Town Centre Securities PLC

Protecting Shareholder Value

Annual Report & Accounts 2021

Town Centre Securities (TCS) is a property investment and development company with assets of over £360 million.

Our purpose

Through the acquisition and active management of property in sustainable locations, we create quality spaces for our tenants, help communities to thrive and generate value for shareholders over the long term.

Statutory profit before tax

(£0.6m)

2021	(£0.6m)
2020	(£24.1m)
2019	(£12.5m)
2018	£18.4m
2017	£6.7m

Statutory earnings per share

(1.1p)

2021	(1.1p)
2020	(45.5p)
2019	(23.4p)
2018	34.6p
2017	12.7p

EPRA earnings before tax*

£0.3m

2021	£0.3m
2020	£1.7m
2019	£6.4m
2018	£6.9m
2017	£7.0m

EPRA earnings per share*

0.6p

2021	0.6p
2020	3.1p
2019	12.0p
2018	13.0p
2017	13.2p

Total dividends per share

3.5p

2021	3.5p
2020	5.0p
2019	11.75p
2018	11.75p
2017	11.50p

EPRA net assets per share*

292p

2021	292p
2020	292p
2019	354p
2018	384p
2017	359p

Total shareholder return$

55.8%

2021	55.8%
2020	(50.4%)
2019	(25.0%)
2018	3.2%
2017	9.6%

Total property return$

4.3%

2021	4.3%
2020	(2.1%)
2019	1.3%
2018	9.4%
2017	6.0%

* Alternative performance measures are detailed, defined and reconciled within Notes 11 and 21 of these financial statements.

$ See glossary for definition of these terms at the end of these financial statements.

Non-financial indicators of recovery

Merrion Centre – Footfall

758k+

Oct 2021	758,957
Oct 2020	336,700
Oct 2019	1,036,603

CitiPark – Maximum occupancy across all spaces

78%

Oct 2021	78%
Oct 2020	52%
Oct 2019	93%

ibis Styles hotel – Rooms sold

3,146

Oct 2021	3,146
Oct 2020	916
Oct 2019	2,370

At a glance

Our portfolio covers a wide range of sectors:

Office Space
Over 360,000 sq ft of prime office space, let to long-standing tenants including Leeds City Council, StepChange as well as new tenants, Instant Managed Offices Ltd.

Portfolio value

28%

Retail
Focused on the more stable, essential retailing sector including food, discount and convenience.

Portfolio value

21%

Leisure
Key tenants include Pure Gym, Costa and Tenpin, in addition to a growing number of reputable regional and resilient restaurant, café and bar operators.

Portfolio value

8%

Hotel
We own two hotels in Leeds, one managed by TCS under the Ibis Styles brand and one let to and operated by Premier Inn.

Portfolio value

7%

Residential
Geographically spread over Leeds, Manchester, London and Glasgow with plans to develop more residential properties.

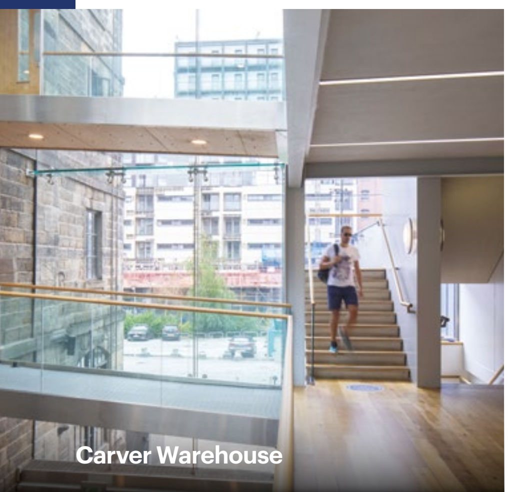
Portfolio value

6%

Car Parking
Pioneering technology focused car parking operator managing car parks in key locations in Leeds, London, Manchester and Watford, in addition to offering parking enforcement services nationwide.

Portfolio value

15%



Carver Warehouse

Development
Currently progressing our second purpose-built private rental sector project, Eider House, Manchester, on the back of the successful completion of the nearby Burlington house, in June 2019.

Portfolio value

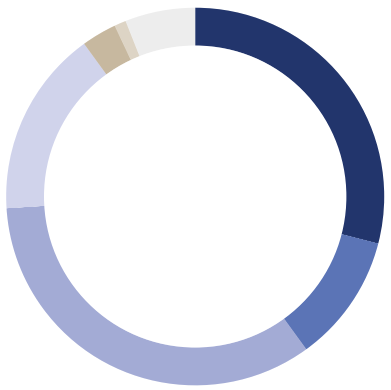
13%

Distribution
Three separate detached warehouse buildings located within the prime 'last mile' distribution district of Leeds.

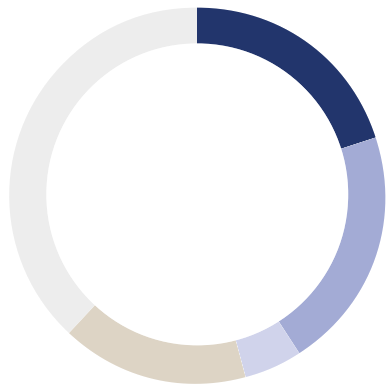
Portfolio value

2%

Leeds



Manchester



123 Albion Street

Who we are

Town Centre Securities (TCS) is a UK real estate investment trust that has built a diversified, mixed use portfolio with a high-quality tenant base focused on regional centres, primarily Leeds and Manchester.

Piccadilly Basin

COVID-19 timeline

COVID-19 measures

over the entire period

- UK Rent Moratorium – extended to March 2022
- Government approved furlough scheme
- All furloughed staff salaries topped-up by the Company
- Stay at Home/Work from Home messaging
- Open and continual dialogue with all tenants on rent liabilities

2020

For the COVID-19 period March 2020 to June 2020

Rent and Service Charge billed
£6.6m
Amount collected
75%
Amount agreed to be deferred
11%

- First National Lockdown – Stay at Home messaging
- Rates relief starts – retail and leisure (not car parks)
- Non-essential shops closed
- Full closure of 7 car parks
- Hotel only open for essential workers
- Free car parking and concessionary hotel rates for all NHS workers

CitiPark, Merrion Centre

For the COVID-19 period March 2020 to July 2020

Merrion Centre

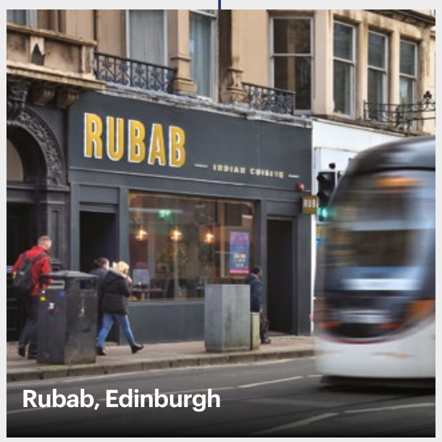
- Eat Out to Help Out introduced
- 10pm hospitality curfew introduced
- Non-essential shops reopened

Rent and Service Charge billed
£11.8m
Amount collected
74%
Amount agreed to be deferred
9%

For the COVID-19 period March 2020 to October 2020

Rent and Service Charge billed
£18.6m
Amount collected
82%
Amount agreed to be deferred
5%

- £41.2m of targeted retail asset sales
- £6.5m of debenture loan repaid
- Second National Lockdown
- Hospitality sector fully open over the Christmas period



Rubab, Edinburgh

2021

For the COVID-19 period March 2020 to February 2021


Merrion Centre

- Third National Lockdown
- Closure of all non-essential shops
- Hotel completely closed

Rent and Service Charge billed
£24.9m
Amount collected
85%
Amount agreed to be deferred
3%

For the COVID-19 period March 2020 to June 2021

Rent and Service Charge billed
£35.9m
Amount collected
89%
Amount agreed to be deferred
2%

- UK Rent Moratorium extended to March 2022
- Office workers still encouraged to work from home where possible
- Hotel reopens for all guests
- 'Multistories' events on the roof of the Merrion Car Park
- Commenced share buyback programme


Multistories

Market overview

With its 60-year heritage, TCS has a strong history of delivering returns over the longer term. We achieve this by responding to market trends to build opportunities for the future while at the same time managing challenges to the business effectively and in the interests of our broader stakeholders.

Here we identify the key trends impacting our business, the opportunities and challenges they present and how we are responding.

123 Albion Street

COVID-19

The COVID-19 pandemic continued to affect the UK economy throughout FY21 with non-essential shops, leisure operators, offices and car parks being forced to close for parts of the year. As steps are made on the road back to normality, businesses have opened up again and we are seeing business models and working patterns adapting in response to the longer-term impacts of the pandemic.

How we are responding

COVID-19 has had a material impact on our operations, in particular the hotel and car parking division, which have remained closed to the general public for significant periods of time during the year. We have continued to focus on minimising our expenditure by reducing our cost base, furloughing staff and closing or adapting our car parking spaces. For example, we have converted the top level of the Merrion Centre car park into an event space and hosted our first event there in June this year (which coincided with the UEFA Euro 2020).

Our property division has proved more resilient. Only six of our tenants have filed CVAs (representing 4% of our annual property income). We have collected approximately 92.6% of rent due from March 20 to 15 November 21, with a further 0.8% agreed to be deferred. Long-term relationships with our tenants are a key part of our business model and we are still working together with tenants in difficulties to negotiate solutions to help them manage their cash flow, including offering rent-free periods or deferred payments often in return for suitable lease variations. Our long-term and flexible approach will enable us to navigate the current challenging environment and we are confident in our ability to help the regions in which we operate return to growth. COVID-19 has also presented opportunities for our property portfolio. For example, the Government have effectively taken over 20,000 sq ft of accommodation at our newly refurbished, 123 Albion Street, Leeds, as a direct result of the pandemic and its consequences. Many of our food and beverage operators responded positively to support initiatives such as Eat Out to Help Out.

UK economic growth

Over the past few years, political attention has focused on rebalancing the UK economy. In the longer-term we expect government initiatives and investment in infrastructure projects, including the extension of HS2 to Manchester and other improvements to the national rail network, to lead to greater economic growth outside the South East and the strengthening of major cities in the North West and North East. In particular, we are seeing rapidly rising demand for the private rental sector and purpose-built student accommodation in Leeds and Manchester. These sectors are starting to attract significant investment from large funds looking for stable income streams. There is also generally less volatility through the economic cycle outside London and the South East.

How we are responding

90% of our assets are located in Leeds and Manchester and we also have a long-standing presence in Scotland. Leeds is already attracting investment with significant economic growth forecast over the next five years. Manchester is the leading professional and business service centre outside of London and Greater Manchester's economy is also forecast to grow significantly over the next five years. We will be concentrating development on Leeds and Manchester going forward, to take advantage of the infrastructure support for the region and our extensive local market knowledge and understanding of these regions. Currently, our long-term development portfolio of GDV £600m focuses on high-profile regeneration areas such as the iconic Piccadilly Basin in Manchester, the Whitehall Riverside development in Leeds and the opportunities created by the Innovation District and Arena Quarter at the Merrion Estate in Leeds. We are well-positioned to take advantage of investment in these areas by developing high-quality assets on a case-by-case basis when opportunities arise.

We have also benefited from growth within the Industrial Sector via our holdings at Waterside Business Park, Stourton, Leeds.

Flexible working and office space

Uncertainty remains over future working practices as employees start to return to the office. While we expect many companies will adopt a more hybrid and flexible approach going forward, we are confident about the future of office space, particularly high-quality office space which can provide flexibility to enable companies and their employees to work in an attractive environment as well as with greater agility and efficiency.

How we are responding

Office space currently accounts for 28% of our portfolio which consists of high-quality office spaces in city centres. The majority of these, including our latest developments, 123 Albion Street and Ducie House, are multi-tenanted and we have focused on providing flexible, dynamic and attractive working environments. While offices were closed during the year, we took the opportunity to freshen up and reconfigure the space in Ducie House to make it more flexible, with shorter leases, smaller units and break-out spaces. We gave all existing tenants at Ducie House four months' rent free to vacate the property during the refurbishment works. This helped facilitate our refurbishment works and these tenants have now returned to Ducie House, alongside new tenants.

As a result of our flexible approach and strong tenant relationships, 123 Albion Street is now fully let, with a significant proportion of the space (circa 46,000 sq ft) being taken by StepChange, who were previously a tenant at Wade House, Merrion Estate.

Where it is not possible to create dynamic office space, we are looking at alternative uses. For example, options are being considered for the refurbishment of Wade House and we are bringing forward a planning application for industrial use at one of our holdings in Scotland (Uddingston). In addition we are considering options at our key development sites, including updates to the Strategic Regeneration Framework at Piccadilly Basin, Manchester and the existing master plan at Whitehall Riverside, Leeds.

Changing consumer shopping habits

The pandemic has accelerated the growth in online shopping and continues to challenge the retail sector's traditional business model of operating large stores on the high street and in shopping centres. While town and city centres are looking to address falling footfall by evolving their offerings to provide more food and beverage outlets and other experiences, physical retail sales have continued to fall steadily, leading to significant shop closures and job losses.

How we are responding

In line with our strategy, we continue to diversify our portfolio and reduce our retail exposure. We have sold a number of non-core retail assets during the year, the majority in Glasgow, amounting to £48.0m. Retail now accounts for only 21% of our portfolio value, down from 60% five years ago. The majority of our current retail tenants are classed as 'essential' and operate in food, discount and convenience retail. These are the more stable and resilient segments of the sector which are less impacted by the growth in online shopping. We intend to complete further sales of retail assets when values are commercially sensible, as we further reduce the exposure to retail property in the portfolio.

Environmentally friendly and sustainable solutions

Consumers are increasingly focused on the impact of their activities on the planet and are looking for environmentally friendly and sustainable options. In the property sector, this includes minimising the environmental impact of buildings and developing sustainable and energy efficient solutions, as well as considering the health and wellbeing of tenants. It is important that our buildings are digitally efficient too. In the automotive sector, demand for electric cars is rising; they now account for 11% of the UK car market and this is expected to grow strongly over the next five years. The increasing number of electric cars means that the infrastructure to charge them when consumers are on the move is now needed across the country.

How we are responding

Across our buildings we integrate high standards of environmental design and target the latest standards including BREEAM Excellent and the WELL Building Standard in our new developments. We also look to achieve high EPC ratings for all of our developments. This year the refurbishment of 123 Albion Street has enabled us to improve our EPC rating for this building as well as achieving a platinum Wired Score rating.

We operate three solar photovoltaic farms on top of buildings we own in Leeds and Manchester, which generated over 223,000 kWh of energy and avoided over 132 tonnes of CO_2 in FY21. We continue to look at innovative ways to further reduce our environmental impact.

In our car parking division, we continue to invest significantly in technological and environmentally friendly solutions. We have continued our roll-out of EV charging points and rapid chargers across our car parks and alongside our buildings, and are developing 'energy centres' in some of our car parks where we can recharge our own batteries during periods of low demand and then sell our own electricity, capturing an additional income stream.

123 Albion Street

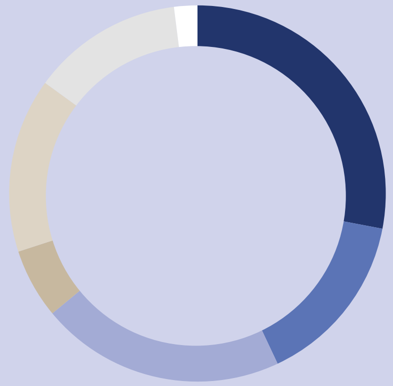
Business model

We have a strong record of creating long-term value through income and capital growth.

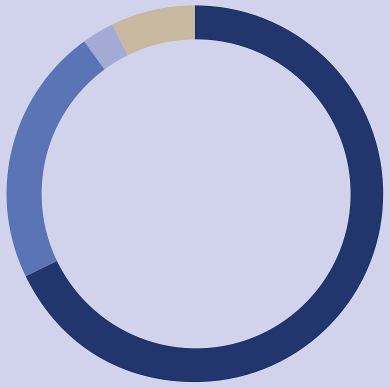
WHAT SETS US APART – INVESTMENT CASE

Strong regional portfolio with a multi-sector approach
Our diversified portfolio spans a wide range of sectors across key locations.

Portfolio value by sector



Portfolio value by location



Development pipeline of over £600m of high-quality assets
Our pipeline presents significant long-term growth opportunities.

Established relationships with diverse, high-quality tenants
Our tenants include household names such as Morrisons, Iceland and Greggs as well as small and growing companies.

A resilient and robust business with 60 years' heritage
We take a long-term view, underpinned by a significant family shareholding.

Mix of short and long-term financing
We leverage our portfolio to provide innovative and secure funding.

Experienced team with in-depth knowledge of the communities where we operate
We create vibrant local communities in areas of strong economic growth, contributing to these communities is at the heart of our culture.

WHAT WE DO

Actively manage assets to optimise income and capital growth
- Refurbish and upgrade
- Renew leases
- Reduce voids

Maximise available capital by divesting ex-growth assets and refinancing to lower Loan to Value ratios

Invest in our development pipeline, continuing to unlock existing opportunities and create new ones

Acquire investment assets to diversify portfolio across sectors, with a focus on Leeds and Manchester

Create a long-term quality portfolio, primarily in Leeds and Manchester

HOW WE GENERATE VALUE FOR OUR KEY STAKEHOLDERS

For investors
We provide reliable returns and long-term capital growth.

For tenants
We create spaces that help support growing businesses and meet their changing needs.

For employees
We are committed to providing a safe and secure working environment with opportunities for career progression.

For communities
We strive to make a positive contribution through development that helps communities to thrive and by supporting local initiatives and charities.

Chairman & Chief Executive's Statement

As we take steps towards returning to normal life, although COVID-19 has indeed taken a considerable toll, I am pleased to see our business recovering well.

Edward Ziff OBE DL

Overview

We have used the year wisely, driving forward on our key strategic priorities to ensure we are in the best possible shape to bounce back. This includes reducing our debt, completing refurbishment projects and continuing to reduce the proportion of retail and leisure assets in our portfolio through a substantial disposal programme.

As COVID-19 challenges continued, our focus has been on preserving cash and supporting our tenants, employees and communities. This challenge has reinforced the importance of a committed and resilient team. I would like to thank each and every one of them for their hard work and dedication in this difficult year. Support from our shareholders and lenders has also been very encouraging and greatly appreciated.

Despite the impact of COVID-19, the completion of two major refurbishments during the pandemic is testament to the strength and culture of our organisation and our commitment to building city centre environments fit for the future.

Asset sales

£48.0m

2021	£48.0m
2020	£2.5m
2019	£14.0m

Read more on page 21

Net asset value per share

292p

2021	292p
2020	292p
2019	354p

Read more on page 56

Proportion of retail and leisure

29%

2021	29%
2020	40%
2019	44%

Read more on page 15

* Alternative performance measures are detailed, defined and reconciled within Notes 11 and 21 of these financial statements.

Performance

The significant impact of COVID-19 on our revenues and profits is clear, resulting in earnings taking an estimated £6.2m hit during the year, £3.2m in the first half and £3.0m in the second half. I am confident that the gradual easing of lockdown measures will lead to a stronger first half in the current financial year.

EPRA earnings per share* are 0.6p for the year (2020: 3.1p), which compares to pre-COVID levels of 12p in FY19. EPRA net assets per share* are 292p and remains unchanged from the 292p at the previous year end, the small increase highlighting the resilience of our investment portfolio over what was a turbulent year.

The focus on accelerating key strategic initiatives means net borrowing (excluding finance lease liabilities) is down by £38.0m to £145.6m (2020: £183.6m) and loan to value is down to 51.3% (2020: 56.0%) following a proactive programme of disposals generating gross proceeds of £48.0m. This has contributed to a reduction in the proportion of retail and leisure assets in our portfolio to 29% from 40% in FY20.

Rent receipts over the entire COVID-19 period remain robust with 93.4% either paid or agreed to be deferred, reflecting our long history of engagement with our tenants and the hard work of our team to generate equitable solutions with the majority of our retailers, albeit with some notable exceptions. We were again disappointed to see the government's lack of support for landlords continuing with an extension of the government's rent moratorium until March 2022.

Whilst we were fortunate to avoid any significant exposure to retail store failures, we did see six tenants either entering administration or CVAs. Our broad portfolio of tenants ensured our exposure was modest representing only 4% of income and we are in active discussions on re-letting all of this space.

Restatement of prior year figures

Prior year comparatives have been restated to reflect six adjustments, full details of which are set out in Note 26 to the financial statements. The three key adjustments are as follows:

- Reclassification of two of the Group's Multi Storey Car Parks ('MSCPs') from freehold investment properties to freehold properties within car park activities
- Application of a single accounting policy to all types of leasehold car park properties, whether long term, short term or right-of-use asset
- Reclassification of the Group's investment in a listed entity from current to non-current asset investments.

There are two further adjustments in the Company only financial statements, full details of which are included in Note 10 to the Company only financial statements.

Key achievements

Even in these challenging times, I have felt it is increasingly important to look forward to the future and reinvigorate our business to maintain momentum.

Leeds

The completion of the refurbishment of 123 Albion Street, Leeds represents a significant milestone in the year, creating a valuable asset which has already become the home of the StepChange Debt Charity, an existing tenant. It is particularly pleasing to report that, following the Instant Office Group letting, the whole of the building is now let, illustrating the strength of the development. This has in turn created a redevelopment opportunity in Wade House, Merrion Centre, their previous location.

This places us firmly at the heart of an exciting plan to transform Leeds City Centre, with investment in a leading-edge Innovation District including the building of purpose built accommodation for over 3,500 students around Merrion, which will drive footfall and create a vibrant, active community.

Manchester

The refurbishment of Ducie House, our multi-tenant office building in Manchester is now complete. We are pleased to welcome both existing and new tenants to the building.

We are also at the heart of one of Manchester's historic districts – Piccadilly Basin. We operate a large prime site, Urban Exchange, which is let to Aldi, M&S, Pure Gym and GO Outdoors. GO Outdoors was put into administration by its owners in 2020. Since that point, we have been receiving full rent from the administrator and are in active discussions regarding the future of the store.

We have an exciting development pipeline in this vibrant area of Manchester, including an implementable planning consent for Eider House, our second Build to Rent (BTR) development, which follows on from the successful completion of Burlington House in September 2019.

Chairman & Chief Executive's Statement
continued

CitiPark
Our car parking business has been hit very hard by COVID-19. As a business it is dependent on commuter, retail and leisure parking so each lockdown has had a material impact on revenue. We are clearly not operating in a level playing field when retailers can take advantage of rent and business rates holiday, whereas we are expected to pay these in full. I find it hard to see why a business like car parking, which is so closely related to retail, has been completely ignored. The most we have been able to do is temporarily close branches or sections of branches to claim small reductions in business rates.

As at the end of June 2021 we have opened all our car parks and we are seeing a recovery now similar to that experienced in the summer of 2020 with our portfolio of car parks operating at over two thirds of normal capacity.

As one of the most innovative parts of our business, through the creation of CitiCharge, we are already providing electric vehicle (EV) charging points in our branches, as part of the refurbishment of 123 Albion Street and winning contracts to provide EV chargers to external organisations.

Our investment in Yourparkingspace, an online parking marketplace, has continued to strengthen as this exciting business attracts new investors and embarks on the next phase of its rapid growth.

We also see a great opportunity to use technology to develop a professional and fair parking enforcement business as we add further contracts to BaySentry Solutions, including the acquisition of KBT Cornwall Ltd at the end of the year.

Stakeholder engagement

Tenants
Our staff have worked tirelessly to negotiate agreements with our tenants and ensure that we fill any vacant space as quickly as possible. Whilst many of our smaller tenants have worked collaboratively with us to meet their obligations, in contrast some of our larger tenants have made this difficult. For example, when Go Outdoors was put into administration and then bought back in a pre-pack deal by owner JD Sports, it left its landlords including Town Centre Securities (TCS) to shoulder the losses. JD Sports acquired Go Outdoors in 2017 and I presume were properly advised of the obligations they took on at that time. I find it outrageous and appalling that a company the size of JD Sports is allowed to walk away freely from its legal obligations, incurring only minor penalties and doing so without any reputational damage whatsoever. It is a sad indictment that profit is now regarded more importantly than moral and legal obligations. Bonuses for the JD Sports Directors this year seem inappropriate to say the least.

Employees
Our employees have demonstrated their adaptability and flexibility whether transitioning to working from home or taking periods of furlough. We topped up salaries to 100% and continued open, regular communication with all employees to maintain morale and engagement. Some Head Office staff were furloughed but all have returned to work – many to our Merrion office working in COVID-safe conditions.

Board
In February 2021, we said goodbye to our Group Finance Director, Mark Dilley. Mark was invaluable during a period of significant change for TCS, both in his careful management of our financial position, and his valuable insight into our future direction. I am particularly grateful for his support and hard work during the extremely challenging past time and we wish him and his family well for the future.

On the 1st June 2021, we welcomed Stewart MacNeill to the Board as our new Group Finance Director after an interim period. His experience and knowledge have already made him a good addition to the TCS team and we are delighted he has joined us on permanent basis.

