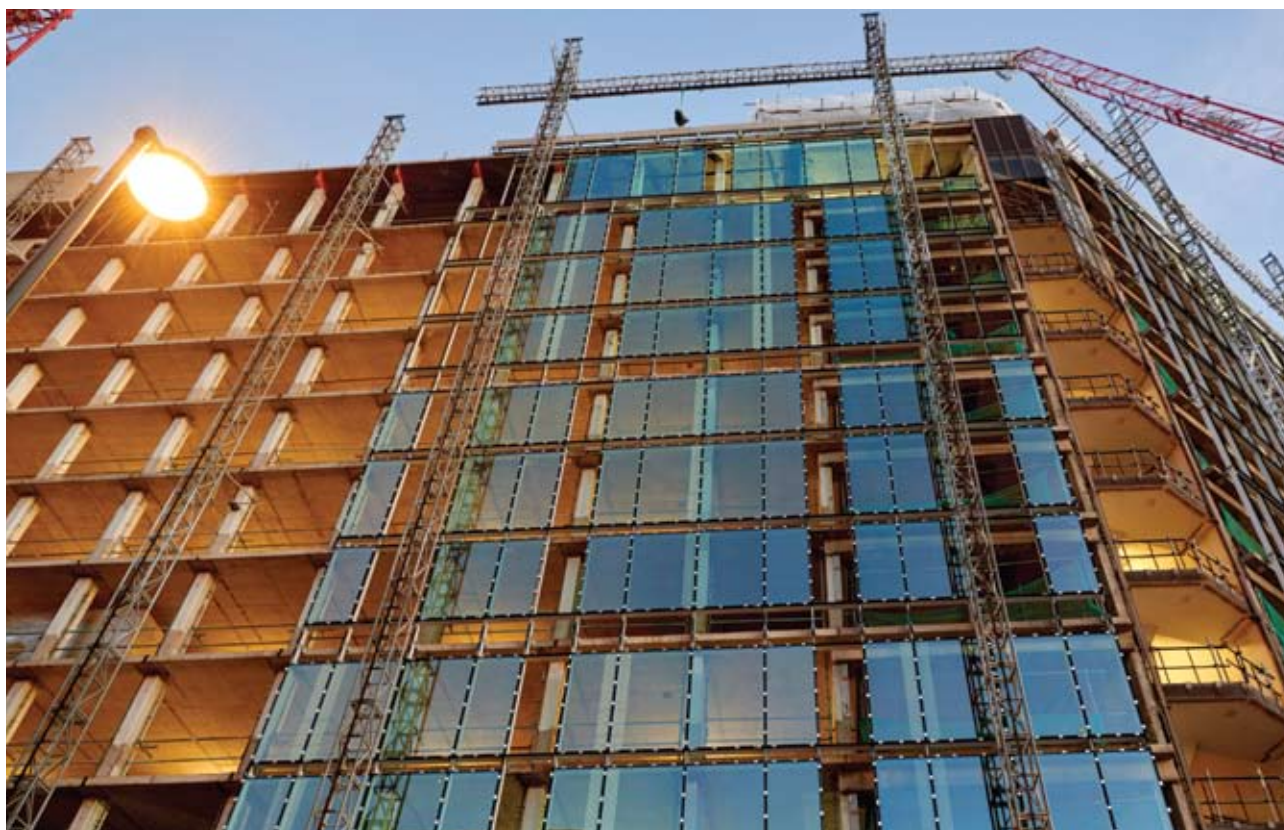
I am particularly pleased to announce a 5.4% increase in our dividend this year; we are now confident that the increases in income from these three schemes will flow through to earnings over the next two to three years.



## DEVELOPMENT PROGRAMME

### Merrion House, Leeds

We have signed a Guaranteed Maximum Price (GMP) contract with BAM Construction for this £41m scheme, with our partner, Leeds City Council contributing £29m. Construction is well underway with occupation scheduled for December 2017 which will trigger a new 25 year CPI linked lease to Leeds City Council with an initial rental of £1.65m adding £0.9m to current income and £9m to net assets.





# Chairman and Chief Executive's Statement

## DEVELOPMENT PROGRAMME

### Merrion Hotel, Leeds

We have a fixed price contract for this £10m build which will deliver a 134 bedroom Ibis Styles 3 star hotel together with a Marco Pierre White branded restaurant. Work is well underway with completion scheduled for April 2017. The hotel and restaurant will be run by Interstate under a management contract which is expected to deliver over £0.6m of EBITDA in year one rising to over £1.0m pa when mature. The hotel has been empty for some years so this income will all add to earnings. We have also increased rental income by £38k re-organising and re-letting the ground floor retail units under the hotel.





## Central Leeds Investment Properties



Flannels, Vicar Lane, Leeds



Thorntons Chambers, Leeds



Vassalli House, Central Road, Leeds



# Chairman and Chief Executive's Statement

## DEVELOPMENT PROGRAMME

### Whitehall Road, Leeds

This 136 bedroom hotel is let to Premier Inn with the Whitbread covenant under a 25 year CPI linked lease at an initial rent of £0.68m pa. The build cost is fixed and the work is scheduled for completion in April 2017. This is expected to add £0.4m to net income and £1.5m to net assets.







## Whitehall Riverside, Leeds Future Development

We are marketing up to 400,000 sq ft of office space with river frontage along with a 500 space multi-storey car park.



# Chairman and Chief Executive's Statement

## DEVELOPMENT PROGRAMME

### Piccadilly Basin, Manchester

Manchester City Council is now considering our Strategic Regeneration Framework which includes 800 residential units, a 500 space multi-storey car park, hotel and 200,000 sq ft of canal-side commercial leisure. This area of Manchester has been transformed by the City Council's vision along with the owners of Manchester City FC to bring residential and associated regeneration linking the Etihad Stadium across Great Ancoats Street and into the city centre through the Piccadilly Basin. We have 2 joint ventures already in place with specialist residential developers: Highgrove Investments for a 91 unit block on Tariff Street and Urban Splash for a 24 unit loft style development in the listed Brownsfield Mill building. This residential expansion will benefit our existing retail on the site (Urban Exchange Retail Park) and will help to generate demand for further commercial development.



Jacksons Warehouse



Urban Exchange



Brownsfield Mill



Piccadilly Basin site





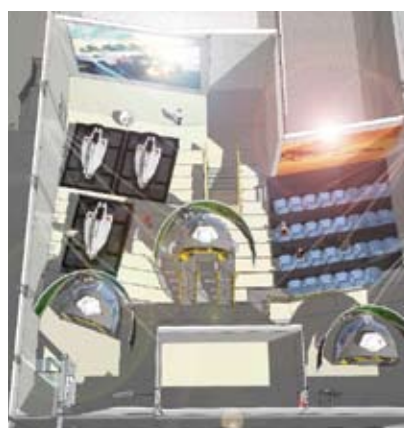


# Chairman and Chief Executive's Statement

## INTENSIVE ASSET MANAGEMENT



New shop front



Proposed simulator centre



New front

## Merrion Centre

### By Sector

	Square Feet '000	Passing Rent £m	%	ERV £m
Retail	210	3.7	42	3.7
Leisure	234	1.7	19	1.7
Office	249	2.1	23	3.2
Car Parking	271	1.4	16	1.7
	<b>964</b>	<b>8.9</b>	<b>100</b>	<b>10.3</b>

The passing rent has increased by £0.5m pa primarily as a result of an increase in income from the car park. There has also been a shift from retail to leisure as the Arena Quarter income grows, which reflects further fast food presence.

The new 25 year lease which we completed in June 2014 with Morrisons provided the opportunity to reveal their first store with the new shopfront design, expanding the store into the adjoining unit and adding £0.5m a year to rental income. This year Morrisons have added further to their floorspace by opening a café on the main mall.

We have let 2 further units in the Arena Quarter. Smoke BBQ took a 4,300 sq ft unit in June 2015 under a 15 year lease with a stepped rent averaging £77,000 pa and are trading in line with expectations. Dockyard have taken a 25 year lease with a 15 year break at a base rent of £89,000 pa with turnover top ups; the whole scheme extends to 80,100 sq ft and now is 90% let. We are currently negotiating offers on the 2 remaining units with one unit ready to exchange imminently.

Letting activity in the main mall has been high over recent years and we are now benefitting from the lettings to NHS and Bon Marche concluded last year with the stores open and trading well. We have recently completed a letting to Heron Foods which will consolidate 3 smaller units and further improve the tenant mix. We have also let a small shop to Leeds United which will be their only merchandise outlet away from Elland Road.

There are further exciting letting discussions ongoing at present and we have every reason to be optimistic about the outlook for the centre maintaining its high occupancy.

We have started on a project to refurbish the former cinema partly as a leisure operation with further office accommodation. The leisure space will have aeroplane and F1 simulators; We have trialled the F1 units in the main mall and demonstrated good levels of demand. We have recently completed the initial preparatory infrastructure works and hope to start refurbishment work in 2016/17.





# Chairman and Chief Executive's Statement

## INTENSIVE ASSET MANAGEMENT

### Rochdale Retail Park

This 65,000 sq ft scheme is let to Poundstretcher, Matalan, Halfords and Argos. We have extended the Poundstretcher unit this year under a new 10 year lease which will generate an additional £75,000 of rental income, an 8% return on capital employed, with Phase 2 still to come



CGI showing extended Poundstretcher unit, new drive through and Phase 2.



## Shandwick Place, Edinburgh

Shandwick Place, Edinburgh – we have concluded a 30 year lease with Cityroomz at an initial rent of £90,000 pa stepping up to £100,000 and then CPI linked. Previously this part of the property comprised a number of small office suites which were management intensive and in recent years the income has been declining. The incoming tenant will be spending over £2m refurbishing to provide 42 bedrooms.



Waitrose, Milngavie, Glasgow



Sauchiehall Street, Glasgow





# Chairman and Chief Executive's Statement

## DETAILED PORTFOLIO PERFORMANCE

**IN TERMS OF THE INVESTMENT PROPERTY PORTFOLIO IT HAS BEEN A YEAR OF CONSOLIDATION, WITH SALES TOTALLING £13.3M AND PURCHASES OF £6.3M. THIS REFLECTS OUR STRATEGY OF REINVESTING IN THE LONDON SUBURBAN MARKET AND DISPOSING OF EX-GROWTH PROPERTIES.**

**Richard Lewis**  
Property Director



Overall the investment property portfolio has been stable at around £314m (2015: £324.3m) with an average initial yield of 5.7% (2015: 5.8%) and an average reversionary yield of 6.4% (2015: 6.8%) which we consider is appropriate for our mixed portfolio as we enter a period of some uncertainty following the Brexit vote. Occupancy of around 98% has been maintained throughout the year.

### Portfolio Analysis

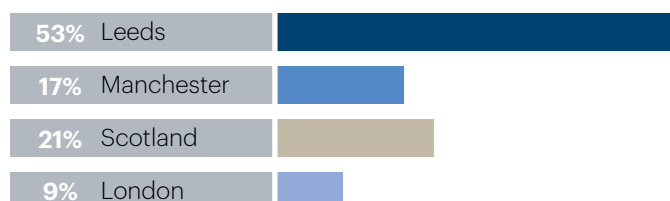
	Passing Rent	ERV £m	Value £m	% of Portfolio	Valuation +/- %	Initial Yield %	Reversionary Yield %
Retail & leisure	5.1	5.6	90.7	24%	2.0%	5.3%	5.8%
Merrion Centre (excl offices)	6.8	7.1	105.3	29%	-3.8%	6.1%	6.3%
Offices	2.9	4.1	47.0	13%	2.3%	5.8%	8.2%
Out of town retail	3.3	3.6	55.7	15%	3.3%	5.5%	6.0%
Distribution	0.3	0.4	4.8	1%	7.5%	5.8%	7.9%
Residential	0.5	0.6	10.5	3%	2.7%	4.9%	5.3%
	19.0	21.3	314.0	85%	-0.1%	5.7%	6.4%
Development Property (Car Park income)	1.6	1.6	21.0	6%	31.6%		
Other Development sites			10.6	3%	6.6%		
Car Parks	1.2	1.2	21.9	6%	7.5%		
<b>Let portfolio</b>	21.8	24.1	367.4	100%	2.2%		
Voids (3%)		0.4					
		24.5					

The property values in the above table do not reflect all accounting adjustments within the financial statements

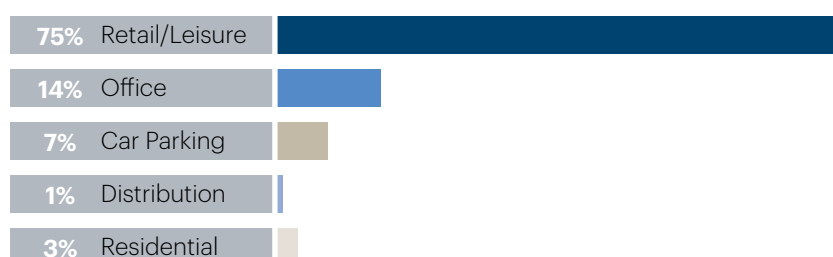


## PORTFOLIO ANALYSIS

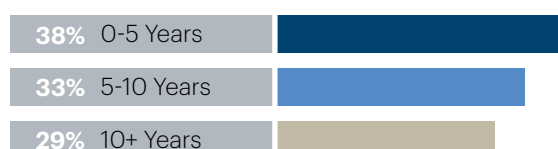
### By Location: Total Value: £367.4m



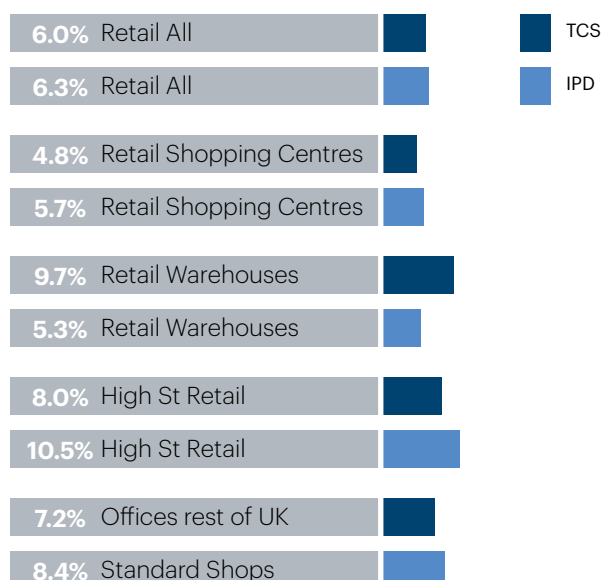
### By Sector: Total Value: £367.4m



### By Lease Expiries: Total Passing Rent: £19.0m



### Total Property Returns



### Top Ten Tenants

£1m+

Morrisons  
Waitrose

£500k-  
£1m

Leeds City Council  
Pure Gym  
Homebase  
Matalan

£250k-  
£500k

Step Change  
Aldi  
Go Outdoors  
Dune

# Chairman and Chief Executive's Statement

## FINANCIAL REVIEW

**WE HAVE INCREASED PROPERTY RENTAL INCOME IN A CHALLENGING MARKET AND WE CAN BE CONFIDENT WE WILL SEE SUBSTANTIAL INCREASES IN INCOME FROM OUR DEVELOPMENT SCHEMES. THE CAR PARK BUSINESS HAS SHOWN EXCELLENT GROWTH BOTH ORGANIC AND FROM ACQUISITIONS.**

**Duncan Syers**  
Finance Director



### RESULTS

	Property Rental		Car Parking	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Gross revenue*	<b>16,879</b>	15,940	<b>10,118</b>	6,870
Property expenses	<b>(1,818)</b>	(1,558)	<b>(5,843)</b>	(3,690)
Net revenue	<b>15,061</b>	14,382	<b>4,275</b>	3,180
Other income	<b>594</b>	1,452	<b>5</b>	16
Administrative expenses	<b>(4,690)</b>	(4,737)	<b>(803)</b>	(584)
Operating profit	<b>10,965</b>	11,097	<b>3,477</b>	2,612
Total operating profit	<b>14,442</b>	13,709		
Finance costs	<b>(7,847)</b>	(7,258)		
<b>Net income</b>	<b>6,595</b>	6,451		

\* Gross revenue includes the share of trading profits from joint ventures in the current financial year.

The table on page 18 sets out the passing rent from the property portfolio of £19.0m. This includes the passing rent from the Merrion Centre car park of £1.4m; whereas in the analysis above Merrion Centre car park revenue is included in the car park figures.

**Property expenses** - comprise 11.3% of gross rentals compared to 9.8% in 2015. This is mainly due to the acquisition/development of 2 long leasehold properties with ground rental payments at Duke Street, London and Waitrose, Milngavie.

**Other income** includes sundry property income such as management fees and dilapidations receipts; last year also included £0.2m in respect of lease surrender premiums and £0.3m of advisory fees received which were one off deals.

**Administrative expenses** - of the property business are principally staff costs. These have decreased this year reflecting a gradual restructuring of the property management team.



## Property

**Net property revenues** - are up 5% and the current development programme will deliver increases in income as follows:

**Merrion House** - on completion (scheduled for December 2017) our share of the rent from Leeds City Council increases from £700,000 pa to £1,650,000 pa.

**Merrion Hotel** - on completion (scheduled for April 2017) the hotel will be run under a management contract; the initial projections are for an EBITDA of £600,000 pa. There is no current income.

**Premier Inn** - on completion (scheduled for April 2017) the lease provides for a rent of £680,000 pa with a 5 month rent free period. The build cost is fixed at £10m.

	Financial years ending		
	2017 £'000	2018 £'000	2019 £'000
Merrion House		475	950
Merrion Hotel	150	625	725
Premier Inn	167	669	669
Interest cost @ 2.25%	(57)	(480)	(585)
<b>Additional profit before tax</b>	<b>260</b>	<b>1,289</b>	<b>1,759</b>

## Car Parking

Car park net revenue has increased by 34% both through organic growth and as a result of acquisitions as follows:

The organic growth of 25% has come from all sites through strong trading demand and improved efficiency as a result of the central control room. Administrative expenses this year reflect the costs of the control room.

	2016 £'000	2015 £'000
Like for like net revenue	<b>3,908</b>	3,132
Net revenue from acquisitions	<b>367</b>	48
	<b>4,275</b>	3,180

## BALANCE SHEET

Our total non current assets of £377.7m (2015: £361.6m) include £350.4m of investment properties (2015: £339.5m) and £25.1m of non current car parking assets (2015: £20.9m). The Merrion Centre car park is included in the investment property asset. The car parking assets include £4m (2015: £4m) of leasehold car parks which are accounted for under IFRS as goodwill. There are two such car parks with operating leases of 24 and 35 years.

We have continued to invest in our properties with a total of £11.0m of capital expenditure this year and loans to the joint venture of £4.9m. Capital recycling comprised £13.3m of sales and £6.3m of purchases. Along with other cash movements this resulted in an increase in borrowings from £179.1m to £185.8m.

The property and car parking balances reflect valuation gains of £3.0m in respect of the investment properties and £1.0m in respect of car parks (which includes £0.5m which is shown in the Statement of Changes in Equity as other comprehensive income).

All of our bank facilities have been renewed during the year and are now £105m in total from Lloyds, RBS and Handelsbanken. They are all 3 year revolving credit facilities secured on our investment properties and expire between September 2018 and February 2019. The quoted debenture stock is £106m secured against investment property and car parking assets expires in November 2031.

# Chairman and Chief Executive's Statement

## FINANCIAL REVIEW

### Going concern and headroom

One of the most critical judgements for the Board is the headroom in the Group's bank facilities. This is calculated as the maximum amount that could be borrowed taking into account the properties secured to the funders and the facilities in place. The total headroom is currently £27.7m (2015: £27.3m) and is considered to be sufficient to support our going concern conclusion.

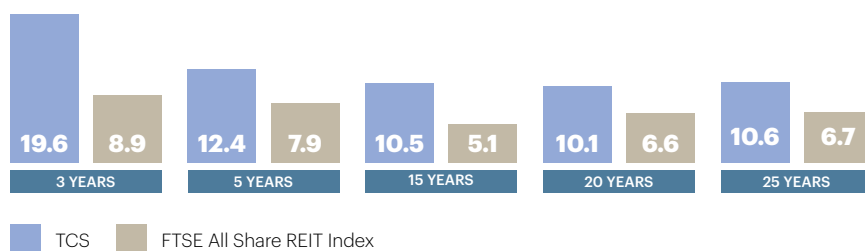
### Other finance issues

We have adopted EPRA (European Public Real Estate Association) this year for earnings per share and net assets per share replacing our non GAAP measures which we previously described as "underlying".

### Total shareholder return and total property return

Total shareholder return of minus 3.9% (2015: plus 19.1%) is calculated as the total of dividends paid during the financial year of 10.44p (2015: 10.44p) and the movement in the share price between 30 June 2015 (297p) and 30 June 2016 (275p). Most of the sector comparable companies have negative TSR's this year and the FTSE REIT index is minus 11.7% (2015: plus 20.0%) for the same period.

The Group's concentration on maximising income from our portfolio has led to long term out-performance of the relevant indices over 3, 5, 15, 20 and 25 years.



Total property return is calculated as the operating profit from the property rental business adding back administrative expenses and adjusting for the Merrion Centre car park income as a percentage of the opening investment properties excluding developments.

### Risk

The directors have carried out a robust assessment of the principal risks facing the Group, including those that would threaten the business model, future performance, solvency or liquidity. The detailed Risk Register is shown on pages 42 and 43.

### Key Performance Indicators (KPI's)

Our business model is predicted on delivering maximum return to shareholders so that Total Shareholder Return is the main KPI. Shown overleaf is a detailed explanation of the various components which contribute to Total Shareholder Return along with some other statistics of our performance over the last 2 years.