Shareholders
Shareholder support has been important during this difficult period. We will always follow the regulatory requirements to ensure shareholders are suitably informed. On 17 June 2021 we commenced a share buy-back programme and we acquired for cancellation 214,713 shares in the capital of the Company, for a total consideration (incl SDRT and costs) of £304,940. If prices allow us, we intend to use this authority again in the coming year.

Whilst we were pleased to declare a dividend at the half year, I am truly sorry that we are not able to announce dividends that return to pre-COVID levels. We need shareholders to remain patient as we secure the business for the long term. The Board has approved a final dividend of 1.75p, totalling 3.5p for the full year – a step in the right direction.

ESG and communities

We have a five-part approach to ESG: minimising our environmental impact; engaging with external stakeholders; having engaged and committed employees; making a positive contribution to our local communities and always behaving properly. We are committed to delivering environmentally friendly buildings that meet the needs of our occupiers and make a positive contribution to the communities they operate in. More detail on our journey is covered in our Responsible Business Section on pages 36 to 46.

Giving back to our local communities has always been an essential part of the way we operate, right from the moment the Marjorie and Arnold Ziff Charitable Foundation was set up in 1960. Offering free parking and concessionary hotel accommodation to NHS staff is a continuation of that long-held tradition, along with support for our retail partner initiatives during the year and our ongoing support for young people.

Outlook

Whilst our diversified portfolio, strong development pipeline and strong financial position gives me optimism for the future, I would like to reinforce the point that our city centres need people and footfall so they can return to the vibrant, busy spaces our communities thrive on. The government, local authorities, local employers and large organisations all have a responsibility to encourage their staff to return to their place of work to fill our public transport, our shops, restaurants and coffee shops and encourage the collaboration and innovation that fuels our growth and builds our future.

We remain committed to our strategy and will continue to actively manage our assets, sell certain retail assets to maximise our available capital, invest in our development pipeline and acquire assets to improve our portfolio. COVID-19 of course remains the big risk as any further lockdowns would create further damage, and the need for the Government to communicate its plans clearly in advance is crucial.

I am confident that our focus on the two growing and exciting cities of Leeds and Manchester, where we are helping to create a sense of place and purpose for living and working, will enable us to generate value for all our stakeholders as the world returns to normality.

Edward Ziff OBE DL
Chairman & Chief Executive

> "As COVID-19 challenges continued, our focus has been on preserving cash and supporting our tenants, employees and communities. This challenge has reinforced the importance of a committed and resilient team.
>
> **Edward Ziff OBE DL**
> Chairman & Chief Executive

123 Albion Street

Strategy and KPIs

We have clear plans to continue to diversify our portfolio to generate income and capital growth for the long term.

Loan to value 51.3% – The amount of financial liabilities of £176.1m less cash and cash equivalents (including overdrafts) of £0.6m as a percentage of total assets of £364.1m less cash and cash equivalents of £21.7m

What we do

1. Actively manage assets to optimise income and capital growth

Progress

- The proportion of retail and leisure assets in the portfolio has reduced to 29% from 40% in June 2020, and down from 60% in 2016. Pure retail now represents only 21% of the total portfolio and of that, 52% is in the resilient Merrion Estate.
- The capital values of both 123 Albion Street and Ducie House have increased following completion of their respective refurbishments.
- No exposure to any of the large department store failures, and whilst we saw six tenants either entering administration or CVAs, the exposure is modest representing circa 4% of income and we remain confident in maintaining occupation in the majority of the space.

KPIs

Capital expenditure in FY21 (FY20: £1.7m)

£2.2m

Post investment yield$ on all future developments targeted at greater than

8.5%

Priorities

- Future opportunities identified at Vicar Lane, Leeds and Wade House in the Merrion Centre.

2. Maximise available capital by divesting ex-growth assets and refinancing to lower loan to value

Progress

- We sold nine properties during the year for £48.0m, £2.3m below June 2020's valuation.
- £40m of the proceeds were used to part repay Group Borrowings. Net borrowings$ (Total borrowings of £176.1m less finance leases liabilities of £29.9m and cash and cash equivalents of £0.6m) has consequently reduced 21% to £145.6m, with loan to value ('LTV')$ reducing to 51.3% (FY20: 56.0%). Included in the reduction of net borrowings was the buy back for cancellation of £6.5m of our £106m 2031 5.375% debenture.
- We have received credit committee approval to renew our NatWest facility, which currently expires in April 2022, on broadly similar terms. This new three-year facility will expire in August 2024.
- We have recently extended our existing Lloyds bank facility for a further year, until June 2022, and have received credit committee approval to extend it for a further year after this.

KPIs

Loan to value as at 30 June 2021

51.3% (FY20: 56.0%)

Current LTV headroom over our three facilities as at 30 June 2021

£12.1m (FY20: £14.8m)

Generated from asset sales in the year ended 30 June 2021

£48.0m (FY20: £2.5m)

Priorities

- We will continue to review our portfolio and will continue the strategy of selling retail assets.
- Optimising our capital structure to reduce gearing and absolute borrowing levels is an ongoing focus.

What we do

3. Invest in our development pipeline, continuing to unlock existing opportunities and create new ones

Progress

- Our development pipeline, with an estimated GDV of over £600m, is a valuable and strategic point of difference for TCS which we continue to progress and improve.
- In January 2021, we completed works to implement and secure the planning consent for our next PRS development, Eider House, in Manchester's Piccadilly Basin.

KPIs

Development pipeline remains in place (FY20: £600m)

£600m

Priorities

- We continue to review the sequence of our development pipeline, particularly in light of the recent COVID-19 crisis. The most likely next development will be Eider House PRS.
- We are in the process of reviewing residential development opportunities in some of our car parks in order to add to the future development pipeline.

4. Acquire investment assets to diversify the portfolio across sectors, with a focus on Leeds and Manchester

Progress

- Completed the £4m redevelopment of the office space at 123 Albion Street, Leeds and secured a new 12-year lease with StepChange Debt Charity for the remaining 46,000 sq ft of office space.
- We now have the opportunity to redevelop and modernise our Wade House office (having been vacated by StepChange Debt Charity), the third of our four Merrion Estate offices, a potentially valuable opportunity given the level of new development in the surrounding area.

KPIs

Retail and leisure as a percent of portfolio

29% (FY20: 40%)

Reversionary yield$

6.9% (FY20: 7.0%)

Car parks now under management (outside of the CitiPark brand)

4

Priorities

- We continually review opportunities to acquire new investment assets across all sectors, in particular in Leeds and Manchester.
- Sites with asset management and/or development opportunities are a particular focus.

$ See glossary for definition of these terms at the end of these financial statements

Reinvigorate

Strategy in action

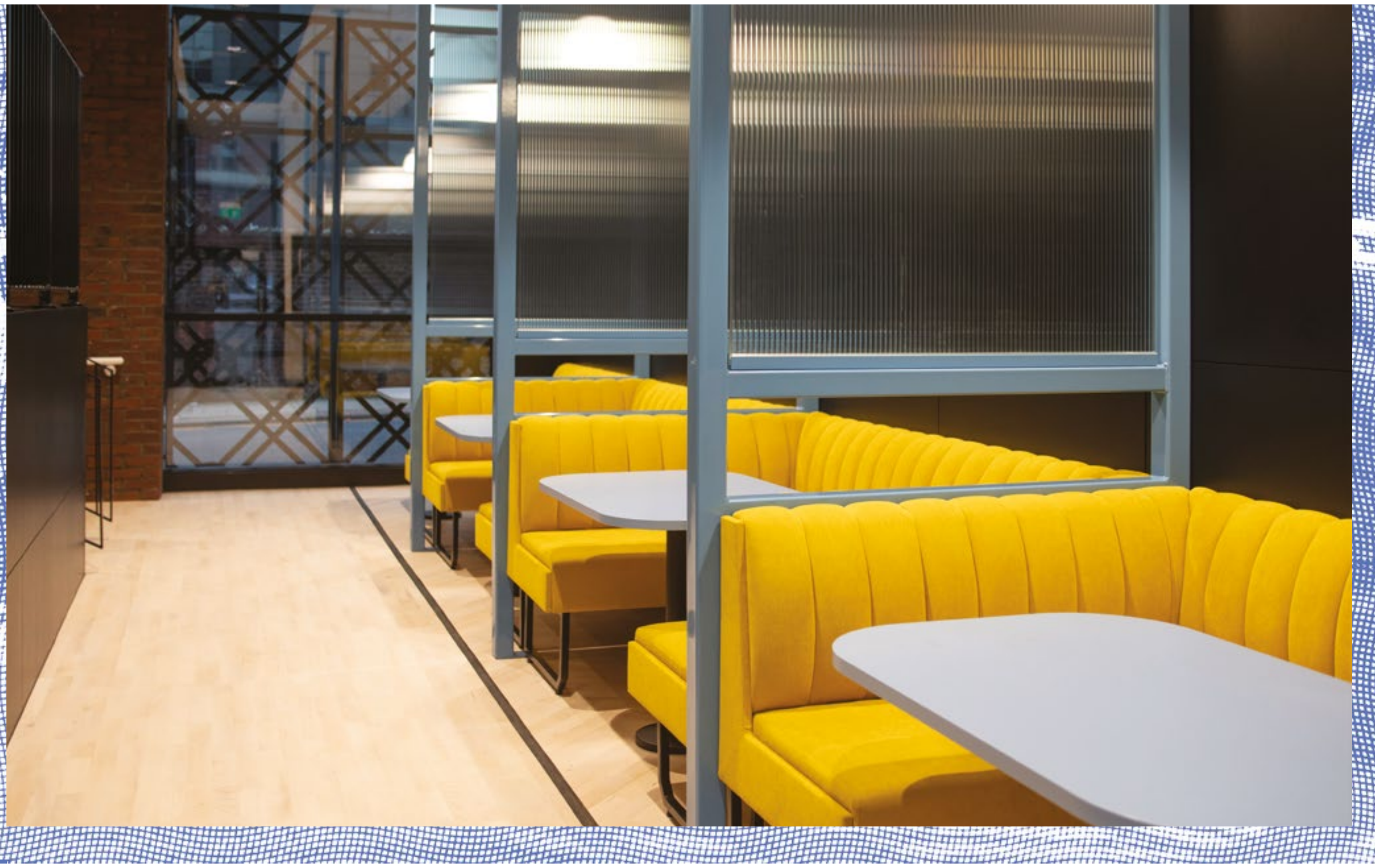
1 Ducie House

Originally a petticoat factory, Ducie House has continually evolved, with famous Manchester bands including Simply Red, 808 State, as well as ANS, Ask Developments and Ear to the Ground making appearances in the venue over the past 20 years.

As an already established address for creative industries, the Company acquired Ducie House in 2018 to further extend its Piccadilly Basin portfolio and embarked on a sympathetic £2m refurbishment project to not only meet the needs of the modern occupier, but to breathe new life into the iconic building.

The renovation of the flexible office space was completed in November 2020 and has created a new contemporary reception entrance; cycle storage; formal meeting rooms and booths; balcony break out areas; shower facilities and outdoor amenity space to meet the needs of modern businesses. The reconfiguration of suites on the first, second and third floors now offers occupiers individual units from 147 sq ft to over 11,500 sq ft.

Ducie House is currently home to 19 tenants from various sectors including technology, marketing and fashion and we have agreed terms with a further four tenants, which will take the occupied space to 53% of the whole.



Loan to value (At 30 June 2021)

51.3%

At 30 June 2020: 56.0%

Reinvigorate

Strategy in action

2 123 Albion Street

Following the original £12m acquisition of 123 Albion Street (formerly The Cube) in 2018, the Company invested £4m in a comprehensive refurbishment programme to create circa 65,000 sq ft of new, Grade A offices over three floors, with the addition of a newly modelled feature atrium, private reception and car park (with cycle storage and EV chargers).

The newly refurbished office space has achieved an EPC B rating, together with a Platinum rating from WiredScore for connectivity.

This was a strategic acquisition for the Company as it further expands its ownership in Leeds, with its proximity to the Merrion Centre and other key destinations in the City Centre. It provided the Company with asset management opportunities and the additional income helped to mitigate the effect of further asset sales across the Company property portfolio.

Occupier research highlighted the desire for a touch-free experience post pandemic and adapted the building to include touch-free technology to suit potential tenants' needs.

With a focus on health and wellbeing, this included designing the building to minimise contact through the main communal areas by installing the latest PIR lighting, contactless lifts, automated doors into the building and offering soap and water dispensers operable on infrared zones, in addition to ensuring exposure to natural light throughout.

Continuing the 'Wellness' theme, a rebrand to focus on light and natural space in the heart of Leeds was implemented, with bespoke marketing collateral highlighting the first-class facilities and unique location of this multi-functional building.

Due to the excellent direct relationships between the Company and existing tenants, February 2021 saw the announcement that StepChange Debt Charity, who provide support to more than 65,000 people annually, would be taking a lease for three floors (46,000 sq. ft) of new flagship HQ space for circa 1000 staff moving from existing premises in the Group's Wade House.

Portfolio review

Ducie House

Valuation summary

TCS saw the like-for-like value of its portfolio increase by 0.3% (£1m) after modest capex of £2.2m in the year. This has reversed the £2.6m like-for-like reduction in value recorded in the six months to 31 December 2020. This recovery bears testament to the diversified portfolio of the Company and the continuing strategy of reducing our exposure to retail and leisure assets.

For the year to the 30 June 2021 the total portfolio, including development assets, our share of properties held in joint ventures and car parking assets, declined in value from £372.5m to £329.2m. However after adjusting for a net movement of £44.2m of capex, sales and purchases the underlying uplift in value of the portfolio was £1m. This represents an increase of 0.3% year on year. This is set out in the table on page 23, which includes a reconciliation to the amounts disclosed in Note 12 to the financial statements.

FY20 Capex investment

£2.2m

Our development assets increased in value by 9.7%, whilst our office portfolio increased by 6.1%, on a like-for-like basis. The combination of these outweighed an 8.7% revaluation decrease in our retail and leisure portfolio. Our retail and leisure investments outside of the Merrion Centre, primarily in Scotland, fared the worst, with a 17.4% like-for-like revaluation deficit in the year.

Our main and most complex asset, the Merrion Estate saw a 2.0% decline (after capex) in value year on year from £148.0m to £145.0m. More than a shopping centre, from initial inception, a true mixed-use asset, this comprises offices including our share of Merrion House, retail space, a hotel and a multi-storey car park. The initial yield across the whole Merrion Estate of 6.9% signifies a robust performance against others in the sector where retail assets, particularly shopping centres have continued to fall.

The valuation of all of our properties (except one) are carried out by CBRE and Jones Lang LaSalle. Both companies have removed the 'material valuation uncertainty' clause, as set out in the RICS Valuation Global Standards, which was included last year at the time of peak COVID-19 uncertainty.

Sales and purchases

The COVID-19 crisis prompted the Board to accelerate the retail and leisure disposal programme. During the financial year ended 30 June 2021 we have sold nine properties for gross proceeds of £48.0m. In addition after the year end we have exchanged contracts to sell a further property for £3.9m, which represents the book value of the property at the year end. For the avoidance of doubt this sale is not included in the analysis below as it has not completed.

Our continued commitment to asset recycling is clear. The table details the £96.9m of disposals since FY17 of which 93% were retail and leisure assets.

	Sales		Purchases	
	£m	% Retail & leisure	£m	% Retail & leisure
FY17	22.3	88%	4.0	46%
FY18	10.1	95%	9.0	0%
FY19	14.0	100%	16.0	25%
FY20	2.5	100%	1.7	100%
FY21	48.0	93%	0.0	
TOTAL	**96.9**	**93%**	**30.6**	**24%**

Retail and leisure

The global pandemic has presented many challenges to the UK retail market during the last 18 months. Structural shifts in consumer behaviour and the move to multi-channel retailing have been accelerated by the pandemic.

However, as we move into the second half of 2021, the reopening phases throughout Q2 2021, the widespread vaccination programme and pent-up demand have triggered significant improvement to consumer sentiment.

Online sales accounted for 26.1% of total UK retail sales in June 2021. This is notably below the peak of 36.3%, recorded in January 2021. Although hospitality and leisure spend is reported as being subdued, within our own portfolio, there is increasing evidence of a rapid return to pre-pandemic levels.

Retail Parks continue to outperform with footfall down 4.1% on average in June (Source: Springboard) whilst Shopping Centre and High Street locations recorded 27.2% and 29.1% reductions respectively.

Changes to Government support packages including the changes to furlough, the extension of the eviction moratorium to March 2022 and changes to the rates support will all be relevant factors going forwards as operators consider their particular market headwinds. There are high levels of retail vacancy across the UK, however, Savills are reporting a slight softening in retail rental decline.

Shopping Centre yields have risen by 75 bps over the last year. There is evidence of this trend having turned a corner and in the first half of 2021, £594m was invested in the UK Shopping Centre Market. This compares with £343m in the whole of 2020. TCS's principal mixed use scheme, The Merrion Estate, anchored by Morrisons (the only full-line supermarket in Leeds City Centre) is well-placed to benefit from the interest of risk-averse investors preferring the food store anchored schemes. The retail sector is increasingly offering value for the opportunistic investor.

Unlike the Shopping Centre sector, High Street retail investment in 2021 is on a par with 2020, with c£1.1bn of investment turnover for the first half of 2021. Institutional investors are increasingly turning away from this sector. However there are still opportunities on the High Street, especially in the essential retail category that will attract the risk-adverse investor.

Investor demand for food stores remains strong with the downward pressure on prime yields. In the meantime, active landlords such as TCS are continuing to build flexibility into their retail portfolios through active asset management, planning consents and innovative terms.

Ducie House

Portfolio review
continued

Ducie House

Retail and leisure continued

From a TCS perspective, total retail and leisure assets fell by £9.0m or 8.7%. Merrion excluding offices and the MSCP delivered an Initial Yield of 7.7% reflecting the skew in tenant mix to supermarket and value retailers. Merrion's value fell by £3.8m or 6.3%. TCS's out of town retail had an initial yield of 7.9% representing its mix of food and value retailers, with value falling £0.3m or 2.0%. Other retail and leisure assets fell by £4.9m or 17.4%, with these more traditional standalone retail units being most significantly impacted.

Our hotels, while both open for key workers during the start of COVID-19, were then closed from the start of January 2021 to April 2021, but with a quick recovery values have rebounded slightly with an increase of £0.6m or 2.4%. The success of the 'staycation' has clearly had an effect and we are continuing to see increased booking volumes in the months after June 2021.

Regional offices

Office investment volumes reached £1.07 billion outside of central London in Q1 2021, which was a 25% decrease in volumes recorded in Q1 2020 and a 32% decrease in the long-term average.[1]

Overseas investors were the most active investors across the regional office investment market in Q1 2021. The investor type accounted for 58% of investment which was the highest proportion from the sector in the last 10 years.[1]

The regional office markets have remained quiet during the period due to changing working from home restrictions imposed by the pandemic and a general lack of any new stock coming to the market. Investors are set to gauge sentiment when occupiers return to buildings later this year in line with restrictions easing.

Take up in most of the major regional cities remains significantly below the ten-year averages. Enquiry levels have slowly started to increase with some of the larger requirements gathering momentum as they establish what their longer-term occupational requirements will be.

The prime regional office yield moved out by 25 basis points to 5.00% in April 2020 in response to investor caution arising from the coronavirus pandemic and has remained at this level.[1] Office sector capital values increased 0.2% in July, reflecting positive growth outside Central London, while Central London values were unchanged. Office rental values increased 0.2%. Office total returns were 0.5% for the month.[2]

Our office portfolio increased in value by £5.0m or 6.1% over the year, the majority of which was due to the completion of the 123 Albion Street refurbishment and the subsequent letting of all of the vacant space. The value of TCS's share in Merrion House has also increased by £1.1m reflecting both an improvement in the yield but also an increase in the estimated rental value.

Residential

Residential property has been the surprise outperformer during the pandemic, with fears of a repeat of 2008's housing market collapse proving unwarranted. Investment levels into institutional rented property have been sustained and are expected to hit new records throughout the coming years. Fiscal support for the owner-occupied market has maintained prices and transaction levels, though the risk of rising unemployment could stall this is in the coming months.

At the end of Q2 there were just over £2.1bn of Buy-to-Rent transactions under offer. The pipeline again highlights strong demand for regional markets, with two-thirds located outside of London. There is currently close to £1.3bn under offer across regional markets including Birmingham, Bristol, Cardiff, Glasgow, Leeds, Manchester, Newcastle and Sheffield.

From a returns perspective, CBRE expect Residential to outperform other real estate sectors over a five-year horizon. According to the Office for National Statistics, rents across the UK have remained stable between January and June 2021. However, potential downside risks, including the ending of the furlough scheme in September, mean they continue to forecast a marginal fall in rents for the full year, but then expect a rebound in 2022. A highly competitive market will underpin asset pricing and yields.

1 Savills UK Regional Office Investment Market Watch 8th June 2021.
2 CBRE UK Monthly Snapshot July 2021.

Overall, they are forecasting residential total returns to average 7.3% per year to 2025 and investment to continue on an upward trend throughout a five-year horizon, with the expectation of £9.8bn invested across the residential sector in 2021, rising to £15.7bn by 2025.

TCS's residential assets are concentrated in the city centres of Leeds, Manchester, suburban London and Glasgow.

Overall, we saw an increase in the value of our residential portfolio year on year of 3.5%. This was largely driven by a rebound in the Manchester market, effectively reversing and improving on the negative impact COVID-19 had on residential values at 30 June 2020 of -1.3%. Rents are expected to return to a 3% per annum growth rate from 2022. As mentioned last year our Piccadilly Basin site remains one of the most centrally located and accessible sites in the city and as such, we expect it to outperform the market in the long term.

Portfolio overview:

	Passing rent £m	ERV £m	Value £m	% of portfolio	Valuation incr/(decr)	Initial yield	Reversionary yield
Retail & leisure	1.6	1.9	23.4	7%	-17.4%	6.4%	7.9%
Merrion Centre (ex offices)	4.6	4.9	56.7	17%	-6.3%	7.7%	8.1%
Offices	4.5	6.2	91.4	28%	6.1%	4.7%	6.4%
Hotels	1.2	1.6	23.6	7%	2.4%	4.7%	6.5%
Out of town retail	1.2	1.2	14.5	4%	-2.0%	7.9%	7.5%
Distribution	0.4	0.5	6.5	2%	7.7%	6.0%	6.8%
Residential	1.0	1.0	20.5	6%	3.5%	4.6%	4.6%
	14.6	**17.3**	**236.6**	**72%**	**-1.0%**	**5.8%**	**6.9%**
Development property			41.5	13%	9.7%		
Car parks			51.2	16%	-1.9%		
Portfolio			**329.2**	**100%**	**0.3%**		

Note: includes our share of Merrion House within Offices (£35.8m – see Note 14 of these financial statements), our share of Burlington House within Residential (£11.3m – see Note 14 of these financial statements) and Car Park Goodwill of £4.0m (see Note 13 of these financial statements) arising on individual car park assets, but specifically excluding goodwill arising from the current year car park operation acquisitions. All of the above are not included in the table set out in Note 12 of these financial statements.

Note: excludes IFRS 16 adjustments that relate to Right-to-Use car park assets (£27.8m) as the Directors do not believe it is appropriate to include in this analysis assets where there is less than 50 years remaining on their lease and the Group does not have full control over these assets. These assets are included in the table set out in Note 12 of these financial statements.

The table adjacent reconciles the above table to that set out in Note 12 of these financial statements:

	FY21 £m	FY20 £m
Portfolio – as per Note 12	305.9	354.3
50% Share in Merrion House	35.8	34.7
50% Share in Burlington House	11.3	10.9
Goodwill – Car Parks – Property specific only	4.0	4.0
Less – IFRS 16 Right-of-Use Car Parks	(27.8)	(29.7)
Less – addition recognised relating to an asset held for sale	–	(1.7)
As per the table above	**329.2**	**372.5**

Location	Value	%
Leeds	222.4	68%
Manchester	71.9	22%
Scotland	11.4	3%
London	23.4	7%
	329.2	**100%**

Sector	Value	%
Retail & leisure	94.6	29%
Hotels	23.6	7%
Offices	91.4	28%
Car parking	51.2	16%
Distribution	6.5	2%
Residential	20.5	6%
Development	41.5	13%
	329.2	**100%**

Lease Expiries	Value	%
0–5 years	6.8	46%
5–10 years	2.0	14%
Over 10 years	5.8	40%
	14.6	**100%**

Divisional review
Property

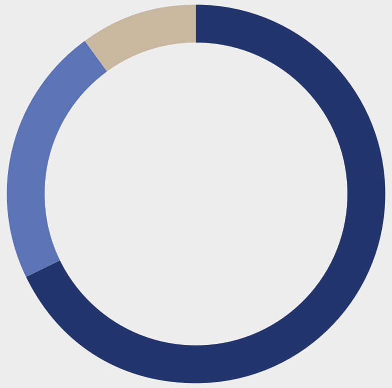
Overview

It has been an intense period for our dedicated team as they manage our estate on a daily basis, securing income, extending lease terms, and working closely with our tenants to support them through the current challenges.