## KEY PERFORMANCE INDICATORS

	2016	2015
<b>01</b> <b>DELIVERING RETURNS TO SHAREHOLDERS</b>	<ul style="list-style-type: none"> <li>• TSR over 3 years 19.6% (market 8.9%)</li> <li>• Dividends 11.0p – 56 years unbroken record</li> <li>• Dividend cover 1.13 times</li> </ul>	<ul style="list-style-type: none"> <li>• TSR over 3 years 28.1% (market 22.4%)</li> <li>• Dividends 10.44p – 55 years unbroken record</li> <li>• Dividend cover 1.16 times</li> </ul>
<b>02</b> <b>CREATING VALUE THROUGH DEVELOPMENT</b>	<ul style="list-style-type: none"> <li>• Three development projects progressing on time and on budget</li> <li>• Development schemes are expected to deliver £1.8m pa extra profit and £10.5m of additional net assets</li> </ul>	<ul style="list-style-type: none"> <li>• Three development projects progressing on time and on budget</li> <li>• Development schemes are expected to deliver £1.8m pa extra profit and £10.5m of additional net assets</li> </ul>
<b>03</b> <b>CREATING VALUE THROUGH ASSET MANAGEMENT</b>	<ul style="list-style-type: none"> <li>• 141 leasing transactions delivering and maintaining £19.8m of passing rent and £25.0m of ERV</li> </ul>	<ul style="list-style-type: none"> <li>• 144 leasing transactions delivering and maintaining £22.2m of passing rent and £24.5m of ERV</li> </ul>
<b>04</b> <b>CAPITAL RECYCLING</b>	<ul style="list-style-type: none"> <li>• Sales of ex growth properties £13.3m exit yield 6.0%</li> <li>• Purchases £6m average initial yield 5.7%</li> </ul>	<ul style="list-style-type: none"> <li>• Sales of ex growth properties £9.7m exit yield 2.1% (including a non-income producing site)</li> <li>• Purchases £11.3m average initial yield 5.8%</li> </ul>
<b>05</b> <b>CAR PARKING</b>	<ul style="list-style-type: none"> <li>• Refurbishment and upgrade spend on new sites £5m</li> <li>• Profits from acquired sites £0-4 effective yield on cost 6.7%</li> <li>• Organic like for like growth in net revenue of 25%</li> <li>• Central control room fully operational handling 4500 calls per month</li> </ul>	<ul style="list-style-type: none"> <li>• 6 new sites acquired cost £4.3m yield 10%</li> <li>• Central control room development ongoing</li> </ul>
<b>06</b> <b>CONSERVATIVE FINANCING</b>	<ul style="list-style-type: none"> <li>• Interest cover 1.84 times</li> <li>• 57% of debt long term (15 yrs) fixed interest</li> <li>• Headroom £27.7m</li> <li>• Loan to value 49%</li> <li>• Average interest cost 4.1%</li> </ul>	<ul style="list-style-type: none"> <li>• Interest cover 1.88 times</li> <li>• 59% of debt long term (16 yrs) fixed interest</li> <li>• Headroom £27.3m</li> <li>• Loan to value 48%</li> <li>• Average interest cost 4.3%</li> </ul>

# Chairman and Chief Executive's Statement

## CAR PARKING

**AT CITIPARK, OUR CAR PARKING BUSINESS, WE HAVE CONTINUED TO CONSOLIDATE THE ASSETS WE PURCHASED IN 2014 & 15. WE HAVE UPGRADED ALL OF THE NEW BRANCHES WITH OUR INTEGRATED PARKING MANAGEMENT SYSTEM, WHICH ALLOWS US TO MANAGE ALL LOCATIONS REMOTELY FROM OUR ENGINE ROOM.**

**Ben Ziff**

Managing Director



The Engine Room is the 24/7 control centre that provides constant customer service and support to our patrons via an intercom system and a web chat service. The launching of the Engine Room in June 2015 has allowed us to rationalise staff levels from 41 permanent branch staff down to 34.

The £3m refurbishment of the three car parks in Watford is now complete and these are trading well and above expectation. Our next phase is to upgrade our operation at Bell Street, London where demand has increased significantly following the closure of an adjacent competitor car park.

Leeds Dock, formerly Clarence Dock, is now trading at full capacity due to increased corporate and individual season ticket sales largely as a result of several businesses moving into the vicinity. We have made recent improvements to this car park including the installation of Electric Vehicle Chargers, and a partnership with Tesla to have their Destination Chargers installed. We have plans to introduce this new partnership with Tesla at four other branches.

Other electric vehicle charging points have been installed at the Merrion Centre, Leeds, with a plan to start rolling this out to all branches to cater for the ever-growing demand for electric vehicle charging.

### Technological Enhancements

Further technological developments have been made across our branch network with the introduction of contactless payment and Apple Pay. Online season ticket orders and pre-booking of parking spaces continues to operate well using our built-in-house booking platform BaySentry. Entry and exit from our branches using QR Code technology can be integrated with mobile technologies like iBeacon, Apple & Google Wallet to assist and improve customer service and efficiency. This works in the same way as an e-Boarding Pass does for an airplane journey.

We also have new products in the pipeline to ensure we are constantly improving our service. This includes a new CitiPass card which is a credit top-up payment service which works in the same way as the Oyster card and an emissions based tariff structure. This will be especially beneficial in the central London branches and in areas where we work with local authorities where they charge for parking based on the emissions of the vehicle, not just time.

Overall, the car park group has traded well this year and we continue to benefit from strong income growth.





# Chairman and Chief Executive's Statement

## TCS ENERGY

**WE BELIEVE PASSIONATELY IN OPERATING THE MOST SUSTAINABLE AND ENVIRONMENTALLY FRIENDLY BUSINESS THAT WE CAN. IN ADDITION TO OUR FOCUS ON RECYCLING, WE HAVE CHOSEN TO ACTIVELY MANAGE OUR CONSUMPTION OF NATURAL RESOURCES BY, WHERE POSSIBLE, USING ENERGY WHICH WE GENERATE OURSELVES FROM RENEWABLE SOURCES.**

**Ben Ziff**

Managing Director



TCS Energy was established in April 2002. Since then we have installed 3 Solar Photovoltaic (PV) Farms. These are situated at Leeds Dock Car Park and Urban Exchange, Manchester.

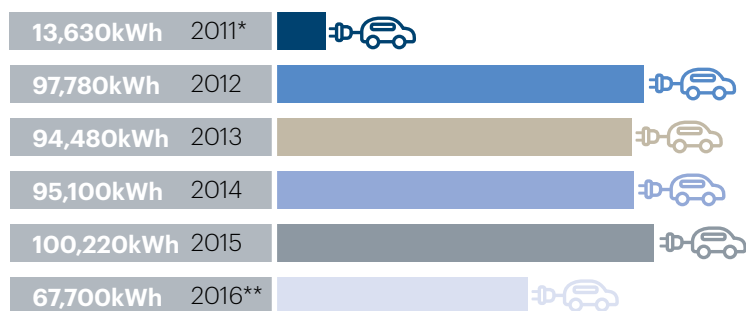
### Leeds Dock

The Solar PV system at Leeds Dock MSCP consists of 641 Solyndra 200W Solar Modules mounted on feet above the white painted top deck of the Multi Storey Car Park. The system went live in 2011.

The system is connected to the Car Park electrical system via 9 Solarmax 13MT 13kW solar inverters.

The total system size is 128.2 kWp.

Production by calendar year is shown below:



\* From September

\*\* To Date



In total, the electric energy that we have generated would enable 1,048,422 full kettles to boil, or an electric car to go 1,284,971 miles or would provide 28.41 households of 4 people with electricity for one year. It has also reduced CO<sub>2</sub> emissions by 141.16 tonnes in the last 12 months.

(All figures are approximate and taken from best available sources).

#### Urban Exchange 1

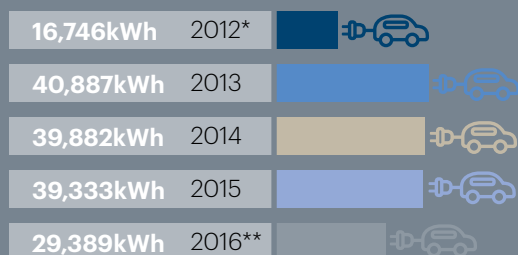
The Phase 1 Solar PV system at Urban Exchange, Manchester consists of:

240 REC 240W Solar PV modules. These are connected to the electrical system of the property via 3 Solarmax 15MT 15kW Solar inverters.

The Modules are mounted by a ballasted frame on the membrane roof of the premises.

The system size is 49.68kWp.

Production by calendar year has been:



\* From July 5th

\*\* To August 17th

#### Urban Exchange 2

The Solar PV system at Urban Exchange Phase 2 consists of:

562 Canadian Solar 255W Solar PV modules mounted on a ballasted frame on the membrane roof of the building.

The Modules are connected to the electrical system of the building via 3 Solarmax 30HT4, 30kW inverters and 1 Solarmax 15MT 15kW inverter.

The system size is 143.82 kWp.

Production by calendar year has been:



\* From February 4th

\*\* To August 17th

#### Chairman & Chief Executive's Statement and Strategic Report approved by the Board

**Edward Ziff**  
Chairman and Chief Executive

14 September 2016

## Corporate Social Responsibility

**WE CONTINUE TO DEMONSTRATE BOTH CORPORATE AND INDIVIDUAL STAFF COMMITMENT TO OUR LOCAL COMMUNITY. CHARITABLE DONATIONS BY THE COMPANY IN THE YEAR AMOUNTED TO £121,000 (£99,000 IN 2014/15), AROUND £30,000 OF WHICH WE RAISED THROUGH EVENTS, COLLECTIONS AND COMPETITIONS IN THE MERRION CENTRE ALONE.**

It is vital to our corporate culture to encourage involvement in charitable activities amongst our staff. Notable achievements include our Property Director, Richard Lewis, who cycled the 80 mile Carter Jonas LandAid Yorkshire Pedalthon, and a number of our staff members took part in the Leeds 10km charity running race and the Crypt Factor fundraiser.

The charities we have partnered with this year are: Candlelighters, Leeds Jewish Welfare Board, Variety the Children's Charity, LionHeart, The Prince's Regeneration Trust and The British Legion. We are actively seeking further partnerships, including local schools in order to provide access to a variety of work experience opportunities.

Each of our Executive Directors has given time and personal commitment to one of our nominated charities by holding leadership positions. Our Chairman & Chief Executive, Edward Ziff, is the Chairman and Trustee of the Leeds Teaching Hospital Charitable Foundation. It is notable also that this year Edward Ziff stepped down from his role as Chairman of the Leeds Jewish Welfare Board after the maximum 9 years of service. He will continue to serve the charity however as a lifetime honorary President.

Finally, although not the aim of our charity involvement and community participation, we are always delighted when our work in this regard is recognised; this year Edward Ziff won two awards from Variety. He won a Lifetime Contribution Award at the annual Yorkshire Business Awards and "Best Newcomer" at the annual 'Props' event in London. Richard Lewis also won the Lifetime Achievement Award at the 2016 Variety Yorkshire Property Awards event. The Group's charitable donations next year will include a further Variety Sunshine Coach.







Edward Ziff receiving the Lifetime Contribution Award presented by Duncan Syers in his role as Chairman of Variety Yorkshire Region.

### Human Rights

We have a relatively small team in our Head Office and we pride ourselves on our treatment of our employees. However, we do not see a role for the Company in affecting wider human rights.

### Emissions

The occupancy rate of our properties is 98% and therefore our tenants effectively control the emissions from our properties. We occupy a small part of the Merrion Centre and the top two floors of Duke Street, London for our own use and hence our emissions are not significant.

The CitiPark subsidiary business operates a fleet of electric hybrid vehicles for the management of its branch network. These vehicles emit 39g/km of CO<sub>2</sub>.

### Health & Safety

We are committed to achieving a safe and secure working environment both in our own office locations and in our properties, particularly those where we maintain an on-site management function such as the Merrion Centre. We have an established Group health and safety policy, which is approved at Board level annually, and we review health and safety issues and incidents at every Board meeting.

Our operational teams have clear health and safety objectives and review procedures regularly taking action where necessary.

Richard Lewis is the Board member with this responsibility and he is supported by specialist external advisers.



# The Board

## EDWARD ZIFF (56)

### Chairman and Chief Executive

Edward Ziff joined the Company in 1981 before being appointed to the Board in 1985, becoming Managing Director in 1993, Chief Executive in 2001 and succeeded his Father and Founder of the Company as Chairman in 2004.

Edward is a life-long supporter of Leeds the city and plays an active role in the community. A passionate family man, Edward brings a strong pastoral care aspect to the business, encouraging individual leadership and an active role in the community through local charities.

He is a governor of the Grammar School at Leeds and is also Chair and Trustee of the Leeds Teaching Hospital Charitable Foundation. In 2013 he was awarded an Honorary Doctorate of Business Administration by Leeds Beckett University. Edward was, until recently, the president of the Leeds Jewish Welfare Board.

## RICHARD LEWIS (61)

### FRICS Property Director

Richard joined TCS in April 2000 to rejuvenate the development side of the business and was appointed to the Board in 2001. Following a restructuring, he took over responsibility for the group property portfolio becoming Property Director in 2008. Richard is a firm believer in the need to deliver quality and sustainable schemes and is an advocate of public/private partnering.

Richard is Chairman of the LionHeart benevolent fund and also a Board member of CityCo, a company that strives to make Manchester city centre a better place to work, visit and live. Richard has been presented with the Lifetime Achievement Award at the Yorkshire Property Awards due to his work on some of the biggest city schemes in Leeds.

## DUNCAN SYERS (60)

### ACA Finance Director

Having trained and qualified with Price Waterhouse, Duncan was previously Finance Director of Town Centre Securities from 1993 to 2001. He left when the original car park business was sold to Q Park NV in 2001 as part of the sale and became Group Finance Director of Q Park. From 2003 to 2012 he pursued his own business interests and returned to the group in 2013 to advise on the expansion of the car park business. He was re-appointed as Finance Director in April 2014.

## BEN ZIFF (29)

### Managing Director CitiPark & TCS Energy

Ben joined TCS as an Assistant Asset Manager in 2008 and drove his innovation into assessment and improvement of the business. Ben's vision to prolong and offer further generations of service led to his movement into the car park subsidiary as Managing Director in 2009.

In 2013 a team led by Ben started the redevelopment of the Merrion Centre 1,000 space multi-storey car park, restoring a 60's concrete structure using the latest carbon fibre technology and producing a state of the art facility which is among the best in the country. Since 2014 Ben has also led the acquisitions programme which has doubled the size of the car park business.

Ben's knowledge of the energy sector led to the development of TCS Energy in 2012; a subsidiary company which pursues a green and renewable energy production and delivery agenda with notable first class solar farm examples at Urban Exchange and Leeds Dock.

Ben's personal curiosity with technology has ensured the Group contains cutting edge tech to revolutionise and maximize its operation.

In September 2015, Ben was appointed the youngest ever member on the Board of Directors.





# Non-Executive Directors



## **JOHN NETTLETON (68)**

FRICS ACAArb

**Remuneration Committee,  
Nominations Committee  
and Audit Committee**

John Nettleton was appointed to the Board in July 2004. A chartered surveyor and arbitrator specialising in retail property and development, he was senior partner of Donaldsons Chartered Surveyors from 1997 until his retirement in June 2004. He is the Senior Non-executive Director.



## **MICHAEL ZIFF (63)**

Hon DUviv (Brad)

**Nominations Committee**

Dr Michael Ziff was appointed to the Board in July 2004. He is a Director of W Barratt & Co Ltd, Transworld Business Advisors UK Ltd and Mr Arkwrights Emporium Franchise Ltd. He is President of Maccabi GB and a member of the international board of trustees of Maccabi World Union. He is also President of UK Israel Business. Michael is also a trustee and director of the Hepworth, Wakefield.



## **IAN MARCUS (57)**

FRICS

**Remuneration Committee,  
Nominations Committee  
and Audit Committee**

Ian Marcus was appointed to the board on 1 January 2015. He spent over 32 years as an investment banker latterly at Credit Suisse. Ian is Chairman of The Prince's Regeneration Trust, a Crown Estate Commissioner, Chairman of the Bank of England Property Forum, a member of Redevco's Advisory Board, Senior Adviser to Eastdil Secured and the Senior Independent Director for Secure Income REIT.



## **PAUL HUBERMAN (55)**

FCA CTA

**Remuneration Committee,  
Nominations Committee  
and Audit Committee**

Paul Huberman was appointed a director on 1 January 2015. He brings over 28 years' experience in the property and finance sector. Paul was previously Finance Director at 3 quoted companies. He is currently a non-executive director of Galliard Homes Limited, a London housebuilder and is a non-executive director at JCRA Group Ltd, the holding company of J C Rathbone Associates Ltd, the independent advisers on interest rate risk management, debt finance and foreign exchange exposure.

# Valuers' Reports



The Directors  
Town Centre Securities PLC  
Town Centre House  
The Merrion Centre  
Leeds  
LS2 8LY

30 June 2016

Dear Sirs

## **Town Centre Securities PLC – Property Portfolio Valuation – 30 June 2016**

In accordance with your written instructions we have inspected and valued the various freehold and leasehold properties held by Town Centre Securities PLC and its various subsidiary companies, for accounts purposes as at 30 June 2016.

We confirm that these valuations have been prepared in accordance with the RICS Valuation – Professional Standards, January 2014, published by the Royal Institution of Chartered Surveyors in our capacity of external valuers on the basis of Market Value. No allowances have been made for expenses of realisation or for taxation that might arise in the event of a disposal, deemed or otherwise. All rental and capital values stated are exclusive of Value Added Tax. Each property has been considered as if free and clear of all mortgages or other charges which may have been secured thereon. The interests have been valued subject to and with the benefit of any lettings which have been disclosed.

Having regard to the foregoing we are of the opinion that the aggregate Market Value of the freehold and leasehold interests owned by the Group and valued by JLL, as at 30 June 2016, subject to and with the benefit of the tenancies currently subsisting, is:

<b>Freehold</b>	<b>£93,500,000</b>
<b>Long leasehold</b>	<b>£15,375,000</b>
<b>Total</b>	<b>£108,875,000</b>

In accordance with our standard practice, we confirm that our valuations have been prepared for Town Centre Securities PLC and for the purpose to which this certificate refers. No responsibility is accepted to any third party in respect of the information or advice contained herein, except in circumstances where our prior written approval has been granted.

Yours faithfully

A handwritten signature in black ink, appearing to read 'S. J. Cullimore'.

**Simon Cullimore MRICS**

Director  
For and on behalf of Jones Lang LaSalle Limited





The Directors  
Town Centre Securities PLC  
Town Centre House  
The Merlion Centre  
Leeds  
LS2 8LY

19 August 2016

Dear Sirs

#### **Town Centre Securities PLC – 30 June 2016 valuations**

In accordance with your written instructions we have inspected and valued The Merlion Centre, Leeds; Merlion House, Leeds; Homebase, Main Street, Milngavie; Waitrose, Milngavie; 363-381 Byres Road and 9-19 Grosvenor Lane, Glasgow; Phases 1 and 2, Central Retail Park, Rochdale; 6 Duke Street, London; 106A Kilburn High Road, London; 9 Cheapside, 9-10 Cheapside, Wood Green, 12-13 Cheapside, Wood Green and 448 Holloway Road, London, held by Town Centre Securities PLC and its various subsidiary companies, for accounts purposes as at 30 June 2016.

The valuations have been prepared in accordance with the RICS Valuation – Professional Standards UK January 2014 (revised April 2015), ("the Red Book") and should be read in conjunction with our Valuation Report as at 30 June 2016 on behalf of Town Centre Securities plc. The valuations have been prepared in our capacity as external valuers, on the basis of Fair Value. No allowance has been made for expenses of realisation or for taxation that might arise in the event of a disposal, deemed or otherwise and the capital value stated is exclusive of Value Added Tax. The properties have been considered as if free and clear of all mortgages or other charges which may have been secured thereon. The properties have been valued subject to and with the benefit of any lettings which have been disclosed.

Following the Referendum held on 23 June 2016 concerning the UK's membership of the EU, a decision was taken to exit. Since that date we have monitored market transactions and market sentiment in arriving at our opinion of Market Value / Fair Value. There is still a shortage of comparable evidence of arm's length transactions since the Referendum. We have had, therefore, to exercise a greater degree of judgement than would be applied under more liquid market conditions. The probability of our opinion of value exactly coinciding with the price achieved, were there to be a sale has reduced. We would, therefore, recommend that the valuation is kept under regular review and that specific market advice is obtained should you wish to effect a disposal.

Having regard to the forgoing we are of the opinion that the Fair Value of the freehold interests in the above properties owned by the Group, as at 30 June 2016, subject to and with the benefit of the tenancies currently subsisting, is:

**£220,815,000 (TWO HUNDRED AND TWENTY MILLION, EIGHT HUNDRED AND FIFTEEN THOUSAND POUNDS)**

In accordance with our standard practice, we confirm that our valuations have been prepared for Town Centre Securities PLC and for the purpose to which this certificate refers. No responsibility is accepted to any third party in respect of the information or advice contained herein, except in circumstances where our prior written approval has been granted.

Yours faithfully

**Michael Brodtman FRICS**  
For and on behalf of CBRE Limited  
RICS approved valuer  
Executive Director

Yours faithfully

**Max Field MRICS**  
For and on behalf of CBRE Limited  
RICS approved valuer  
Director

# Valuers' Reports



The Directors  
Town Centre Securities PLC  
Town Centre House  
The Merrion Centre  
Leeds  
LS2 8LY

31 August 2016

Dear Sirs

## **Town Centre Securities PLC – 30 June 2016 valuations**

- 1) Land at Whitehall Riverside, Leeds, West Yorkshire, LS1 4BN**
- 2) Land at Piccadilly Basin, Manchester, M1 2HG**

Further to your recent instructions, we have inspected and valued the above properties for accounts purposes as at 30 June 2016. The valuations have been prepared in accordance with the RICS Valuation - Professional Standards, January 2014 Global and UK edition, published by the Royal Institution of Chartered Surveyors ("RICS") ("the Red Book") and the IVSC International Valuation Standards. No allowance has been made for expenses of realisation or for taxation that might arise in the event of a disposal, deemed or otherwise and the capital value stated is exclusive of Value Added Tax. The properties have been considered as if free and clear of all mortgages or other charges. The properties have been valued subject to the information provided.

We are of the opinion that the Fair Value of the freehold interest in the above properties owned by the group as at the date of the valuation is:

**£25,575,000 (twenty five million five hundred and seventy five thousand pounds)**

Our valuation is provided for the stated purpose and is for the use of the addressee only and no responsibility is accepted to any other party for the whole or any part of its contents, except our prior written consent.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Ian Naylor'.

**Ian Naylor, BSc (Hons) MRICS**  
Partner, Valuation Services



# Locations of Property Portfolio

## Edinburgh

Princes Street  
Shandwick Place

## Glasgow City Region

Bath Street  
Buchanan Street  
Byres Road  
Sauchiehall Street  
Nerston, East Kilbride  
King Street, Kilmarnock  
Tannochside Business Park, Uddingston  
Main Street, Milngavie  
Waitrose, Milngavie

## Ilford

CitiPark: Clements Road

## Leeds City Region

CitiPark: Leeds Dock  
Thorntons Chambers, Leeds  
The Merrion Centre, Leeds  
CitiPark: Merrion Centre  
TCS Head Office, Town Centre House  
Wade House  
Merrion House  
Central Road  
Vicar Lane  
Waterside Business Park  
CitiPark: Whitehall Road  
Whitehall Road  
West Park, Harrogate

## London

CitiPark: Bell Street  
9-13 Cheapside, Wood Green  
CitiPark: Clipstone Street  
6 Duke Street  
448-450 Holloway Road  
106a Kilburn High Road

## Manchester City Region

Brownsfield Mill  
69-77 Dale Street  
CitiPark: Dale Street  
Carver's Warehouse  
Belgravia Living Offices  
Abingdon Street Market, Blackpool  
CitiPark: Ducie Street  
Urban Exchange  
CitiPark: Port Street  
CitiPark: Tariff Street  
Rochdale Retail Park

## Rickmansworth

CitiPark: Rickmansworth

## Watford

CitiPark: Church  
CitiPark: Gade  
CitiPark: Sutton

## Property Valuation Reconciliation

	Investment Properties £000	Freehold and Leasehold Properties £000	Total £000
Externally valued by CB Richard Ellis	203,065	-	203,065
Externally valued by Jones Lang LaSalle	94,625	14,250	108,875
Externally valued by Sanderson Weatherall	25,575	-	25,575
Investment properties valued by the Property Director	872	-	872
Finance lease obligations capitalised	1,176	3,304	4,480
Leasehold improvements	-	3,521	3,521
<b>Investment and Car Park Properties (see Note 12)</b>	<b>325,313</b>	<b>21,075</b>	<b>346,388</b>

The CBRE Valuation Report amalgamates valuations of investment properties and joint venture properties as follows:

- included within investment properties	203,065	-	203,065
- included within joint ventures	17,750	-	17,750
<b>Valuation per Valuers Report</b>	<b>220,815</b>	<b>-</b>	<b>220,815</b>

# Corporate Governance

**TOWN CENTRE SECURITIES PLC BECAME A LISTED COMPANY 56 YEARS AGO AND HAS THROUGHOUT ITS HISTORY PROVIDED SUPERIOR RETURNS TO SHAREHOLDERS. AS CHAIRMAN, I TAKE MY RESPONSIBILITIES FOR ENSURING STRONG CORPORATE GOVERNANCE VERY SERIOUSLY, AS DID MY FATHER BEFORE ME.**

We have always had a strong, independent presence of non-executive directors on our Board and those directors have provided invaluable support and guidance for me and my fellow executives having challenged and tested our decisions and strategies.

We try wherever possible to comply with the various rules which apply to our Corporate Governance.

Those rules are primarily focused on much bigger companies than ours and sometimes we have to make pragmatic compromises because of our size and the nature of our shareholder base. Those compromises are always made using common sense and with due consideration of the best interests of all shareholders.

I truly believe our Board is now one of the best in our sector and should provide investors with absolute confidence that their interests are in safe hands.



**Edward Ziff**

Chairman and Chief Executive

14 September 2016





This report along with the Directors' Remuneration Report on pages 44 to 47 provides details of our corporate governance procedures and processes. On page 41 we also set out the Statement of Compliance which lists the exceptions to this statement.

### Board of Directors

Details of the Board of Directors are given on pages 30 to 31 of this report. At the end of the year the Board comprised four Non-executive Directors and four Executive Directors, including the Chairman and Chief Executive.

<b>Chairman: Edward Ziff</b>	<b>Property Director: Richard Lewis</b>	<b>Finance Director: Duncan Syers</b>	<b>Managing Director: Ben Ziff</b>
Leadership of the Board and the Company	Identify and propose commercial acquisitions and / or disposals	Provide advice and guidance on financial strategy	Provide advice and guidance on car parking strategy
Successful achievement of objectives and execution of strategy	Manage development programme	Responsible for ensuring the Group's financial commitments, targets and obligations met	Responsible for implementing agreed business plan for CitiPark
Responsible for identifying and recruiting Board members	Propose major projects or bids	Budget and management	Responsible for identifying and recruiting CitiPark senior management team
Ensure long-term business sustainability	Oversee all banking investments and debt	Ensure compliance with statutory regulations	Identify and propose car park acquisitions and/or disposals
Management and Implementation of Board decisions	Manage commercial expenditure	Assist with shareholder communications	

Our four Non-executive Directors bring considerable experience and expertise to the work of the Board and provide a significant independent view to our deliberations. They regularly challenge and question the conclusions of the Executive and have a particular focus on the interests of the non-family shareholders.

Under the Code two Non-executive Directors are not considered to be independent, Michael Ziff (due to his shareholding and his close family ties) and John Nettleton (due to the length of his service). The Board consider that both bring extensive experience and expertise and provide invaluable contributions to the work of the Board. John Nettleton is the Senior Non-executive Director.

We are required to identify the Senior Independent Non-executive Director. Ian Marcus and Paul Huberman were appointed on the same day and, while they have different skills and experience neither is senior to the other. Therefore for the sake of compliance with the code the position will alternate - from the date of this report until the next one it will be Ian Marcus.

The full Board met eight times in the year and the record of Directors' attendance at Board meetings is set out overleaf. Additionally the Board meets once a year to review the strategic direction of the Group. The Board manages overall control of the Group's affairs by the schedule of matters reserved for its decision. These include the approval of Financial Statements, business plans, all major acquisitions and disposals, risk management strategy and treasury decisions.

# Corporate Governance

## Attendance at Board Meetings

E M Ziff	8	8
R A Lewis	8	8
D S Syers	8	8
C B A Ziff	8	8
J A Nettleton	8	8
M A Ziff	8	8
I Marcus	8	8
P Huberman	8	8

## Attendance at Audit Committee Meetings

P Huberman	2	2
J A Nettleton	2	2
I Marcus	2	2

- No. of meetings
- Number Attended

The Board has established two divisional Boards, the Property Review Board and the Citipark Board, which comprise Executive Directors and senior managers and met ten times during the year. The Board has delegated responsibility to the divisional Boards for assisting the Executive Directors on measures relating to the Board's strategies and policies, operational management and the implementation of the systems of internal control, within agreed parameters.

There is an agreed procedure for Directors to take independent professional advice at the Company's expense, if necessary, in the performance of their duties. This is in addition to the access which every Director has to the Company Secretary. The Group maintains liability insurance on behalf of Directors and Officers of the Company.

On appointment, the Directors receive information about the Group's operations, the role of the Board, the Group's corporate governance policies and the latest financial information. Training and briefings are available to all Directors on appointment and subsequent training is also undertaken as appropriate.

The Chairman and Chief Executive meets with the Non-executive Directors at least once a year without the other Executive Directors present to discuss the performance of the Board and to appraise the Chairman and Chief Executive's performance.

### Performance evaluation of the Board

The effectiveness of the Board, its committees and Directors was reviewed during the year as part of the September Audit Committee proceedings. Given the size of the Board and nature of the business the Directors performed a self-evaluation.

The evaluation of the Board and its committees, which did not highlight any areas of concern, considered:

- The Directors' understanding of the roles and responsibilities of the Board and of its committees;
- The structure of the Group, including succession planning in key areas of the business;
- The Board's understanding of the Group's activities and the appropriateness of its strategic plan;
- Whether Board meetings effectively monitor and evaluate progress towards strategic goals;
- Board composition and the involvement of each Director in the business of the Group;
- The overall effectiveness of the Board in the provision of the necessary experience required to direct the business efficiently; and
- The effectiveness of the Board committees in performing their roles.

The evaluation of the performance of individual Directors was undertaken by the Chairman and Chief Executive and the performance of the Chairman and Chief Executive was evaluated by the Non-executive Directors led by the Senior Non-executive Director, taking into account the views of the Executive Directors.

## Committees of the Board

THE BOARD	
NOMINATIONS COMMITTEE	
<p>John Nettleton (Chair)</p> <p>Edward Ziff</p> <p>Ian Marcus</p> <p>Paul Huberman</p> <p>Michael Ziff</p>	<p>The Nominations committee only meets when circumstances require it.</p> <p>During the year there were regular discussions regarding succession planning but there have been no meetings. There were two meetings in 2014/5.</p>
AUDIT COMMITTEE	
<p>Paul Huberman (Chair)</p> <p>Edward Ziff</p> <p>Ian Marcus</p> <p>John Nettleton</p>	<p>The Audit Committee is chaired by Paul Huberman and meets twice a year and considers the following issues:</p> <ul style="list-style-type: none"> <li>• final and interim financial statements and matters raised by management and the external auditors</li> <li>• the effectiveness of the Group's system of internal controls and risk management</li> <li>• the risk register</li> <li>• the full and half year valuations</li> <li>• the external auditor, their effectiveness, objectivity and independence and the terms of engagement and scope of the audit</li> </ul> <p>See below for the reports this year.</p>
REMUNERATION COMMITTEE	
<p>John Nettleton (Chair)</p> <p>Ian Marcus</p> <p>Paul Huberman</p>	<p>The Remuneration Committee meets once a year in September to approve the pay and incentive awards of the Executive Board. Details are set out in the Remuneration Report.</p>



# Corporate Governance

The Audit Committee is chaired by Paul Huberman and normally meets twice a year. This year the Audit Committee additionally met in December and January to supervise a tender for the Group's audit services. Following that process a recommendation was made to the Board that BDO should replace PWC as auditors (PWC were required to resign because of new regulations).

At their February and September meetings, as appropriate, the Committee reached the following conclusions:

- The 2016 Annual Report is fair, balanced and reasonable and provides shareholders with the necessary information to assess TCS's performance
- The conclusions on risk management are set out on page 42
- The Committee reviewed the methodology and outcomes of the valuations based on reports prepared by the valuers along with a commentary by the Property Director. The Main Board also considered this report which set out the process which included discussions between management and the external valuers and also a meeting with the Auditors. The Committee is confident that the valuations were properly conducted as described in the Financial Statements. The independence qualifications and objectivity of the valuers were also monitored by the Committee.
- The scope of the forthcoming year's audit was discussed in advance by the Audit Committee and the Committee reached a positive conclusion on the effectiveness of the audit process. Audit fees were reviewed by the Audit Committee and then referred to the Board for approval.
- Assignments awarded to BDO have been, and are subject to, controls by management that have been agreed by the Audit Committee so that audit independence is not compromised. A summary of the auditor's remuneration for non-audit services is provided in Note 5 to the Consolidated Accounts.

These controls have provided the Audit Committee with adequate confidence in the independence of BDO in its reporting on the audit of the Group.

## Internal control

Provision C.2.3 of the Code requires that the Directors review, at least annually, the effectiveness of the Company's risk management and internal control systems and should report to shareholders that they have done so. The Board of Directors is responsible for ensuring that adequate internal controls are in place to safeguard the assets and interests of the Group and considerable importance is placed on maintaining a strong control environment. The review includes controls over the preparation of consolidated accounts. However, any such control system can only give reasonable and not absolute assurance against material misstatement or loss.

The processes and procedures for identifying and managing the risks faced by the Group have been operating fully throughout the year and up to the date of this report. No significant failings or weaknesses were identified during the year under review.

The Group's policies and procedures have been reviewed to ensure compliance with the Bribery Act 2010 which came into force on 1 July 2011.

The key control procedures, which the Directors have established with a view to providing effective internal control, are as follows:

- A bi-annual review by the Board and the Review Forum of all significant business risks, which also identifies procedures to manage and mitigate such risks;
- A clearly defined organisational structure with appropriate levels of authority and segregation of duties;
- A comprehensive system of financial reporting to the Board and Senior Executives based upon an annual budget in line with strategic objectives. Performance is monitored and relevant action is taken throughout the year through reporting of variances from budget and updated profit forecasts;
- Active participation by the Board in treasury management matters. Cash flow projections are prepared monthly on a rolling two year basis; and
- Capital expenditure and disposal proposals are appraised and monitored by the Review Forum on a project by project basis. Significant acquisitions, capital expenditure and disposals are ratified by the Board.

The Group does not have an internal audit function because, given the size of the Group, it is not considered necessary. The need for an internal audit function is considered by the Audit Committee annually.

The terms of reference for the standing Committees of the Board (Audit Committee, Remuneration Committee and Nominations Committee) and the terms and conditions of appointment of Non executive Directors are available on application to the Company Secretary at the Company's registered office.

## Relations with shareholders

The Board is committed to maintaining good communications with shareholders. The Chairman and Chief Executive, Property Director and Finance Director maintain a dialogue with institutional shareholders and analysts immediately after the announcement of the half year and full year results. Their views are reported to the Board as appropriate. The Company also encourages communications with private shareholders throughout the year and welcomes their participation at shareholder meetings.

The principal communication with private shareholders is through the Annual Report and Accounts, the Half Year Report and the Annual General Meeting (AGM). The Notice of AGM and any related papers are communicated to shareholders at least 20 working days before the meeting to give shareholders sufficient time to consider the business of the meeting. All Directors attend the AGM and shareholders are given the opportunity to ask questions of the Board and meet all the Directors informally after the meeting.

Separate resolutions are proposed for each item of business and the proxy votes for, against and withheld are announced. An announcement confirming resolutions passed at the AGM is made through the London Stock Exchange immediately after the meeting. The Senior Independent Director is available to shareholders at all times if they have concerns they wish to raise.

The Group has a comprehensive website on which up to date information is available to all shareholders and potential investors ([www.tcs-plc.co.uk](http://www.tcs-plc.co.uk)).

### Statement of compliance with the Code

The Board of Directors has complied with the Code throughout the year except for the following matters:

- EM Ziff combines the roles of Chairman and Chief Executive. Code Provision A.2.1 requires that a justification for the combination of roles is required. As Chairman and Chief Executive, EM Ziff is responsible for the Board and the Group's business. In view of the current size and complexity of the Group the Directors believe that the benefits of splitting the roles would be outweighed by the cost;
- Code Provision A.3.1 requires that the Chairman is determined independent under the Code at the date of appointment. EM Ziff was previously Chief Executive and therefore was not independent at the date of appointment;
- Under the Articles it is not currently a requirement for the Chairman and Chief Executive and the Executive Directors to retire by rotation as recommended by Code Provision B.7.1. The Chairman and Chief Executive and the Executive Directors voluntarily offer themselves for retirement by rotation. Details of the re-elections are given in the Notice of AGM; and
- The Chairman and Chief Executive has a service contract with a notice period greater than one year, such being the recommended limit in Code Provision O.1.5.
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRS as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and Parent Company Financial Statements respectively; and
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The Directors' responsibility statement for the year ended 30 June 2016 is set out on Page 43 and was approved by the Board on 14 September 2016.

By order of the Board.

### D S Syers

Company Secretary  
14 September 2016

### Statement of Directors responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Group Financial Statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and the Parent Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;

# Corporate Governance

## Risk Management

Risk management is an integral part of our daily activities and is fundamental to the Investment Property business.

Shareholder returns are generated by our property portfolio whose ownership is under the control of the Group. The portfolio is in diverse locations and sectors and the income is derived from a well-spread tenancy base. Rents are receivable under long term leases so, other than in tenant failures, income is assured. As such, the Directors consider the business environment to be low risk.

The first line of defence in our risk management process is an active property management system:

- We hold regular meetings of our property management teams and every property is considered and reviewed regularly. Action is taken wherever possible to maximise return and mitigate risk
- That action includes selling properties which are at risk of falling value and purchasing property which have potential for growth in value

The Board meet regularly and review the activities of the property management team. All significant investment and property management decisions are approved by the Board. At our twice yearly audit meetings we review and consider an updated risk register which includes mitigation in respect of all significant risks facing the business.

The risk register is summarised below:

Risk stays the same
  Risk increased
  Risk decreased

PRINCIPAL RISKS AND THEIR IMPACT	HOW IS RISK MANAGED	RISK EXPOSURE CHANGE IN THE YEAR
<b>PROPERTY AND MARKETS</b>		
<b>MAJOR ECONOMIC DOWNTURN</b>  Potential major downturn in results and performance.	This risk is probably in every company's risk register. To put this into perspective we have, in the last 10 years, experienced the most significant financial crisis in living history and the group is in good health. This risk is therefore extremely unlikely in the context of this review as it would have to be much worse than the 2008/9 crisis to have a significant long term effect on shareholder returns. It therefore does not merit any further analysis.	Following the Brexit vote the risk of a downturn is theoretically higher. However, the market consensus is that the banks are in a much more stable state now so a major crisis is less likely.
<b>DEVELOPMENT/REFURBISHMENT</b>  Delays and other contractual disputes leading to an increase in costs for the Group.  Planning constraints leading to delays and cost over-runs.	Fixed price contracts are agreed wherever possible and have been in respect of the 3 major schemes.  The Board is regularly updated with detailed reports of progress, with a focus on sensitivity and exposure analysis.	With multiple developments (in excess of £30 million) in progress, current risk exposure is likely to continue.
<b>MAJOR TENANT FAILURE</b>  Reduction in profits and property values.	The biggest rent payer organisation are Morrisons at £1.285m and Waitrose at £1.264m. All of these properties would be readily lettable so this risk is low. Leeds City Council are currently paying us £700,000. Merrion House would probably be unlettable in its current state so this is the only tenant failure worth considering in this review. However the likelihood of a failure in a major local authority is extremely small. In general the other major rent payers are in premises which could be re-let and the wide spread of our income over different locations and from different tenants makes this risk low.	Occupier demand remains stable although a sustained recession would increase occupier failures.



PRINCIPAL RISKS AND THEIR IMPACT	HOW IS RISK MANAGED	RISK EXPOSURE CHANGE IN THE YEAR
<b>FINANCIAL</b>		
<b>INTEREST RATE RISES</b>  Increased costs.	With £106m of the debt portfolio at a fixed interest rate the protection is appropriate.	While debt is increasing the recent reduction in the base rate has reduced the likelihood of increased rates for many years to come.
<b>BREACH OF FINANCIAL COVENANTS ON BANK BORROWINGS</b>  The impact would be high and could lead to withdrawal of facilities.	The Board closely monitors compliance, using multiple financial models which feeds into responsible financial planning.	All major covenants have been complied with and there is sufficient headroom capacity to withstand current expectations of the market downturn. The risk is increased however following the market uncertainty.
<b>MAJOR INCIDENT</b>  Loss of property income and reputational risk.	This risk only relates to the Merrion Centre as there are no other significant concentrations of property in one location. The financial risk is covered by maintaining appropriate insurance cover and the mitigation is having appropriate health and safety procedures.	
<b>CORPORATE</b>		
<b>HUMAN RESOURCES</b>  Failure to retain and attract key staff members could hinder efficiency and decision-making process in the future.	The Group invests significant amounts of capital and time into ensuring a positive and harmonious working atmosphere. Individual and collective staff welfare is of crucial importance to the Board and the lack of layers within the Group means that employees have closer access to the Board than most market competitors.	No significant staffing issues to highlight.

### Viability Statement

The Board has assessed the prospects of the Group over a longer period than the twelve months covered by the going concern review. The period of the review runs until 30 June 2021. The Board considers the resilience of projected liquidity as well as compliance with secured debt covenants and UK REIT rules, under a range of RPI and property valuation assumptions.

The principal risks and the key assumptions that were relevant to this assessment were as follows:

Risk	Assumption
Tenant Risk	Tenants continue to comply with their rental obligations over the term of their leases and do not suffer any insolvency events over the term of the review.
Borrowing Risk	The Group continues to comply with all relevant loan contracts.
Liquidity Risk	The Group continues to generate sufficient cash to cover its costs while retaining the ability to make distributions

Based on the work performed, the Board has a reasonable expectation that the Group will be able to continue in business over approximately a five year period of its assessment.

### Directors' responsibility statement

Each of the Directors, whose names and functions are listed on pages 30 to 31 confirm that, to the best of their knowledge:

- The Group financial statements, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- The Chairman and Chief Executive's Statement and Strategic Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Approved by the Board



**Edward Ziff**  
Chairman and Chief Executive  
14 September 2016



**Duncan Syers**  
Finance Director  
14 September 2016

# Directors' Remuneration Report

## Policy Report

Town Centre Securities PLC has in recent years only operated one Annual Bonus Plan which rewards and incentivises the executive directors to achieve their goals. The maximum award under this plan is 60% although this level has never been awarded.

Whilst the performance and rewards of most quoted property companies and REITS are studied for comparable data, the Remuneration Committee uses its discretion to assess the Annual Bonus, if any. It is involved with setting the objectives of the executive directors and is therefore able to judge the achievements by them.

Awards under the Annual Bonus Plan are made in the context that:

- Salary increases have been limited for many years (the salary of the Chief Executive has only increased by 9% in 8 years)
- Bonus Awards have never reached the maximum of 60% and have averaged 22% over the last 5 years
- All final salary related pension commitments have been closed out

It remains, however critical to the Group's future success that the Executive Board are properly rewarded and motivated to continue to produce superior shareholder returns.

The aim of the Group's remuneration policy is to remunerate the directors fairly for their performance. As a property company the market performance is directly linked to valuation movements and consequently it is Group policy that Directors are not rewarded for market driven changes in the value of the investment portfolio or the share price. It is our view that our approach to remuneration is pragmatic and reflects the aspiration of all shareholders.