Despite the immediate urgencies created by COVID-19, we have also continued to focus on pursuing new opportunities to help create places that attract people and create communities.

Over the course of the year our like-for-like void percentage has improved marginally from 5.6% to 5.3%, again representing the resilience of our portfolio. In measuring voids we include premises to let and also those in Solicitor's Hands, but where an agreement for lease has not yet been signed. In measuring voids we specifically exclude premises that are temporarily unlet pending redevelopment.

Portfolio by location – June 2021

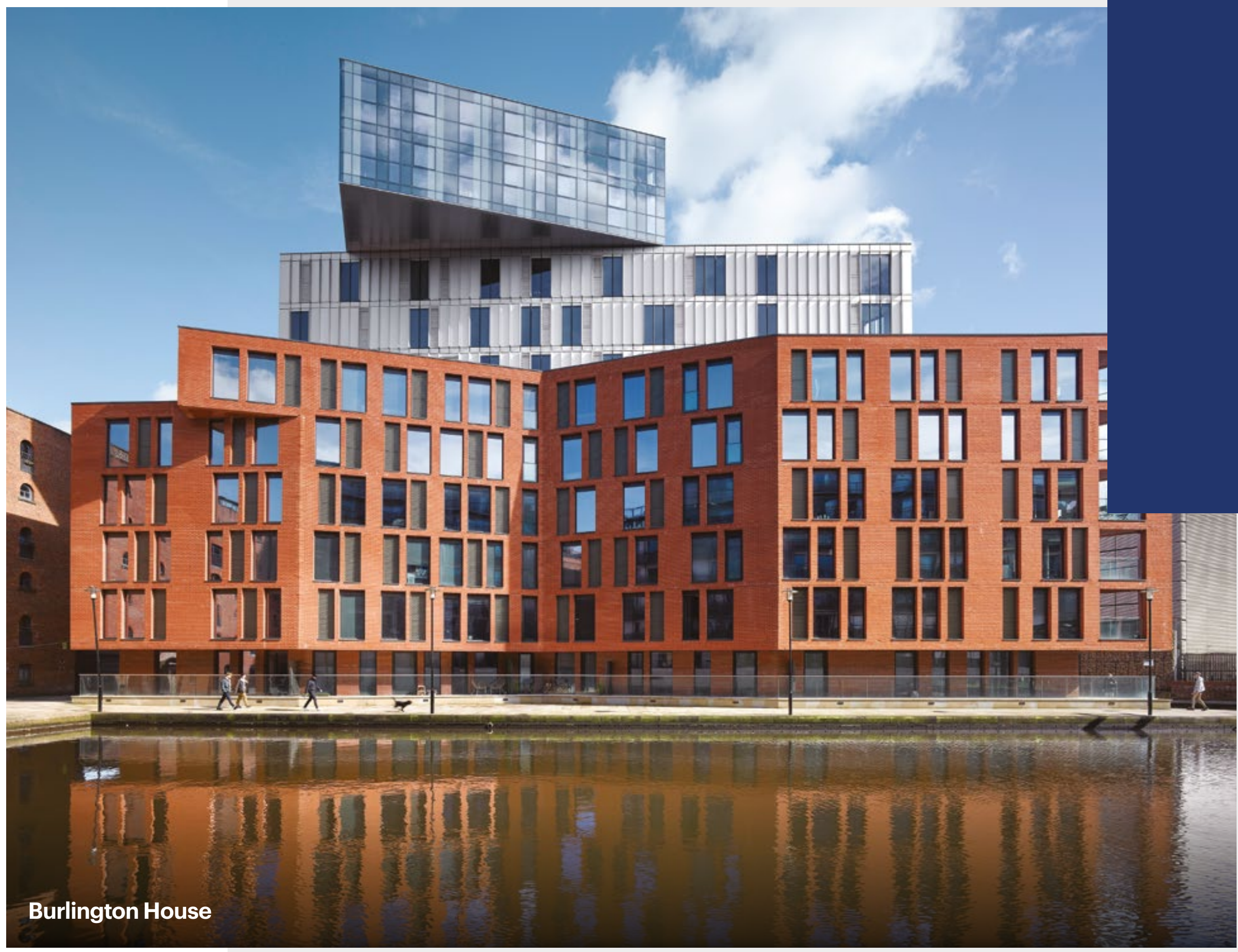


Leeds	68%
Manchester	22%
Scotland and London	10%

Merrion Centre

Our portfolio

Our portfolio is largely focused in the vibrant Northern cities of Leeds and Manchester, where we have resilient assets and a high-quality pipeline of development opportunities.



Burlington House

Our tenant portfolio

Overview

Over the past six years TCS has built an increasingly diverse and mixed-use portfolio with a high-quality and diverse tenant base across a range of sectors including retail and leisure, office, hospitality, food and drink and residential property. Through our strategy of diversification, the proportion of retail and leisure assets in the portfolio has reduced to 29% at the year end, down from 60% in 2016.

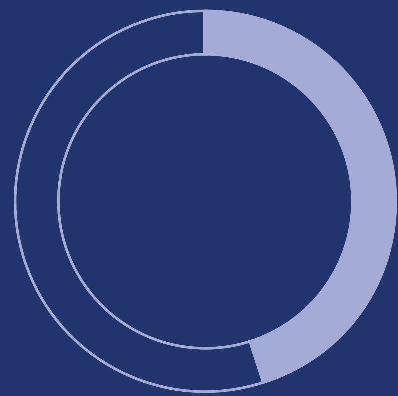
Pure retail represents only 21% of the total portfolio and our retail portfolio remains focused on supermarket. Discount, and convenience retailing, which typically has higher footfall and is less affected by the growth in internet shopping. As our exposure to retail has been reduced, office space, food and drink and private rented sector (PRS) residential assets have increased share.

As a result, we have been insulated to a degree from some of the challenges currently facing the retail sector, but we have been exposed to challenges faced by our tenants in the food, beverage and leisure sectors and we continue to work through this with them.

Key tenants include Leeds City Council, Morrisons, StepChange debt charity, Pure Gym and Premier Inn.

Top 10 tenants

Leeds City Council	11%
Wm Morrison Supermarkets Plc	8%
StepChange Debt Charity	7%
Pure Gym Limited	5%
Premier Inn Hotels	4%
The Instant Group	3%
Go Outdoors Limited	3%
Secretary of State (HCLG)	2%
Aldi Stores Limited	2%
The Flannels Group Limited	2%



Top 10 : 47% Other : 53%

Rent collected

92.6%

Rent deferred

0.8%

(27 March 2020 to 18 November 2021 inclusive)

Divisional review
continued

Regional focus
Leeds

The last twelve months have demonstrated the resilience of our portfolio in Leeds and the strength of the Merrion Estate – which is at the heart of the Arena Quarter and adjacent to the Innovation District in the City.

The Arena Quarter has been transformed in recent years with the development of the first direct Arena, substantial investment by the two largest universities in Leeds, a brand-new Head Office for Leeds City Council and over 8,000 new residential and student residential units.

These new developments, include the tallest building in Leeds IQ Altus which is under construction and scheduled for completion later this year. The same developer is preparing to invest further in this location underlying the industry's confidence in this area.

The Merrion Estate is a mixed-use scheme comprising supermarkets, offices, retail, leisure, car parks and a hotel.

Our largest office occupier is Leeds City Council's Head Office (170,000 sq ft) and our supermarket tenants include Iceland, Co-op and the only full line City Centre supermarket in Leeds, Morrisons. Merrion represents 44% of the value of the portfolio.

Asset management

Merrion Centre

The Merrion Estate has continued its diversification and repurposing programme that began over 10 years ago. Merrion's strategic location at the heart of the Arena Quarter, adjacent to the Innovation District, is continuing to deliver new customer sources for our Estate. Domino's Pizza, Co-op, Leeds Teaching Hospitals Trust and seven independent and regional tenants all opened premises during the last year. It is particularly pleasing to see existing tenants invest further in Merrion, such as the popular Blue Sakura Restaurant taking their second restaurant premises at Merrion and Morrisons, investment in their brand new 'Market Kitchen' concept.

Our teams have worked extremely hard to ensure that our rent collection rates have remained high, ending the year at over 93% either collected or deferred. This is testament to the close relationships we have built with tenants over the years and the collaborative approach we have taken to build arrangements that work for both parties.

Despite challenging footfall levels, many employees working from home and lower student numbers, our retail and leisure portfolio has proven resilient given the emphasis on essential retailing, namely grocery, health, convenience and discount retailing.

Fortunately, we have had no exposure to any of the larger high street retail failures such as Arcadia or Debenhams.

Since July 2020, just four Merrion Estate tenants have entered into CVAs or administration: Deltic Group, Café Nero, Slam Trading and Select. These four tenants, together with two non-Merrion Estate tenants, are the only TCS tenants to enter administration/CVA during the last financial year. The billable rent for these represents circa 4% of property income. Encouragingly, all but one of these tenants are capable of being replaced via a new letting or proposed new assignment. We have completed or renewed 11 leases in the financial year including eight new retailers moving into the Merrion Centre – examples include the Leeds Rhinos shop, Teisha's Hair and Beauty Salon, and Youshi. It is also encouraging to note a further seven new lettings or lease renewals have completed after the year end.

123 Albion Street

Acquired in 2018, we have now completed a net £4m refurbishment of 123 Albion Street adjacent to the Leeds Innovation district and the Merrion Estate. The newly refurbished building comprises 21,000 sq ft of flexible commercial space on the ground floor, with 56,000 sq ft of good quality office space over three upper floors. In a collaboration with our CitiPark's division, the refurbishment programme includes two CitiCharge EV chargers as well as plenty of parking, cycle storage and electricity regeneration lifts.

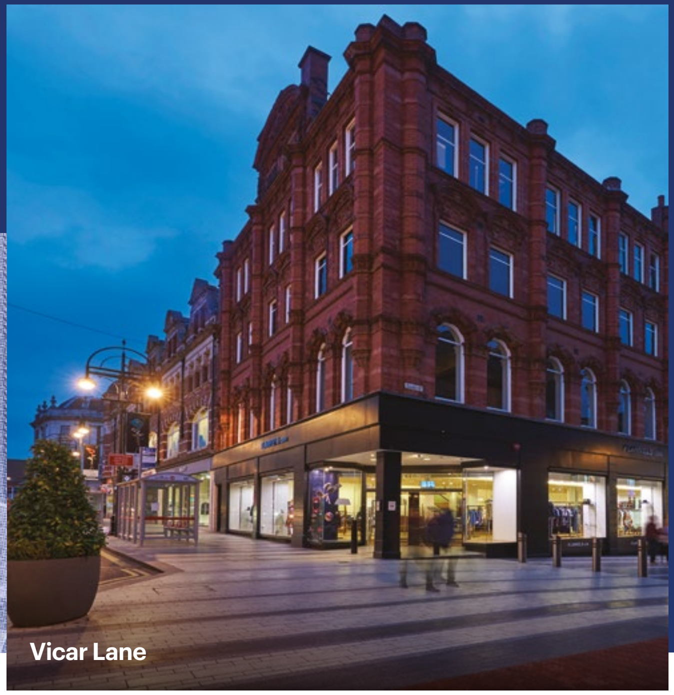
The whole building has already been let, illustrating the strength of the location. The ground floor will now trade as a 'Job Centre Plus' focused on coaching people out of work due to COVID-19 and in December 2020 we agreed a new 12-year lease for the remaining 46,000 sq ft to StepChange Debt Charity. StepChange is the UK's leading debt charity offering free expert advice to individuals enabling them to tackle and manage their debts. This letting at 123 Albion Street involves the charity moving out of our Wade House office (on the Merrion Estate) into this newly refurbished building. StepChange has been a valuable Town Centre Securities tenant for almost 20 years and the business has now reached a stage where larger floorplate offices were required to take the business forward. It is pleasing, both for TCS and for the wider City of Leeds, that we have been able to satisfy StepChange's new office requirement, enabling them to continue their important and valuable work.

123 Albion Street was valued at £12.1m twelve months ago and has increased to in excess of £20m, following the renovation and successful letting programme.

The completion of 123 Albion Street's refurbishment now presents us with an opportunity to redevelop or refurbish Wade House, on the back of the new demand for the area. Wade House represents the last of the four main office buildings that form part of the Merrion Estate, this being one that is now in need of investment, following the redevelopment of Town Centre House and Merrion House. We are in detailed discussions with potential partners and are confident in delivering on this new opportunity.

ibis Styles Hotel

It's been a roller coaster of a year for our hotel, ibis Styles. During the first lockdown in 2020, we were able to keep the hotel open for key workers and offer concessionary rates to essential workers, especially NHS staff. The hotel was then fully open and trading well in early autumn 2020, only to shut down completely from January to April 2021. Trading has rebounded since its reopening in May 2021, although different trading patterns are emerging. The initial lack of corporate business during the week has been replaced by leisure bookings that extend over the weekend into the traditionally quiet Sunday nights. Early signs of the corporate market returning have recently started to emerge. ibis Styles is on track to return to full strength very soon.



Vicar Lane

Leeds key facts

Leeds is one of the UK's fastest growing cities and is the main driver of a city region with a £64.6 billion economy, a combined population of 3 million in the city and the surrounding area and a workforce of 1.4 million.

Leeds as percentage of total portfolio

68%

Population:

798,800

Student population:

66,000

Workforce:

1,411,000

Corporate offices/HQs:

Channel 4, ASDA, PwC, KPMG, HSBC, DLA Piper, Direct Line Group, BOS, Yorkshire Bank, Addleshaw Goddard, Eversheds, Pinsents, first direct, Centrica, Ventura, BT.

The number of mid-size and large companies and organisations based in Leeds is significantly above the national average. Home to the UK's leading professional services hub outside of London.

Forecast growth rate:

Over the next ten years, the economy is forecast to grow by 21% with financial and business services set to generate over half of GVA growth over that period.

Key growth sectors:

Digital technologies, healthcare and innovation, manufacturing, financial and professional services. Other development of the Southbank by CEG, the new West End by MEPC and CPP, significant amount of student accommodation around Merrion and MODA next to WYPhouse.

The Merrion Estate:	Value £m	%
Merrion Morrisons	18.7	8%
Merrion Offices	54.1	24%
Merrion Retail and Leisure	39.0	18%
Merrion Car Park	24.6	11%
ibis Styles Hotel	8.6	4%
Total Merrion	**145.0**	**65%**

Other Leeds assets:	Value £m	%
Retail/leisure	7.5	3%
Hotels	15.0	7%
Office	21.6	10%
Car parking	10.7	5%
Distribution	6.5	3%
Residential	2.1	1%
Development	14.0	6%
Total Leeds	**222.4**	**100%**

Divisional review

continued

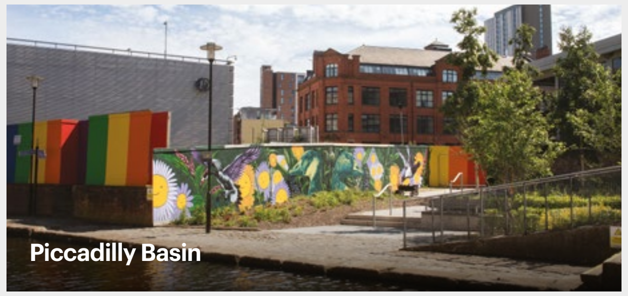
Regional focus

Manchester

Our Manchester portfolio represents 22% of our total assets and is centred around the Piccadilly Basin area – a historic and exciting contribution to Manchester's development.

This is a 12.5-acre mixed-use development site situated next to the Northern Quarter, Ancoats and New Islington, all of which have experienced significant investment and development over recent years. The value and appeal of the immediate and surrounding areas is rising and our most recent developments at Burlington House and Ducie House are showing strong potential.

We have an approved Strategic Regeneration Framework in place with Manchester City Council which identifies 800 residential units, a 500 space multi-storey car park and 200,000 sq ft of canal-side commercial development over the coming years.



Piccadilly Basin

Asset management

Ducie House

We have now completed our £2.1m refurbishment of the iconic Ducie House in Manchester. Originally a petticoat factory, Ducie House is a 33,000 sq ft multi-tenant office building. The work included essential fabric and M&E repairs post acquisition. This included full roof, façade, and window repairs as well as new boilers, lifts, air conditioning and heating. We adopted a strategy of restructuring the building's configuration to provide three additional meeting rooms, shower facilities and booth spaces. The common areas on the upper floors have also been refurbished to provide further amenity space including break-out booths with balcony space and improved toilet/kitchen facilities.

We have seen a very positive response following our investment and continue to expect the investment to deliver increased net income of circa £0.3m per annum and a post investment return in excess of 8.5%. The value of Ducie House increased by £1.0m to £9.0m reflecting the additional capex spent in the first half of FY21. In January, we signed the first new lease for one of the larger duplex offices with textile company NB Avenue Limited, who supply and manufacture clothing to online retailers internationally. Many existing tenants who moved out temporarily during the refurbishment are returning and the building is now home to around 20 companies from various sectors (Including technology, marketing and fashion).

Urban Exchange

Urban Exchange is a 120,000 sq ft retail outlet within our Piccadilly Basin ownership in the centre of Manchester. It is let to Aldi, M&S, Pure Gym, and GO Outdoors. As previously reported, GO Outdoors was put into administration by its owners in 2020. Since that point, we have been receiving full rent from the administrator and are in active discussions regarding the future of the store which is likely to continue to trade and stay open. However, once again this presents TCS with an opportunity to look at alternative uses and development options for this large, prime site.

Other assets in our portfolio are performing well. Carver's Warehouse continues to be strategically important and voids are filled promptly. Burlington House, which was completed two years ago, has proved resilient during the COVID-19 challenge. This was the first residential scheme in Manchester to be awarded a WiredScore Silver rating for connectivity.

Ducie House

Ducie House

Burlington House

Manchester key facts

With a population of 2.8m, Greater Manchester drives the fifth largest regional economy in the UK.

Manchester as a percentage of total portfolio

22%

Population:

555,700

Student population:

100,000

Workforce:

1,322,200

Corporate offices/HQs:

Manchester is the regional centre for finance, commerce and retail.

BBC, ITV, the Co-operative Group, BooHoo, MAG, THG, Amazon.

Forecast growth:

Business, financial and professional services, cultural, creative and digital; and wholesale and retail remain major growth sectors. Science, research and development is a new major growth sector and projected to grow at a significant rate.

Key growth sectors:

The Greater Manchester ('GM') Forecasting Model-2018 shows GVA growing at 1.7% per year up to 2036, an increase of £25,800 million between 2016 and 2036. Total employment is forecast to grow at 0.5% per year in GM, equating to a net increase of 140,100 employees 2016 to 2036. Employment growth is largely driven by Business, Financial and Professional Services – accounting for over half of the net increase in the total number of jobs based in GM, up to 2036.

Our Manchester portfolio: Value £m		%
Retail/leisure	14.5	20%
Office	14.9	21%
Car parking	3.8	5%
Residential	11.3	16%
Development	27.4	38%
Total Manchester	**71.9**	**100%**

Divisional review

continued

Regional focus

Scotland and London

Following a number of disposals in the year, our portfolio in Scotland now comprises three mixed-use properties in Glasgow and restaurant premises in Edinburgh. In addition to our prime office premises at Duke Street, London W1, our London investments are in good-quality secondary high street locations and primarily consist of retail and residential mixed-use assets.


Bath Street

Scotland

Our activity in Scotland this year has centred around the disposal of mature assets, largely in the retail sector.

These include two Waitrose stores in Milngavie and Glasgow sold for £23.2m and a recently completed retail development in Milngavie, let to Home Bargains and Aldi, for £10.7m.

We have, however, following our tenant in Buchanan Street, Glasgow entering a CVA, exercised our right to exit the lease agreement. Whilst this did incur rental losses, it has given us the opportunity to look at an alternative future for this property. We have submitted a planning application to convert the top three floors into six luxury apartments and will let the remaining retail outlet to Watches of Switzerland. This greatly improves the quality of tenancy and lease.

London

Activity in London has also centred around disposals of mature assets, including retail units in Chiswick and Wood Green for a total of £6.2m. Our other assets are performing well and, whilst our key focus is on Leeds and Manchester, we will continue to take advantage of good-quality opportunities as they arise.

As previously mentioned, after the year end we have exchanged contracts to sell an office building in London for £3.9m, which equates to the book value of the property at the year end.

Our Scotland and London portfolio:	Value £m	%
Retail/leisure	14.9	43%
Office	0.7	2%
Car parking	12.2	35%
Residential	7.0	20%
Total Scotland and London	**34.8**	**100%**

Scotland and London as a percentage of total portfolio

10%

Shandwick place

Development pipeline

Our portfolio is peppered with development opportunities, great and small; from our strategically important sites at Piccadilly Basin, Whitehall Riverside and Merrion Estate to smaller residential flat conversion opportunities in Glasgow.

We are now actively exploring the impact of the booming residential and co-living sector on our development pipeline.

Our development pipeline is significant, with an estimated GDV of over £600m and we see this as a strategic point of difference.

The key components of the development pipeline include:

- Piccadilly Basin, Manchester. Mixed residential, commercial, and car-parking with a total estimated GDV of circa £300m.
- Whitehall Road, Leeds. Office, car-parking, and potentially leisure provision with a total estimated GDV of over £170m.
- Merrion, Leeds. Office and residential towers with a total estimated GDV of over £100m.

The value of our development pipeline value increased by £3.7m or 9.7% since June 2020, driven by a 15.6% increase in the value of our Piccadilly Basin, Manchester holding as the market value of development land there has increased.

We are also exploring different options for Vicar Lane, Leeds, as well as delivering new apartments, alongside Urban Splash at Brownsfield Mill, Manchester.

The changing property landscape has led us to reimagine the Whitehall Riverside development to ensure the master plan is fit for the future. Initially focused on constructing three office buildings, we are active on site assessing a mixed-use scheme to capitalise on the vibrant Build to Rent (BTR) in Leeds and planning how best to bring forward plans for 3.5 acres of undeveloped land.

The success of Burlington House and the buoyant BTR sector in Manchester have proved to be a springboard for our next development in the vibrant Piccadilly Basin area. Planning permission for Eider House was implemented in January 2021 for a new development of 128 luxury apartments opposite Ducie House and adjacent to Dakota hotel. We are currently reviewing the proposed scheme to ensure that our next residential development builds on the success of Burlington House and delivers a best in class scheme.

We take a conservative approach to development to ensure we never over-commit ourselves, which has proven crucial following the COVID-19 crisis. However, TCS does have a successful track record in obtaining planning and delivering strategic developments. In the last four years, TCS has delivered Merrion House office, two new hotels in Leeds, and the Burlington House BTR scheme in Manchester. In addition, over that time frame we have secured planning permission for Eider House, our second BTR scheme in Manchester, and for a 17-storey office tower at the Merrion Estate. This will be our first high-rise development at Merrion and strategic partnerships are now being put in place for this ambitious project.

123 Albion Street

Divisional review

continued

CitiPark

It's been a challenging year for our CitiPark business. It has taken the full impact of COVID-19-related lockdowns, with no support from government or local authorities on rent or rates relief, leading to a material impact on revenue and profitability.

Overview

Gross revenue for FY21 was £6.7m, 34% down year on year with operating profit reduced to a loss of £0.3m, compared to a profit of £2.7m in the prior year.

Now lockdown is easing, we are seeing a strong recovery. All our car parks are now open and short-term income is rising in line with expectations, although season ticket revenue remains affected by the slow return to the office. Interestingly, discussions with our larger commercial clients suggest that nervousness about travelling on public transport may lead to a rise in demand for parking, as employees choose to drive as they return to the office.

We have remained flexible throughout the period, temporarily closing branches when it was economically sensible and using the government furlough scheme where appropriate. Now we are responding to changing working patterns with restructured products, for example, new style season tickets and commercial promotions to support hybrid working.

Mindful of the needs of our local communities, we provided free parking for NHS staff in the first lockdown, tailoring ongoing concessions on a location by location basis as we manage capacity.

We have also fully supported our staff throughout the year, topping up furlough salaries and carefully managing their return to work safely.

Throughout this period of stop/start and moving goal posts, they have proved remarkably resilient and we are very pleased to see them all back at work.

Ben Ziff
Managing Director CitiPark & TCS Energy

Technology and innovation

Our strategic technology initiatives have made significant advances in the year as we continue to expand beyond traditional car park ownership, using technology as a key differentiator and to underpin our focus on sustainable growth.

EV charging/CitiCharge

Launched shortly after the year end, in July 2021, our CitiCharge app allows users to search for our electric vehicle (EV) charging points around the country and will offer pre-booking facilities in the future. We own and operate 30 charging points in Leeds and 22 in Central and Greater London, where the congestion charge is a key driver of demand. 35 EV charging points for a Coventry NHS hospital will be live by the end of the calendar year and we see this as an important future income stream as electric car numbers increase.

Our three solar energy farms in Manchester and Leeds provide the capacity to underpin this growth, in addition to selling excess power to the National Grid.

CitiPark app

Launched last year, this app has come into its own with COVID-19 accelerating take-up as digital payments replaced cash. Our early promotional message – 'a pay station in your pocket' – emphasised the benefits of paying for your parking safely on the app and today 60% of all digital parking fees are paid via the CitiPark app.