During 2015/16 the Directors have made significant progress in moving towards strategic goals set in their annual objectives.

EM Ziff and RA Lewis received a 2% increase in salary in October 2015 and a 2% salary increase was approved in October 2016.

The salary of DS Syers was set on his appointment and has been increased as shown in the table on page 46.

Discretionary Annual Bonuses for the Executive Directors as set out in the report below have been agreed for significant achievements.

### J A Nettleton

Chairman of the Remuneration Committee  
14 September 2016

### Remuneration Committee

The remuneration committee consists of non-executive directors, JA Nettleton (Chairman), I Marcus and P Huberman. The committee met once during the year. The Chairman and Chief Executive provided input to the committee with regard to the discretionary bonus of the directors. No external advice was sought on remuneration matters during the course of the year.

### Policy report

The remuneration committee implements the Group's policy, which is to provide remuneration packages with fixed and variable elements that fairly reward the Executive Directors for their contribution to the business. It seeks to ensure that the packages are sufficiently competitive to attract, retain and motivate the Directors to manage the Group successfully, without making excessive payments. The policy seeks to achieve the Group's strategic and financial objectives by aligning the interests of the directors and shareholders.

### Fixed remuneration

The fixed element of directors' remuneration comprises Base Salary, Benefits and Pension (see below for the pension). This element seeks to ensure that the Group attracts and retains appropriately talented individuals and provides a framework for them to save for retirement. The committee considers the overall balance between the elements. Salaries are determined with regard to individual and Group performance and to market rates and comparable roles at comparable companies. Benefits principally comprise company cars or a salary alternative, permanent health and medical insurance premiums. The Chairman and Chief Executive receives re-imbursement of the costs of maintaining a flat in London which is regularly used for company meetings. The value of the benefits are not pensionable.

EM Ziff and RA Lewis receive no pension contributions.

The Group makes payments to a defined contribution scheme for DS Syers of 10% of salary and for CBA Ziff of 13% of salary.

### Variable remuneration

The Group operates an Annual Bonus Plan under which awards are discretionary and the committee considers the performance of each individual director and of the Group in assessing the level of payments under the plan. In particular profit and growth in shareholder value (measured by the increase in net asset value per share and dividends paid as well as any increase in share value) were carefully considered by the remuneration committee in awarding the bonus reported when such increases were the result of directors' input. The maximum award is up to 60% of salary. This bonus is not pensionable. It is Group policy to reward exceptional growth or performance.

The directors participate annually in the Share Incentive Plan (All Employee Incentive Plan), which was approved by shareholders in December 2003. The current investment limit is £1,800 per annum with a Share Matching Element equal to 100% of the investment made subject to forfeiture should the individual cease to be employed during the first three years of the plan.

### Service agreements and external appointments

The Chairman and Chief Executive has a service contract that is subject to not less than 2 years notice. R A Lewis has no service contract; D S Syers has a service contract with 3 month's notice and C B A Ziff has a service contract with one year's notice. Their contracts provide for retirement at 65. The Group can discharge any obligation in relation to the unexpired portion of their notice period or any notice required to be given under their service contracts by making a payment in lieu thereof. If the Group terminates the contract without giving notice and/or makes a payment in lieu of any damages to which the executive may be entitled the payment is to be calculated in accordance with common law principles, including those relating to mitigation of loss and accelerated receipt. Directors are permitted to accept non-executive appointments by prior arrangement and provided there is no conflict with the Group's objectives. All non-executive positions are listed in the Directors' biographies on page 31; none of the Directors receive any remuneration for those activities.

### Non-executive Director Remuneration

The non-executive directors do not have service contracts. They are appointed for an initial three year period and this may be renewed on expiry of that period. The non-executive directors are not entitled to participate in bonus, or share based payment schemes and any other benefits.

### Remuneration of other employees

Remuneration of other employees is set at a level to attract, motivate and retain talented individuals. This may include a company car or car allowance as appropriate. Remuneration levels are recommended by the executive directors and noted by the remuneration committee.

Employees are eligible to participate in the Group bonus scheme and the SIP scheme. The Group makes pension contributions for eligible employees at rates which vary depending on seniority. The Group has instituted auto-enrolment with effect from 1 July 2014.

### Consideration of shareholder views

The Group welcomes comments on its remuneration from shareholders, although no such comments have been received during the year. These comments are reviewed by the remuneration committee who consider the comments particularly with a view to overall levels of remuneration.

### Performance Graph

The following graph shows the Company's TSR performance compared to the FTSE All Share REIT Index, measured in the same way over the seven years ended 30 June 2016. This index has been chosen because the Directors consider it the most appropriate comparison.



Total Shareholder Return (TSR) comprises the total of dividends paid and the increase in net assets per share



# Directors' Remuneration Report

## Implementation Report

### Audited Disclosures

A summary of the emoluments paid to each Director is shown in the table below:

#### DIRECTORS' REMUNERATION

	Salaries and fees		Bonuses		Taxable Benefits		SIP Shares		Pension Contributions		Total	
	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000
<b>EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE</b>												
EM Ziff	560	548	56	165	100	67	2	2	-	-	718	782
<b>EXECUTIVE DIRECTORS</b>												
RA Lewis	312	297	31	89	23	22	2	2	-	39	368	449
DS Syers	210	169	22	36	26	18	2	-	21	17	281	240
CBA Ziff	78	-	25	-	6	-	1	-	10	-	120	-
	1,160	1,014	134	290	155	107	7	4	31	56	1,487	1,471
<b>NON-EXECUTIVE DIRECTORS</b>												
JA Nettleton	47	47	-	-	-	-	-	-	-	-	47	47
MA Ziff	47	47	-	-	-	-	-	-	-	-	47	47
P Huberman	47	23	-	-	-	-	-	-	-	-	47	23
I Marcus	47	23	-	-	-	-	-	-	-	-	47	23
HT Stanton	-	39	-	-	-	-	-	-	-	-	-	39
	188	179	-	-	-	-	-	-	-	-	188	179
	1,348	1,193	134	290	155	107	7	4	31	56	1,675	1,650

### Footnotes:

The directors' service contracts were entered into as follows; EM Ziff 22 May 1985, DS Syers 12 April 2014 and CBA Ziff 17 September 2015.

In May 2016 All the Executive Directors accepted an invitation to participate in the SIP by each agreeing to purchase shares to the value of £1,800, paid between June 2016 and November 2016. They will be eligible to receive "matching" shares on a one for one basis. The number of shares will be determined at the end of November 2016. For illustration, based on the share price as at 30 June 2016, this would equate to each Director receiving 654 partnership shares and 654 matching shares. In November 2015 EM Ziff and RA Lewis received 1,040 partnership shares and 1,040 matching shares in respect of the 2015 Share Incentive Plan. The total number of partnership and matching SIP shares beneficially held at 30 June 2016 is shown below.

The increase in the salary of the CEO was 2% compared to the overall increase of 6% in other staff salary costs. The remuneration of the CEO for the last 5 years is 2012 - £0.67m, 2013 - £0.60m, 2014 - £0.78m, 2015 - £0.78m, 2016 - £0.72m.

### Share Incentive Plan

The total number of partnership and matching SIP shares beneficially held at 30 June were:

	2016 Number of shares	2015 Number of shares
EM Ziff	7,542	8,562
RA Lewis	7,542	8,562
DS Syers	1,040	85
CBA Ziff	7,542	n/a

### Directors' Interests In Shares

Details of the interests of the directors and their connected parties in the ordinary share capital of the Company and movements in Directors' shareholdings during the year are set out overleaf. There have been no movements in Directors' shareholdings between 1 July 2016 and 14 September 2016.

The non-beneficial interest disclosures include 1,069,278 ordinary shares over which a power of attorney has been granted by ME Ziff jointly to EM Ziff and MA Ziff for personal estate management reasons and 6,133,932 ordinary shares over which a power of attorney has been granted by AL Manning to EM Ziff for personal estate management reasons. Non-beneficial holdings include shares held in trust and under powers of attorney.

EM Ziff, RA Lewis and DS Syers are directors of TCS Trustees Limited, Trustee for the shares that are required for the All Employee Share Incentive Plan. At 30 June 2016, TCS Trustees Limited held 65,700 ordinary shares (2015: 104,666) on behalf of all participants including those share awards of Executive Directors shown overleaf.

### Directors' interests in shares

The interests of the Directors and their connected parties in the ordinary share capital of the Company are as follows:

		30 June 2016 Number of shares
EM Ziff	Beneficial	5,479,376
	Non-beneficial	19,076,816
RA Lewis	Beneficial	324,661
DS Syers	Beneficial	23,291
CBA Ziff	Beneficial	169,791
JA Nettleton	Beneficial	36,000
MA Ziff	Beneficial	2,628,513
	Non-beneficial	12,322,675
I Marcus	Beneficial	-
P Huberman	Beneficial	-

### Other Unaudited Disclosures

	30 June 2016 £000	30 June 2015 £000
Total employee remuneration	2,740	2,586
Total dividends paid	5,550	5,550

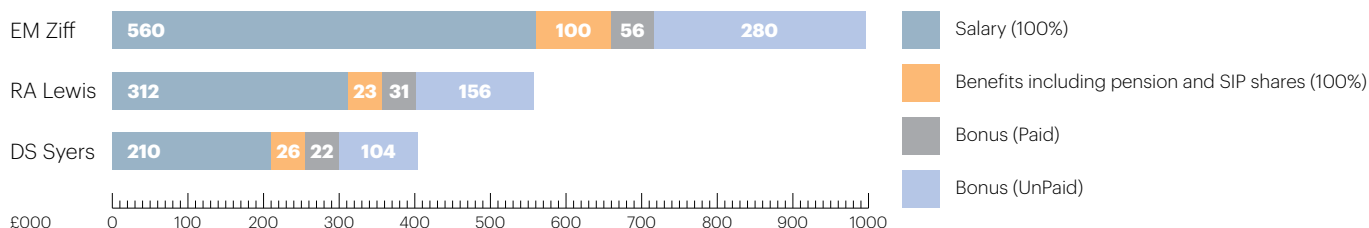
### Gender and Diversity

The Board's policy is to treat all employees equally whatever their gender or ethnicity. The total of the 125 Group employees comprises 35 women and 90 men and the Board is wholly male.

### Voting at Annual General Meeting

At the Annual General Meeting on 18 November 2015 the prior years' remuneration report was approved unanimously.

### Board Remuneration including theoretical maximum bonuses



This report was approved by the board on 14 September 2016 and signed on its behalf by

*John A Nettleton*

**JA Nettleton**

Chairman of the Remuneration Committee

# Directors' Report

The Directors have pleasure in presenting the Annual Report and Accounts for the year ended 30 June 2016.

An operating and financial review of the performance of the Group and its results for the year is contained within pages 2 to 27, which should be read in conjunction with this report.

## Principal activities

The principal activities of the Group during the financial year remained those of property investment, development and trading and the provision of car parking. On page 2 we have set out details of our business model and strategy.

## Results for the year and dividends

The results are set out in the Consolidated Income Statement on page 53.

An interim dividend of 3.1p per share was paid on 24 June 2016 as a PID. The Directors now recommend the payment of a final dividend of 7.9p per share comprising a PID of 4.0p per share and an ordinary dividend of 3.9p per share. The proposed final dividend will be paid on 4 January 2017 to ordinary shareholders on the register at the close of business on 2 December 2016.

## Business review

The Operating and Financial Review within pages 2 to 27, which is incorporated in this report by reference, provides detailed information relating to the Group. This includes the strategy, operation and development of the business, the basis on which the Group generates or preserves value over the longer term, its future prospects and the results and financial position for the year ended 30 June 2016.

## Non-current assets

Details of movements in non-current assets are set out in Note 12 to the Consolidated Financial Statements.

Investment properties are held at fair value and were revalued by Jones Lang LaSalle, CBRE and Sanderson Weatherall as at 30 June 2016, on the basis of open market value, or were revalued by the Directors. The key assumptions are set out in Note 12 to the Consolidated Financial Statements. In arriving at the valuation, each property has been valued individually.

## Share capital

There were no changes in the Company's issued share capital during the year as set out in Note 24 to the Consolidated Financial Statements.

## Purchase of own shares

The Company did not purchase any of its own shares during the year.

At the forthcoming Annual General Meeting (AGM) the Company will be seeking to renew its authority to purchase up to 14.99% of the ordinary shares in issue, assuming the remaining authority is fully utilised. Shares will only be purchased if the Board believes it can take advantage of stock market conditions to enhance returns for the remaining shareholders.

## Derivatives and other financial instruments

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, bank loans and debenture stock. The Group seeks to minimise the risk of fluctuating interest rates by using long-term fixed debt to match its property ownerships and commitments, or by using interest rate swaps and caps to protect floating rate borrowings.

## Supplier payment policy

It is the Company and Group's policy to agree payment terms with suppliers when entering into each transaction or series of transactions, to ensure that suppliers are made aware of these terms and abide by them. Creditor days at the end of the year for the Group were 40 days (2015: 13 days) and for the Company were 4 days (2015: 43 days).

## Donations

Charitable donations during the year amounted to £121,000 (2015: £99,000). Details of charities supported by the Group are set out on page 28. The Group made no political contributions in either year.

## Taxation

The Company is not a close company.

## Directors and directors' interests

The Directors of the Company and their biographical details are shown on pages 30 and 31. None of the Directors has any contracts of significance with the Company. Details of the Executive Directors' service contracts are given in the Directors' Remuneration Report on page 45.

Beneficial and non-beneficial interests of the Directors in the shares of the Company as at 30 June 2016 are disclosed in the Directors' Remuneration Report on page 47. Details of the interests of the Directors in share options and awards of shares can be found within the same report.

In accordance with the Company's Articles of Association DS Syers, EM Ziff and RA Lewis will retire by rotation at the Company's AGM on 23 November 2016 and, being eligible, offer themselves for re-election.

## Directors' indemnity insurance

In accordance with the Company's Articles of Association, the Company has provided to all the Directors an indemnity (to the extent permitted by the Companies Act 2006) in respect of liabilities incurred as a result of their office and the Company has taken out an insurance policy in respect of those liabilities. Neither the indemnity nor insurance provides cover in the event that the Director is proven to have acted dishonestly or fraudulently.

## Risk Review

Details of the principal risks and review procedures are included on pages 42 and 43.

## Emissions

Consideration of the Group's emissions is included on page 29.



# Directors' Report

## continued

### Annual General Meeting

A Notice of Meeting can be found on pages 87 to 90 explaining the business to be considered at the AGM on 23 November 2016. This will include renewal of the Company's authority to purchase, in the market, its own shares and allot shares for cash other than on a pre-emptive basis to existing shareholders.

### Disclosure of information to the auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Going concern

After consideration of future trading activities and making appropriate enquiries, including a review of forecasts, budgets and banking facilities, the Directors are satisfied that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Financial Statements.

### Independent auditors

The auditors, BDO LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the AGM.

### Substantial shareholdings

Excluding those of the Directors, the Company had been notified of the following substantial interests in its share capital at 14 September 2016:

	Number of shares	% of issued capital
A L Manning	6,133,931	11.54
New Fortress Finance Holdings Limited	3,047,039	5.73

The Directors' Report was approved by the Board on 14 September 2016



**D S Syers**

Company Secretary

# Independent Auditors' Report

## to the members of Town Centre Securities PLC

### OPINION ON FINANCIAL STATEMENTS

#### In our opinion

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 30 June 2016 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Accounting Standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statement of changes in equity, the consolidated and company cash flow statements and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in preparing the parent company financial statements is applicable law and United Kingdom Accounting Standards.

#### Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### Our assessment of risks of material misstatement and overview of the scope of our audit

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements at the Group level.

We set out below the risk that had the greatest impact on our audit strategy and scope.

#### Valuation of the Group's property interests

##### Risk

The valuation of the Group's property interests is the key driver of the Group's net asset value and underpins the results for the year.

These interests consist of investment and development properties, car park fixed assets, and interests in joint ventures which largely represent the Group's share of the fair value of investment and development properties within these entities.

This is an area of significant judgement, with all the interests in property listed above being subject to independent revaluation to open market value at each reporting date.

Due to the diverse nature of the Group's property portfolio, incorporating a range of geographic areas and industry sectors, there are a number of different assumptions made by the Group's external valuers in determining fair value.

The valuation of the Group's property interests, including those held in joint ventures, depends on the individual nature of each property, including its location, and the rental income it generates. The assumptions on which the valuations are based are further influenced by quality of tenant, prevailing market yields and comparable market transactions.

Development properties are valued using the residual appraisal method, which estimates the fair value of the completed project and deducts the expected costs to complete and profit margin.

Both of these valuation methods involve a significant amount of judgement and the Directors have engaged third party valuation experts to perform the valuations for each property and development.

We further consider this to be a significant risk area as small percentage changes in each key assumption could materially affect the carrying value of the assets concerned.

##### Response

Our audit approach to this area included an assessment of the external valuation experts and their objectivity, independence and qualifications to undertake this work.

We confirmed that valuations had been performed on bases consistent with practices approved by the Royal Institute of Chartered Surveyors ("RICS") and the requirements of IFRS.

We attended meetings with these experts to further understand the methodology applied and challenge them on the assumptions made. In doing this we considered property movements that were outside of a tolerable range based on our own expectations and from considering movements within the wider portfolio.

For investment properties within the Group, including those held in joint ventures, we tested a sample of data provided to the experts by the Directors. This included tenancy schedules, capital expenditure details and lease terms, which were agreed back to appropriate supporting documentation.

For development properties we agreed that the costs to complete incorporated into the residual value calculations were consistent with the actual development plans in place.

# Independent Auditors' Report

## continued

### Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

The materiality for the Group financial statements as a whole was set at £3,700,000. This was determined with reference to a benchmark of total assets (of which it represents 1 per cent) which we consider to be one of the principal considerations for members of the company in assessing the financial performance of a property investment Group.

International Standards on Auditing (UK & Ireland) also allow the auditor to set a lower materiality for particular classes of transactions, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. In this context, we set a lower level of materiality of £400,000 to apply to all classes of transactions and balances excluding non-current assets, any property revaluation movements and gains or losses on disposal of properties. This lower level of materiality was set with reference to a benchmark of EPRA earnings (of which it represents 6%), which we consider to be a key consideration in assessing the financial performance of the business.

Performance materiality was set at 60% of the above materiality levels.

Where financial information from components was audited separately, component materiality levels were set for this purpose at lower levels varying from 1% to 10% of Group materiality.

We agreed with the Audit Committee that we would report to the committee all individual audit differences in excess of £37,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the corporate governance statement set out on pages 36 to 43 of the annual report with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

### Statement regarding the directors' assessment of principal risks, going concern and longer term viability of the company

We have nothing material to add or to draw attention to in relation to:

- the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; or
- the directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.



# Independent Auditors' Report

## continued

### Matters on which we are required to report by exception

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Report and Accounts is:

materially inconsistent with the information in the audited financial statements; or

apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or

is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Report and Accounts is fair, balanced and understandable and whether the Report and Accounts appropriately discloses those matters that we communicated to the Audit committee which we consider should have been disclosed.

We have nothing to report in respect of these matters.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or

the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or

certain disclosures of directors' remuneration specified by law are not made; or

we have not received all the information and explanations we require for our audit; or

a corporate governance statement has not been prepared by the company.

We have nothing to report in respect of these matters.

Under the Listing Rules we are required to review the part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules of the Financial Conduct Authority for review by the auditor. The Listing Rules also require that we review the directors' statements set out on page 43 regarding going concern and longer term viability.

We have nothing to report in respect of these matters.



**Russell Field** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom  
14 September 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Consolidated Income Statement

for the year ended 30 June 2016

	Notes	2016 £000	2015 Restated £000
Gross revenue	3	26,265	22,714
Property expenses	3	(7,661)	(5,248)
<b>NET REVENUE</b>		<b>18,604</b>	17,466
Administrative expenses	4	(5,493)	(5,321)
Other income	7	599	1,468
Valuation movement on investment properties		3,018	15,577
Reversal of impairment/(impairment) of car parking assets		500	(786)
Profit on disposal of investment properties		1,140	236
Loss on disposal of investment property into joint ventures		-	(2,488)
Share of post tax profits from joint ventures		1,400	5,109
<b>OPERATING PROFIT</b>		<b>19,768</b>	31,261
Finance costs	8	(7,847)	(7,258)
<b>PROFIT BEFORE TAXATION</b>		<b>11,921</b>	24,003
Taxation	9	-	-
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		<b>11,921</b>	24,003
<b>EARNINGS PER SHARE</b>			
Basic and diluted	11	22.4p	45.1p
EPRA (non-GAAP measure)	11	12.4p	12.1p
<b>DIVIDENDS PER SHARE</b>			
Paid during the year	10	10.44p	10.44p
Proposed	10	7.90p	7.34p

# Consolidated Statement of Comprehensive Income

for the year ended 30 June 2016

	2016 £000	2015 £000
Profit for the year	11,921	24,003
<b>ITEMS THAT MAY BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS</b>		
Revaluation gains on car parking assets	500	-
Revaluation gains on other investments	108	228
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>12,529</b>	24,231

All recognised income for the year is attributable to owners of the Parent. The Notes on pages 57 to 74 are an integral part of these Consolidated Financial Statements.

# Consolidated Balance Sheet

as at 30 June 2016

	Notes	2016 £000	2015 Restated £000	2014 Restated £000
<b>NON-CURRENT ASSETS</b>				
<b>PROPERTY RENTAL</b>				
Investment properties	12	325,313	320,141	307,474
Investments in joint ventures	14	25,093	19,344	1,748
		<b>350,406</b>	339,485	309,222
<b>CAR PARK ACTIVITIES</b>				
Freehold and leasehold properties	12	21,075	16,841	17,315
Goodwill	13	4,024	4,024	-
		<b>25,099</b>	20,865	17,315
Fixtures, equipment and motor vehicles	12	2,151	1,214	1,112
<b>TOTAL NON-CURRENT ASSETS</b>		<b>377,656</b>	361,564	327,649
<b>CURRENT ASSETS</b>				
Investments	15	2,070	1,962	1,734
Non-current assets held for sale		-	3,450	7,500
Trade and other receivables	16	7,388	6,871	4,705
Cash and cash equivalents		-	1,515	-
<b>TOTAL CURRENT ASSETS</b>		<b>9,458</b>	13,798	13,939
<b>TOTAL ASSETS</b>		<b>387,114</b>	375,362	341,588
<b>CURRENT LIABILITIES</b>				
Trade and other payables	17	(11,496)	(11,857)	(13,908)
Financial liabilities	18	(887)	(38,668)	(1,845)
<b>TOTAL CURRENT LIABILITIES</b>		<b>(12,383)</b>	(50,525)	(15,753)
<b>NON-CURRENT LIABILITIES</b>				
Financial liabilities	18	(184,874)	(141,959)	(161,964)
<b>TOTAL LIABILITIES</b>		<b>(197,257)</b>	(192,484)	(177,717)
<b>NET ASSETS</b>		<b>189,857</b>	182,878	163,871
<b>EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT</b>				
Called up share capital	24	13,290	13,290	13,290
Share premium account		200	200	200
Capital redemption reserve		559	559	559
Revaluation reserve		500	-	-
Retained earnings		175,308	168,829	149,822
<b>TOTAL EQUITY</b>		<b>189,857</b>	182,878	163,871
<b>NET ASSETS PER SHARE</b>	21	<b>357p</b>	344p	308p

The financial statements on pages 53 to 74 were approved by the Board of Directors on 14 September 2016 and signed on its behalf by:



**E M ZIFF**

Chairman and Chief Executive



**D S SYERS**

Finance Director



# Consolidated Statement of Changes in Equity

## for the year ended 30 June 2016

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Revaluation reserve £000	Retained earnings £000	Total equity £000
<b>BALANCE AT 1 JULY 2014</b>	13,290	200	559	-	149,822	163,871
<i>Comprehensive income for the year</i>						
Profit	-	-	-	-	24,003	24,003
Other comprehensive income	-	-	-	-	228	228
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	-	-	24,231	24,231
<i>Contributions by and distributions to owners</i>						
Final dividend relating to the year ended 30 June 2014	-	-	-	-	(3,902)	(3,902)
Interim dividend relating to the year ended 30 June 2015	-	-	-	-	(1,648)	(1,648)
Other adjustments	-	-	-	-	326	326
<b>BALANCE AT 30 JUNE 2015</b>	13,290	200	559	-	168,829	182,878
<i>Comprehensive income for the year</i>						
Profit	-	-	-	-	11,921	11,921
Other comprehensive income	-	-	-	500	108	608
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	-	500	12,029	12,529
<i>Contributions by and distributions to owners</i>						
Final dividend relating to the year ended 30 June 2015	-	-	-	-	(3,902)	(3,902)
Interim dividend relating to the year ended 30 June 2016	-	-	-	-	(1,648)	(1,648)
<b>BALANCE AT 30 JUNE 2016</b>	<b>13,290</b>	<b>200</b>	<b>559</b>	<b>500</b>	<b>175,308</b>	<b>189,857</b>

# Consolidated Cash Flow Statement

for the year ended 30 June 2016

		2016		2015 Restated	
	Notes	£000	£000	£000	£000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash generated from operations	25	<b>13,559</b>		9,950	
Interest paid		<b>(7,903)</b>		(7,759)	
Net cash generated from operating activities			<b>5,656</b>		2,191
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase and construction of investment properties		<b>(8,833)</b>		(22,132)	
Refurbishment of investment properties		<b>(4,890)</b>		(10,577)	
Consideration payable for business combinations		-		(4,024)	
Payments for leasehold property improvements		<b>(3,291)</b>		(312)	
Purchases of fixtures, equipment and motor vehicles		<b>(1,496)</b>		(532)	
Proceeds from sale of investment properties		<b>16,050</b>		16,821	
Proceeds from sale of fixed assets		<b>54</b>		-	
Proceeds from sale of Merrion House to joint venture		-		10,000	
Investments in joint ventures		<b>(4,916)</b>		-	
Distributions received from joint ventures		<b>567</b>		-	
Net cash used in investing activities			<b>(6,755)</b>		(10,756)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from non-current borrowings		<b>4,247</b>		17,475	
Dividends paid to shareholders		<b>(5,550)</b>		(5,550)	
Net cash (used in)/generated from financing activities			<b>(1,303)</b>		11,925
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>			<b>(2,402)</b>		3,360
Cash and cash equivalents at beginning of the year			<b>1,515</b>		(1,845)
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>			<b>(887)</b>		1,515

Cash and cash equivalents at year end are comprised of the following:

Cash	-	1,515
Bank overdraft	<b>(887)</b>	-
	<b>(887)</b>	1,515

The Consolidated Cash Flow Statement should be read in conjunction with Note 25.

# Notes to the Consolidated Financial Statements

## 1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Town Centre Securities PLC (the Company) is a public limited company domiciled in the United Kingdom. Its shares are listed on the London Stock Exchange. The Consolidated Financial Statements of the Company for the year ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as the Group). The address of its registered office is Town Centre House, The Merrion Centre, Leeds LS2 8LY.

### Basis of Preparation

#### Statement of compliance

The Consolidated Financial Statements of Town Centre Securities PLC have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC Interpretations and the Companies Act 2006.

#### Income and cash flow statements

The Group presents its Income Statement by nature of expense. The Group reports cash flows from operating activities using the indirect method. The acquisitions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Group's business activities. Cash flows from investing and financing activities are determined using the direct method.

#### Preparation of the Consolidated Financial Statements

The Consolidated Financial Statements have been prepared under the historical cost convention as modified by the revaluation of the Group's property interests and other investments.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions are changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements, are disclosed in Note 2.

#### Changes in accounting policy and disclosure

##### a) Standards, amendments to published standards and interpretations effective for the period ended 30 June 2016

There are no IFRSs or IFRIC interpretations that are effective for the first time for the period ended 30 June 2016 that have had a material effect on the Group.

##### b) New standards, amendments to published standards and interpretations issued but not effective for the period ended 30 June 2016 and not early adopted

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material effect on the Group.

#### Going concern

The Directors have reviewed the cash flow forecasts of the Group and the underlying assumptions on which they are based. The Consolidated Financial Statements include details of bank and debenture facilities and of investment properties at open market value. The Group uses external valuers to determine the value of properties and these values are used in the assessment of loan to value covenants, compliance with which is reviewed on a regular basis.

The Group's business activities, together with the factors likely to affect its future development, are set out in the Chairman and Chief Executive's Statement. In addition, the Directors considered the Accounting Policies note which includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit and liquidity risk.

The Board considers that it has adequate financial resources (as set out in Note 18), tenants with appropriate leases and covenants, and properties of sufficient quality to enable it to conclude that it is well placed to manage its business risks in the current economic climate. The Directors have therefore concluded that the Group has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

#### Consolidation

##### a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

##### (b) Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control.

Investments in jointly controlled entities are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its jointly controlled entities' post-acquisition profits or losses is recognised in the Income Statement. Investments in joint ventures are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of net assets of the jointly controlled entity less any impairment in the value of the investment.



# Notes to the Consolidated Financial Statements continued

## 1. ACCOUNTING POLICIES continued

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the joint venture. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

### Segmental Reporting

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

The Group operates in two business segments comprising property rental and car park operations. The Group's operations are performed wholly in the United Kingdom.

The chief operating decision-maker has been identified as the Board. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

### Non-Current Assets

#### a) Investment properties

Investment property comprises freehold land and buildings and long-leasehold buildings. This comprises mainly retail units, offices and operational car parks, and is measured initially at cost, including related transaction costs. These are held as investments to earn rental income and for capital appreciation and are stated at fair value at the balance sheet date.

Investment properties held under finance leases are initially valued at the present value of minimum lease payments payable over the term of the lease.

After initial recognition investment property is carried at fair value, based on market values. It is then determined twice annually by independent external valuers or held at Directors' valuation if appropriate. The gains or losses arising from these valuations are included in the Consolidated Income Statement. When an existing investment property is redeveloped for continued future use as an investment property, it remains an investment property whilst in development.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions.

Subsequent expenditure is added to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Consolidated Income Statement during the financial period in which they are incurred.

Borrowing costs associated with direct expenditure on properties undergoing major refurbishment are capitalised. The amount is calculated using the Group's weighted average cost of borrowing.

Property that is being constructed or developed for future use as an investment property is also classified as investment property under the sub-heading development property and is stated at fair value.

The gain or loss arising on the disposal of investment properties is determined as the difference between the net sale proceeds and the carrying value of the asset at the beginning of the period and is recognised in the Consolidated Income Statement of the period during which the sale becomes unconditional. In circumstances where the exchange of contracts and the completion of the disposal fall on either side of the balance sheet date, the asset is re-classified as a current asset in the Consolidated Balance Sheet.

Freehold land held for development is not depreciated.

#### (b) Freehold and leasehold properties

Freehold and leasehold properties are initially recognised at cost and are subsequently carried at fair value, based on periodic valuations by a professionally qualified valuer. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognised in profit or loss. Freehold land is not depreciated.

Properties held under finance leases are initially valued at the present value of minimum lease payments payable over the term of the lease. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items within this category so as to write off their carrying value over their expected useful economic lives.

At the date of revaluation, the accumulated depreciation on the revalued freehold property is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The excess depreciation on revalued freehold buildings, over the amount that would have been charged on a historical cost basis, is transferred from the revaluation reserve to retained earnings when freehold land and buildings are expensed through the Consolidated Statement of Comprehensive Income (e.g. through depreciation, impairment).

On disposal of the asset the balance of the revaluation reserve is transferred to retained earnings.

#### (c) Fixtures, equipment and motor vehicles

Fixtures, equipment and motor vehicles are shown at historical cost less depreciation and provision for impairment. Historic cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight line basis at rates appropriate to write off individual assets over their estimated useful lives of between three and ten years.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the Consolidated Income Statement.

# Notes to the Consolidated Financial Statements continued

## 1. ACCOUNTING POLICIES continued

### Fair Value

Fair value estimation under IFRS 13 requires the Group to classify for disclosure purposes fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements on its financial assets. The fair value hierarchy has the following levels:-

Level (1) quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level (2) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level (3) inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of assets held for sale, other financial assets and investment property are determined by using valuation techniques.

See note 12 for further details of the judgements and assumptions made in relation to investment properties.

### Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued. Direct costs of acquisition are recognised immediately as an expense. Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the Consolidated Statement of Comprehensive Income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the Consolidated Statement of Comprehensive Income on the acquisition date.

### Impairment of assets

Assets other than investment properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of any asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

### Investments

The Group classifies its listed investments as available for sale financial assets.

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories of financial assets.

Purchases and sales of investments are recognised on the trade date, which is the date the Group commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available for sale financial assets are subsequently carried at fair value. The fair values of listed investments are based on current bid prices. Unrealised gains and losses arising from changes in the fair value of securities classified as available for sale are recognised in equity. When securities classified as available for sale are sold, the accumulated fair value adjustments are included in the Income Statement as gains and losses from investment securities.

Dividends on available for sale equity instruments are recognised in the Consolidated Income Statement when the Group's right to receive payment is established.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the Consolidated Income Statement.

### Operating leases

#### (a) A Group company is the lessee

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Consolidated Income Statement on a straight line basis over the period of the lease.

#### (b) A Group company is the lessor

Properties leased to third parties under operating leases are included in investment property in the Consolidated Balance Sheet. The leases in our portfolio have a wide variety of term and tenures and there is no standard. There are no significant contingent rents or indexation uplifts.

### Unamortised tenant lease incentives

Leasehold incentives given to tenants on entering property leases are recognised as unamortised lease incentives. The operating lease incentives are spread over the non-cancellable life of the lease. Where this ends with a clean break clause the incentives are spread to this date unless management is reasonably certain that the break will not be exercised.

### Trade receivables

Trade receivables are recognised initially at fair value and are subsequently measured at cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables concerned. The amount of the provision is recognised in the Consolidated Income Statement.

### Held for sale assets

Held for sale assets are investment properties which are designated as available for sale and not recognised in any of the categories above.

Held for sale assets are held at fair value and are derecognised when the Group has transferred substantially all the risks and rewards of ownership.

### Cash and cash equivalents

Cash and cash equivalents are carried in the Consolidated Balance Sheet at cost. Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the Consolidated Balance Sheet.

# Notes to the Consolidated Financial Statements continued

## 1. ACCOUNTING POLICIES continued

### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### Borrowings

Borrowings are recognised net of transaction costs incurred. Debt finance costs are amortised based on the effective interest rate.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

### Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the Consolidated Statement of Comprehensive Income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor. Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

### Derivative financial instruments (derivatives) and hedge accounting

The Group occasionally uses interest rate swaps to help manage its interest rate risk. In accordance with its treasury policy, the Group does not hold or issue derivatives for trading purposes.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items.

All derivatives are initially recognised at fair value at the date the derivative is entered into and are subsequently re-measured at fair value. The fair value of interest rate swaps is based on broker quotes.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument.

### Cash flow hedges

Where a derivative is designated as a hedge of the variability of a highly probable forecast transaction, e.g. an interest payment, the element of the gain or loss on the derivative that is an effective hedge is recognised directly in equity. When the forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly in equity are reclassified into the Consolidated Income Statement in the same period or periods during which the asset acquired or liability assumed affects the Consolidated Income Statement, i.e. when interest income or expense is recognised.

### Taxation

The tax charge in the Consolidated Income Statement comprises tax currently payable.

Town Centre Securities PLC elected for group Real Estate Investment Trust (REIT) status with effect from 2 October 2007. As a result the Group no longer pays United Kingdom corporation tax on the profits and gains from its qualifying rental business in the United Kingdom provided it meets certain conditions. Non-qualifying profits and gains of the Group continue to be subject to corporation tax as normal. On entering the REIT regime an entry charge equal to 2% of the aggregate market value of the properties associated with the qualifying rental business was payable. Deferred tax accrued at the date of conversion in respect of the assets and liabilities of the qualifying rental business was released to the Income Statement as the relevant temporary differences are no longer taxable on reversal.

In respect of non-qualifying activities and related profits, gains and losses:

#### (a) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, no provision for deferred tax is made for temporary timing differences arising on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group is entitled to settle its current tax assets and liabilities on a net basis.

#### (b) Current tax

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using rates of tax that have been enacted by the balance sheet date.

### Employee benefits

The Group operates defined contribution arrangements for all eligible Directors and employees. A defined contribution plan is a pension plan under which the Group pays contributions into a private or publicly administered pension insurance plan. Pension costs are charged to the Consolidated Income Statement in the period when they fall due. Pre-paid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

# Notes to the Consolidated Financial Statements continued

## 1. ACCOUNTING POLICIES continued

### Revenue recognition

#### (a) Rental income

Revenue includes the fair value of rental income and management charges from properties (net of Value Added Tax).

This income is recognised as it falls due, in accordance with the lease to which it relates. Any lease incentives are spread evenly across the period of the lease.

This income is recognised as follows:

- i) rental income is recognised on an accrual basis on a straight line basis over the term of the lease;
- ii) turnover rents are based on underlying turnover and are recognised in the period to which the turnover relates; and
- iii) rent reviews are recognised with effect from the review date.

#### (b) Car park income

Contract car park income is recognised as revenue as it falls due, in accordance with the contract to which it relates. Daily car park income is recognised when received.

#### (c) Interest income

Interest income on any short-term deposits is recognised in the Consolidated Income Statement as it accrues.

#### (d) Other income

Other income includes dividend income, which is recognised when the right to payment is established and surrender premiums or lease assignments received from outgoing tenants prior to the termination of their lease.

#### (e) Service charge income

Service charge income receivable from tenants relating to management fees is credited to gross income in the Consolidated Income Statement and recognised in line with the underlying contractual arrangement, i.e. when the income falls due.

### Dividend distribution

Dividend distributions to the Company's shareholders are recognised in the Consolidated Financial Statements in the period in which the dividends are approved by the Company's shareholders.

### Reserves

Reserves are analysed in the following categories:

- Share capital represents the nominal value of issued share capital.
- Share premium represents any consideration received in excess of nominal value of the shares issued.
- Capital redemption reserve represents the nominal value of the Company's own shares that have been repurchased and cancelled.
- Revaluation reserve represents the surplus valuation movement upon revaluation of freehold and leasehold property relating to car park activities.
- Retained earnings represents the cumulative profit or loss position less dividend distributions.

### Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, cash flow and fair value interest rate risk, capital risk and price risk.

#### (a) Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that rental contracts are made with customers with an appropriate credit history. The Group has policies that limit the amount of credit exposure to any financial institution. The Group has no significant concentration of credit risk as exposure is spread over a large number of counterparties and tenants.

#### (b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury policy aims to maintain flexibility in funding by keeping committed credit lines available.

#### (c) Cash flow and fair value interest rate risk

The Group has no significant interest bearing assets. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest costs may increase as a result of such changes. They may reduce profits or create losses in the event that unexpected movements arise.

The Group continually reviews interest rates and interest rate risk and has a policy of monitoring the costs and benefits of interest rate fixing instruments with a view to hedging exposure to interest rate risk on a regular basis.

At 30 June 2016, 58.6% (2015: 60.1%) of the Group's borrowings were under long term fixed rate agreements and therefore were protected against future interest rate volatility.

#### (d) Capital risk

The Group's objective in managing capital is to maintain a strong capital base to support current operations and planned growth and to provide for an appropriate level of dividend payments to shareholders.

The Group is not subject to external regulatory capital requirements.

#### (e) Price risk

Current asset investments are subject to price risk as a result of fluctuations in the market. The Group limits the amount of exposure by continually assessing the performance of these investments.

#### (f) Compliance with covenants

The Group's bank facilities and the mortgage debenture stock include a number of covenants principally relating to income and capital cover. The Directors monitor performance against these covenants on a regular basis.



# Notes to the Consolidated Financial Statements continued

## 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value amounts of assets and liabilities within the next financial year are the Group's property investments. The basis of valuation is set out in Note 12.

## 3. SEGMENTAL INFORMATION

The chief operating decision-maker has been identified as the Board. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

### (A) SEGMENT ASSETS

	2016 £000	2015 Restated £000
Property rental	360,422	351,016
Car park operations	26,692	24,346
	387,114	375,362

### (B) SEGMENTAL RESULTS

	2016			2015 Restated		
	Property rental £000	Car park operations £000	Total £000	Property rental £000	Car park operations £000	Total £000
Gross revenue	16,147	10,118	26,265	15,844	6,870	22,714
Property expenses	(1,818)	(5,843)	(7,661)	(1,558)	(3,690)	(5,248)
<b>NET REVENUE</b>	<b>14,329</b>	<b>4,275</b>	<b>18,604</b>	14,286	3,180	17,466
Administrative expenses	(4,690)	(803)	(5,493)	(4,737)	(584)	(5,321)
Other income	594	5	599	1,452	16	1,468
Valuation movement on investment properties	3,018	-	3,018	15,577	-	15,577
Reversal of impairment/(impairment) of car parking assets	-	500	500	-	(786)	(786)
Profit on disposal of investment properties	1,140	-	1,140	236	-	236
Loss on disposal of investment properties into joint ventures	-	-	-	(2,488)	-	(2,488)
Share of post-tax profits from joint ventures	1,400	-	1,400	5,109	-	5,109
<b>OPERATING PROFIT</b>	<b>15,791</b>	<b>3,977</b>	<b>19,768</b>	29,435	1,826	31,261
Finance costs	(7,847)	-	(7,847)	(7,258)	-	(7,258)
<b>PROFIT BEFORE TAXATION</b>	<b>7,944</b>	<b>3,977</b>	<b>11,921</b>	22,177	1,826	24,003
Taxation	-	-	-	-	-	-
<b>PROFIT FOR THE YEAR</b>	<b>7,944</b>	<b>3,977</b>	<b>11,921</b>	22,177	1,826	24,003

All results are derived from activities conducted in the United Kingdom.

The results for the car park operations include the car park at the Merrion Centre. As the value of the car park cannot be separated from the value of the Merrion Centre as a whole, the full value of the Merrion Centre is included within the assets of the property rental business.

The car park results also include car park income from sites that are held for future development. The value of these sites has been determined based on their development value and therefore the total value of these assets has been included within the assets of the property rental business.

The net revenue at the Merrion Centre and development sites for the year ended 30 June 2016 arising from car park operations, was £3,052,000. After allowing for an allocation of administrative expenses, the operating profit at these sites was £2,201,000.

# Notes to the Consolidated Financial Statements continued

## 4. ADMINISTRATIVE EXPENSES

	2016 £000	2015 £000
Employee benefits	3,479	3,479
Depreciation	205	176
Charitable donations	91	99
Other	1,718	1,567
	<b>5,493</b>	<b>5,321</b>

## 5. SERVICES PROVIDED BY THE GROUP'S EXTERNAL AUDITORS

During the year the Group obtained the following services from the Group's auditors at costs as detailed below:

	2016 £000	2015 £000
Audit services:		
– Fees payable to the Group auditors for the audit of the Consolidated Financial Statements	60	50
– Audit of the Company's subsidiaries pursuant to legislation	10	5
– Other audit related services	20	-
Other services relating to taxation:		
– Compliance	-	51
– Advisory	-	50
<b>TOTAL OTHER SERVICES</b>	<b>-</b>	<b>101</b>
<b>TOTAL AUDITORS' REMUNERATION</b>	<b>90</b>	<b>156</b>

The Group changed auditors during the year.

For the year ended 30 June 2016 the costs relate to fees payable to BDO LLP.

For the year ended 30 June 2015 the costs relate to fees payable to PricewaterhouseCoopers LLP

## 6. EMPLOYEE BENEFITS

	2016 £000	2015 £000
Wages and salaries (including Directors' emoluments)	3,701	3,507
Social security costs	474	427
Other pension costs	126	169
	<b>4,301</b>	<b>4,103</b>

Employee benefits detailed above are charged to the Consolidated Income Statement through administrative expenses and property expenses. There has been no equity-based remuneration this year.