BaySentry Solutions

Our parking management company, BaySentry Solutions Ltd, has expanded significantly during the year, acquiring a Cornwall-based parking enforcement company with 270 sites and 75 enforcement contracts from an independent operator covering East, West & North Yorkshire. We see opportunities to use technology to grow these businesses, using ANPR cameras and other electronic payment systems, both here and in 25 of our own branches. As the market for electric vehicles grows, we will look to exploit our presence in all these locations to expand our EV charging network.

YourParkingSpace.co.uk (YPS)

Our equity share in innovative online marketplace – YourParkingSpace.co.uk – has continued to increase in value. This platform connects drivers with over 350,000 privately owned and commercially operated parking spaces across the UK, available to book hourly, daily, or on a monthly basis. Drivers can book parking on-demand through its website and mobile applications. In September 2020, YPS completed a significant fund raise from a new private equity investor, which will fuel its future expansion as demand recovers to accommodate returning workers who don't want to use public transport. As part of the transaction, we exercised our third and final investment option and now have a 19.9% voting share with additional 1.2% non-voting shares, convertible to voting on exit. Our cost of equity investment totals £1.0m, which following an external fair value exercise undertaken after the recent fund raise is valued at £1.5m as at 30 June 2021. We continue to retain a Board position and are looking forward to working closely with the founders and new investors as we rapidly grow this very exciting business.

Multistories at the Merrion Centre

An innovative venue at the Merrion Centre in Leeds helped maximise the use of space in the Centre car park that would have otherwise been empty and breathe new life into the hard-hit hospitality industry.

The top floor of the Merrion Centre car park was rented to a third party for a series of unique summer pop-up events delivering music, food and drinks in a setting not normally associated with social gatherings. The various events were branded using the Multistories name, inspired by the unique car park setting.

Outlook

CitiPark is set to benefit from a strong recovery in the car parking sector as concerns over safety influence the return to work and leisure pursuits, although we are anticipating regional differences in our car parking estate. For example, our management contract for Manchester Arena has only just come back on stream with the restarting of events in September 2021.

Looking forward, we see technology as the key driver of growth as we transition to a cashless society, developing and enhancing our CitiPark and CitiCharge apps. We expect our EV charging business to grow at a steady pace, building our sustainability point of difference, and to look for strategic acquisition opportunities for BaySentry Solutions.

Multistories

Multistories

Section 172 Statement

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006.

The Board believes that, individually and collectively, they have acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in s172(1) (a-f) Companies Act 2006. We have continued to protect and generate value for our stakeholders for 61 years and remain committed to pursuing our strategy for long-term value creation.

We believe that consideration of our stakeholders is the foundation of what we do and the basis of every decision that is made throughout the Company. To demonstrate how entrenched this is into the way we act as a business we have included cross-references to where you can find further examples across this report:

Why invest in Town Centre Securities?

Clear demonstration of the value we provide to shareholders

Pages 8 to 9

Strategy

Clearly defined plans for the future of the business

Pages 14 to 15

Responsible business

Demonstrating understanding of how our business impacts those around us

Pages 36 to 45

How the Board factors its stakeholders into decision-making

The table below sets out who we believe to be our key stakeholders, why they are important to us and, subsequently, how we factored their interests into our decision-making process to promote the success of the business as a whole.

Our stakeholders:	Why they are important:	How we engaged during the year:
Shareholders	Shareholders are key to ensuring we have the capital to continue doing what we do. They keep us accountable and provide direction and approval to future plans.	The primary communications with private shareholders is through the Annual Report and Accounts, the Half-Year release and the Annual General Meeting ('AGM'). All Directors attend the AGM (either in person or by teleconference), and we encourage shareholders to ask questions of the Board and meet informally after. In addition, the Chairman and Chief Executive, and Finance Director maintain a dialogue with institutional shareholders and analysts immediately after the announcement of the half year and full year results, and at other times throughout the year; taking on board suggestions especially with regard to non-financial reporting, for example the EPC reporting now included in our investor presentations During the COVID-19 crisis we have released a number of RNS statements detailing actions the business is taking, levels of rent receipts being experienced and, if applicable, levels of borrowing headroom to give all shareholders confidence in terms of our response to the crisis and our ability to weather it.
Employees	Our employees allow us to continue to deliver and maintain quality environments and services for our customers, and sustain long-term growth, providing value to our shareholders. Ensuring we have happy employees with challenging work in turn produces higher quality outcomes and benefits all stakeholders.	We are committed to the personal and professional development of our employees, supporting employees through studies. We continue to look for ways to improve the rewards and support we give our staff beyond their base salary, and have a number of schemes in place to enable this. This includes but is not limited to: salary sacrifice schemes for childcare vouchers and cycle to work initiatives; Westfield Health care for head office based staff; a company pension scheme and access to a pension advisor; a share save scheme allowing all staff to benefit from the HMRC scheme with TCS also contributing shares. In our newly refurbished Leeds head office, as well as providing the Company with the ability to re-let some residual space, the Company made sure to ensure that the new office space was designed with the wellbeing of staff in mind, including having living green walls; improved lighting; a revamped and now reopened staff canteen; and better break-out spaces. The canteen and break-out spaces enable all employees and Directors to engage with each other outside of the pure work environment. During the COVID-19 crisis we have kept in close contact with staff with weekly virtual meetings, and for those furloughed staff have topped salaries fully up to 100%. Members of the senior management team attend all Board Meetings, and regularly provide their own perspective on the health and wellbeing of all staff, including a new flexible working policy. During the 2018 financial year we appointed Ian Marcus as our workforce representative. Further details on our workforce engagement can be found on page 42.
Tenants	Delivering for customers is at the heart of everything we do. Whether that is locally based businesses in our mixed-use developments or users of one our state of the art car parks. If our customers are satisfied, then we know we are delivering enjoyable and high-quality environments. We value highly the long-term relationship we have with our tenants. This has been especially important during the COVID-19 crisis where these relationships have helped us to maintain a healthy rate of rent collections and have confidence in agreeing rent deferrals.	During the COVID-19 crisis we have been in very close contact with our tenants, in an attempt to understand the pressures that they are under and how we can work with them to get through the crisis and ensure they remain as tenants in the longer term. We have been particularly keen to ensure that small and long-term loyal tenants are helped not only financially but with wider operational support as well. In Merrion Centre in particular we are working with all our tenants to help bring customers and workers back to the shops, restaurants and offices and to enable socially distanced shopping and working has been critical. All decisions made with regards to new tenants, rent concessions are made at the monthly property review meetings, with all executive board members in attendance. The monthly minutes of both the property review and CitiPark management meetings then form an integral part of the main executive board meetings. In Ducie House in Manchester we have worked with tenants to support them through the COVID-19 crisis, whilst at the same time enable our refurbishment of the building for theirs and our future benefit. As a result, we agreed a four-month rent free period for all tenants with them vacating the building to allow for the works to take place in a safe environment and in the shortest time. Further details on our engagement with our customers can be found on pages 12 and 45.
Debt funders	Our economic model assumes that we leverage all investment assets to enable us to continue to invest and grow. This makes the availability of secured debt funding key to business development. We see our three main bank debt providers, and our debenture holders as key stakeholders.	We remain in regular communication with our banks and during the COVID-19 crisis this has increased. We have made sure to update them on rents received and key measures related to overall Company performance and the assets specifically secured to their facilities. In addition, starting last year we now prepare a debenture specific presentation (available on our website) which the Chief Executive and Finance Director presented to the majority of debenture holders.
Community	We believe we have a duty to make a positive contribution locally and be considered an integral part of the community.	The COVID-19 pandemic shone a light on how valued and essential our key workers are to the survival of this country and the importance of community. This unfortunate event enabled us to show our solidarity with our key workers by continuing with initiatives such as free car parking, concessionary hotel accommodation and lighting our flagship car park blue to mark their heroic work. Further details on our engagement with the community can be found on page 43.
Environment	The Board acknowledges that it has a responsibility to minimise its environmental impact.	The Board regularly reviews the Merrion Estate's five-year sustainability programme, which is now at the end of its fourth year. Recent initiatives include SMART meters to help reduce consumption, a review of all travel plans and upgraded cycle storage and shower facilities to encourage cycling initiatives. Over the course of the year, the Group has completed the refurbishments at both Ducie House and 123 Albion Street. The refurbishments have improved the environmental credentials of both buildings. Following the receipt of 'Contributing to the Community' award two years ago, CitiPark has continued to be a champion of green initiatives, furthering the UK's electric vehicle charging infrastructure by installing more subscription-free charging points. Further details on our engagement with the environment can be found on pages 38 to 39.

Responsible business

Overview

TCS has been committed to generating long-term sustainable success since its foundation over 60 years ago and still retains the ethos of its founder; that business should make a positive contribution to the communities in which it operates.

The Marjorie & Arnold Ziff Charitable foundation is a registered charity which, whilst managed separately with its own resources based on a TCS shareholding, plays a key role in facilitating the Ziff family to support the local community. Edward Ziff, our current Chair and CEO, was awarded an OBE for service to community in 2017 and is Chair and Trustee of Leeds Cares, a charity which supports Leeds Teaching Hospitals.

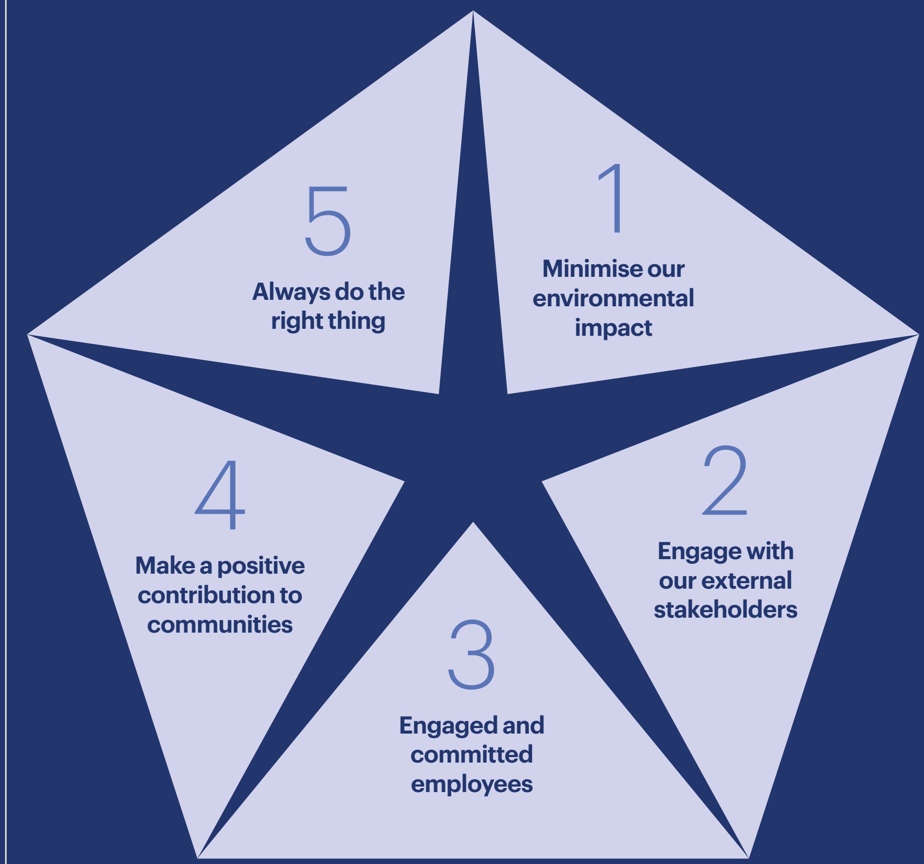
We recognise the need to develop a more formal structure to support our activities and ambitions in this area and are continuing on the journey to create an ESG framework with clearly articulated targets and metrics to measure progress against our focus areas. While the disruption due to COVID-19 has continued to prevent us from making the progress intended this year, the approach we have taken to managing the exceptional challenges we have faced has served to demonstrate our intrinsic commitment to ESG issues.

Governance

The Board currently has responsibility for overseeing our activities in this area and ensuring that ESG issues are considered in all our decision-making. When we invest our capital we always look to protect the environment, benefit the communities that surround us, and take into account the needs of all our stakeholders.

Our approach

ESG is at the heart of everything we do. We aim to ensure that all the activities we undertake as part of our four strategic workstreams are underpinned by the following five ESG principles which form the basis for our ESG programme:



The table below details some of the ESG-focused and COVID-19-specific activities that are currently under way across the business and outlines how they fit into our strategic framework.

	Actively managing our assets	Maximising available capital	Investing in development	Investing in existing assets
Minimise our environmental impact	1, 2, CV13	1, 4, 5, 13, 15	6, 8	12, 19, 20
Engage with our external stakeholders	CV3, CV6	2, 4, 15	2, 6, 8, 9, 11	2, 6, 9, 16, CV9
Engaged and committed employees	3, 17, CV4, CV7, CV11	18, 21		
Make a positive contribution to communities	14, CV5	CV14	11	CV12
Always do the right thing	CV8	CV1, CV2, CV10		

Strategic projects

1 Merrion Centre waste and sustainability 5 year plan
2 Energy efficiency programmes lowering service charge costs
3 Head office with living walls and improved space
4 Investment in EV charging infrastructure
5 Solar Farm investments in Leeds and Manchester
6 BREEAM targets for all new buildings
7 WELL Building Standard target
8 Full recycling options at Burlington House
9 Merrion House facilities including recycling and cycle store
10 Burlington House value added services including cleaning, deliveries, fitness
11 Piccadilly Basin - street art project, security improvement
12 Environmental targets for 123 Albion Street & Ducie House
13 Launch of CitiCharge
14 Significant CSR programme supporting local communities and charities
15 Specific parking rates for EV drivers at Clipstone Street
16 Investment in WiredScore
17 Westfield Health benefits for staff
18 On-onging SIP scheme to engage and benefit all staff
19 Go Ultra Low status for CitiPark
20 Installation of PIR and LED lighting systems in properties and car parks
21 Ian Marcus appointed workforce Board representative

COVID-19 specific

CV1 Reducing Board salaries by 20% for 6 months at the start of CV19
CV2 Weekly full board meetings and weekly Non-Exec meetings with Chair/CEO
CV3 Entering into bespoke agreements with tenants regarding their ability to pay lease commitments during CV19
CV4 Granting of 3 additional rest days for non-furloughed staff to take in Q1 2021 reflecting difficulty of working through CV19
CV5 NHS and key worker support via Car Parks and ibis Styles hotel
CV6 Working with tenants who remained open, to ensure safe access for customers and facility users
CV7 2 or 3 times a week video calls with senior staff, to review all aspects of the business (incl. staff wellbeing)
CV8 Full round of updates presented to Debenture holders
CV9 Continued investment in 123 Albion Street and Ducie House
CV10 All other Capex suspended
CV11 All furloughed members of staff topped up to 100% salary by the Group
CV12 CitiPark and Walk initiative to replace closed Leeds Park and Ride service
CV13 Energy usage across closed premises managed to reduce environmental impact and cost
CV14 Worked with the trustees of the Marjorie and Arnold Ziff Charitable Foundation to support charities associated with TCS during the crisis

SUSTAINABLE DEVELOPMENT GOALS

Alignment with the UN Sustainable Development Goals (SDGs)

TCS recognises the importance of the UN SDGs and as we further develop our ESG programme we are using these to inform our decision-making and target setting.

The key SDGs that TCS has an impact on and our activities in these areas are set out adjacent:

SDG Goals	
Goal 3 – Good health and wellbeing	Our charitable work with children (e.g. our work with the Ahead Partnership)
Goal 7 – Affordable and clean energy	Producing our own solar energy through the development of three solar farms in Leeds and Manchester
Goals 11 & 12 – Sustainable cities and communities and Responsible consumption and production	EV charging network, and newly formed CitiCharge business. Also our five-year Merrion Centre sustainability plan
Goals 10 & 17 – Reduced inequalities and Partnerships for the goals	Local charitable partnerships including Tempus Nova

Responsible business

continued

Delivering the programme: Minimise our environmental impact

1

The Green, The Merrion Centre

Environmental report

Our continued aim is to ensure that we operate in a responsible manner and move the Company towards an ever-improving sustainable future, with a carbon neutral objective being our key objective.

As with previous years this sustainability report focuses on the Merrion Centre, our largest and most complicated asset. This report does not include metrics related to the rest of the estate, as much of it is let to third party tenants who are responsible for the generation of, and reporting on, their environmental footprint.

It should be noted however that a great deal of work has been undertaken to promote and drive a sustainable approach to property management, including:

- A continued effort to improve our EPC ratings across the portfolio, whilst meeting our BREEAM (Building Research Establishment Environmental Assessment Method) standards wherever possible.
- Consideration of lifecycle modelling and energy efficient initiatives when planning new or existing works. Achieved in part through our five-year PPM reports, working in partnership with our suppliers and always looking for opportunities for future proofing our assets.
- Further EV charging provided at our 123 Albion Street property, helping support our drive towards encouraging both our commercial and residential tenants to think green when looking at a car of choice.
- Further LED lighting installed at our main entrance to 123 Albion Street, following our key objective of reducing our carbon footprint.

As a key tenet of any responsible business, the environment and the ways to mitigate the Company's impact on it are crucial. We as a Board have started to look at the impact climate change will have on our business and also any opportunities it may provide. As part of this process we have started to look at the recommendations of the Task Force on Climate-related Financial Disclosures. We will be reporting on these recommendations together with the risks climate change will have on our business and the steps we are taking in next year's Annual Report. As part of this process we are also looking at the feasibility of collecting Scope 3 emissions data that would then be included within our SECR reporting.

CitiPark

The Merrion Centre:

With the global pandemic we were met with both opportunities and obstacles when considering our sustainability objectives. During the lockdown we maximised the times where we were able to reduce our power consumption. We also used the time to review our service offerings and adjust them ready for when we see a return of our customers and tenants, this included:

- A review of our use of vehicles and where possible utilising electric power. This is in the form of our cherry picker hire and our CitiPark electric vehicles.
- Reviewing the travel plan for a number of buildings and purchasing equipment to support cycling initiatives.
- Further development of an internal seated area 'The Green', to support people from all demographics and to promote social interaction.
- A review of all our cleaning products, aimed at targeting eco-friendly solutions. This included products that supported our additional COVID-19 cleaning regimes with the utilisation of OdorBac and an escalator sanitiser that cleans the handrail on each rotation.

We have also continued with our five-year sustainability plan of which we are currently in year 4. During the previous 12 months we have continued with LED lighting renewal programme, with the emergency lighting in our service tunnel and rear service corridors being rolled out. We have replaced several meters with SMART metering to help us identify further opportunities to reduce consumption. In terms of our aging power distribution network, we have continued redirecting supplies to newer installations and aim to shutdown many of these older units within the next two years.

The next 12 months will focus on drawing up our next five-year plan, in particular calculating our carbon footprint and identifying methods by which we can reduce further or offset. We hope to be carbon neutral by the end of 2027.

Waste initiative

Our night-time economy continues to grow, requiring a review of the various waste streams and the inclusion of additional bottled recycling. Due to the pandemic the overall numbers have been lower than normal, however we are keen to ensure the recycling streams are in place ahead of unlocking.

As reported in previous years, we are proud to report that 100% of our waste has been diverted from landfill with the waste either being recycled or sent to a local Energy Recovery Facility (ERF).

We also renewed our waste contract with a local company to ensure CO_2 emissions from their vehicles are kept as low as possible.

Sustainability projects

As the centre has largely been on reduced services during the pandemic, our opportunity to undertake projects has been restricted. Measures that we have undertaken to improve sustainability at the Merrion Centre include:

- Further development of our cycle changing facility within our Arena Quarter area. This project has seen several tenants join forces with both the management team and Landlord to donate various used materials, including Astroturf, cladding panels, segregation caging, lockers and changing stations. In addition, a bike friendly grant was provided by the West Yorkshire Combined Authority/ Leeds City Region Enterprise Partnership.
- Power distribution – Our rolling program continues to upgrade and improve our power distribution network with the Merrion Centre:
  - SMART meters installed to help monitor performance.
  - Further LED lighting was installed in the centre back of house.
  - Removal of redundant or aging power distribution.
- We continue to operate an Ecocap system in the Town Centre House toilets, which saves water and money whilst protecting the environment, being a fully biodegradable product. From using the Ecocap system in Town Centre House, in the past year we saved approximately 300,000 litres of water.

The Merrion Centre continues to be a member of the #Refill campaign, with the aim to help reduce plastic pollution by making it easy to refill your reusable water bottle instead of buying a plastic one. For more information visit www.refill.org.uk.

Our volume of waste

The Merrion Centre produced on average 25.06 tonnes of waste per month, which is a reduction of 34.59% over the previous period. 51% of the total waste produced this year was recycled and 49% was sent to an ERF.

Responsible business
continued

SECR - Greenhouse gas emissions (GHG) statement

1

In line with the Companies Act 2006 (2013 Regulations) and the Streamlined Energy and Carbon Reporting (SECR) requirement, Town Centre Securities PLC ('TCS') is disclosing its annual Global Greenhouse Gas (GHG) emissions. We are required to report the Company's emissions of carbon dioxide equivalence (CO_2e), a CO_2e intensity value, and the consumption of energy in the UK. The methodologies and processes used to calculate these emissions are also disclosed.

TCS has addressed environmental impacts through a number of measures and processes, primarily within the Merrion Centre and its five-year sustainability plan, as detailed earlier in the Responsible business section of this Strategic Report.

The table below includes emissions for the consumption and combustion of fuel (Scope 1) and purchased electricity (Scope 2) of the premises and other assets operated by TCS. TCS purchases natural gas for one office and has a fleet of nine vehicles – three of which are electric and three that are petrol/electric hybrid cars – which is the sum of the Company's Scope 1 GHG emissions. Scope 2 emissions are made up of electricity consumed at two offices. All of TCS's operations are in the UK, therefore all values below are both Group totals and UK totals.

Energy consumption (all UK-based)[1]	2020	2021	Unit
Scope 1[2]	29,447	41,507	Kilowatt hours of energy used
Scope 2[3]	118,118	94,484	Kilowatt hours of energy used
TOTAL	**147,565**	**135,991**	Kilowatt hours of energy used

CO_2e emissions (all UK-based)[1]	2020	2021	Unit
Scope 1[2]	10,876	10,150	Kgs of CO_2e
Scope 2[3]	39,808	23,093	Kgs of CO_2e
TOTAL	**50,684**	**33,243**	Kgs of CO_2e

Carbon intensity	2020	2021	Unit
Reference 1: Area	8,311	8,311	Square metres (office area for Group)
Reference 2: Employee	38	30	Employees (FTE)
Reference 3: Gross Revenue (£000)	27,989	19,382	Gross Revenue – (excl. service charge income)
CO_2e by area	6.10	3.99	Kgs CO_2e per m²
CO_2e by employee	1,334	1,108	Kgs CO_2e per employee (FTE)
CO_2e by £000 of Gross Revenue	1.811	1.715	Kgs CO_2e per Gross Revenue (£000)

1 All of the Group's operations are UK-based, there are no non-UK-based operations.
2 Scope 1 emissions are traditionally emitted from fuel combustion in either buildings or company leased/owned vehicles. Emissions from personal or privately-hired vehicles used for company business are considered to be Scope 3 (under the GHG protocol) and as such are not included in the 'Operational control' boundary approach adopted by TCS (see 'Methodology and scope').
3 Scope 2 emissions are derived from electricity consumption at TCS's offices and by the electric vehicles within their company car fleet.

Methodology and scope

Carbon Dioxide equivalence (CO_2e) emission data have been collected, calculated, consolidated and analysed following the GHG Protocol (Corporate Accounting & Reporting Standard) following the 'operational control' approach. Emission factors of supplied electricity for locations and vehicle charging (both GHG emissions and energy use based on vehicle mileage) were sourced from the UK Government GHG Conversion Factors for Company Reporting 2020 (DEFRA agency) – this represents the annual average CO_2e emissions of the UK's electricity grid. The boundary for reporting includes assets (in the case of TCS these are offices and company owned/leased vehicles) that are operated by the Group and does not include the energy and emissions of building tenants who lease property from TCS, nor does it include the communal areas of the Group's properties; tenants are responsible for reporting their GHG emissions under their own scope 2 disclosures. Energy consumption values for offices, and their corresponding GHG emissions, are based on values provided by utility suppliers, e.g. electricity or natural gas bills. Company vehicle mileage is estimated and is used as the basis for calculating energy consumption and emissions from fuel and electric charging.

Engage with our external stakeholders

2

CitiPark diagrid

The flagship CitiPark branch at Leeds Merrion Centre has this year supported a variety of regional, national and international causes by illuminating its external LED diagrid facing Merrion Way.

Celebrating 73 years of the NHS (blue), Volunteers Week (Purple), Candlelighters (Pink) and many more initiatives have been supported through this unique and impactful channel which further highlights TCS's commitment to our business partners and customer base.