Disclosures required by the Companies Act 2006 on Directors' remuneration, including salaries, share options, pension contributions and pension entitlement are included on pages 46 to 47 in the Directors' Remuneration Report and form part of these Consolidated Financial Statements.

The average monthly number of staff employed during the year was 122 (2015: 105).

The Group operates pension arrangements for the benefit of all eligible Directors and employees, which are defined contribution arrangements. The assets of the arrangements are held separately from those of the Group in independently administered funds.

# Notes to the Consolidated Financial Statements continued

## 7. OTHER INCOME

	2016 £000	2015 £000
Commission received	140	110
Dividends received	26	26
Management fees receivable	242	216
Dilapidations receipts and income relating to lease premiums	24	380
Other	167	736
	<b>599</b>	1,468

## 8. FINANCE COSTS

	2016 £000	2015 £000
<b>Interest expense</b>		
Interest and amortisation of debenture loan stock	5,708	5,708
Interest payable on bank borrowings	2,195	2,041
Interest capitalised	(56)	(501)
Other finance costs	-	10
<b>TOTAL FINANCE COSTS</b>	<b>7,847</b>	7,258

## 9. TAXATION

Taxation for the year is lower (2015: lower) than the standard rate of corporation tax in the United Kingdom of 20% (2015: 20.75%). The differences are explained below:

	2016 £000	2015 £000
Profit before taxation	11,921	24,003
Profit on ordinary activities multiplied by rate of corporation tax in the United Kingdom of 20% (2015: 20.75%)	2,384	4,981
Effects of:		
- United Kingdom REIT tax exemption on net income before revaluations	(1,776)	(1,378)
- United Kingdom REIT tax exemption on revaluations	(604)	(3,593)
- Profit on joint ventures already taxed	(4)	(10)
<b>TOTAL TAXATION</b>	<b>-</b>	-

### FACTORS AFFECTING CURRENT AND FUTURE TAX CHARGES

In accordance with the Finance Act 2013, enacted on 2 July 2013, the standard rate of corporation tax reduced to 21%. During the year, effective from 1 April 2015, the standard rate of corporation tax in the UK changed from 21% to 20%. Accordingly the Company's profits for this year are taxed at an effective rate of 20.0% (2015: 20.75%).

On 8 July 2015 the Government announced its intention to reduce the standard rate of Corporation Tax to 19%, effective from 1 April 2017, with a further reduction to 18% from 1 April 2020.

These changes are not expected to significantly impact the Group going forward.

Town Centre Securities PLC elected for group REIT status with effect from 2 October 2007. As a result the Group no longer pays United Kingdom corporation tax on the profits and gains from its qualifying rental business in the United Kingdom provided it meets certain conditions.

Non-qualifying profits and gains of the Group continue to be subject to corporation tax as normal.

# Notes to the Consolidated Financial Statements continued

## 10. DIVIDENDS

	2016 £000	2015 £000
2014 final paid: 7.34p per 25p share	-	3,902
2015 interim paid: 3.10p per 25p share	-	1,648
2015 final paid: 7.34p per 25p share	<b>3,902</b>	-
2016 interim paid: 3.10p per 25p share	<b>1,648</b>	-
	<b>5,550</b>	5,550

An interim dividend in respect of the year ended 30 June 2016 of 3.1p per share was paid to shareholders on 24 June 2016. This dividend was paid entirely as a Property Income Distribution (PID).

A final dividend in respect of the year ended 30 June 2016 of 7.90p per share is proposed. This dividend, based on the shares in issue at 14 September 2016, amounts to £4.2m which has not been reflected in these accounts and will be paid on 4 January 2017 to shareholders on the register on 2 December 2016. This dividend will comprise an ordinary dividend of 3.90p per share and a PID of 4.00p.

## 11. EARNINGS PER SHARE

The calculation of basic earnings per share has been based on the profit for the year, divided by the weighted average number of shares in issue. The weighted average number of shares in issue during the year was 53,161,950 (2015: 53,161,950).

	2016		2015 Restated	
	Earnings £000	Earnings per share p	Earnings £000	Earnings per share p
<b>Profit for the year</b>	<b>11,921</b>	<b>22.4</b>	24,003	45.1
Valuation movement on investment properties	<b>(3,018)</b>	<b>(5.7)</b>	(15,577)	(29.3)
(Reversal of impairment)/impairment of car parking assets	<b>(500)</b>	<b>(0.9)</b>	786	1.4
Valuation movement on properties held in joint ventures	<b>(668)</b>	<b>(1.3)</b>	(5,013)	(9.4)
Profit on disposal of investment and development properties	<b>(1,140)</b>	<b>(2.1)</b>	(236)	(0.4)
Loss on disposal of investment properties into joint ventures	-	-	2,488	4.7
<b>EPRA EARNINGS AND EARNINGS PER SHARE</b>	<b>6,595</b>	<b>12.4</b>	6,451	12.1

## 12. NON-CURRENT ASSETS

### (A) INVESTMENT PROPERTIES

	Freehold £000	Long leasehold £000	Development £000	Total £000
Valuation at 1 July 2014 - restated	274,497	5,199	27,778	307,474
Additions at cost	8,042	13,361	729	22,132
Other capital expenditure	10,490	87	-	10,577
Interest capitalised	501	-	-	501
Disposals	(27,319)	(1,460)	(5,245)	(34,024)
Transfer to assets held for sale	(3,450)	-	-	(3,450)
Surplus on revaluation	11,986	3,413	178	15,577
Finance lease adjustments	-	1,176	-	1,176
Movement in tenant lease incentives	178	-	-	178
Valuation at 30 June 2015 - restated	274,925	21,776	23,440	320,141
Additions at cost	6,314	-	-	6,314
Other capital expenditure	4,647	118	2,643	7,408
Interest capitalised	56	-	-	56
Disposals	(11,460)	-	(2,000)	(13,460)
(Deficit)/surplus on revaluation	(3,308)	807	5,519	3,018
Movement in tenant lease incentives	1,836	-	-	1,836
<b>VALUATION AT 30 JUNE 2016</b>	<b>273,010</b>	<b>22,701</b>	<b>29,602</b>	<b>325,313</b>



# Notes to the Consolidated Financial Statements continued

## (B) FREEHOLD AND LEASEHOLD PROPERTIES - CAR PARK ACTIVITIES

	Freehold £000	Long leasehold £000	Total £000
Valuation at 1 July 2014 - restated	2,500	14,815	17,315
Additions	-	312	312
Impairment charge	-	(786)	(786)
Valuation at 30 June 2015 - restated	2,500	14,341	16,841
Additions	-	3,291	3,291
Depreciation	-	(57)	(57)
Surplus on revaluation	-	500	500
(Impairment)/reversal of impairment	(500)	1,000	500
<b>VALUATION AT 30 JUNE 2016</b>	<b>2,000</b>	<b>19,075</b>	<b>21,075</b>

The historical cost of freehold and leasehold properties relating to car park activities is £21,747,000

The Company occupies an office suite in part of the Merrion Centre. The Directors do not consider this element to be material.

The fair value of the Group's investment and development properties has been determined principally by independent, appropriately qualified external valuers CBRE, Jones Lang LaSalle and Sanderson Weatherall. The remainder of the portfolio has been valued by the Property Director.

Valuations are performed bi-annually and are performed consistently across the Group's whole portfolio of properties. At each reporting date appropriately qualified employees verify all significant inputs and review computational outputs. The external valuers submit and present summary reports to the Property Director and the Board on the outcome of each valuation round.

Valuations take into account tenure, lease terms and structural condition. The inputs underlying the valuations include market rents or business profitability, incentives offered to tenants, forecast growth rates, market yields and discount rates and selling costs including stamp duty.

The development properties principally comprise land in Leeds and Manchester. These have also been valued by appropriately qualified external valuers Sanderson Weatherall, taking into account the income from car parking and an assessment of their realisable value in their existing state and condition based on market evidence of comparable transactions.

Property income, values and yields have been set out by category in the table below.

	Passing Rent £000	ERV £000	Value £000	Initial Yield %	Reversionary Yield %
Retail and Leisure	5,027	5,398	88,961	5.3	5.7
Merrion Centre (excluding offices)	6,831	7,063	105,300	6.1	6.3
Offices	2,194	2,381	29,244	7.1	7.7
Out of town retail	3,258	3,560	55,700	5.5	6.0
Distribution	297	406	4,830	5.8	7.9
Residential	544	588	10,500	4.9	5.3
	<b>18,151</b>	<b>19,396</b>	<b>294,535</b>	<b>5.8</b>	<b>6.2</b>
Development Property			29,602		
Car Parks			17,771		
Finance lease adjustments			4,480		
			<b>346,388</b>		

The effect on the valuation of applying a different yield and a different ERV would be as follows:

Valuation in the Consolidated Financial Statements at an initial yield of 6.8% - £304.2m, Valuation at 4.8% - £409.4m.

Valuation in the Consolidated Financial Statements at a reversionary yield of 7.2% - £306.6m, Valuation at 5.2% - £404.5m.

# Notes to the Consolidated Financial Statements continued

Property valuations can be reconciled to the carrying value of the properties in the balance sheet as follows:

	Investment Properties £000	Freehold and Leasehold Properties £000	Total £000
Externally valued by CBRE	203,065	-	203,065
Externally valued by Jones Lang LaSalle	94,625	14,250	108,875
Externally valued by Sanderson Weatherall	25,575	-	25,575
Investment properties valued by the Property Director	872	-	872
Finance lease obligations capitalised	1,176	3,304	4,480
Leasehold improvements	-	3,521	3,521
	<b>325,313</b>	<b>21,075</b>	<b>346,388</b>

Leasehold improvements primarily relate to expenditure incurred on the refurbishment of three car parks in Watford that are held under operating leases.

All investment properties measured at fair value in the Consolidated Balance Sheet are categorised as level 3 in the fair value hierarchy as defined in IFRS13 as one or more inputs to the valuation are partly based on unobservable market data. In arriving at their valuation for each property (as in prior years) both the independent valuers and the Property Director have used the actual rent passing and have also formed an opinion as to the two significant unobservable inputs being the market rental for that property and the yield (i.e. the discount rate) which a potential purchaser would apply in arriving at the market value. Both these inputs are arrived at using market comparables for the type, location and condition of the property.

## (C) FIXTURES, EQUIPMENT AND MOTOR VEHICLES

	Cost £000	Accumulated depreciation £000
At 1 July 2014	3,771	2,659
Additions	532	-
Disposals	(160)	(32)
Depreciation	-	302
At 30 June 2015	4,143	2,929
Net book value at 30 June 2015		1,214
At 1 July 2015	4,143	2,929
Additions	1,496	-
Disposals	(1,266)	(1,234)
Depreciation	-	527
<b>AT 30 JUNE 2016</b>	<b>4,373</b>	<b>2,222</b>
<b>NET BOOK VALUE AT 30 JUNE 2016</b>		<b>2,151</b>

## 13. GOODWILL

	2016 £000	2015 Restated £000
At the start of the year	4,024	-
Additions at cost	-	4,024
<b>AT THE END OF THE YEAR</b>	<b>4,024</b>	<b>4,024</b>

Goodwill represents the difference between the fair value of the consideration paid on the acquisitions of car park businesses and the fair value of the assets and liabilities acquired as part of these business combinations. These transactions relate to businesses that held car parks under operating leases with a net asset value of £nil. Goodwill therefore represents the full consideration of these acquisitions.

A review of the year end carrying value has been performed to identify any potential impairment. This has been based on the discounted future cash flows that are expected to be generated by the assets acquired. The key assumptions used in preparing these cash flow forecasts are an underlying revenue growth rate of 1% and a discount rate of 8%. The assumptions used in the cash flow are based on historical experience of the sector.

As the discounted future cash flows are in excess of the year end carrying value, no impairment of the carrying value is required.

# Notes to the Consolidated Financial Statements continued

## 14. INVESTMENTS IN JOINT VENTURES

	2016 £000	2015 £000
At the start of the year	19,344	1,748
Additions	-	12,487
Investments in joint ventures	4,916	-
Dividends and other distributions received in the year	(567)	-
Share of profits after tax	1,400	5,109
<b>AT THE END OF THE YEAR</b>	<b>25,093</b>	<b>19,344</b>

Investments in joint ventures primarily relate to the Group's interest in the partnership capital of Merrion House LLP. This joint venture owns a long leasehold interest over a property that is let to the Group's joint venture partner, Leeds City Council ('LCC'). The property is currently in the process of a complete refurbishment. Under the arrangement LCC is required to contribute a fixed amount in cash and the Group is required to contribute the property and the balance of refurbishment cost. The net commitment from the Group in relation to this arrangement that has not yet been incurred is £8,890,000. The interest in the joint venture for each partner is an equal 50% share, regardless of the level of overall contributions from each partner. The investment property held within this partnership has been externally valued by CBRE at each reporting date.

The share of profits after tax of £1.4m includes an adjustment of £2.5m in respect of the property transferred to Merrion House LLP in the prior year, less the share of losses in the current period of £1.2m.

The net assets of Merrion House LLP for the current and previous year are as stated below:

	2016 £000	2015 £000
Non-current assets	35,500	35,000
Current assets	929	-
Current liabilities	(351)	-
<b>NET ASSETS</b>	<b>36,078</b>	<b>35,000</b>

The profits of Merrion House LLP for the current and previous year are as stated below:

	2016 £000	2015 £000
Income	1,400	65
Expenses	(78)	-
	<b>1,322</b>	<b>65</b>
Valuation movement on investment properties	(3,665)	10,025
<b>NET (LOSS)/PROFIT</b>	<b>(2,343)</b>	<b>10,090</b>

The Group's interest in other joint ventures are not considered to be material.

The joint ventures have no significant contingent liabilities to which the Group is exposed nor has the Group any significant contingent liabilities in relation to its interest in the joint ventures.

The Group's joint ventures, which are registered in England and operate in the United Kingdom, are as follows:

	Beneficial Interest %	Activity
Buckley Properties (Leeds) Limited	50	Property Investment
Merrion House LLP	50	Property Investment
Belgravia Living Group Limited	50	Property Investment
Bay Sentry Limited	50	Software Development

## 15. CURRENT ASSET INVESTMENTS

	2016 £000	2015 £000
At the start of the year	1,962	1,734
Increase in value of investments	108	228
<b>AT THE END OF THE YEAR</b>	<b>2,070</b>	<b>1,962</b>

Current asset investments relate to an equity shareholding in a company listed on the London Stock Exchange. This is stated at market value in the table above and has a historic cost of £889,130 (2015: £889,130).

The maximum risk exposure at the reporting date is the fair value of the current asset investments.

# Notes to the Consolidated Financial Statements continued

## 16. TRADE AND OTHER RECEIVABLES

	2016 £000	2015 £000
Trade receivables	3,181	4,063
Less: provision for impairment of receivables	(380)	(300)
	2,801	3,763
Other receivables and prepayments	4,587	3,108
	7,388	6,871

The Directors consider that the carrying amount of net trade receivables approximates their fair value. The credit risk in respect of trade receivables is not concentrated as the Group has many tenants spread across a number of industry sectors. In addition, the tenants' rents are payable in advance.

As at 30 June 2016, trade receivables which had not been impaired can be analysed as follows:

	Total £000	Within credit terms £000	Outside credit terms		
			Less than one month £000	One to two months £000	Older than two months £000
2016	2,801	2,548	116	57	80
2015	3,763	3,653	110	-	-

Movements in the Group provision for impairment of trade receivables are as follows:

	2016 £000	2015 £000
At the start of the year	300	261
Provision for receivables impairment	158	155
Receivables written off as uncollectable	(45)	(67)
Unused amounts reversed	(33)	(49)
<b>AT THE END OF THE YEAR</b>	<b>380</b>	<b>300</b>

The creation and release of the provision for impaired receivables have been included in administrative expenses in the Consolidated Income Statement.

The ageing of the provision is as follows:

	Total £000	Less than one month £000	One to two months £000	Older than two months £000
2016	380	4	45	331
2015	300	14	58	228

The only class within trade receivables is rent receivable. Other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables as mentioned above.

The Group does not hold any material collateral as security.

In assessing whether trade receivables are impaired, each debt is considered on an individual basis and provision is made based on specific knowledge of each tenant, together with the consideration of appropriate economic market indicators.

## 17. TRADE AND OTHER PAYABLES

	2016 £000	2015 £000
Trade payables	889	1,700
Social security and other taxes	560	119
Other payables and accruals	10,047	10,038
	11,496	11,857



# Notes to the Consolidated Financial Statements continued

## 18. FINANCIAL LIABILITIES - BORROWINGS

All the Group's borrowings are either at floating or fixed rates of interest. The Group takes on exposure to fluctuations in interest rates on its financial position and its cash flows. Interest costs may increase or decrease as a result of such changes.

	2016 £000	2015 Restated £000
<b>Non-current</b>		
Bank borrowings	74,561	31,657
Finance leases	4,480	4,480
5.375% First mortgage debenture stock	105,833	105,822
	<b>184,874</b>	141,959
<b>Current</b>		
Bank borrowings	-	38,668
Overdraft	887	-
<b>TOTAL BORROWINGS</b>	<b>185,761</b>	180,627

The debenture, bank loans and overdrafts are secured by fixed charges on properties, valued at £317,970,000 (2015: £325,049,000) owned by the Company and its subsidiary undertakings.

The Group has a set off agreement in place with Lloyd's Banking Group Plc and therefore the overdraft of £887,000 represents the net position of all bank accounts across the Group.

The Group's remaining contractual non-discounted cash flows for financial liabilities is set out below:

	2016				2015			
	Bank borrowings £000	Debenture stock £000	Finance leases £000	Total £000	Bank borrowings £000	Debenture stock £000	Finance leases £000	Total £000
In one year or less or on demand	2,555	5,698	213	8,466	40,257	5,698	212	46,167
In more than one year but not more than five years	77,488	22,790	841	101,119	31,934	22,790	845	55,569
In more than five years	-	164,857	13,757	178,614	-	170,554	13,965	184,519
	<b>80,043</b>	<b>193,345</b>	<b>14,811</b>	<b>288,199</b>	72,191	199,042	15,022	286,255

The debenture issue premium is net of issue costs and is amortised over the life of the debt agreement.

During the year £11,000 of loan issue costs amortisation was debited to the Consolidated Income Statement (2015: £12,000). As at 30 June 2016, the unamortised element of the debenture issue discount amounted to £168,000 (2015: £179,000). The term loan arrangement fee is amortised over the term of the agreement. During the year £296,000 of amortisation was debited to the Consolidated Income Statement (2015: £182,000).

The numbers disclosed in the maturity profile above have been calculated to include notional interest payments, using the interest rates prevailing at the balance sheet date. The calculation is based on the assumption that the level of borrowings remains unchanged until maturity.

The Group had undrawn committed floating rate bank facilities as follows:

	2016 £000	2015 £000
Expiring in one year or less	-	11,300
Expiring in more than one year	24,113	13,262
	<b>24,113</b>	24,562

# Notes to the Consolidated Financial Statements continued

## 19. FINANCIAL INSTRUMENTS

The Group finances its operations through a combination of retained cash flows, debentures, finance leases and bank borrowings. Procedures are in place to monitor interest rate risk as considered appropriate by management. Numerical financial instruments disclosures are set out below. Additional disclosures are set out in the accounting policies relating to financial risk management. The carrying value of short term receivables and payables approximate to their fair values. All financial liabilities are denominated in Sterling.

### Interest rate risk

The interest rate risk of the Group's financial liabilities is as follows:

	As at 30 June 2016			As at 30 June 2015		
	Nominal value £000	Weighted average rate %	Weighted average period Years	Nominal value £000	Weighted average rate %	Weighted average period Years
Debenture stock	106,001	5.375	15	106,001	5.375	16
Bank floating rate liabilities	75,000	2.22	2	70,438	2.52	-
Finance leases	4,480	5.0	121	4,480	5.0	122
	185,481			180,919		

Floating rate financial liabilities bear interest at rates for term loans based on LIBOR plus an average margin of 1.66% and for the overdraft of 2.00% above base rate.

Facilities provided by banks and other investors are a mixture of fixed rates and floating charge funding. Floating rate borrowings are exposed to the risk of rising interest rates which the Group manages by the use of appropriate financial hedging instruments, primarily interest rate swaps. An increase in LIBOR by one percentage point would have reduced profit for the year by approximately £687,000 (2015: £609,225).

### Financial instruments held for trading purposes

It is, and has been throughout the year under review, the Group's policy not to trade in financial instruments.

### Foreign currency exposure

The Group has no exposure to foreign currency as it has no overseas operations and all sales and purchases are made in Sterling.

### Effective interest rates

The effective interest rates at the balance sheet date were as follows:

	2016	2015
Bank overdraft facility	2.5%	3%
Bank borrowings	2.22%	2.52%
Debenture loan	5.375%	5.375%
Finance leases	5.0%	5.0%

### Fair value of current borrowings

The fair value of bank borrowings and overdrafts approximate to their carrying value.

### Fair value of non-current borrowings

	2016		2015	
	Book value £000	Fair value £000	Book value £000	Fair value £000
Debenture stock	105,833	109,762	105,822	105,517
Non-current borrowings	74,561	74,561	31,657	31,657

The above debenture stock has been valued as at 30 June 2016 by J C Rathbone Associates on the basis of open market value.

# Notes to the Consolidated Financial Statements continued

## 20. FINANCE LEASES

The Group has a long leasehold interest in two properties that are classified as finance leases.

Future lease payments are as follows:

	2016			2015		
	Minimum lease payments £000	Interest £000	Present value £000	Minimum lease payments £000	Interest £000	Present value £000
In one year or less on demand	213	213	-	212	212	-
In more than one year but not more than five years	841	841	-	845	845	-
In more than five years	13,757	9,277	4,480	13,965	9,485	4,480
	14,811	10,331	4,480	15,072	10,542	4,480

## 21. EPRA NET ASSET VALUE PER SHARE

The Basic and EPRA net asset values are the same, as set out in the table below.