Merrion Estate

COVID-19 unfortunately slowed down our 'Shop, Eat, Drink and Be Merrion!' strategy to rebrand and reinvent the Merrion Centre as a retail and leisure destination. Throughout the pandemic the Merrion Centre has remained open and we have highlighted the essential stores within the estate. Following the first national lockdown we then launched an 'indie' campaign on the reopening of all our independent retailers within the Merrion Estate, which was timed to coincide with national independents day. A key component was regular communications with all of our tenants throughout the year.

Engaging young people

Despite the various lockdowns, we have still been able to play host to a life-size triceratops as part of the City's dinosaur trail, a free trail for children visiting Leeds over the school holidays.

Our collaboration with the Ahead Partnership has continued during the year, with the launch of the 2020 Merrion Centre Challenge – an initiative to encourage school students to be more sustainable.

This was won by a group of Year 9 students from Dixons Trinity Chapeltown after pitching their idea for a recycling and vegan meals scheme in their temporary school building to a panel of judges from the Company.

During the year we ran a competition in conjunction with Child Friendly Leeds for Children aged 5–12 years old to write a poem of happiness, with the winner selected by the Children's Mayor in July 2021.

Dixons Trinity Chapeltown

Responsible business
continued

Engaged and committed employees

3

We have a relatively small team at our Head Office and pride ourselves on how we treat our employees.

We pride ourselves on being a business that has a family feel to it, building a clear culture over our 60 years in business of being a small company that cares for and looks after its employees, creating opportunity and giving accountability. Expectations of staff are high and at times demanding. However we endeavour to always support staff, and go above and beyond any written down HR policy. We like all staff to know that if they have a problem, work-based or personal, that they can talk with the Directors and senior management in the knowledge that the Company will do everything it can to support them. We believe in the concept of opportunity for all, and are intolerant towards any form of discrimination.

Our Non-Executive Director Ian Marcus has taken on responsibility as our Board representative for the wider workforce. Whenever in the office Ian meets with staff members and during the COVID-19 crisis we have ensured that staff are aware of his role and that he is available to them. Ian's responsibility in this regard enables us to assess the culture and engagement within the business and challenge management where necessary in this regard.

TCS runs a Share Incentive Plan (SIP) scheme available to all staff. Under the HMRC guidelines it is an appealing benefit and helps to engage colleagues in the wider success of the business.

Human rights

Although we do not have a separate Human Rights Policy, a respect for human rights is implicit in our employment practices and our engagement with third parties.

Work environment

We continually look for opportunities to improve the work environment for our staff. Key to this is our Leeds head office which has been designed to be a modern and comfortable place to work.

In addition, we have improved benefits in recent years for head office staff, improving company pension contributions above statutory requirements, and introducing a health insurance policy.

We are committed to learning and development and are supporting colleagues through Chartered Surveyor and Chartered Accountant qualifications. We have also given work experience opportunities to local students.

Diversity and inclusivity is important in our business with a 70/30 male to female split across the whole business.

Making a positive contribution to communities

4

We contribute to a broad range of local causes, with charities focused on children and young adults particularly close to our hearts. We complement our support for longstanding partners with standalone initiatives. We also seek to improve and create a sense of wider community in our areas of operation, using our assets and resources to work with other community partners:

- **Young people – First Give**
  We are the main sponsor of the First Give programme in Yorkshire – a charity that encourages students to learn about social issues in their communities, and then ultimately to plan and deliver social action activities, including fundraising to their chosen charities.
- **Young people – The Cones Book**
  We have joined forces with Leeds Cares, the charity that supports Leeds Children's Hospital and local children's author Chris Madeley to publish a book using colourful Cones characters to help children who may have to go to hospital to understand the process and what they can expect when they get there.
- **Young people – Donation**
  In December 2020 we donated computers to a local primary school to help educate junior school children.
- **Award – Variety Big Build Award**
  The Company has been awarded the Variety Big Build award to recognise both our donation and the key part we played in the Green Meadows Project, a project to improve facilities at a local community special school.
- **Placemaking – Canal-Side Mural**
  The Company has engaged four acclaimed local artists to create a canal-side mural at Manchester's Piccadilly Basin to bring the space to life. The mural has been created to further enhance the up-and-coming area and bring a piece of bespoke, modern art for residents and workers to enjoy.

Responsible business
continued

Always do the right thing

TCS takes its responsibilities as a listed UK business extremely seriously, and is committed to upholding high standards of corporate governance. Whilst we spend considerable time ensuring we review our compliance against rules, laws and codes, we also spend much time ensuring we abide by the spirit of such requirements and instilling a culture within the organisation of 'doing the right thing'.

Key areas of focus include:

- **Implementing the Corporate Governance Code** – As detailed on page 68, TCS has worked closely as a Board to review the requirements of the Code and be clear where we believe compliance is necessary and right, and where it is appropriate to explain why we take a different approach.
- **Debenture holders, engagement** – TCS has in place a long-term debenture where most of our day-to-day contact is with the debenture trustee. Given the nature of the challenges and pressures of COVID-19 on the business, Edward Ziff and the Group Finance Director presented individually to the majority of bond holders to ensure they fully understood the status of TCS and the security of their investment.
- **Health and Safety (H&S)** – We are committed to providing a safe and secure working environment, in our own offices and in our properties, particularly those – such as the Merrion Centre – where we maintain an on-site management function. We have an established a Group health and safety policy, which is approved by the Board annually. We also review health and safety issues and incidents at every Board meeting. The Property Investment Director oversees its implementation and chairs a quarterly internal meeting, reviewing all aspects of H&S across the business as a whole from our offices, to our properties, car parks and hotel. We have implemented a new reporting and monitoring system in the past year to facilitate this. Our operational teams have clear health and safety objectives and review procedures regularly, taking action where necessary.
- **Whistleblowing –** We have a whistleblowing policy in place that is reviewed at least annually. We see this policy as an important feature to encourage and enable all staff members to 'do the right thing'.

Sticking to our ESG principles during COVID-19

COVID-19 has allowed TCS to prove its commitment to ESG. The previous pages list the main examples, but we set out a few highlights here.

Minimise our environmental impact

As many of our tenants had to shut during the COVID-19 disruption, our Property team reviewed lighting times and levels, waste services, and heating and air conditioning usage to ensure we minimised the environmental footprint of our buildings and car parks. This not only had an environmental benefit but also reduced service charge costs for our tenants.

Engage with our external stakeholders

Despite the many challenges of the COVID-19 pandemic that started as we entered the peak of the refurbishment works at 123 Albion Street, the Company successfully managed to not only deliver the planned scheme and rebrand during the first lockdown, but recognised potential by responding quickly to occupier research highlighting the desire for a touch-free experience and adapted the building to include touch-free technology to suit potential tenant needs.

Engaged and committed employees

As well as issuing regular Chairman's updates to staff members, the Board approved a granting of three additional days holiday for those members of staff working through the disruption period, giving them a chance to rest and recuperate following a tough and stressful period.

Making a positive contribution to communities

TCS Supports NHS/Key workers

At the outset of the COVID-19 pandemic, TCS responded by launching a series of initiatives to support the NHS. This included free parking within CitiPark and concessionary hotel accommodation at the ibis Styles Leeds City Centre Arena hotel (located close to the LGI) which was one of the only hotels in Leeds to remain open throughout the first two national lockdowns.

In addition we continued to champion and promote through our own social media outlets the schemes set out by our extensive tenant base.

Always do the right thing

TCS made use of the government furlough scheme, furloughing 53 individuals and topping up salaries to ensure all members of staff received 100% of their salary. In addition the Board of TCS also agreed to a 20% reduction in salaries and fees for the six months ended September 2020.

Risk Report

Protecting value by identifying and managing our principal and emerging risks is an integral part of our operations.

Risk management

We take risk management very seriously, such that reference to, and consideration of, key risks form part of the day-to-day workings of the Company. Whilst we recognise that a level of risk-taking is inherent within the running of a commercial enterprise, we work to ensure that risk assessment and mitigation is central to business planning and decision-making.

The business has a number of formal meetings during the year where risk assessment is a core element of the agenda. We pay particular attention to new and emerging risks, in order to ensure we put in place actions which attempt to remove or reduce risk before it occurs. We use our formal meeting structures to identify emerging risks, as well as highlighting existing risks. These meetings include but are not limited to:

- **Annual Strategy Review** – Begins with a review of key risks facing the business and a review of how the strategy will best mitigate those risks.
- **Bi-annual Audit Committee** – Undertakes a formal review of the risk register and mitigating action plans.
- **Quarterly IT & Data Governance Committee** – Chaired by the Group Finance Director, this committee of senior management reviews IT and data specific risks and ensures that key risks are understood and managed. This includes a review of adherence to the GDPR regulations.
- **Monthly Board Meetings** – Each meeting includes a review of financial performance, debt levels and banking covenants, an IT update, and a review of the papers and actions from the Property Review Group (see below).
- **Monthly Property Review Group** – A meeting of the Executive Board and senior Property and Finance management, tasked at undertaking a review of the Property Portfolio. This includes occupancy levels, tenancy changes, adherence to payment terms and bad debt levels, and Health and Safety and IT related matters.
- **Monthly CitiPark Board Meeting** – A meeting of the Executive Board and senior CitiPark, Property, and Finance management, tasked at reviewing the performance of the CitiPark business, including key risks and areas such as IT and Health and Safety.
- **Joint Venture Board Meetings** – Formal Board structures and quarterly Board meetings are in place for the Company's two main joint venture companies, Merrion House LLP and Belgravia Living Group Ltd.
- **YourParkingSpace.co.uk ('YPS')** – TCS Board Directors sit on the Board of YPS, which meets formally on a monthly basis.

COVID-19

Whilst the above meeting structure has, and will continue to form a key part of our risk management process, the impact of COVID-19 has been unprecedented and unpredicted. Consequently we significantly increased our risk management activity from the start of COVID-19 to take account of this. That activity, which is only now being gradually phased out, has included:

- Weekly full Board video calls to review the impact of COVID-19 on the business and to agree on key actions.
- Weekly Non-Executive Board video calls with the Chairman to follow up on actions agreed at the Board meeting, to review wider market activity, and to ensure the Non-Executives are fully engaged in the actions of the business.
- Twice or three times weekly senior management video calls – operational meetings to review all aspects of the business ranging including staff matters and wellbeing, rent collections, car parking volumes, tenant discussion, cost saving initiatives, and IT considerations.
- A review of the strategy and the decision to speed up the disposals of predominantly retail assets.
- Formal presentations to our debenture holders by Edward Ziff and the Group Finance Director, to ensure they understood the impact of COVID-19 on TCS and the security of their investment.
- Regular updates with our three banks updating them on rent receipt levels and car parking performance and where necessary discussing refinancing and facility extensions.

Going concern

In making their assessment of the ability of the Group to continue as a going concern the Directors have considered the impact of COVID-19 on the Group's forecasts including the effect on liquidity and compliance with bank loan and debenture covenants.

The Group owns a portfolio of multi-let regional property assets located throughout the UK, and operates car parking and hotel businesses. The Group is funded in part by a £100m debenture which is due for repayment in 2031. In addition the business has three bilateral Revolving Credit Facilities ('RCF') totalling £103m which, as at the year end, were due for repayment or renewal between April 2022 and June 2023. Each of the debt facilities is ring fenced within security sub pools of assets charged to the respective lender.

After the year end the Group has entered into a new three-year facility with NatWest that expires in September 2024. In addition the Group has requested and received credit committee approval to extend the existing Lloyds facility by a year, subject to the satisfactory completion of a bank instructed valuation exercise. This exercise has almost been completed and the draft valuation reports indicate a small valuation uplift (as compared to the 30 June 2021 valuations) on the properties secured within the facility. The Board are confident that these valuations, once finalised, will be satisfactory to the bank and that the extension to the facility will be formally approved. Following this the Group's RCF's will then be due for repayment or renewal between June 2023 and September 2024.

One of the most critical judgements for the Board is the loan to value ('LTV') headroom in the Group's debt 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. These covenants range from 60% to 66.7% LTV. The total LTV headroom at 30 June 2021 was £12.1m (2020: £14.8m). Overall, the properties secured under the Group's debt facilities would need to fall 19.8% in value before this LTV headroom level was breached.

In addition to the LTV covenants, the Group's debt facilities include income cover covenants of between 100% for the debenture and 175% on the three revolving credit facilities. At the year end the actual income cover levels ranged from 160% (for the 100% debenture covenant) up to 477% on the Lloyds facility. As mentioned in Note 27 of the Financial Statements, subsequent to the year end the Group breached an income cover covenant test on one of its facilities for the reporting period to 5 October 2021. The Group had made the bank aware prior to formally reporting this breach. On 24 November 2021 the bank confirmed in writing to the Company that it had waived its right to take any action as a consequence of this breach. This breach occurred on a £35m facility where the amount of debt drawn as at the time of the breach was £6.3m and at today's date is £2.6m.

In order to assess the potential impact of COVID-19 on the Group and its ability to continue as a going concern, management have analysed the portfolio's tenant base, car parking and hotel operations and produced forecasts to 31 December 2022. These forecasts reflect management's view of a worst case scenario including assumptions that rent receipts are materially lower than normally experienced and that the car park and hotel businesses recovers over the forecast period to a materially lower level than was experienced before the COVID-19 pandemic. These scenarios include a base case, downside case and then a more extreme significant downside case to show the effect a more significant downturn in the Group's performance would have on its funding cash headroom and any of its financial covenants. In addition the Company has performed a reverse stress exercise whereby it has looked at each individual facility and at how much of a downturn (compared to the conservative base case cashflows prepared by the Company) there would need to be before any the financial covenants are breached.

The Group's forecasts, including the various scenarios, show that the cash headroom figure is resilient whilst the financial covenant tests are more sensitive. Under the base case the minimum cash headroom is expected to be £11.5m, which compares to a minimum of £11.1m under the downside scenario. The significant downside case applied a total discount of 15% to rental income receipts and a 37% discount to pre COVID-19 car park income levels.

The cash headroom in the Group did not go negative in the period to June 2024 and none of the other financial covenants were breached. The reverse stress test shows that the financial covenants are not breached until there is a discount of 14.5% to rents collected and car park income is over 40% below the levels in FY19 pre-COVID-19. This breach is forecast to occur in Q3 of FY22 and under the reverse stress test the position then improves.

Over the entire COVID-19 period the Group has collected or agreed to defer 93.5% of rent and service charge income invoiced, and for the first quarter of FY22 the car park business is trading significantly ahead of expectation and that this recovery is expected to continue. It is also worth noting for the above breach to occur in the next five months, the significant downturn would already need to have commenced, and as such the Directors' have deemed the reverse stress test breach point likelihood of occurrence to be low.

The forecasts show that the Group has sufficient resources to continue to operate as a going concern for at least the next 12 months. Based on the forecasts, including the mitigating options available to the Group in the event of the occurrence of the downside scenarios, the Directors consider it appropriate to prepare these financial statements on the going concern basis. Further details on these forecasts and the approach taken by the Directors is set out in the Viability statement on page 48.

Risk Report
continued

Viability statement

In accordance with the requirements of the UK Corporate Governance Code, the Board have assessed the prospects of the Company and future viability over a period longer than the 12 months required by the Going Concern provision. As with pre-COVID-19 years this review has been as part of a longer-term three-year strategic planning exercise and three-year budgeting process. With the material uncertainty around COVID-19 last year, the Board undertook a rigorous scenario-based analysis back then but over a shorter two-year time period. The easing of all nationwide lockdowns and the broadening and steady recovery of all segments of our business has removed this material uncertainty and has given the Board the confidence to revert back to a three-year strategic framework.

The Board's review considered cash flows, profitability, borrowing headroom and other key financial ratios, and required the business to have clarity on its approach to bank financing over a longer period.

In taking this longer-term perspective, the Board considers the risks covered in this Risk Management review. In particular the key risks identified are:

- The potentially lasting effect of COVID-19 on our assets, tenants, hotel operation, car parking operations, and the wider economy.
- Further changes in the macro-economic environment affecting rental income levels and property values.
- Changes in the level of tenant and sector risk affecting occupancy levels and lettings.
- Changes in availability of capital, affecting committed expenditure and investment transactions.

The review considered a base case, a sensitised 'downside' scenario and a more drastic 'significant downside' scenario. These scenarios included:

- A range of levels of rent receipts affecting quarterly income up to the end of June 2024.
- A range of levels of car parking income affecting profitability up to the end of June 2024.
- A range of levels of hotel net income affecting profitability up to the end of June 2024.
- The effect on cash, borrowing levels, facility headroom and income cover covenants of all of the above.

Furthermore the Group carried out reverse stress tests on each individual facility, this was an exercise to see how far rental receipts and car park income would need to fall, before the Group ran out of either cash headroom or breached any of its banking covenants. The reductions in both rental receipts and car park income applied in this exercise were significantly greater than that experienced by the Group during the COVID-19 period.

The results of the reverse stress test show that the sensitivities occur in FY22 during the going concern review period and that if a breach had not occurred in these early months, the risk of a breach in the remainder of the viability period is greatly diminished.

Aligned to our Going Concern statement, the greatest uncertainty and risk lies in relation to our asset valuations and the possibility of breaching bank and debenture covenants and to possible breaches of our income cover covenants. Clearly there is still a risk, however this has been significantly diminished over the last twelve months with the acceleration of our disposal programme, the repayment of borrowings and the gradual recovery of all segments of our business following the easing of lockdown. It is however likely that this reduced risk will continue beyond the shorter-term future covered by the Going Concern statement.

In reviewing these scenarios, the Board have also considered the actions they could take to mitigate any significant downsides, especially in regard to any potential breach of the Group's existing borrowing facilities and banking covenants. The key actions being:

- The Group has £3.84m of properties that are not currently secured under any of our existing borrowing facilities – these could be pledged as security and increase borrowing headroom.
- The Group could move properties around the various facility 'security pools' (those assets currently charged under each facility) which could also unlock additional borrowing headroom.
- Further accelerating the Group's disposal programme.
- Ceasing all future capital expenditure.
- Seeking lender consent for financial covenant waivers.
- Cancellation of committed facilities that the Group is not expecting to use, thereby reducing non-utilisation interest.

Based on the results of their review, whilst taking into account the level of uncertainty, the Directors do not have a significant expectation to doubt that the Company will be able to continue in operation and meet its liabilities as they fall due over the longer-term period of their assessment.

Our Principal Risk Register is summarised as follows:

	Risk	Likelihood	Impact	Change from FY20
Macro Economic	Economic & Political outlook	High	Medium	No Change
Corporate	Strategy	Low	High	Improving
	People	Low	High	No Change
	Systems, Process & Financial Management	Medium	High	No Change
	GDPR	Medium	High	No Change
	Regulatory & Tax Framework	Low	High	No Change
	Tax Risk	Low	Medium	No Change
	Major Incident & Business Disruption	Medium	High	Improving
Property	Investment Risk	Medium	Low	No Change
	Development Risk	High	High	No Change
	Valuation Risk	Medium	Medium	Improving
	Tenant & Sector Risk	High	Medium	Improving
Financing	Capital & Financial Risk	Low	High	Improving
	Cost of Debt	High	Medium	No Change
	Financial Covenant Compliance	Medium	Low	No Change

Likelihood	H High	M Medium	L Low
Impact	H High	M Medium	L Low
Change from HY20	Improving	No Change	Worsening

Macroeconomic risks

Risk	Likelihood	Impact	Mitigation	Trend
Economic and political outlook A broad economic downturn, following Brexit, or broader cyclical reasons could result in tenant failures, falling asset values, rising debt costs, or less debt availability. In addition the lasting impact of COVID-19 and the longer-term effects of the actions taken by Government to manage the disruption will in all likelihood have lasting economic effect.	H	M	An economic downturn at some point in the cycle is inevitable, with the impact of Brexit still relatively unknown. In addition the impact on the longer-term economy resulting from COVID-19 has to be a consideration. TCS would not escape the impact of an economic downturn, however specific mitigating factors for TCS include: - Rents paid in advance. - Market leading level of occupancy and a long history of ensuring on-time payment by tenants pre-COVID. - A reduced level of Retail exposure, with much of the remaining portfolio focused on discount and convenience retailing. - Avoidance of speculative developments. - Concentrated portfolio of car parks in highly sought-after locations. - Bank agreements ranging from one to three years in length, and the long-term debenture accounting for c68% of our debt.	No Change

Corporate risks

Risk	Likelihood	Impact	Mitigation	Trend
Strategy The Company's strategy could be inappropriate for the current stage of the property cycle and the economic climate, resulting in lower profits and therefore a pressure on dividend and shareholder return. This risk has been exacerbated by COVID-19 and the subsequently changed attitudes towards property usage.	L	H	The Board undertakes regular reviews of the strategy and believe the following help to mitigate risk: - All key decisions are reviewed and approved at Board level. - The strategy of developing diverse multi-use sites and lowering exposure to retail remains appropriate. - The strategy to sell retail and leisure assets has continued during COVID-19 and further asset sales are anticipated in the next 12 months. - The experience and expertise of the team, particularly in relation to the property markets of Leeds and Manchester. - The presence of the Ziff Concert Party ensures a strong alignment of management and shareholder aims.	Improving
People The inability to attract and retain high calibre staff, affecting the ongoing success of the Company.	L	H	The Company benefits from the long service of a number of key individuals, including family members of the Concert Party, which helps guarantee stability. In addition: - Base salary packages are kept competitive within the market. - The Remuneration Committee reviews succession plans and pay levels annually. - New recent appointments demonstrate the attractiveness of the business to new recruits at all levels. - A history of conservative financial management combined with the development opportunities of the business make the Company attractive to new recruits.	No Change

Risk Report
continued

Likelihood	H High	M Medium	L Low
Impact	H High	M Medium	L Low
Change from HY20	Improving	No Change	Worsening

Corporate risks continued

Risk	Likelihood	Impact	Mitigation	Trend
Systems, processes and financial management Weak controls putting at risk the protection of the Company's assets and ability to deliver on its strategy, resulting in financial loss, fraud, and suboptimal returns. Risk to data and systems as a result of cyber-attacks.	M	H	The Company has a strong culture of safeguarding assets, being conservative in its approach, and using professional experts to ensure risk levels are restricted to be as low as reasonably possible: - IT systems are supported in house, with key services having been moved to the cloud. - Horizon is our combined property and accounting IT solution ensures we remain well controlled in this respect. This was upgraded a few years ago and resides in the cloud, further safeguarding business continuity. - Financial processes relating to cash are tight, robust, and reviewed regularly. Clear and separated authorisation processes are in place and robustly adhered to. - Insurance policies are fully in place to safeguard assets. - Staff are trained in all aspects of cyber security and penetration, and phishing tests are carried out to test for weaknesses. - A summary of the internal financial control review processes can be found in the Audit Committee report of the Annual Report.	No Change
GDPR Financial and reputational risk arising from a breach of GDPR regulations, potentially resulting in fines and damage to customer trust.	M	H	Given the nature of the business we do not hold significant amounts of customer data, with the CitiPark business our highest risk area. That said, the Company has taken seriously the requirements of the legislation and has implemented a detailed action plan that has been reviewed at Board level. Key aspects include: - Updated all Privacy-related statements and policies. - Trained all staff on their and the Company's responsibilities. - IT & Data Governance Committee in place, meeting quarterly, to oversee all aspects of GDPR and wider cyber security.	No Change
Regulatory and tax framework Non-compliance with tax, legal, or regulatory obligations could result in financial penalties, reputational damage, and higher levels of cost.	L	H	The Company takes its legal responsibilities seriously. Matters are reviewed regularly at Board and Audit Committee level, and the Company makes use of third-party professional services to ensure compliance. Actions include: - Link Company Matters engaged as formal Company Secretary to provide advice and recommendations to the Company and attend Board meetings during the year – they have recently resigned from the role of Company Secretary and we are looking at appointing a new specialist adviser. - PWC are engaged as the Company's tax advisors and are tasked with ensuring we remain compliant in all aspects of tax. - The Corporate and Criminal Offences legislation (CCO) is a key consideration and a workshop has been held to ensure risks and mitigating actions are clearly understood.	No Change

Corporate risks continued

Risk	Likelihood	Impact	Mitigation	Trend
Tax Risk As a UK REIT, a failure to comply with certain UK REIT conditions resulting in the loss of this status could result in property income and asset sales being subject to UK corporation tax. This risk is primarily associated with the recent programme of asset sales the Company has embarked on, hence why a specific Tax risk is being identified for the first time this financial year.	L	M	The Board reviews compliance with the UK REIT rules at least every six months and is in more frequent contact with PWC on both the current REIT status of the Group but also the impact future investments and disposals will have on this status.	No Change
Major incident and business disruption Cost and business down-time as a result of a major incident. This risk is primarily associated with the Merrion Centre, due to its importance to the portfolio and as the location of Company's head office. This risk has been exacerbated as a result of the COVID-19 disruption.	M	H	The provision of insurance across the portfolio is the main mitigation to this risk, with policies in place to protect income as a result of disruption. In terms of disruption to the head office the following actions are in place, all of which have ensured our ability to function fully during the COVID-19 disruption and to continue over the last six months as the majority of head office employees have returned to the Company's head office: - All personnel either have laptops or have technology at home which enables remote working. - Our geographical focus in Leeds and Manchester enables a hands-on approach with the majority of our properties and tenants is possible. - Back-up procedures are in place to ensure minimal loss of data in the event of damage to IT hardware. - Horizon and email (Microsoft 365) are both cloud-based technology significantly improving business continuity.	Improving

Property risks

Risk	Likelihood	Impact	Mitigation	Trend
Investment risk New investment opportunities cannot be sourced at economic prices.	M	L	The Company has clear plans in place to minimise the impact of this risk, including: - The Company typically targets assets of higher value than sought by individual investors, but lower than many larger property or overseas investors. - The Company looks to build strong relationships with partners to generate opportunities that can be exploited together. For example, our Belgravia Living PRS venture. - The existing portfolio has enough development potential to provide growth opportunities even if asset purchase prices rise and it is not viable to acquire new sites, for example the Group's development sites at both Piccadilly Basin, Manchester and Whitehall Riverside, Leeds.	No Change

Likelihood	H High	M Medium	L Low
Impact	H High	M Medium	L Low
Change from HY20	↑ Improving	— No Change	↓ Worsening

Risk Report
continued

Property risks continued

Risk	Likelihood	Impact	Mitigation	Trend
Development risk Development projects may exceed cost estimates and/or newly developed properties may fail to rent. The scale of such projects means they are of material size to the Company. With the property market in a state of flux in the current climate any long-term investment with significant capital required represents a heightened level of risk.	H	H	The Company has numerous actions in place to mitigate such risks including: - Build projects are generally contracted with third parties on a fixed cost basis. - Where possible, the Company seeks to undertake a development where there is a significant level of pre-let commitments. - Where that is not possible (e.g. PRS residential investments), a detailed market analysis will be undertaken, and the Company will ensure that locations are in high demand and that target rental levels are achievable. - When in Joint Venture, formal Board structures are created with at least quarterly meetings to review progress and performance, and to ensure that all development risks are being managed appropriately.	—
Valuation risk A material devaluation in assets. This is particularly high in relation to retail assets due to the changing nature of shopping habits that has been accelerated by COVID-19.	M	M	The key mitigation to this risk is ensuring there is enough headroom in terms of uncharged assets of undrawn, charged facilities. Key actions include: - Our Handelsbanken facility doesn't expire until June 2023, we have recently refinanced our NatWest facility with an expiry in August 2024, and our Lloyds Bank facility has been extended to a June 2023 maturity date. - All three facilities allow charging of development and car park assets, maximising our drawdown ability. In addition, Lloyds facility has removed any cap on such assets. - Asset cover in the long-term debenture can drop from the required 1.67x to 1.5x without triggering a covenant break. - The Company recycles assets believed to be at greatest risk of devaluation, and has recently accelerated its disposal of retail assets.	↑
Tenant and sector risk Individual tenant failures, or exposure to a specific sector. This risk has been heightened by the impact of COVID-19 particularly on Retail and Leisure tenants.	H	M	There have been an increasing number of CVAs and administrations within the Retail sector. Furthermore due to the requirement for many retail and leisure tenants to close for an extended period during the COVID-19 crisis, their ability to pay rent and to remain a going concern is a risk. TCS are taking a number of actions: - Since 2016 the Company has significantly reduced its exposure to Retail & leisure from 60% to 29% of value at June 2021. - Now a mixed-use asset, the Merrion Centre now depends upon Mall Retail for less than 25% of its income. - We have a diversified tenant base, and limited exposure to individual tenants. Our top tenants are Leeds City Council, Waitrose and Morrisons. - In normal times, CitiPark income helps further mitigate the reliance on specific property tenants. - We have granted many of our tenants rent-free periods or other concessions during the COVID-19 crisis with the aim of helping ensure they are able to continue trading and remain valuable tenants post COVID-19.	↑

Financing risks

Risk	Likelihood	Impact	Mitigation	Trend
Capital and financial risk The Company has insufficient funds/lines of credit. With property valuations decreasing as a result of COVID-19 this area of risk has temporarily increased, however the asset sale programme and the stabilisation of values has reduced this risk.	L	H	The majority of mitigating actions are contained within the Valuation risk category above. In addition: - The Board reviews cash balances, forecast cash flow, borrowing levels and headroom on a monthly basis. - The Company demonstrated during the last downturn the strength of its conservative approach and longstanding relationships with its banks. - The Company has received credit approval and agreed terms to refinance its NatWest facility and has recently extended the Lloyds Bank facility by two years (this second extension is subject to a satisfactory valuation exercise that is currently being undertaken). - The Company's continuing policy of asset sales will enable a reduction in absolute debt levels.	↑
Cost of debt Rising debt costs.	H	M	The following actions help mitigate the risk to the Company: - More than 67% of debt is in the form of fixed, long-term debenture borrowing in place to 2031. - The Board takes moving Libor rates into account when considering three-year budgets and affordability. - The business is in the process of discussing with our banks the process of replacing LIBOR as it ceases to be used in banking facilities.	—
Financial covenant compliance Breaching a financial covenant under one of the Group's debt facilities.	M	L	The following actions help mitigate the risk to the Company: - The Company has a significant amount of income to interest headroom on two of its bank facilities and also on the debenture facility. - The Company is in regular dialogue with all of its debt providers, ensuring that if there are any potential future breaches, these are discussed and appropriate courses of action are agreed in advance. - The Company has £3.8m of assets currently unsecured under any debt facility that could be added to the relevant security pool. - The Company could cancel any underutilised proportion of the facility, reducing non-utilisation interest	

Financial Review

> "The financial performance of the Company was significantly impacted by COVID-19 during the year ended 30 June 2021 and a degree of uncertainty remains. However, we have seen consistently improving rent receipts throughout the year, strong recoveries in both our Car Park and Hotel businesses following the easing of the last lockdown and the acceleration of our disposal and debt reduction programme".

The statutory loss for the year was £0.6m, compared to a loss of £24.1m in the previous year, with the prior year heavily influenced by a negative revaluation movement in Investment Properties of £26.0m.

EPRA Earnings* were a profit of £0.3m in the year, compared to a profit of £1.7m in the prior year. These amounts are presented in accordance with IFRS 16 which affects how we account for right-of-use leases that we have entered into. IFRS 16 was brought in and adopted for the first time in the results for the year ended 30 June 2020.

COVID-19 had a material impact on our financial performance during the year, and we estimate a total impact to earnings of £6.2m, compared to pre-COVID-19 levels. We estimate that our Investment Property business has been impacted by £1.0m, primarily as a result of the fair valuation of rental income and service charge income that would ordinarily be recognised but due to COVID-19 is not expected to be recovered. The impact to our CitiPark business is £4.5m due to a significant reduction in car parking income with many fixed costs, such as rent and rates. Our ibis Styles hotel has also been impacted by £0.7m in the year.

With EPRA Earnings at historically low levels it would not be prudent to increase our dividend. The unprecedented impact of COVID-19 and the level of uncertainty that has arisen means we believe this is the only responsible action to maintain the long-term prosperity of the Company. The final dividend for the year will be 1.75p per share, giving a full year dividend of 3.5p per share.

During the year the Company sold nine separate investment property assets which generated £48.0m of proceeds. The funds generated were in the first instance applied to reduce the Company's borrowings, which has reduced from £183.6m to £145.6m in the year. Net borrowings represent total financial borrowings of £176.1m less lease liabilities of £29.9m and cash and cash equivalents of £0.6m. These disposals, combined with the inevitable gap between asset sales and any asset purchases, and the gradual recovery from COVID-19, will lead to a longer period of reduced earnings which will inevitably lead to a lower level of dividend payment than in recent years.

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Restatement of prior year figures

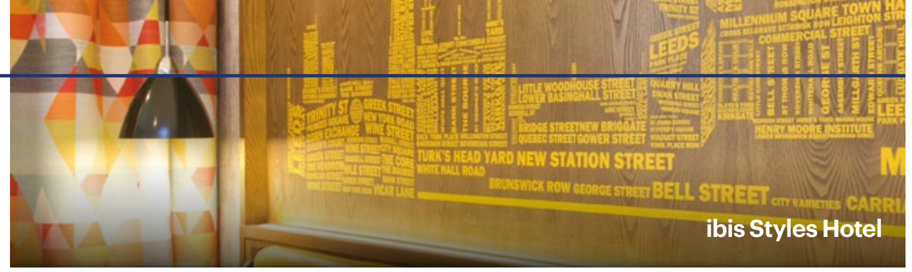
Prior year comparatives have been restated to reflect six adjustments, full details of which are set out in Note 26 to the financial statements**:

- Reclassification of two of the Group's Multi Storey Car Parks ('MSCPs') from freehold investment properties to freehold properties within car park activities
- Application of a single accounting policy to all types of leasehold car park properties, whether long term, short term or right-of-use asset
- Disclosure of amounts received under the Coronavirus Job Retention Scheme
- Reversal of an historic provision for future anticipated repairs and maintenance costs on an Investment Property owned by the Group
- Separately identifying service charge income and expenses within the consolidated income statement as opposed to disclosing a net amount
- Reclassification of the Group's investment in a listed entity from current to non-current asset investments.

Stewart MacNeill
Group Finance Director

* Alternative performance measures are detailed, defined and reconciled within Notes 11 and 21 of these financial statements

** There are two further adjustments in the Company only financial statements, full details of which are included in Note 10 to the Company only financial statements.



ibis Styles Hotel

Income statement

EPRA Earnings* for the year ended 30 June 2021 were £0.3m.

£000s	FY21	Restated FY20	YOY
Gross Revenue	21,429	30,792	(30.4%)
Impairment of debtors	788	(1,478)	(153.3%)
Property Expenses	(11,145)	(13,681)	(18.5%)
Net Revenue	11,072	15,633	(29.2%)
Other Income/JV Profit	2,962	2,018	46.8%
Other Expenses	0	(777)	–
Administrative Expenses	(5,585)	(6,197)	(9.9%)
Operating Profit	**8,449**	**10,677**	**(20.9%)**
Finance Costs	(8,145)	(9,009)	(9.6%)
EPRA Earnings	**304**	**1,668**	**(81.8%)**

Segmental	FY21	FY20	YOY
1 **Property**			
Net Revenue	10,196	11,694	(12.8%)
Operating Profit	8,471	7,849	7.9%
2 **CitiPark**			
Net Revenue	1,053	3,802	(72.3%)
Operating Profit	155	2,691	(94.2%)
3 **ibis Styles Hotel**			
Net Revenue	(177)	137	(229.2%)
Operating Profit	(177)	137	(229.2%)

Town Centre House

Statutory profit

On a statutory basis the reported loss for the year was £0.6m.

The statutory profit reflects the EPRA Earnings* of £0.3m plus £1.4m of non-cash valuation and impairment movements less the loss on disposal recognised of £2.3m on the nine investment properties sold in the year.

Gross revenue

Gross revenue was down £9.4m or 30.4% year on year, with key drivers being:

1. Property sales during the year accounted for £3.0m of this reduction and a further £1.6m due to COVID-19 related voids and rent concessions.
2. CitiPark revenues were materially reduced due to COVID-19, in particular with the three significant UK lockdowns and the stay at home/work from home policies. Whilst some monthly subscription income continued to be received, daily receipts were again down over 90% during the various lockdowns. This has reduced revenue on a year on year basis by £3.5m.
3. Income for the ibis Styles hotel was impacted by COVID-19 by an estimated £1.3m, in particular during the period from January 2021 to April 2021 when the hotel was fully closed.

Financial Review

Statutory profit continued

Property expense

Property expenses were down 18.5% or £2.5m year on year. Key drivers of this underlying decrease were:

- **Property:** operating expenses were £0.8m lower year on year predominantly due to a one-time write-off of historic service charges in the prior period.
- **CitiPark:** operating expenses were £0.7m lower year on year primarily because of savings initiated as a result of COVID-19 including furlough savings, reduced rates costs where branches were closed, and operational cost savings due to the significantly reduced level of transactions.
- **ibis Styles Hotel:** operating expenses were £1.0m lower year on year, driven primarily by the response to the COVID-19 crisis. With the hotel closed for over three months in the year, the operation was able to reduce variable operating costs including the furloughing of some staff and reduced rates costs.

Other/JV income

Total Other/JV income was up 46.8% or £0.9m year on year, the majority of which relates to dilapidations payments received by the Company as tenants vacate but there was also an increase in the underlying profits within the joint ventures the Company has a 50% interest in.

Other expenses

There are no recurring costs in relation to the proposed George Street aparthotel joint venture with Leeds City Council. The write down of this joint venture resulted in the prior year charge of £0.8m.

Administrative expenses

Administrative costs were £0.6m lower year on year. This is as a result of significantly reduced spend on bonuses, advertising, travel, entertaining and other expenditure as a result of our response to COVID-19.

Finance costs

Finance costs were 9.6% or £0.9m lower year on year as a result of the reduction in both the Company's bank borrowings and the buyback of £6.5m of debenture stock.

* Alternative performance measures are detailed, defined and reconciled within Notes 11 and 21 of these financial statements.

Balance sheet

The below table shows the year-end balance sheet as reported including the IFRS 16 implementation.

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

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

Non-current assets:
Our total non-current assets (including investments in JVs) of £337.1m (2020: £378.8) include £222.8m of investment properties (2020: £279.1m), £82.7m of non-current car parking assets (2020: £83.2m) and £8.6m of Operational Hotel assets (2020: £nil). The car parking assets include £4.8m (2020: £4m) of goodwill and intangible assets arising on business combinations.

The reduction in non-current assets of £41.7m during the year comprises

- Disposals of £(49.5m)
- Depreciation charge of £(1.8m)
- Capital expenditure of £3.0m
- Movement in tenant lease incentives £1.5m
- Revaluation uplift/reversal of impairments totalling £4.2m
- Operating profits generated and retained in JV entities £0.9m

Although we paused the vast majority of our capital expenditure from March 2020 onwards in order to preserve cash during the uncertainty of the COVID-19 crisis, across the year we invested a total of £3.0m of capital expenditure in our properties and car parking operations.

Borrowings:
During the year our Net Borrowings have reduced by £39.6m, from £214.2m as at 30 June 2020 to £174.6m. This was primarily as a direct consequence of the targeted retail sales made in the first six months. As part of this we bought back £6.5m of our £106m 2031 5.375% debenture stock with the remaining reduction spread across our bank facilities.

Two of the three bank facilities expire within twelve months of the year end and are therefore classed as current liabilities in the balance sheet. Since the year end we have had bank credit approval and have refinanced our £33m facility with NatWest, for a further three years on the same terms and margin albeit at lower facility limit of £25m, this facility will expire in September 2024, with an option for two further one-year extensions.

Our Lloyds Bank facility's initial three-year term expired in June 2021. However, the facility allows for two one-year extensions and these were both actioned prior to the year end the second extension is subject to a bank instructed valuation exercise, which is in progress. The Lloyds facility is a £35m revolving credit facility with a further £5m overdraft facility and once the valuation exercise is completed will expire in June 2023.

Finally, our £35m Handelsbanken facility does not expire until June 2023.

Loan to value has been reduced to 51.3%, down from 56.0% a year ago. Note - the calculation of loan to value includes both the finance lease assets and liabilities

After the year end, the Company breached a financial covenant on its Handelsbanken facility for the covenant reporting period from 6 July 2021 to 5 October 2021. The Company had made the bank aware prior to formally reporting this breach. On 24 November 2021 the bank confirmed in writing to the Company that it had waived its right to take any action as a consequence of this breach.

At the time of the breach, the Company had drawndown £6.3m out of a total facility of £35m. At the date of this report, the total amounts drawndown were £2.6m.

EPRA net asset reporting

Following the introduction of the EPRA net asset reporting, we will focus primarily on the measure of Net Tangible Assets (NTA). The adjacent table reconciles IFRS net assets to NTA, and the other new EPRA measures.

There are three new EPRA Net Asset Valuation metrics, namely EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets (NTA) and EPRA Net Disposal Value (NDV). The EPRA NRV scenario, aims to represent the value required to rebuild the entity and assumes that no selling of assets takes place. The EPRA NTA is focused on reflecting a company's tangible assets. EPRA NDV aims to represent the shareholders' value under an orderly sale of business, where, for example, financial instruments are calculated to the full extent of their liability. All three NAV metrics share the same starting point, namely IFRS Equity attributable to shareholders.

£m	FY21	Restated FY20	FY21 p per share	Restated FY20 p per share
IFRS reported NAV	**155.4**	**155.1**	**292**	**292**
Purchasers Costs[1]	21.1	24.1		
EPRA Net Reinstatement Value	**176.5**	**179.2**	**332**	**337**
Remove Purchasers Costs	(21.1)	(24.1)		
Remove Goodwill[2]	(4.4)	(4.0)		
EPRA Net Tangible Assets	**151.0**	**151.1**	**284**	**284**
Fair value of fixed interest rate debt[3]	(10.2)	(17.7)		
EPRA Net Disposal Value	**140.8**	**133.4**	**265**	**251**

1 Estimated purchasers' costs including fees and stamp duty and related taxes.

2 Removal of goodwill as per the IFRS Balance Sheet – relates predominantly to goodwill paid to acquire two long-term car park leaseholds in London.

3 Represents the adjustment to fair value (market price) of the 2031 5.375% debenture.

Future financial considerations

Future P&L pressure

As highlighted elsewhere in this report, COVID-19 had a material impact on profitability in the year ended 30 June 2021, in particular the changing ways people work and their shopping habits. Both of which have had an effect on our retail and leisure tenants but also in the revenue derived from our car park operation. However we are seeing recoveries in all segments of our business, although there is still a risk if these recoveries are stalled.

As has been seen, the acceleration of our retail disposal programme has enabled us to reduce Company borrowings and gearing, although the disposal of income producing assets has had an impact on the earnings of the business. The Board is reviewing options for how the proceeds of any further sales could be utilised including debt repayment, asset purchases and share buybacks.

Whilst the reduction in the dividend in the current year is due to the impact of COVID-19, the gradual recovery of our car park business and the loss of income due to disposals are likely to lead to continued pressure on our ability to pay a higher covered dividend.

Future balance sheet and covenant pressure

As identified in the Risk Report, we have highlighted the continued pressure on retail and leisure assets to be a significant risk to the business. A further risk is the pressure on the financial covenants of the Company's banking facilities, especially after the recent breach on the Handelsbanken facility. As part of the going concern and viability statement review process the Company has prepared consolidated forecasts and identified a number of mitigating factors to ensure that the

Financial Review

ongoing viability of the buisness was not threatened.

Our expectation is that continued asset sales and debt repayments, will strengthen this further.

Going concern and headroom

One of the most critical judgements for the Board is the headroom in the Group's debt 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 at 30 June 2021 was £12.1m (2020: £14.8m), which was considered to be sufficient to support our going concern conclusion. The properties secured under the Group's debt facilities would need to fall 19.8% in value before this headroom number was breached.

In assessing both the viability and going concern status of the Company, the Board reviewed detailed projections including various different scenarios. A summary of the approach and the findings is set out in the Risk Report, forming part of the Strategic Report of these financial statements.

Total shareholder return and total property return

Total shareholder return of 55.8% (2020: minus 50.4%) was calculated as the total of dividends paid during the financial year of 3.5p (2020: 11.75p) and the movement in the share price between 30 June 2020 (95p) and 30 June 2021 (144p), assuming reinvestment of dividends. This compares with the FTSE All-Share REIT index at 23.1% (2020: minus 10.1%) for the same period.

The Company's share price continues to trade at a significant discount to its NAV, impacting total shareholder return.

Total shareholder returns % (CAGR)

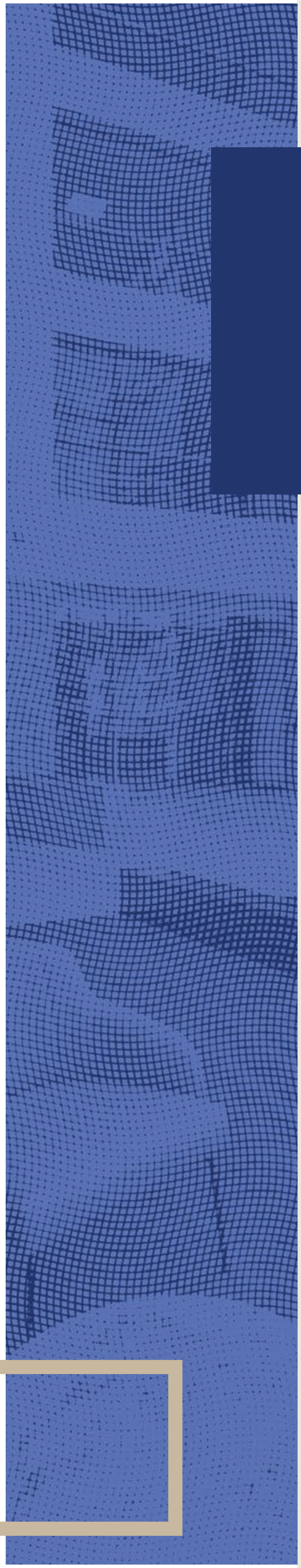
Total shareholder returns	1 Year	10 Years	20 Years
Town Centre Securities	55.8%	1.6%	5.4%
FTSE All-Share REIT index	23.1%	6.4%	3.3%

Total Property Return is calculated as the net operating profit and gains/losses from property sales and valuations as a percentage of the opening investment properties.

Total Property Return for the business for the reported 12 months was 4.3% (2020: (2.1%)). This compared to the MSCI/IPD market return of 6.4% (2020: (2.9%)).

A key driver of the All Property MSCI index being higher than TCS is due to the strong market performance of industrial property of which TCS only has a small amount.

Stewart MacNeill
Group Finance Director



This Strategic Report and the information referred to herein was approved on behalf of the Board on 29 November 2021.

Edward Ziff OBE DL
Chairman & Chief Executive

Corporate Governance

02. Corporate Governance

123 Albion Street

Corporate Governance

Introduction from the Chairman

The Board has taken steps over the last 2 years to implement the new 2018 UK Corporate Governance Code (the 'Code') in a way that is appropriate for Town Centre Securities.

Last year we introduced a section 172 statement demonstrating how Directors have discharged their duties to the Company's stakeholders. This statement can be found on pages 34 to 35.

Edward Ziff
OBE DL

Wherever possible, the Board seeks to comply with the principles set out in the 2018 UK Corporate Governance Code (the 'Code'). However, the Board takes a pragmatic approach and, because of the size and nature of the Company, makes a carefully considered judgement about how it should apply the Code. The Board keeps this under regular review and decisions on these matters are made by the Board taking into account the best interests of all stakeholders.

The Board currently consists of three independent Non-Executive Directors who, as well as contributing invaluable support and guidance, offer significant challenge to me and the other Executive Directors. The Board's focus throughout most of this year has been on the difficult economic environment resulting from the COVID-19 pandemic and ultimately protecting shareholder value, which has led the Board to consider more short-term issues. With the easing of lockdown, the gradual opening back up of the country and the shift back to more normal times the Board is once again focussing on the long-term strategy of the Company.

The independent Non-Executive Directors have provided robust challenge, and this has been particularly important over the last year. In addition to our regular scheduled Board meetings, I have held weekly meetings, which have only recently stopped, with the Non-Executive Directors which has been of invaluable help. I am grateful to each of them for the additional time they have given to the Company whilst accepting a temporary 20% reduction in their fees in the six months ended 30 September 2020.

We are sorry that Mark Dilley left the business at the end of February 2021, and we wish him well for the future. We appointed Stewart MacNeill as Group Finance Director to replace Mark in June 2021. You can find more details on the appointment in the Nomination Committee report on page 70.

We report below in more detail why the Board continues to believe that it is appropriate for the roles of Chairman and Chief Executive to be combined. Clearly, the Board is aware that this is not in compliance with the Code and recognises that a number of shareholders will have concerns about this. It is a matter which the independent Non-Executives keep under continual review and will continue to keep under review to ensure that is in the best interests of the Company's stakeholders. The presence on the Board of key executive management provides the Non-Executive Directors with direct access to these major functions rather than through the Chief Executive. In addition, the three independent Non-Executives are extremely rigorous in their review of my performance as Chairman focusing on ensuring the Chairman:

- demonstrates objective judgement and promotes a culture of openness and debate; and
- facilitates constructive Board relations and the effective contribution of all Non-Executive Directors.

The Board papers circulated in advance of each Board meeting include both property review and CitiPark board papers which are prepared by the individual management teams for these divisions, ensuring that all Board members are kept appraised of the key issues in the separate parts of the business. This then ensures that the interaction between the Non-Executive Directors and the rest of the Board is based on informed opinions and up to date information. All Board decisions are subject to unanimous decisions promoting significant and detailed debate between the Board members. Having the senior management team present also promotes a more inclusive culture, the ability to respond to questions quicker and to facilitate a wider and more diverse range of opinions.

Involving the senior management within Board meetings encourages an open culture that enables effective links between the Non Executive Directors, Executive Directors and senior management.

The independent Directors are firmly of the view that my holding the combined role of Chairman and Chief Executive continues to be in the best interests of the Company.

Whilst the combined role remains appropriate for the time being, with me being in a unique position – my father having founded the Company and the Ziff family being the largest shareholder overall – the Board will continue to review the situation on a regular basis.