	2016 £000	2015 £000
Net assets at 30 June	189,857	182,878
Shares in issue (000)	53,162	53,162
Basic and EPRA net asset value per share	357p	344p

## 22. CONTINGENCIES

The Group has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

## 23. COMMITMENTS

The Group has capital commitments of £15,703,000 (2015: £7,974,000) in respect of capital expenditure contracted for at the balance sheet date but not yet incurred, for investment and development property.

MINIMUM TOTAL FUTURE LEASE PAYMENTS RECEIVABLE:	2016 £000	2015 £000
Within one year	15,571	15,508
One to five years	51,690	51,856
In more than five years	88,209	95,634
MINIMUM TOTAL FUTURE LEASE PAYMENTS PAYABLE:	2016 £000	2015 £000
Within one year	1,399	1,341
One to five years	5,482	5,365
In more than five years	28,989	15,950

Future lease commitments relate to six car parks operated under lease agreements. The annual rent for these car parks ranges from £50,000 to £400,000 and the remaining term on the leases are all less than 35 years.

# Notes to the Consolidated Financial Statements continued

## 24. CALLED UP SHARE CAPITAL

### AUTHORISED

The authorised share capital of the Company is £164,879,000 (2015: £164,879,000) ordinary shares of 25p each. The nominal value of authorised share capital is £41,219,750 (2015: £41,219,750).

### ISSUED AND FULLY PAID

Ordinary shares of 25p each

Number of shares 000	Nominal value £000
----------------------------	--------------------------

#### AT 30 JUNE 2015 AND 30 JUNE 2016

<b>53,162</b>	<b>13,290</b>
---------------	---------------

The Company has only one type of ordinary share class in issue. All shares have equal entitlement to voting rights and dividend distributions. The Company has no share option schemes in current operation and there are no unexercised options outstanding at 30 June 2016.

## 25. CASH FLOWS FROM OPERATING ACTIVITIES

	2016 £000	2015 £000
Profit for the financial year	11,921	24,003
Adjustments for:		
Depreciation	585	302
Profit on disposal of fixed assets	(21)	-
Profit on disposal of investment properties	(1,140)	(236)
Finance costs	7,847	7,258
Loss on disposal of investment properties into joint ventures	-	2,488
Share of post tax profits from joint ventures	(1,400)	(5,109)
Movement in valuation of investment properties	(3,018)	(15,577)
Movement in lease incentives	(1,836)	(178)
(Reversal of impairment)/impairment of car parking assets	(500)	786
Decrease/(increase) in receivables	1,483	(2,167)
Decrease in payables	(362)	(1,620)
Cash generated from operations	13,559	9,950

## 26. REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration of the Executive Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the applicable categories specified in IAS 24 'Related Party Disclosures'. Further information about the remuneration of individual Directors is provided in the audited part of the Directors' Remuneration Report on pages 46 and 47.

	2016 £000	2015 £000
Short-term employee benefits	1,456	1,454
Post-employment benefits	31	17
	1,487	1,471



# Notes to the Consolidated Financial Statements continued

## 27. RESTATEMENT OF PRIOR YEAR FIGURES

As reported in our interim report, a detailed review has recently been performed to ensure all of the Group's accounting policies are being applied appropriately. This review has identified certain areas that have previously not been accounted for in accordance with those accounting policies. These areas are summarised as follows:

- a) Unamortised lease incentives have historically been recognised as a separate asset within the Balance Sheet. An adjustment of £4.0m has been made to the previously reported figures to de-recognise this asset and offset the movement in lease incentives against the valuation surplus on investment properties in each period.
- b) Two of the properties held under long leasehold agreements have historically not been recognised as finance leases. The discounted value of rents payable on these leases amounting to £4.5m has now been recognised within financial liabilities with a corresponding increase in the fair value of long leasehold properties within investment properties.
- c) The Group's development land assets have previously not been recognised at fair value. These assets have therefore been retrospectively revalued based on fair value, resulting in an increase of £4.0m to the valuation at 30 June 2015.
- d) Previously, three properties used in the car park business have been classified within investment properties. The fair value of these assets at 30 June 2015 of £13.3m has been re-classified from investment properties to freehold and leasehold properties.
- e) Consideration paid for the acquisition of two car park businesses has previously been recognised within tangible fixed assets as lease premiums. These acquisitions are considered to be Business Combinations under IFRS3 (revised). The consideration is considered to represent goodwill on acquisition and £4.0m at 30 June 2015 has therefore been reclassified accordingly.

The impact on total assets and total liabilities as a result of the accounting adjustments arising from the above is set out in the table below. There has been no impact on the net assets or earnings per share as a result of these adjustments.

	As at 30 June 2015 £000
Total assets as previously reported	370,882
a) Unamortised lease incentives adjustment	(3,966)
b) Finance lease accounting adjustment	4,480
c) Value adjustment relating to development land	3,966
<b>TOTAL ASSETS</b>	<b>375,362</b>
Total liabilities as previously reported	188,004
b) Finance lease accounting adjustment	(4,480)
<b>TOTAL LIABILITIES</b>	<b>(192,484)</b>
<b>NET ASSETS</b>	<b>182,878</b>
<b>NET ASSETS AS PREVIOUSLY REPORTED</b>	<b>182,878</b>

# Company Balance Sheet

as at 30 June 2016

	Notes	2016 £000	2015 Restated £000
<b>FIXED ASSETS</b>			
Investment properties	5	<b>78,572</b>	69,222
Property, plant and equipment	5	<b>557</b>	529
Investments	6	<b>246,892</b>	246,871
		<b>326,021</b>	316,622
<b>CURRENT ASSETS</b>			
Investments	7	<b>2,070</b>	1,962
Debtors	8	<b>90,468</b>	83,983
		<b>92,538</b>	85,945
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Financial liabilities – borrowings	10	<b>(19,498)</b>	(61,109)
Other creditors	9	<b>(91,403)</b>	(82,568)
		<b>(110,901)</b>	(143,677)
<b>NET CURRENT LIABILITIES</b>		<b>(18,363)</b>	(57,732)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>307,658</b>	258,890
Financial liabilities – borrowings	10	<b>(180,394)</b>	(137,560)
<b>NET ASSETS</b>		<b>127,264</b>	121,330
<b>EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT</b>			
Called up share capital	11	<b>13,290</b>	13,290
Share premium account		<b>200</b>	200
Capital redemption reserve		<b>559</b>	559
Other reserves		<b>80,057</b>	80,057
Profit and loss account		<b>33,158</b>	27,224
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<b>127,264</b>	121,330

## COMPANY NUMBER: 623364

The financial statements on pages 75 to 86 were approved by the Board of Directors on 14 September 2016 and signed on its behalf by



**E M ZIFF**

Chairman and Chief Executive



**D S SYERS**

Finance Director

# Statement of Changes in Equity

for the year ended 30 June 2016

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Other reserve £000	Retained earnings £000	Total equity £000
<b>BALANCE AT 1 JULY 2014</b>	13,290	200	559	80,057	39,946	134,052
<i>Comprehensive income for the year</i>				-		
Loss	-	-	-	-	(7,498)	(7,498)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	-	-	(7,498)	(7,498)
<i>Contributions by and distributions to owners</i>						
Final dividend relating to the year ended 30 June 2014	-	-	-	-	(3,902)	(3,902)
Interim dividend relating to the year ended 30 June 2015	-	-	-	-	(1,648)	(1,648)
Other adjustments	-	-	-	-	326	326
<b>BALANCE AT 30 JUNE 2015 - RESTATED</b>	13,290	200	559	80,057	27,224	121,330
<i>Comprehensive income for the year</i>						
Profit	-	-	-	-	11,484	11,484
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	-	-	11,484	11,484
<i>Contributions by and distributions to owners</i>						
Final dividend relating to the year ended 30 June 2015	-	-	-	-	(3,902)	(3,902)
Interim dividend relating to the year ended 30 June 2016	-	-	-	-	(1,648)	(1,648)
<b>BALANCE AT 30 JUNE 2016</b>	<b>13,290</b>	<b>200</b>	<b>559</b>	<b>80,057</b>	<b>33,158</b>	<b>127,264</b>

# Cash Flow Statement

for the year ended 30 June 2016

		2016		2015	
	Notes	£000	£000	£000	£000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash generated from/(used in) operations	12	<b>12,643</b>		(3,506)	
Interest paid		<b>(7,822)</b>		(7,258)	
Net cash generated from/(used in) operating activities			<b>4,821</b>		(10,764)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase and construction of investment properties		<b>(6,314)</b>		(6,533)	
Refurbishment of investment properties		<b>(3,633)</b>		-	
Purchases of fixtures, equipment and motor vehicles		<b>(166)</b>		(138)	
Proceeds from sale of investment properties		<b>9,945</b>		-	
Net cash used in investing activities			<b>(168)</b>		(6,671)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from non-current borrowings		<b>3,808</b>		17,451	
Dividends paid to shareholders		<b>(5,550)</b>		(5,550)	
Net cash (used in)/generated from financing activities			<b>(1,742)</b>		11,901
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			<b>2,911</b>		(5,534)
Cash and cash equivalents at beginning of period			<b>(22,409)</b>		(16,875)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>			<b>(19,498)</b>		(22,409)

Cash and cash equivalents at year end are comprised of the following:

Cash		-	-
Bank overdraft		<b>(19,498)</b>	(22,409)
		<b>(19,498)</b>	(22,409)

The Cash Flow Statement should be read in conjunction with Note 12.



# Notes to the Company Financial Statements

## 1. ACCOUNTING POLICIES

### Basis of Preparation

The Company Financial Statements have been prepared in accordance with FRS 102 (The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland), the going concern basis, the historical cost convention as modified by the revaluation of investment properties and fixed asset investments, and in accordance with the Companies Act 2006 and applicable law.

These financial statements are the first financial statement prepared under FRS 102 and information on the impact of first-time adoption of FRS 102 is given in note 15.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2). The principal accounting policies, which have been applied consistently, are as set out below:

### Deferred Taxation

Town Centre Securities PLC elected for group REIT status with effect from 2 October 2007. As a result the Company no longer pays United Kingdom corporation tax on the profits and gains from qualifying rental business in the United Kingdom provided it meets certain conditions. Non-qualifying profits and gains of the Company continue to be subject to corporation tax as normal. On entering the REIT regime an entry charge equal to 2% of the aggregate market value of the properties associated with the qualifying rental business was payable. Deferred tax accrued at the date of conversion in respect of the assets and liabilities of the qualifying rental business was released to the income statement as the relevant temporary differences are no longer taxable on reversal. From 17 July 2012 there is no REIT entry charge payable where the Company makes acquisitions of companies owning qualifying properties.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

### Investment Properties

Investment properties are included in the accounts at open market values based on an independent external valuation, as at 30 June each year, or held at Directors' valuation. Movements in fair value are taken through the income statement.

### Depreciation

In accordance with FRS102, no depreciation or amortisation is provided in respect of freehold and long leasehold investment properties, including fixed plant, which is included in properties. The requirement of the Companies Act 2006 (the Act) is to depreciate all properties but that requirement conflicts with FRS102. The Directors consider that this accounting policy is necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the factors reflected in the accounts' valuation and the amount attributable to this factor cannot be separately identified or quantified. If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation.

### Investments

Quoted investments included in the accounts are valued at market bid price at the balance sheet date.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the joint venture. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

### Investment Income

Income from quoted investments is accounted for on the payment date of the dividends.

### Investments in Subsidiary Undertakings

Investments in subsidiary undertakings are stated in the balance sheet of the Company at cost less impairment.

### Joint Ventures

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control.

Investments in jointly controlled entities are valid at cost less impairment.

### Turnover

Turnover, which excludes value added tax, represents the invoiced value of rent and services supplied to customers. Rental income is accounted for as it falls due in accordance with the lease to which it relates.

### Unamortised tenant lease incentives

Leasehold incentives given to tenants on entering property leases are recognised as unamortised lease incentives. The operating lease incentives are spread over the non-cancellable life of the lease. Where this ends with a clean break clause the incentives are spread to this date unless management is reasonably certain that the break will not be exercised.

# Notes to the Company Financial Statements continued

## Derivative financial instruments (derivatives) and hedge accounting

The Company occasionally uses interest rate swaps to help manage its interest rate risk. In accordance with its treasury policy, the Company does not hold or issue derivatives for trading purposes.

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items.

All derivatives are initially recognised at fair value at the date the derivative is entered into and are subsequently re-measured at fair value. The fair value of interest rate swaps is based on broker quotes.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument.

## Cash flow hedges

Where a derivative is designated as a hedge of the variability of a highly probable forecast transaction, e.g. an interest payment, the element of the gain or loss on the derivative that is an effective hedge is recognised directly in equity. When the forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly in equity are reclassified into the Income Statement in the same period or periods during which the asset acquired or liability assumed affects the Income Statement, i.e. when interest income or expense is recognised.

## Reserves

Reserves are analysed in the following categories:

- Share capital represents the nominal value of issued share capital.
- Share premium represents any consideration received in excess of nominal value of the shares issued.
- Capital redemption reserve represents the nominal value of the Company's own shares that have been repurchased and cancelled.
- Other reserves relates to the revaluation of the company's investments.
- Retained earnings represents the cumulative profit or loss position less dividend distributions.

## 2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value amounts of assets and liabilities within the next financial year are those in relation to investment properties (see note 12 to the Consolidated Financial Statements for further information).

## 3. PROFIT AND LOSS ACCOUNT

As permitted by Section 408 of the Companies Act 2006, the Parent Company's Income Statement has not been included in these financial statements. The profit shown in the financial statements of the Parent Company was £11,484,000 (2015: loss of £7,498,000). The remuneration paid to the Parent Company auditors in respect of the audit of the Parent Company Financial Statements for the year ended 30 June 2016 is included in note 5 to the Consolidated Financial Statements.

## 4. EMPLOYEE BENEFITS

	2016 £000	2015 £000
Wages and salaries (including Directors' emoluments)	2,241	2,156
Social security costs	391	274
Other pension costs	108	156
	<b>2,740</b>	<b>2,586</b>

Employee benefits are charged to the Profit and Loss account through administrative expenses.

The aggregate remuneration of the Directors of the Company was £1,673,000 (2015: £1,650,000).

The average monthly number of staff employed during the year was 73 (2015: 72). Disclosures required by the Companies Act 2006 on Directors' remuneration, including salaries, share options, pension contributions and pension entitlement, are included on pages 46 to 47 in the Remuneration Report and form part of the Consolidated Financial Statements.

## 5. TANGIBLE ASSETS

### INVESTMENT PROPERTIES

	Freehold £000	Long leasehold £000	Development £000	Total £000
Valuation at 1 July 2015 - restated	45,158	6,840	17,224	69,222
Additions	7,231	73	2,643	9,947
Disposals	(11,038)	-	-	(11,038)
Valuation movement	4,585	427	5,684	10,696
Movement in tenant lease incentives	(255)	-	-	(255)
<b>VALUATION AT 30 JUNE 2016</b>	<b>45,681</b>	<b>7,340</b>	<b>25,551</b>	<b>78,572</b>

The above freehold and long leasehold properties have been valued as at 30 June 2016 on the basis of open market value by Jones Long LaSalle and CB Richard Ellis in accordance with the Royal Institution of Chartered Surveyors Appraisal and Investment Manual.

# Notes to the Company Financial Statements continued

## FIXTURES, EQUIPMENT AND MOTOR VEHICLES

	Cost £000	Accumulated depreciation £000
Balance at 1 July 2015	2,616	2,087
Additions	166	-
Disposals	(64)	(48)
Depreciation	-	122
<b>BALANCE AT 30 JUNE 2016</b>	<b>2,718</b>	<b>2,161</b>
<b>NET BOOK VALUE AT 30 JUNE 2016</b>		<b>557</b>
Net book value at 30 June 2015		529
<b>TOTAL TANGIBLE ASSETS</b>		
<b>AT 30 JUNE 2016</b>		<b>79,129</b>
At 30 June 2015		69,751

## 6. FIXED ASSET INVESTMENTS

	2016 £000	2015 £000
<b>SHARES IN GROUP UNDERTAKINGS</b>		
At 1 July and 30 June	<b>245,092</b>	245,092
<b>INTEREST IN JOINT VENTURES</b>		
At 1 July	<b>1,779</b>	1,748
Share of profits after tax	<b>21</b>	31
<b>AT 30 JUNE</b>	<b>1,800</b>	1,779
<b>TOTAL FIXED ASSET INVESTMENTS</b>	<b>246,892</b>	246,871

As permitted by Section 615 of the Companies Act 2006, where the relief afforded under Section 612 of the Companies Act 2006 applies, cost is the aggregate of the nominal value of any other consideration given to acquire the share capital of the subsidiary undertakings.

## 7. LISTED INVESTMENTS

	2016 £000	2015 £000
At 1 July	<b>1,962</b>	1,765
Increase in value of investments	<b>108</b>	197
<b>AT 30 JUNE</b>	<b>2,070</b>	1,962

Listed investments, all of which are listed on a recognised stock exchange, are stated at market value in the table above and have a historic cost of £889,130 (2015: £889,130).

# Notes to the Company Financial Statements continued

## 8. DEBTORS

	2016 £000	2015 Restated £000
Trade debtors	333	283
Less: provision for impairment of debtors	(16)	(7)
	317	276
Amounts owed by subsidiary undertakings	82,118	83,403
Other debtors and prepayments	8,033	304
	90,468	83,963

Amounts owed by subsidiary undertakings and joint ventures are unsecured, interest free and repayable on demand.

## 9. OTHER CREDITORS

	2016 £000	2015 £000
Trade creditors and accruals	2,875	2,042
Taxation and social security	16	259
Amounts owed to subsidiary undertakings	88,512	80,267
	91,403	82,568

Amounts owed to subsidiary undertakings are unsecured, interest free and repayable on demand.

## 10. FINANCIAL INSTRUMENTS

The Company's borrowings are at both floating and fixed rates of interest. The Company takes on exposure to fluctuations in interest rates on its financial position and cash flows. Interest costs may increase or decrease as a result of such changes.

	2016 £000	2015 £000
<b>Non-current</b>		
Bank borrowings	74,561	31,738
5.375% First mortgage debenture stock	105,833	105,822
	180,394	137,560
<b>Current</b>		
Bank borrowings	19,498	61,109
<b>TOTAL BORROWINGS</b>	<b>199,892</b>	<b>198,669</b>

The debenture, bank loans and overdrafts are secured by fixed charges on properties, valued at £317,970,000 (2015: £325,049,000) owned by the Company and its subsidiary undertakings.

The Company's remaining contractual non discounted cash flows for financial liabilities is set out below:

	2016			2015		
	Bank borrowings £000	Debenture stock £000	Total £000	Bank borrowings £000	Debenture stock £000	Total £000
In one year or less or on demand	21,166	5,698	26,864	62,661	5,698	68,359
In more than one year but not more than five years	79,156	22,790	101,946	31,934	22,790	54,724
In more than five years	-	164,857	164,857	-	170,554	170,554
	100,322	193,345	293,667	94,595	199,042	293,637



# Notes to the Company Financial Statements continued

The debenture issue premium is net of issue costs and is amortised over the life of the debt agreement.

During the year £11,000 of loan issue costs amortisation was debited to the Income Statement (2015: £12,000). As at 30 June 2016, the unamortised element of the debenture issue discount amounted to £168,000 (2015: £179,000). The term loan arrangement fee is amortised over the term of the agreement. During the year £296,000 of amortisation was debited to the Income Statement (2015: £182,000).

The numbers disclosed in the maturity profile above have been calculated to include notional interest payments, using the interest rates prevailing at the balance sheet date. The calculation is based on the assumption that the level of borrowings remains unchanged until maturity.

The Company had undrawn committed floating rate bank facilities as set out below:

	2016 £000	2015 £000
Expiring in one year or less	-	11,300
Expiring in more than one year	24,113	13,262
	<b>24,113</b>	24,562

Included within facilities expiring in one year or less are overdraft facilities subject to annual review. There are net cash balances of £18,644,000 held by other Group companies which offset the Company's overdraft on consolidation. The total overdraft facility is based on the Group's right of set off. Other facilities are available to provide funding for future investments.

The Company finances its operations through a combination of retained cash flows, debentures and bank borrowings. Procedures are in place to monitor interest rate risk as considered appropriate by management. Numerical financial instruments disclosures are set out below.

All financial liabilities are denominated in Sterling.

## INTEREST RATE RISK

The interest rate risk of the Company's financial liabilities is as follows:

	As at 30 June 2016			As at 30 June 2015		
	Nominal value £000	Weighted average rate %	Weighted average period Years	Nominal value £000	Weighted average rate %	Weighted average period Years
Debenture stock	106,001	5.375	15	106,001	5.375	16
Bank floating rate liabilities	94,498	2.522	2	92,847	2.52	-
	<b>200,499</b>			198,848		

Floating rate financial liabilities bear interest at rates for term loans based on LIBOR plus an average margin of 1.66% and for the overdraft of 2.50% above base rate.

## FINANCIAL INSTRUMENTS HELD FOR TRADING PURPOSES

It is, and has been throughout the year under review, the Company's policy not to trade in financial instruments.

## FOREIGN CURRENCY EXPOSURE

The Group has no exposure to foreign currency as it has no overseas operations and all sales and purchases are made in Sterling.

## EFFECTIVE INTEREST RATES

The effective interest rates at the balance sheet date were as follows:

	2016	2015
Bank overdraft facility	2.5%	3%
Bank borrowings	2.22%	2.52%
Debenture loan	5.375%	5.375%

# Notes to the Company Financial Statements continued

## FAIR VALUES OF CURRENT BORROWINGS

Where market values are not available, fair values of financial assets and liabilities have been calculated by discounting expected future cash flows at prevailing interest rates. The carrying amounts of short-term borrowings approximate to book value.

## FAIR VALUE OF NON-CURRENT BORROWINGS

	2016		2015	
	Book value £000	Fair value £000	Book value £000	Fair value £000
Debenture stock	105,833	109,762	105,822	105,517
Long-term bank borrowings	74,561	74,561	31,738	31,738

## 11. CALLED UP SHARE CAPITAL

### AUTHORISED

164,879,000 (2015: 164,879,000) ordinary shares of 25p each.