I also wanted to take the opportunity to directly address the issue concerning the number of independent Non-Executive Directors. Currently less than at least half the Board are independent (as required by the Code). However, given my combined role as Chair/CEO, the Board agreed that including wider management representation during Board meetings, for example the CitiPark Managing Director and both the Property and Development Directors, would allow the Non-Executive Directors to have greater access to those parts of the business. This provides more opportunity for a robust assessment of the Company at a level aside from the CEO. This level of representation of management and increased access for robust challenge by Non-Executive Directors is highly unusual at Board level. Again, this is a matter which the independent Directors have reviewed and concluded that given the size of the Company, three independent Directors is appropriate and that to change the composition of the Board would at this point be disruptive and add unnecessary cost. This is a matter that will be kept under review and is covered specifically in the Board evaluation exercise. During the last year the Board has not increased the number of independent Directors however it will remain a key focus of the Nomination Committee over the next 12 months.

Edward Ziff OBE DL
Chairman & Chief Executive

29 November 2021

Burlington House

Corporate Governance

Board of Directors

Committee: N Nomination | A Audit | R Remuneration | ■ Chair

	Edward Ziff OBE DL Chairman & Chief Executive	**Ben Ziff** Managing Director, CitiPark	**Stewart MacNeill** FCA Group Finance Director
Appointed	08/1985	09/2015	06/2021
Independent	No	No	No
Committee membership	N (Chair)		
Skills & experience	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 lifelong 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. Edward's position as son of the founder, and his lifelong experience working in the business make him uniquely qualified to lead the Company. The wider role he plays in the Leeds community, in particular, support leading this proudly Leeds-based business.	Ben's long and close involvement with the business ensures he is always able to take the wider, cross business long-term view. In addition, his wide knowledge of the rapidly changing effects of technology ensures that we are able to take advantage of new ways of doing business across both the property and car parking parts of the Company. Ben joined TCS in 2008, becoming CitiPark Managing Director in 2009. In September 2015, Ben was appointed to the Board of Directors.	Stewart's chartered accounting qualification clearly underpins his ability to deliver in his role as Group Finance Director. In addition, his 19 years' experience in the property industry, having specialised on the finance side since 2002, ensure he is able to guide and add value in both the operational aspects and strategic direction of the business.
External Appointments	He is Chair and Trustee of Leeds Cares, a member of Council of the University of Leeds, a Trustee of the United Hebrew Congregation, Leeds, and a Deputy Lieutenant for the County of West Yorkshire.	None.	He is a Non-Executive Director of IW Topco Limited, a small family run private property business and is also an executive of Blizzard Properties, a small private property development and consultancy business that specialises in out of town retail.
Previous Experience	In 2013 he was awarded an Honorary Doctorate of Business Administration by Leeds Beckett University. Edward was awarded an OBE for services to the Leeds community and economy in the 2017 Queen's birthday honours list.	Ben successfully led the 2013 redevelopment of the Merrion Centre multi-storey car park, which turned a 1960s structure into a state-of-the-art facility featuring cutting-edge systems. Since 2014, Ben has led the acquisitions programme which has doubled the size of the car park division. Ben's personal interest in combining tech, renewable energy and EV Charging led to the development of TCS Energy in 2012 which pursues renewable energy production and storage. Ben has ensured the Group uses cutting edge technology to revolutionise and maximise its operations, including guiding the Board's financial investment of YourParkingSpace.co.uk.	Stewart formally joined the Board in June 2021, having spent the previous four months acting as the Company's Interim Chief Financial Officer. Prior to TCS, he spent the bulk of his professional career to date at LXB Properties, the real estate investment company which focused on edge of town and out of town retail assets, and most recently worked at a small development consultancy business. Stewart is a graduate of the University of Cambridge and a Fellow of the Institute of Chartered Accountants of England and Wales.



	Michael Ziff Hon DUniv (Brad) Non-Executive Director	**Ian Marcus** OBE FRICS Non-Executive Director	**Paul Huberman** FCA CTA Non-Executive Director	**Jeremy Collins** Non-Executive Director
Appointed	07/2004	01/2015	01/2015	02/2018
Independent	No	Yes	Yes	Yes
Committee membership	N	N, A, R (Chair)	N, A (Chair), R	N, A, R
Skills & experience	Michael's lifelong involvement with the Company and his retail experience puts him in a unique position to understand TCS and give counsel based on the founding principles of the business and the importance of taking a long-term strategic view. Michael was appointed to the Board in July 2004.	Ian's significant experience in the property and corporate finance worlds give him an experience base and a network that can valuably inform, guide and support TCS both in making day-to-day operational decisions, and in setting the long-term strategic direction of the business. He has broad remuneration experience which supports his role as Chair of the Remuneration Committee. Ian Marcus was appointed to the Board in January 2015.	Paul Huberman was appointed a Director in January 2015. He brings over 33 years' experience in the property and finance sector. Paul's previous experience as Finance Director at three quoted companies, and his ongoing work in the real estate arena mean that he can robustly challenge and scrutinise the financial affairs of the business, leading the Audit Committee, as well as contributing meaningfully to the broader operational and strategic activities of the Company.	Jeremy was appointed to the Board in February 2018 and has over 35 years' experience in retail property development and management. Jeremy's wide experience base as a property professional, particularly in the retail field, puts him in a strong position to help TCS really understand the challenges of owning retail property during a period of such significant change. His guidance on the changing face of retail combined with the importance of creating mixed-use communities plays an important role in the Company's strategic planning.
External Appointments	He is a Director of W Barratt & Co Ltd, Transworld Business Advisors UK Ltd and London Business Franchise & Brokerage Ltd. He is President and a trustee of Maccabi GB and International Vice President of Maccabi World Union. He is also Hon President of UK Israel Business and Member of Council at the University of Bradford.	Ian is a Trustee of The Princes Foundation and a member of Redevco's Advisory Board. He is Senior Advisor to Eastdil Secured, the Senior Independent Director for Secure Income REIT, the Senior Independent Director for Shurgard Self Storage SA, Senior Advisor to Elysian Residences, Advisor to Work.Life, and a senior advisor to Anschutz Entertainment Group. Ian is also President of Cambridge University Land Society.	He is currently a Non-Executive Director of Galliard Homes Limited, a Non-Executive Director at LiFE At Ltd, a Non-Executive Director at GetBusy plc, a Non-Executive Director at a privately-owned property group, and a Non-Executive Director at The Industrial Dwellings Society (1885) Ltd. He also sits on the advisory board for London Resort Company Holdings Ltd.	Jeremy is Property Director and Executive Board member at Fenwick.
Previous Experience		Ian spent over 32 years as an investment banker latterly at Credit Suisse. Ian was previously a Crown Estate Commissioner, is a former Chairman of the Bank of England Commercial Property Forum and a Past President of the British Property Federation.	Paul was previously Finance Director at three quoted companies. Paul was a Non-Executive Director at GRIT Real Estate Income Group Ltd, a listed pan African property investment company and a Non-Executive Director at JCRA Group Ltd, the holding company of JC Rathbone Associates Ltd, the independent advisors on interest rate risk management, debt finance and foreign exchange exposure.	Jeremy spent 15 years at John Lewis including as Property Director until 2018. Previous experience includes working for Lend Lease, MEPC and Grosvenor Square Properties. Jeremy's first job was at Wirral Metropolitan Borough Council, which gave him an insight into the workings of local authorities and began his passion for urban regeneration. He graduated from the University of Reading, qualified as a chartered surveyor, and is a Past President of the British Council of Shopping Centres.




Corporate Governance
continued

Board of Directors

Details of the Board of Directors are given on pages 62 to 63 of this report. At the end of the year the Board comprised four Non-Executive Directors, three of whom are independent and three Executive Directors, including the Chairman and Chief Executive.

The key roles and responsibilities are as follows:

Edward Ziff
OBE DL
Chairman & Chief Executive

- Ensure a robust decision making process is in place and all appropriate information is provided to the Board in a timely manner.
- Set the Board agenda, focusing on strategic matters and giving adequate time to other key issues as required.
- Manage the Board to allow time for discussion of complex or contentious issues.
- Ensure the Board discharges its responsibilities with respect to Risk Management and Governance, promoting high standards of Corporate Governance.
- Effective communication with shareholders and other stakeholders.
- Leadership of the Board and the Company.
- Successful achievement of objectives and execution of strategy.
- Responsible for identifying and recruiting Board members.
- Ensure long-term business sustainability.
- Ensure implementation of Board decisions.

Stewart MacNeill
FCA
Group Finance Director

- Provide advice and guidance on financial strategy.
- Ensure the Group's financial commitments, targets and obligations are met.
- Budget setting and performance management.
- Ensure compliance with statutory regulations.
- Assist with shareholder communications.
- Oversee all banking and debt facilities.
- Board responsibility for IT and data security.

Ben Ziff
Managing Director, CitiPark

- Provide advice and guidance on car parking strategy.
- Implement agreed business plan for CitiPark.
- Identify and recruit CitiPark senior management team.
- Identify and propose car park acquisitions and/or disposals.
- Identify and lead relationship with Property and Car Park related technology investments.

Paul Huberman
Senior Independent Director

- Support the Chairman and CEO's delivery of objectives.
- Lead the Non-Executive Directors in the oversight and evaluation of the Chairman and CEO.
- Be available to shareholders to express concerns that the normal channels have failed to resolve, or which would be inappropriate.
- Take responsibility for an orderly succession process for the Chairman were it to be required.

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 all shareholders, including non-family shareholders.

In accordance with the UK Corporate Governance Code the Board considers Jeremy Collins, Paul Huberman, and Ian Marcus to be independent and confirm that they:

- have not been an employee of the Company or Group during the prior five years;
- have not had any material business relationship with the Company or been a Director or a senior employee of a body which has had such a relationship with the Company;
- have not received or receive remuneration from the Company other than Directors' fees, nor do they participate in any Company Share Plan, nor are a member of the Company's pension scheme;
- do not have close family ties with the Company's advisors, Directors, or senior employees;
- have no cross Directors or significant links with other Directors through involvement in other companies and bodies other than that referred to below;
- do not represent a significant shareholder; and
- have not been a Director of the Company for more than nine years since their first appointment.

One of the Non-Executive Directors, Michael Ziff, is not considered to be independent, due mainly to his shareholding in the Company and his close family ties. The Board consider that he brings extensive experience and expertise and provides an invaluable contribution to the work of the Board. The remaining three Non-Executive Directors are considered to be Independent.

Additionally, under the Code, the Company is required to identify a 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. Consequently, for the purpose of compliance with the Code, the position will alternate on an annual basis. Over the past year Ian Marcus has stood as our Senior Independent Director and therefore, from the date of this report until the next, the position will be rotated to Paul Huberman.

Prior to the introduction of the 2018 UK Corporate Governance Code, Ian Marcus was appointed as a workforce representative. His role has been key in ensuring workforce representation in the discussions and decisions of the Board, useful in enabling all Directors to perform their duties under Section 172 Companies Act 2006.

The full Board met eight times in the year and the record of Directors' attendance at the Board meetings is set out overleaf. Additionally, the Board met every week as a result of the COVID-19 crisis, although those meetings are not included in the formal reporting below. This year the Board met twice specifically to review the strategic direction of the Group. The Board manages overall control of the Group's affairs in accordance with 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.

The Board has established two divisional Boards, the Property Review Board (eight meetings in the year) and CitiPark Board (eight meetings in the year), which comprise Executive Directors and senior management. 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 are provided with information about the Group's operations, the role of the Board, the Group's corporate governance policies and the latest financial information. Additionally, upon appointment, Directors are provided with induction including training in respect of all their responsibilities in accordance with the UK regulatory regime. Subsequent training is also undertaken as appropriate.

The appointment and removal of Directors is governed by the Company's Articles of Association, the UK Corporate Governance Code and the Companies Act 2006 and other related legislation. The Articles are available on application to the Company Secretary at the Company's registered office.

The Independent Non-Executive Directors meet 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.

2018 UK Corporate Governance Code (the 'Code')

As part of the Company's commitment to good corporate governance a review of compliance with the 2018 code was undertaken and areas of non-compliance identified. The Board has undertaken several changes to comply with the 2018 code and several other actions remain ongoing. Detail on compliance with the Code is provided on pages 68 to 69.

Ducie House

Corporate Governance
continued

Listing rules

In accordance with listing rule 9.8.4 R the following information has been disclosed as set out below.

Listing rule requirement	Location
A statement of the amount of interest capitalised during the period under review and details of any related tax relief.	Not applicable
Information required in relation to the publication of unaudited financial information.	Not applicable
Details of any long-term incentive schemes.	No such long-term incentive plans
Details of any arrangements under which a Director has waived emoluments, or agreed to waive any future emoluments, from the company.	Due to the COVID-19 pandemic, from April 2020 until September 2020 the Non-Executive Directors accepted a 20% reduction in fees. The salaries of the Executive Directors were also reduced by 20% for the same period.
Details of any non pre-emptive issues of equity for cash.	No such share allotments
Details of any non pre-emptive issues of equity for cash by any unlisted major subsidiary undertaking.	No such share allotments
Details of parent participation in a placing by a listed subsidiary.	Not applicable
Details of any contract of significance in which a Director is or was materially interested.	No such contract
Details of any contract of significance between the Company (or one of its subsidiaries) and a controlling shareholder.	No such contract
Details of waiver of dividends by a shareholder.	No such waiver
Board statement in respect of relationship agreement with the controlling shareholder.	Directors' Report, page 83

Performance of the Board

The effectiveness of the Board, its committees and Directors was reviewed as part of Board proceedings. Given the size of the Board and nature of the business the Directors performed an internal Board evaluation. The Board recognises the requirement to consider the use of an external evaluator at least every three years. The Board have not yet engaged with an external evaluator and during the next financial year will consider the appropriateness of this measure for Town Centre Securities.

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, considering the views of the Executive Directors. The independent Non-Executive Directors met at least once during the year without the Chairman and non-independent Directors.

Committees of the Board

Nomination Committee
Edward Ziff (Chair)
Ian Marcus
Paul Huberman
Jeremy Collins
Michael Ziff

Audit Committee
Paul Huberman (Chair)
Ian Marcus
Jeremy Collins

Remuneration Committee
Ian Marcus (Chair)
Paul Huberman
Jeremy Collins

Attendance at Board Meetings (of 8)	
Edward Ziff	8
Mark Dilley	4
Lynda Shillaw	0
Ben Ziff	8
Stewart MacNeill	4
Michael Ziff	8
Ian Marcus	8
Paul Huberman	8
Jeremy Collins	8

Attendance at Audit Committee Meetings (of 2)	
Paul Huberman	2
Ian Marcus	2
Jeremy Collins	2

Burlington House

Corporate Governance
continued

Statement of compliance with the UK Corporate Governance Code

The UK Corporate Governance Code ('the Code') can be found on the FRC's website: frc.org.uk. Under the Code, the Board is required to make a number of statements. These statements are set out below:

1. **Compliance with the Code**
   As a Company listed on the London Stock Exchange Town Centre Securities PLC is subject to the requirements of the Code. The Board is required to comply with the Code and, where it does not, explain the reasons for non-compliance. The Board now reports against the 2018 Corporate Governance Code and has also produced a Section 172 Statement demonstrating how Directors have performed their duties in compliance with Section 172 of the Companies Act 2006.

Statement of compliance with the Code

The Board has considered the principles and provisions of the Code, published by the Financial Reporting Council ('FRC'). The Board of Directors has complied with the Code throughout the year except for the following matters:

UK Corporate Governance Code	Provision	Explanation of departure from the Code
Provision 9	The roles of the chairman and chief executive should not be exercised by the same individual.	The Board acknowledges that the appointment of Edward Ziff as Chairman and CEO and his tenure depart from the UK Code. Edward Ziff became Chief Executive in 2001 and succeeded his Father and Founder of the Company as Chairman in 2004. The Board unanimously agreed that, for a number of reasons, including cost efficiency, that taking on both roles would be in the Company's best interests. The Board is focused on the commercial success of the Company and believes that continuing the combined position of Chairman and Chief Executive is the best way to achieve this. Furthermore, the Board noted the contributions which have been made by Edward Ziff in delivering the strategy of the Company, whilst utilising his position to act as an ambassador for the Company. As mentioned previously, the Company took the step to include wider management representation at Board level as a measure to give the Non-Executive Directors greater access and further avenues to scrutinise the business. This ensures an appropriate level of robust challenge and is an ongoing focus for the Non-Executive Directors. The Independent Directors meet at least annually in a private session chaired by the Senior Independent Director to consider the governance of the Company including the division of responsibilities for the Chairman and CEO. Edward Ziff will stand for re-election at all future Annual General Meetings in accordance with the 2018 Code requirements.
Provision 19	Chair not to remain in post for more than 9 years.	Edward Ziff was appointed Chairman and CEO in 2004, which the Board feels continues to be in the best interest of the Company. Due to this combined role Edward Ziff is not considered to be independent. Edward Ziff has over 35 years experience on the TCS Board and is well respected within both the Leeds and Manchester property markets – which geographically represents 90% of the Group's property portfolio. His invaluable knowledge of the Group's largest single asset, the Merrion Centre, Leeds would be very difficult to replicate. Edward Ziff has significant contacts within the local area in which the business operates (for example the local authorities, Leeds University and the Leeds hospitals charity). The Board believes that the valuable experience provided by Edward Ziff continues to benefit the Company.
Provision 39	Notice or contract periods should be set at one year or less.	The Chairman and Chief Executive has a service contract with a notice period greater than one year. Given the role and experience of the Chairman and Chief Executive, and his deep knowledge of the Company, the Board believes the longer notice period continues to be appropriate.
Provision 11	At least half the Board, excluding the Chairman to be independent.	The Board noted that less than half of the Board is considered to be independent. The composition of the Board is regularly reviewed to ensure that there in an appropriate balance of skills and experience. The Board currently comprises four Non-Executive Directors. Again, without the unusual wider management representation on the Board, the Company would meet the required ratio of Independent Directors.

2. **Going concern**
   The Board is required to confirm that the Group has adequate resources to continue in operation for at least 12 months.

   The Directors are satisfied that the Group has adequate resources to continue to be operational as a going concern for the foreseeable future and therefore have adopted the going concern basis in preparing the Group's 2021 financial statements. More details can be found in the Risk Report on page 47 and the Director's Report on page 83.

3. **Viability statement**
   The Board is required to assess the viability of the Company taking into account the current position and the potential impact of the principal risks and uncertainties facing the business.

   The Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three years ended 30 June 2024. Our Viability statement can be found in the Risk Report on page 48.

4. **Principal risks facing the Group**
   The Board is required to confirm that a robust assessment of the principal and emerging risks facing the Company has been carried out and should describe those risks and explain how they are being managed or mitigated.

   A robust assessment of the principal risks facing the Company was undertaken during the year, including those that would threaten its business model, future performance, solvency or liquidity. These risks and how they are being managed or mitigated can be found in the Risk Report starting on page 46.

5. **Risk management and internal control**
   The Board is required to monitor the Company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness.

   The Board conducted a review of the effectiveness of the systems of risk management and internal control during the year and considers that there is a sound system in place. More detail can be found in the Audit Committee Report on page 74.

6. **Fair, balanced and understandable**
   The Board is required confirm that it considers the Annual Report, taken as a whole, to be fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

   The Directors consider, to the best of each person's knowledge and belief, that the Annual Report, taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. This is considered in the Audit Committee Report on page 24 and the Statement of Director's Responsibilities on page 84.

Relations with shareholders

The Board is committed to maintaining good communications with shareholders. The Chairman and Chief Executive and Group 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 release and the Annual General Meeting (AGM). The Notice of AGM and 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 in person (or by teleconference) 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 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).

Edward Ziff OBE DL
Chairman & Chief Executive

29 November 2021

Nomination Committee Report

for the 2021 Annual Report

“

Dear Shareholder,

I am pleased to continue to act as Chairman of the Nomination Committee (the ‘Committee’). The other members of the Committee are Jeremy Collins, Ian Marcus, Paul Huberman and Michael Ziff. The Committee therefore comprises a majority of Independent Directors. The Committee formally met once during the year.

Edward Ziff OBE DL
Chairman & Chief Executive

Responsibilities of the Nomination Committee

The Committee is responsible for the regular review of the structure, size and composition (including the skills, knowledge, independence and experience) of the Board, and it makes recommendations to the Board with regard to any changes.

The Committee also considers succession planning for the Executive Board in the course of its work, taking into account the challenges and opportunities being faced and the skills and expertise required.

Work of the Committee during the year

The effectiveness of the Board, its Committees and Directors was reviewed as part of the September Board proceedings. More detail can be found in the Directors' Report on page 82. As a result of this exercise, the Committee will be focussing on continuing to develop its succession plan for the Board. A central part of this plan will be to seek to make the Board more diverse. The Company continues to face new challenges some of which existed prior to the COVID-19 pandemic but these challenges have now been accelerated. The Committee will be considering the Board's skill set to ensure it is able to lead the Company post COVID-19 and a diverse Board will be key to the Board's effectiveness. The Company's approach to diversity is set out later in this report.

As previously announced, Mark John Dilley, the Group Finance Director, left the business with effect from 8 February 2021. We wish Mark all the best in his future endeavours. In his place, The Board of TCS has appointed Stewart MacNeill to the role of Group Finance Director. Stewart has extensive experience spanning almost 20 years in the property industry, specialising in finance.

The Committee recognises that the Chair of the Board has remained in post beyond nine years and the reasons for this are continuously and rigorously reviewed by the independent Non-Executive Directors to ensure this remains in the best interests of the Company and its stakeholders. This exercise by the independent Non-Executive Directors also incorporates a review of the combined role of Chairman and Chief Executive Officer. Further information can be found on page 61.

Following the introduction of the new UK Corporate Governance Code, all Directors are put forward for re-election at each Annual General Meeting every year. Biographies of the Board members can be found on pages 62 to 63.

Diversity and inclusivity

The Board embraces the supporting principles on diversity and inclusivity in its broadest sense: diversity of skills, background, experience, knowledge, outlook, approach, gender and ethnicity. In addition, the Company has regard for diversity in recruitment at all levels. At the Company's head office in Leeds, 13 of the Company's 27 employees, are female. The Company drives diversity through its university placements, adding to its core strategy on enhancing diversity via a strong and diverse pipeline of talent throughout the Group at all levels.

The Board is committed to ensuring it has an appropriate balance of skills, knowledge and experience. Diversity is a vital part of the continued assessment and enhancement of Board composition, and the Board recognises the benefits of diversity amongst its members, and the senior team. As mentioned earlier in this Report, the Board recognises that its composition should enable it to meet future challenges and assist it in discharging its responsibilities to all of its stakeholders.

All Board appointments are made on merit and whilst the Nomination Committee has decided not to employ specific diversity targets, it continues to actively support diversity in all forms. The Board is committed to furthering its diversity and is looking to address the issue wherever the opportunity arises to do so. The Committee is committed to ensuring that recruiting a female independent Non-Executive Director is a priority when future vacancies arise. The Board currently consists of seven men and at the senior management level within the business, below the Board, there are five men and one woman.

Edward Ziff OBE DL
Chairman of Nomination Committee

Ducie House

Ducie House

Audit Committee Report

Dear Shareholder,
As Chairman of the Audit Committee (the 'Committee') I am pleased to present the report of the Committee for the year ended 30 June 2021.

Paul Huberman
Chairman of the Audit Committee

The Audit Committee consists of the Board's three Independent Non-Executive Directors. I am a qualified Chartered Accountant and experienced senior finance executive having been Finance Director of three different listed companies, and more recently a Non-Executive Director at Galliard Homes and Grit Real Estate Income Group. Ian Marcus has a breadth of experience in Investment Banking, and as a Non-Executive Director with past Audit Committee responsibilities. Jeremy Collins is also a member of the Committee, bringing valuable experience from his prior roles, including as Property Director at John Lewis. The Board is therefore satisfied that at least one member of the Audit Committee has recent and relevant financial experience. The Committee as a whole has relevant sector experience.

Executive Directors, including Edward Ziff, join Committee meetings by invitation but are not members of the Committee. The Committee meets alone with the external auditor without Executives present at least twice a year.

The Committee's main focus has been to monitor closely the Company's financial position as it continues to suffer the impact of the COVID-19 pandemic. In particular, the Committee has taken steps to ensure that a rigorous valuation process was undertaken and Committee members attended a number of meetings with the external valuers.

The Audit Committee carries out an annual review of its Terms of Reference. The Terms of Reference ensures the Committee's role is fully compliant with the 2018 UK Corporate Governance Code and reflects best practice. This is available to view on the Company's website.

Responsibilities

The Committee's role includes, but is not limited to, assisting the Board to discharge it's responsibilities and duties for financial reporting, internal control, management of risk and the appointment, reappointment and remuneration of an independent external auditor. The Committee is responsible for reviewing the scope, terms of engagement, and results of the audit work and the effectiveness of the auditor. The Committee is responsible for monitoring the integrity of the financial statements, announcements and judgements, as well as reviewing the Company's internal financial controls. The Committee also satisfies itself of the auditor's independence and objectivity, reviews and approves the level of non-audit services, and the Group's arrangements on whistleblowing. Any matter the Committee considers needs action or improvement is reported to the Board. In addition, the Committee continues to review annually whether an internal audit function is required.