### ISSUED AND FULLY PAID

	Number of shares 000	Nominal value £000
Ordinary shares of 25p each		
<b>AT 30 JUNE 2015 AND 30 JUNE 2016</b>	<b>53,162</b>	<b>13,290</b>

The Company has only one type of ordinary share class in issue. All shares have equal entitlement to voting rights and dividend distributions.

## 12. CASH FLOWS FROM OPERATING ACTIVITIES

	2016 £000	2015 £000
Profit/(loss) for the financial year	11,484	(7,498)
Adjustments for:		
Depreciation	122	145
(Profit)/loss on disposal of investment properties	(685)	255
Finance costs	7,822	7,258
Movement in valuation of investment properties	(10,696)	(6,374)
Movement in valuation of investments	(108)	(197)
Movement in lease incentives	255	1,799
Increase in receivables	(4,485)	(16,592)
Increase in payables	8,934	17,698
Cash generated from/(used in) operations	12,643	(3,506)

# Notes to the Company Financial Statements continued

## 13. RELATED PARTY TRANSACTIONS

The Company occupies an office suite in part of the Merrion Centre. Rental costs of £135,000 were charged to the Company by TCS Holdings Limited during the year.

The Company also occasionally receives income or pays expenses on behalf of other group companies. A direct re-charge is processed for these transactions through the respective intercompany accounts. The amounts receivable/(payable) on the intercompany accounts as at 30 June 2016 are summarised in the table below.

	2016 £000	2015 £000
TCS Holdings Limited	19,670	21,315
TCS Freehold Investments Limited	(39,681)	(36,113)
TCS Leasehold Investments Limited	(1,093)	(1,417)
TCS (Bothwell Street) Limited	(1,084)	5,139
TCS (Residential Conversions) Limited	(648)	(727)
TCS (Greenhithe) Limited	(9)	(9)
TCS (Ex TCCP) plc	(14,998)	(14,998)
TCS Trustees Limited	50	50
Town Centre Securities (Developments) Limited	62	62
TCS (Isleworth) Limited	29	29
TCS (Mill Hill) Limited	(46)	(46)
TCS (Residential) Limited	(1)	(1)
TCS Whitehall Riverside Limited	(8,419)	(8,419)
TCS Energy Limited	(21)	(21)
Tassgander Limited	217	217
Dundonald Property Investments Limited	1,967	1,953
TCS (Property Management) Limited	(261)	(251)
Town Centre Car Parks Limited	2,243	4,611
Dundonald (Cumbernauld) Limited	(1,233)	(1,233)
TCCP (Clarence Dock) Limited	7,124	6,947
TCS (Milngavie) Limited	18,817	19,388
TCS Park Row Limited	(1,259)	(1,259)
Apperley Bridge Limited	(3,520)	(3,520)
Caledonia Management Limited	276	193

## 14. RESTATEMENT OF PRIOR YEAR FIGURES

A detailed review has recently been performed to ensure all of the Company's accounting policies are being applied appropriately. This review has identified certain areas that have previously not been accounted for in accordance with those accounting policies. These areas are summarised as follows:

a) Unamortised lease incentives have historically been recognised as an asset within other debtors on the Balance Sheet. An adjustment has been made to the previously reported figures to de-recognise this asset and offset the movement in lease incentives against the valuation surplus on investment properties in each period.

b) The Company's development land assets have previously not been recognised at fair value. These assets have therefore been revalued based on fair value with an adjustment retrospectively applied at each balance sheet date.

The impact on total assets and total liabilities as a result of the accounting adjustments arising from the above is set out in the table below.

	As at 30 June 2015 £000
Net assets as previously reported	119,137
a) Unamortised lease incentives	(1,773)
b) Value adjustment relating to development land	3,966
<b>NET ASSETS</b>	<b>121,330</b>

# Notes to the Company Financial Statements continued

## 15. FIRST TIME ADOPTION OF FRS 102

The Company has adopted FRS 102 for the first time during the period and has therefore performed a review of accounting policies following the transition from UK Generally Accepted Accounting Policies ('UK GAAP'). This review has not identified any change in accounting policies that have any impact on the net assets for either the current period or the prior period.

On adoption of FRS 102 the Company has taken advantage of a transitional provision permitting the existing carrying value of fixed asset investments at the transition date to be recorded as the deemed cost at that date, and carried at cost less impairment going forward. This transitional adjustment has no impact on profit, financial position or cash flows for either year presented.

The only impact identified from the transition is that any surplus or deficit from revaluation of Investment Properties and investments are now required to be taken through the Income Statement and the associated gain or loss is taken to retained earnings. The surplus on revaluation of Investment Properties for the year ended 30 June 2015 was £6.4m, therefore upon transition to FRS 102 the profit for the prior year has increased by this amount.

A reconciliation of the reported loss for the prior period has been set out below.

	2015 £000
As previously stated under former UK GAAP	(12,296)
Prior year adjustment – unamortised lease incentives	(1,773)
<b>AS RESTATED UNDER FORMER UK GAAP</b>	<b>(14,069)</b>
Surplus on revaluation of investment properties	6,374
Revaluation of fixed asset investments	197
<b>AS STATED IN ACCORDANCE WITH FRS 102</b>	<b>(7,498)</b>

There is no impact on equity as a result of the transition to FRS 102.



# Notes to the Company Financial Statements continued

## 16. SUBSIDIARY COMPANIES

The Company's wholly owned active subsidiary undertakings at 30 June 2016, registered in England or Scotland and operating in the United Kingdom, are as follows:

Company	Company No.	Activity
TCS Holdings Limited	2271353	Property investment
TCS Freehold Investments Limited	3684812	Property investment
TCS Leasehold Investments Limited	3684827	Property investment
Town Centre Car Parks Limited	5494592	Car park operations
TCCP (Clarence Dock) Limited	6219875	Car park operations
TCS (Milngavie) Limited	6391627	Property investment
Apperley Bridge Limited	6879596	Property investment
Dundonald (Cumbernauld) Limited	5983938	Property investment
Dundonald Property Investments Limited	3672365	Property investment
TCS Park Row Limited	8077103	Property investment
Citipark plc	8837214	Car park operations
Citipark UK Limited	8837203	Car park operations
TCS (Merrion House JVC01) Limited	8561354	Property investment
TCS (Merrion House JVC02) Limited*	8561356	Property investment
TCS Development Management (Merrion) Limited	8696141	Property investment
TCS (Residential Conversions) Limited	3946495	Management company
TCS (Bothwell Street) Limited	4240551	Property investment
Tassgander Limited	4077297	Property investment
Caledonia Management Limited*	SC449689	Management company
TCS (Property Management) Limited*	5281225	Management company
TCS Trustees Limited*	3112923	Trustee for employee benefit plans
TCS Properties Limited*	2831154	Property investment
TCS (Whitehall Plaza) Limited	9922032	Property investment
TCS (9 Cheapside) Limited	10139127	Property investment
Blackpool Markets Limited	2740190	Dormant
Dundonald Property Developments Limited	6430444	Dormant
Emett Exhibitions Limited	1544918	Dormant
Milngavie East Limited	SC464805	Dormant
No 29 Management Co (Eastgate) Limited	3873683	Dormant
Riverside (Leeds) Limited	4569350	Dormant
Rochdale Co-Ownership LLP	OC366786	Dormant
T Herbert Kaye's Estates Limited	0226678	Dormant
TCS (Bolton) Limited	4104688	Dormant
TCS (Greenhithe) Limited	4413344	Dormant
TCS (Isleworth) Limited	4413343	Dormant
TCS (Parliament Street 1) Limited	4768830	Dormant
TCS (Parliament Street 2) Limited	4768845	Dormant
TCS (Rochdale JV) Limited	7712764	Dormant
TCS (Rochdale Management) Limited	7712123	Dormant
TCS Car Parks Limited	4847697	Dormant
TCS Eastgate Limited	6554827	Dormant
TCS Energy Limited	4414144	Dormant
TCS Finance Limited	3108777	Dormant
TCS (Mill Hill) Limited	4413341	Dormant
TCS Piccadilly Limited	4317396	Dormant
TCS (Residential) Limited	4249007	Dormant
TCS Solar Limited	5113915	Dormant
TCS Trading Limited	3060862	Dormant
TCS Whitehall Riverside Limited	4329860	Dormant
The Merrion Centre Limited	0814845	Dormant
Town Centre Enterprises Limited	0221003	Dormant
Town Centre Securities (Developments) Limited	3946549	Dormant
Town Centre Securities (Manchester) Limited	0129485	Dormant
Town Centre Securities (Scotland) Limited	0748937	Dormant
Town Centre Services Limited	2285764	Dormant
TCS plc	4329979	Dormant
TCS (EX TCCP) plc	3385312	Dormant

\*The subsidiaries marked with an asterisk above are exempt from preparing audited statutory accounts under section 479a of the Companies Act 2006.

The Company's joint ventures, which are all registered in England and operate in the United Kingdom, are as follows:

	Proportion of ordinary shares held %	Activity
Merrion House LLP	50	Property investment
Buckley Properties (Leeds) Limited	50	Property investment
Belgravia Living Group Limited	50	Property investment
Bay Sentry Limited	50	Software Development

# Notice of Annual General Meeting

Notice is given that the fifty-fifth Annual General Meeting of Town Centre Securities PLC ("Company") will be held at Town Centre House, The Merrion Centre, Leeds LS2 8LY on Wednesday 23 November 2016 at 10.30am for the following purposes:

## TO CONSIDER AND, IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTIONS AS ORDINARY RESOLUTIONS:

1. To receive the Company's Annual Accounts, Strategic Report and Directors' and Auditors' Reports for the year ended 30 June 2016.
2. To approve the Directors' Remuneration Report (other than the part containing the Directors' Remuneration Policy) for the year ended 30 June 2016.
3. To declare a final dividend for the year ended 30 June 2015 of 7.9p per ordinary share in the capital of the Company, to be paid on 4 January 2017, to shareholders whose names appear on the register at the close of business on 2 December 2016.
4. To re-appoint E M Ziff, who retires by rotation, as a Director of the Company.
5. To re-appoint R A Lewis, who retires by rotation, as a Director of the Company.
6. To re-appoint D S Syers, who retires by rotation, as a Director of the Company.
7. To re-appoint BDO as auditors of the Company who were appointed by the Board during the year.
8. To authorise the Directors to determine the remuneration of the auditors.
9. That, pursuant to section 551 of the Companies Act 2006 ("Act") the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any securities into shares in the Company up to an aggregate nominal amount of £4,430,162, provided that (unless previously revoked, varied or renewed) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on 22 February 2018 (whichever is the earlier), save that the Company may make an offer or agreement before the expiry of this authority which would or might require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after such expiry and the Directors may allot shares or grant such rights pursuant to any such offer or agreement as if the authority conferred by this resolution had not expired.

This authority is in substitution for all existing authorities under section 551 of the Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect).

## TO CONSIDER AND, IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTIONS AS SPECIAL RESOLUTIONS:

10. That, subject to the passing of resolution 9 and pursuant to section 570 of the Act, the Directors be and are generally empowered to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution 9 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
  - 10.1 in connection with an offer of equity securities (whether by way of a rights issue, open offer or otherwise):
    - 10.1.1 to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them; and
    - 10.1.2 to holders of other equity securities in the capital of the Company, as required by the rights of those securities, or, subject to such rights, as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and
  - 10.2 otherwise than pursuant to paragraph 10.1 of this resolution shares may be issued up to a total aggregate nominal value of £664,524

These authorities (unless previously revoked, carried or renewed) shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on 22 February 2018 (whichever is earlier), save that the Company may make an offer or agreement before the expiry of this power which would or might require equity securities to be allotted for cash after such expiry and the Directors may allot equity securities for cash pursuant to any such offer or agreement as if the power conferred by this resolution had not expired.

This power is in substitution for all existing powers under section 570 of the Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect).
11. That, subject to the passing of resolution 9, the directors be and are generally empowered to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authorities granted by resolution 9 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
  - 11.1 In addition to the authority in resolution 10 and up to an aggregate nominal amount of £664,524; and
  - 11.2 used only for the purposes of financing (or refinancing, if such refinancing occurs within six months of the original transaction) a transaction which the directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

# Notice of Annual General Meeting

## continued

and this power shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 22 February 2018 (whichever is the earlier), save that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted for cash after this power expires and the directors may allot equity securities for cash pursuant to any such offer or agreement as if this power had not expired.

12. That, pursuant to section 701 of the Act, the Company be and is generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 25p each in the capital of the Company ("Shares"), provided that:
  - 12.1 the maximum aggregate number of Shares which may be purchased is 7,968,976
  - 12.2 the minimum price (excluding expenses) which may be paid for a Share is 25p; and
  - 12.3 the maximum price (excluding expenses) which may be paid for a Share is the higher of:
    - 12.3.1 an amount equal to 105% of the average of the middle market quotations for a Share as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the day on which the purchase is made; and
    - 12.3.2 an amount equal to the higher of the price of the last independent trade of a Share and the highest current independent bid for a Share on the trading venue where the purchase is carried out.

This authority (unless previously revoked, varied or renewed) shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on 22 February 2018 (whichever is the earlier), save that the Company may enter into a contract to purchase Shares before the expiry of this authority under which such purchase will or may be completed or executed wholly or partly after such expiry and may make a purchase of Shares pursuant to any such contracts as if the authority conferred by this resolution had not expired.

13. That a general meeting of the Company (other than an Annual General Meeting) may be called on not less than 14 clear days' notice.

By order of the Board



**D S SYERS**

Company Secretary  
14 September 2016

Registered Office:  
Town Centre House, The Merrion Centre, Leeds LS2 8LY  
Registered in England and Wales No. 00623364

# Notice of Annual General Meeting

## continued

### NOTES

1. The right to vote at the meeting is determined by reference to the register of members. Only those shareholders registered in the register of members of the Company as at close of business on Monday 21 November 2016 (or, in the event that the meeting is adjourned, in the register of members at close of business on the date which is two days before the date of any adjourned meeting) shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the meeting.
2. In order to gain admittance to the meeting, members may be required to produce their attendance card which is attached to the Form of Proxy enclosed with this document, or otherwise prove their identity.
3. A shareholder is entitled to appoint one or more persons as proxies to exercise all or any of his or her rights to attend, speak and vote at the meeting. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him/her. To appoint more than one proxy, you will need to complete a separate Form of Proxy in relation to each appointment. Additional proxy forms may be obtained by contacting the Company's registrar at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU or you may photocopy the proxy form. You will need to state clearly on each proxy form the number of shares in relation to which the proxy is appointed. A failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the number of shares set out in the other proxy appointments is in excess of the number of shares held by the shareholder may result in the proxy appointment being invalid. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

The appointment of a proxy will not preclude a member from attending and voting in person at the meeting if he or she so wishes.

4. A Form of Proxy is enclosed. To be valid, it must be completed, signed and sent to the offices of the Company's registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to arrive no later than 10.30am on Monday 21 November 2016 (or, in the event that the meeting is adjourned, no later than 48 hours (excluding any part of a day that is not a working day) before the time of any adjourned meeting).
5. As an alternative to completing the hard copy Form of Proxy, a shareholder can appoint proxies electronically by logging onto [www.capitashareportal.com](http://www.capitashareportal.com) where full instructions are given. For an electronic proxy appointment to be valid, the appointment must be received by the Company's registrar by no later than 10.30am on Monday 21 November 2016 (or in the event that the meeting is adjourned, no later than 48 hours (excluding any part of a day that is not a working day) before the time of any adjourned meeting).

Any electronic communication sent by a member to the Company or the Company's registrar which is found to contain a virus will not be accepted by the Company but every effort will be made by the Company to inform said member of the rejected communication.

6. A shareholder or shareholders having a right to vote at the meeting and holding at least 5 per cent of the total voting rights of the Company (see Note 8 below), or at least 100 shareholders having a right to vote at the meeting and holding, on average, at least £100 of paid share capital, may require the Company to publish on its website a statement setting out any matter that such shareholder(s) propose to raise at the meeting relating to either the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting or any circumstances connected with an auditor of the Company ceasing to hold office since the last Annual General Meeting of the Company in accordance with Section 527 of the Act.

Any such request must:

- 6.1 identify the statement to which it relates, by either setting out the statement in full or, if supporting a statement requested by another shareholder, clearly identifying the statement which is being supported;
- 6.2 comply with the requirements set out in Note 7 below; and
- 6.3 be received by the Company at least one week before the meeting.

Where the Company is required to publish such a statement on its website:

- 6.4 it may not require the shareholder(s) making the request to pay any expenses incurred by the Company in complying with the request;
- 6.5 it must forward the statement to the Company's auditors no later than the time when it makes the statement available on the website; and
- 6.6 the statement may be dealt with as part of the business of the meeting.

7. Any request by a shareholder or shareholders to require the Company to publish audit concerns as set out in Note 6 above:

- 7.1 may be made either:

- 7.1.1 in hard copy, by sending it to the Company Secretary, Town Centre House, The Merriam Centre, Leeds LS2 8LY; or
- 7.1.2 in electronic form, by sending it to 0113 234 0442, marked for the attention of the Company Secretary, or to [info@tcs-plc.co.uk](mailto:info@tcs-plc.co.uk) (please state "TCS: AGM" in the subject line of the email);
- 7.2 must state the full name(s) and address(es) of the shareholder(s); and
- 7.3 (where the request is made in hard copy form or by fax) must be signed by the shareholder(s).

8. As at 13 September 2016 (being the last practicable date prior to the publication of this notice) the Company's issued share capital consists of 53,161,950 ordinary shares of 25p each, carrying one vote each. The Company does not hold any ordinary shares in treasury. Therefore, the total voting rights in the Company as at 16 September 2015 are 53,161,950.

# Notice of Annual General Meeting

## continued

- 
- 9.** Shareholders have the right to ask questions at the meeting relating to the business being dealt with at the meeting in accordance with Section 319A of the Act. The Company must answer any such questions unless:
- 9.1 to do so would interfere unduly with the preparation for the meeting or would involve the disclosure of confidential information;
  - 9.2 the answer has already been given on a website in the form of an answer to a question; or
  - 9.3 it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- 10.** Where a copy of this notice is being received by a person who has been nominated to enjoy information rights under Section 146 of the Act ("Nominee"):
- 10.1 the Nominee may have a right under an agreement between the Nominee and the shareholder by whom he/she was appointed, to be appointed, or to have someone else appointed, as a proxy for the meeting; or
  - 10.2 if the Nominee does not have any such right or does not wish to exercise such right, the Nominee may have a right under any such agreement to give instructions to the shareholder as to the exercise of voting rights.
- The statement of the rights of shareholders in relation to the appointment of proxies in Notes 3 to 5 above does not apply to a Nominee. The rights described in such notes can only be exercised by shareholders of the Company.
- 11.** Biographical details of all those Directors who are offering themselves for re appointment at the meeting are set out on page 30 and 31 of the Annual Report and Accounts.
- 12.** A shareholder which is a corporation may authorise one or more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares.
- 13.** The following documents will be available for inspection during normal business hours at the registered office of the Company from the date of this notice until the time of the meeting. They will also be available for inspection at the place of the meeting from at least 15 minutes before the meeting until it ends:
- 13.1 copies of the service contracts of the Executive Directors; and
  - 13.2 copies of the letters of appointment of the Non executive Directors.
- 14.** The information required by Section 311A of the Act to be published in advance of the meeting, which includes the matters set out in this notice and information relating to the voting rights of shareholders is available at [www.tcs-plc.co.uk](http://www.tcs-plc.co.uk).



# Information

## INVESTOR INFORMATION

### Registrar

All general enquiries concerning shareholdings in Town Centre Securities PLC should be addressed to:

Capita Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

Telephone: 0871 664 0300  
(Calls cost 12p per minute plus network extras.  
Lines are open from 8.30am - 5.30pm,  
Monday to Friday.)

Telephone outside  
United Kingdom: +44 (0) 371 664 0300

Email: [shareholder.services@capitaregistrars.com](mailto:shareholder.services@capitaregistrars.com)

Website: [www.capitaassetservices.com](http://www.capitaassetservices.com)

### Dividends

Interim dividend: 3.10p per share paid on 24 June 2016 to  
shareholders on the register on 27 May 2016

Final dividend: 7.9p per share to be paid on 4 January 2017  
to shareholders on the register on 2 December 2016

### Payment of dividends

Shareholders whose dividends are not currently paid to mandated accounts may wish to consider having their dividends paid directly into their bank or building society account. This has a number of advantages, including the crediting of cleared funds into the nominated account on the dividend payment date. If shareholders would like their future dividends to be paid in this way, they should complete a mandate instruction available from the registrars. Under this arrangement tax vouchers are sent to the shareholder's registered address.

## ADVISORS

### Independent auditor

BDO LLP

### Brokers

Liberum

### Bankers

Lloyds Banking Group plc  
The Royal Bank of Scotland plc  
Svenska Handelsbanken AB (Publ)

### Solicitors

DLA Piper UK LLP  
Leslie Wolfson  
Bond Dickinson LLP

### Principal Valuers

Jones Lang LaSalle  
CBRE  
Sanderson Weatherall

### Corporate public relations

MHP Communications

## CONTACT INFORMATION

### Registered office

Town Centre House  
The Merion Centre  
Leeds LS2 8LY

### Registered number

623364 England

### Email

[info@tcs-plc.co.uk](mailto:info@tcs-plc.co.uk)

### Website

[www.tcs-plc.co.uk](http://www.tcs-plc.co.uk)

### Registrar and transfer office

Capita Asset Services

### Trustees to mortgage debenture holders

Capita IRG Trustees  
7th Floor  
Phoenix House  
18 King William Street  
London EC47 8EE



**Town  
Centre  
Securities**

Town Centre House  
The Merrion Centre  
Leeds LS2 8LY

Telephone: 0113 222 1234

Email: [info@tcs-plc.co.uk](mailto:info@tcs-plc.co.uk)

[www.tcs-plc.co.uk](http://www.tcs-plc.co.uk)