Report on the Committee's activities during the year

During the year, the Committee met two times and discharged its responsibilities by:

- Reviewing the Group's draft Annual Report and financial statements and its interim results statement prior to discussion and approval by the Board.
- Reviewing the continuing appropriateness of the Group's accounting policies.
- Reviewing BDO's plan for the 2021 Group audit and approving their terms of engagement and proposed fees.
- Reviewing reports prepared by management on internal control issues, as necessary.
- Considering the effectiveness, objectivity and independence of BDO as external auditor and recommending to the Board their reappointment.
- Reviewing management's biannual risk review report and the effectiveness of the material financial, operational and compliance controls that help mitigate the key risks.
- Reviewing the effectiveness of the Group's whistleblowing policy.
- Monitoring the level of non-audit fees and the scope of non-audit services provided in the year by the auditor.
- Reviewing progress against the IT infrastructure and security action plan.
- Considering management's approach to the Viability statement in the 2021 Annual Report.
- Reviewing the terms of reference of the Audit Committee.
- Carrying out an annual performance evaluation exercise and noting the satisfactory operation of the Committee.
- Reviewing the Group's Non-Audit Services Policy.
- Reviewing the Group's compliance with the requirements necessary to qualify as a REIT.
- Reviewing the impact of COVID-19 on the Company both for the year ended 30 June 2021 and in respect of the longer-term viability of the business and its going concern status.

Significant issues considered in relation to the financial statements

During the year, the Committee considered key accounting matters and judgements in respect of the financial statements. The Committee received detailed reporting from the Finance Director and BDO with respect to key areas of management judgement and reporting. Using BDO's assessment of risk and the Committee's own independent knowledge of the Company, estimates and judgements of management in relation to the preparation of the financial statements were reviewed and challenged. The significant accounting matters and judgements related to:

- Investment Property Valuation – the Committee reviewed the reports of the independent valuers JLL and CBRE, and the Chair and other members of the Committee attended the valuation review meetings with management, BDO and CBRE and then JLL.
- Treatment of property sales and investment acquisitions in the year.
- The investment in YourParkingSpace.co.uk (YPS), and the accounting treatment required to meet fair value requirements – the Committee agreed that the current carrying value, which is based on an external valuation conducted in the first half of the year, still reflects fair value, although this needs to be kept under regular review.
- Going concern and covenant compliance – the Committee reviewed and approved the Going Concern analysis.
- Viability statement and appropriateness of period of the statement – the Committee reviewed and agreed the longer-term viability analysis and recommended timeframe. As part of this process a number of stress scenarios were provided to the Committee. The assumptions behind those scenarios were robustly examined.
- Treatment of outstanding rental income due from tenants as at the year-end that was more than three months overdue, the Committee agreed that it was appropriate to provide for non-payment of the amounts due unless there was reasonable certainty of the recoverability of specific balances.
- Accounting for IFRS16 – the Committee reviewed and approved the application of IFRS16 within the accounts, reviewing the effects of the standard.
- Accounting for the prior period adjustments, in particular the reclassification of the Merrion MSCP and the change in accounting policy around all leasehold car park assets (including the IFRS 16 Right-of-Use assets) and reviewing the specific disclosures made within the Chairman & Chief Executives Statement, the Financial Review and the Financial Statements – the Committee reviewed and approved the disclosures within the accounts around the prior period adjustments.
- Critical accounting estimates and judgements – the Committee reviewed and approved the specific disclosures around the critical accounting estimates and judgements used in preparing the financial statements.

Audit Committee Report

continued

COVID-19

The Committee and the wider Board have spent significant time during the year reviewing and stress testing the financial robustness of the Company. This is detailed in the Risk Review on page 46, but in summary key Audit Committee activities included:

- Weekly full Board video calls to review the impact of COVID-19 on the business and to agree on key actions. These weekly Board calls have now ceased with the majority of the Senior Management team back in the office and able to regularly meet face-to-face.
- Weekly Non-Executive Board video calls with the Chairman to follow up on actions agreed at the Board meeting, to review wider market activity, and to ensure the Non-Executives are fully engaged in the actions of the business. As with the weekly Board call, the Non-Executive calls have now ceased and have been replace with more informal video calls on a more ad-hoc nature.
- A review of the strategy and the decision to speed up the disposals of predominantly retail assets.
- Detailed reviews of predicted cash flow forecasts under different scenarios, and review of predicted bank and debenture covenant tests.
- Detailed discussions regarding the Viability statement and Going concern statement included within this Report and Accounts.

Fair, balanced and understandable

In its review the Audit Committee has determined that the 2021 Annual Report, taken as a whole, is fair, balanced and understandable and provides shareholders with the necessary information to assess the Company's position and performance, business model and strategy.

Risk management and internal controls

The UK Corporate Governance Code provides that the Directors should monitor the Company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness and should report to shareholders in the Annual Report. The monitoring and review should cover all material controls, including financial, operational and compliance controls.

The Board recognises that effective risk management is critical to the achievement of the Group's strategic objectives, and the Audit Committee plays a key role in reviewing identified risks and assessing the effectiveness of mitigation plans.

The principal risks and uncertainties identified by the Board and the processes in place to manage and mitigate such risks are summarised in the Risk Management section. All individual risks identified have either remained unchanged or improved in the year. All the changes are driven by improvements the business is seeing as the country recovers from the COVID-19 pandemic. The key points being the robustness of the Group's property portfolio and tenant mix and the recoveries seen in both the Group's car parking and hotel businesses.

The risk management system is designed to give the Board confidence that the risks are being managed or mitigated as far as possible. However, it should be noted that no system can eliminate the risk of failure to achieve the Group's objectives entirely and can only provide reasonable but not absolute assurance against material misstatement or loss.

The key elements of the internal control framework are as follows:

- A comprehensive system of financial budgeting and forecasting based on an annual budget in line with strategic objectives. Performance is monitored and action is taken throughout the year based on variances to budget and forecast.
- Rolling 18-month cash flow forecasting that is reviewed by the Board on a monthly basis.
- An organisational structure with clearly defined roles, separation of duties, and authority limits.
- Close involvement of the Executive Directors in day-to-day operations, and regular formal meetings with senior management to review the business.
- Monthly meetings of the Executive, the Property Review Group, the CitiPark Board, and quarterly meetings of the IT and Data Governance Committee.
- A documented appraisal and approval process for all significant capital expenditure.
- Approval by the Board for all material acquisitions, disposals and capital expenditure.
- The maintenance of a risk register, and a formal review of significant business risks twice a year.
- A formal whistleblowing policy and anti-bribery policy.

The Board has delegated responsibility for reviewing the effectiveness of the risk management framework and internal control to the Audit Committee.

Oversight of the external auditor

BDO were appointed as the Company's auditors following a formal tender process in 2015/16.

Current UK regulations require rotation of the lead audit partner every five years, a formal tender of the auditor every ten years and a change of auditor every twenty years. The 2021 audit was the first audit by Richard Levy.

BDO presented their audit plan for the year end to the Board, where the key audit risks and areas of judgement were highlighted, and the level of audit materiality agreed. BDO presented detailed reports of their findings to the Committee before the Interim and Full Year results. The Committee questioned and challenged the work undertaken and the key assumptions made in reaching their conclusions.

Auditor independence and objectivity

The Committee recognises the importance of auditor objectivity and independence and understands that this can be compromised by the provision of non-audit work. All taxation advice is provided separately by PwC. However, there may be certain circumstances where, due to BDO's expertise and knowledge of the Company, it may be appropriate for them to undertake non-audit work. The Company has put in place a formal process for agreeing and approving non-audit work by the Audit Committee alongside a Non-Audit Services Policy as mentioned previously. BDO have confirmed to the Audit Committee that they remain independent and have maintained internal safeguards to ensure the objectivity of the engagement partner and audit staff is not impaired.

Audit fees for the year are broken down as follows:

	£000's
Audit of Year End Consolidated Financial Statements	135
Audit of Company subsidiaries pursuant to legislation	10
Other Audit related services	15
Total Audit Services	**160**
Other non-audit services	2
Total Auditor's remuneration	**162**

The Committee ensures it is able to assess the quality of BDO's audit in three key ways: It ensures there is a comprehensive engagement agreement in place, secondly the Committee reviews the detailed audit planning document provided by BDO, and thirdly BDO produces a detailed audit report that is thoroughly reviewed by the Committee with follow-up iterations as necessary. In addition to meeting the auditor without management present, the committee are able to stress test the independence and quality of the review.

The review described above allows the Committee to determine and understand the degree to which the auditor has challenged management and if necessary require the auditor to revisit particular aspects in more detail. In this past year, the attendance of Committee members at the Valuation Review meetings has allowed the Committee to witness first-hand the level of scrutiny and challenge given by the auditors to management and CBRE and JLL.

In the year ended 30 June 2021 the Committee has not asked the auditors to look at any specific areas not already covered by the audit plan.

Auditor reappointment

The Committee reviewed the effectiveness of the external audit process and the performance of the auditor and for the reasons stated above, believe that BDO remain independent and recommend that BDO be reappointed as external auditor for the Company. The Committee note the requirements for the external auditor position to undergo tender and propose for this to be undertaken prior to 2025/2026.

Internal audit

The Group does not have a dedicated standalone internal audit function. This decision is made taking into account the size and complexity of the Group. Where appropriate reviews are either carried out by staff members, or where appropriate by third party experts. The need for an internal audit function is considered by the Audit Committee annually.

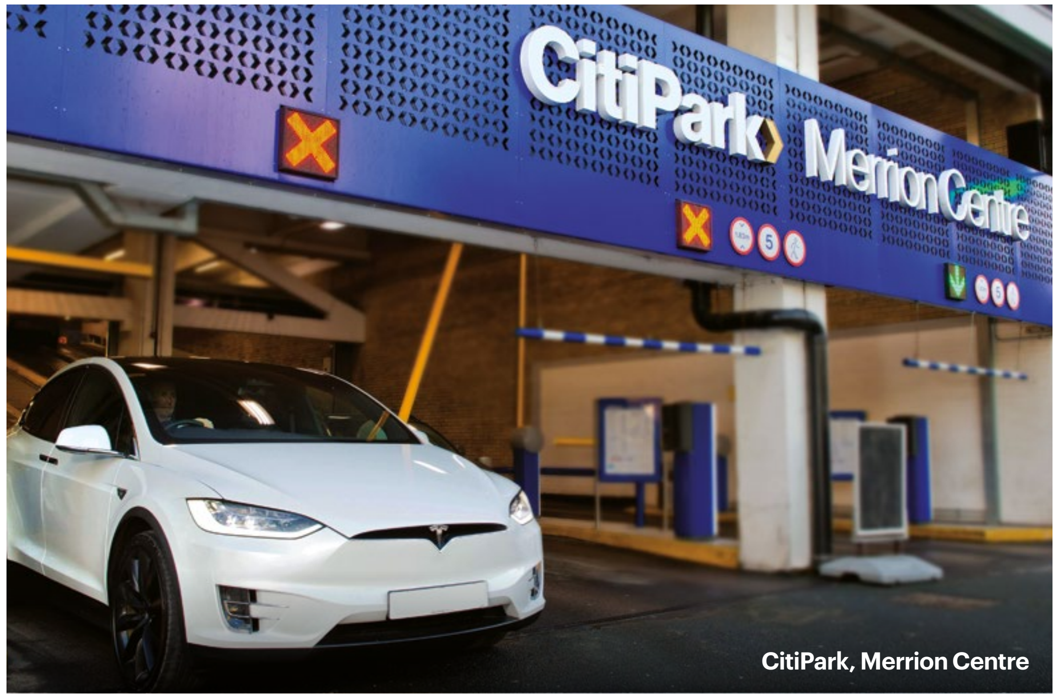
Whistleblowing

The Group has in place a whistleblowing policy which encourages employees to report any malpractice or illegal acts or omissions or matters of similar concern by other employees or former employees, contractors, suppliers or advisors. The policy provides a mechanism to report any ethical wrongdoing or malpractice or suspicion thereof. The Committee review this policy annually.

Committee evaluation

As part of the Board and Committee self-evaluation process it was felt that the Committee continued to operate at a high standard and was effective in its support to the Board during the year.

Paul Huberman
Chairman of Audit Committee



CitiPark, Merrion Centre

Merrion Centre

Directors' Remuneration Report

for the 2021 Annual Report

Dear Shareholders,

On behalf of the Board I am pleased to present the Directors' Remuneration Report of the Remuneration Committee (the 'Committee'). The report is divided into three sections:

- This annual statement for the year ended 30 June 2021, which summarises remuneration outcomes and how the Remuneration Policy will operate for the year ending 30 June 2022.
- The Remuneration Policy Report. The current Directors' Remuneration Policy (Policy) was approved by shareholders at the Company's AGM in 2017 and the Company is seeking approval of a new Directors' Remuneration Policy (New Policy) at the forthcoming AGM.
- The Annual Report on Remuneration which explains how the Remuneration Policy was implemented in the year ended 30 June 2021, and how the new Remuneration Policy, if approved, will be implemented for the year ended 30 June 2022.

The Committee has decided to put forward a New Policy which the Committee intend to seek shareholder approval of at the 2021 AGM. In 2019, Willis Towers Watson undertook an independent market benchmarking exercise which is referred to later in this report. The Committee have considered the extent to which the result of that exercise can be used to inform the proposed new policy.

Ian Marcus
Chairman of the Remuneration Committee

Pay and performance during 2021

Following a review of earnings, NAV, dividends, and other financial metrics the Committee agreed that no bonuses were to be paid in respect of the year ended 30 June 2021. There we no specific benchmarks set for these bonuses, they are entirely at the discretion of the Remuneration Committee. The salaries of Executive Directors were reduced by 20% for the period from July to September 2020. Non-Executive Directors also waived 20% of their fees for the same period.

Other activities

We met twice during the year.

In accordance with its terms of reference, the Committee continues to review the remuneration policy periodically to seek to ensure a clear linkage between Executive Directors' pay and Group performance. In reviewing the policy, the Committee not only assesses the alignment between policy, strategy and shareholder interests, but also the extent to which remuneration is sufficiently competitive to recruit, motivate and retain key talent. Last year and following a market benchmarking exercise undertaken by Willis Towers Watson the Committee came to a number of conclusions which were reported in the 2019 and 2020 Report and Accounts:

- Overall Maximum Potential Remuneration ('MPR') for Executive Directors is low in comparison to the Company's property sector peers. Whilst base salaries are competitive, maximum bonus opportunity is significantly lower than that of peers.
- Actual remuneration is also low relative to peers, with an average bonus pay-out of 11% of base salary over the last 5 years.
- The lack of a Long-Term Incentive Plan ('LTIP') contributes to lower overall pay levels and means that remuneration does not actively assist to align all Executives to longer-term shareholder interests.

Implementation of the remuneration policy in 2021

- There will be no October pay review for Stewart MacNeill and small cost of living increases for both Edward Ziff and Ben Ziff.
- The annual bonus opportunity has remained at a maximum of 60% of salary during the year. There will be no bonus award for any of the Executive Directors.
- It is proposed that, for 2022 and onwards, the maximum bonus opportunity will be increased to 100% of salary. The Remuneration Committee are currently discussing with the Executive Directors whether to include suitable weightings, measures and targets or if the bonus award remains entirely discretionary. If adopted these will be disclosed retrospectively in our subsequent report as and when bonuses become payable, owing to commercial sensitivity.
- Pension and benefits will operate as per 2020.

Edward Ziff and Stewart MacNeill continue to engage with shareholders, both family and where possible larger independent shareholders on all topics including remuneration. In addition, I am available to any shareholder who would like to discuss their concerns on remuneration throughout the year, not only at the AGM.

Remuneration policy

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 although this is being phased out, permanent health and medical insurance premiums. The Chairman and Chief Executive receives reimbursement of the costs of maintaining a flat in London which is regularly used for Company meetings. The value of the benefits is not pensionable. The Company makes no pension contributions in respect of Edward Ziff. The Group makes payments to a defined contribution scheme for both Stewart MacNeill and Ben Ziff of 13% of salary.

The Committee recognises the guidance of the 2018 Corporate Governance Code in relation to the alignment of Executive pensions with the wider staff pool. The contributions of 13% made by the Company in relation to Stewart MacNeill and Ben Ziff are in alignment with contributions made on behalf of other members of the senior management team.

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) are carefully considered by the Remuneration Committee in awarding the bonuses when such increases were the result of Directors' effort. Specific benchmarks are not set to enable the Committee to award bonuses for both innovation and performance that aren't necessarily capable of being measured against rigid financial metrics, although clearly the financial impact is considered. The maximum award has historically been up to 60% of salary. It is proposed that this maximum is to be increased to 100% of salary for FY22. 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

Edward Ziff has a service contract that is subject to not less than 2 years notice, as a result of his role and the significant experience and knowledge he has of the business. Ben Ziff and Stewart MacNeill have service contracts with one years' and six months' notice respectively. The 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.

Non-Executive Director remuneration

The Non-Executive Directors do not have service contracts. They are appointed for an initial three-year period and are now up for re-election on an annual basis. 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. In 2019 the Company improved pension contributions for more junior staff and also introduced a Westfield Health policy for a large number of staff members.

Consideration of shareholder views

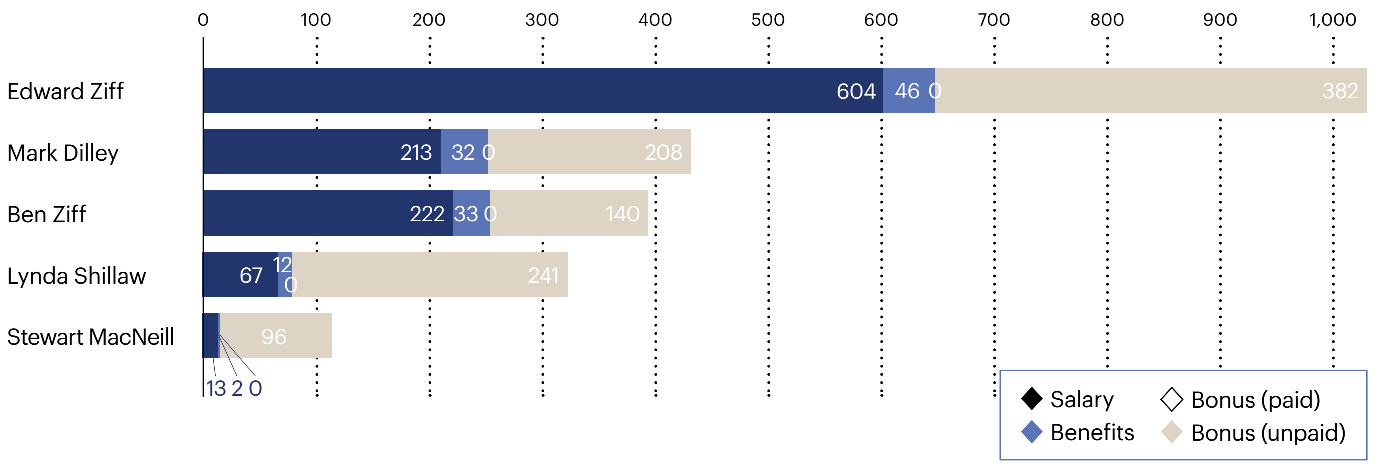
At the 2020 AGM the Board noted the fact, when excluding controlling shareholder votes, that the proportion of non-controlling shareholders voting to pass resolution 6, my reappointment as a Non-Executive Director, was 82.0%. As mentioned in previous years, it is believed that the level of votes against resolution 6 related to concerns around remuneration, in particular given my responsibility as Chairman of the Remuneration Committee. The Committee has discussed my position and experience as a non-executive including remuneration responsibilities elsewhere, and I continue to have the full support of the wider Board and importantly the majority of shareholders.

Directors' Remuneration Report

continued

Board remuneration including theoretical maximum bonuses

Year ended 30 June 2021 (£000s)



Note: The unpaid element of the bonus represents the full potential bonus award as there was no actual bonus awarded in the year.

Annual Report on Remuneration

Single total figure of remuneration for each Director (audited)

The following table sets out the total single figure of remuneration for each Director for the years ended 30 June 2021 and 30 June 2020.

	Fixed						Variable					
	Salaries and fees		Taxable benefits[1]		Pension contributions[3]		Bonuses		SIP Shares[2]		Total	
	2021 £000's	2020 £000's	2021 £000's	2020 £000's	2021 £000's	2020 £000's	2021 £000's	2020 £000's	2021 £000's	2020 £000's	2021 £000's	2020 £000's
Executive Chairman & Chief Executive												
E M Ziff	**604**	600	**44**	72	–	–	–	–	**2**	2	**650**	674
Executive Directors												
M Dilley[4]	**213**	326	**2**	3	**30**	45	–	–	–	2	**245**	376
C B A Ziff	**222**	214	**2**	27	**29**	28	–	–	**2**	2	**255**	271
L M Shillaw[5]	**67**	380	**1**	5	**11**	52	–	–	–	–	**79**	437
S MacNeill[6]	**13**		–	–	**2**	–	–	–	–	–	**15**	–
	1,120	1,520	**49**	107	**72**	125	–	–	**4**	6	**1,245**	1,758
Non-Executive Directors												
M A Ziff	**48**	47	–	–	–	–	–	–	–	–	**48**	47
P Huberman	**51**	51	–	–	–	–	–	–	–	–	**51**	51
I Marcus	**51**	51	–	–	–	–	–	–	–	–	**51**	51
J Collins	**48**	47	–	–	–	–	–	–	–	–	**48**	47
	198	197	–	–	–	–	–	–	–	–	**198**	197
	1,318	1,717	**49**	107	**72**	125	–	–	**4**	6	**1,443**	1,955

Notes:
1 Taxable benefits include cash and non-cash benefits principally company cars or a cash alternative, permanent health and medical insurance premiums. Edward Ziff receives reimbursement of the costs of maintaining a flat in London which is regularly used for Company meetings. The value of the benefits are not pensionable.
2 No long-term incentive plan was in operation for the relevant years although Directors were awarded shares under the Company SIP.
3 Edward Ziff received no pension contribution. The Group made payments to a Defined Contribution scheme and/or cash alternative for Mark Dilley, Lynda Shillaw, Ben Ziff and Stewart MacNeill (all at 13% of base salary).
4 Mark Dilley left the Board in February 2021. Under Mark Dilley's Directors service contract he is due to receive his salary and benefits up to and including December 2021.
5 Lynda Shillaw left the Board in August 2020.
6 Stewart MacNeill joined the Board in June 2021.

Notes to the single figure table – Annual bonus targets and outcomes for 2021

The current AGM approved bonus scheme allows for a maximum pay-out of 60% of base salary.

For the year ended 30 June 2021, the Executive Directors did not receive a bonus pay-out.

Scheme interests awarded during the financial year

Town Centre Securities PLC does not currently operate a long-term incentive plan. It does operate an All Employee Share Incentive Plan, approved by shareholders in December 2003. The 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.

In May 2021 Edward Ziff and Ben Ziff accepted the annual invitation to participate in this All Employee Share Incentive Plan by each agreeing to purchase shares to the value of £1,800, paid between June 2021 and November 2021. 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 2021. For illustration, based on the share price as at 30 June 2021, this would equate to each Director receiving 1,250 partnership shares and 1,250 matching shares. In November 2020 Edward Ziff, Mark Dilley and Ben Ziff received 1,894 partnership shares and 1,894 matching shares in respect of the 2020 Share Incentive Plan. The total number of partnership and matching SIP shares beneficially held at 30 June 2021 is shown below.

Executive	Holding of partnership and matching SIP shares (30 June 2021)
Edward Ziff	9,614
Mark Dilley (left the Board in February 2021)	7,006
Ben Ziff	9,614

Payments to past Directors/payments for loss of office (audited)

During the financial year, payments including pension contributions totalling £116,792 were paid to Mark Dilley as compensation for loss of office, further payments of up to £209,100 are due to be paid in the six months ending 31 December 2021.

Directors' shareholdings (audited)

The table below sets out the shares held by the Directors as at 30 June 2021:

	Beneficial	Non-beneficial
Edward Ziff	5,488,990	15,564,893
Mark Dilley (left the Board in February 2021)	7,006	0
Ben Ziff	340,969	0
Michael Ziff	2,596,356	7,443,445

The non-beneficial interest disclosures include the 649,278 Ordinary Shares over which a power of attorney has been granted by Mrs ME Ziff jointly to Edward and Michael Ziff for personal estate management reasons and 6,404,665 Ordinary Shares over which a power of attorney has been granted by AL Manning to Edward Ziff for personal estate management reasons. Non-beneficial holdings include shares held in trust and under powers of attorney.

Edward Ziff and Ben Ziff are Directors of TCS Trustees Limited, Trustee for the shares that are required for the All Employee Share Incentive Plan. At 30 June 2021, TCS Trustees Limited held 73,049 Ordinary Shares (2020: 81,488) on behalf of all participants including those share awards of Executive Directors shown above.

On 22 July 2021 a trust in which Edward Ziff has a non-beneficial interest transferred a total of 1,716,783 shares in the Company to the ultimate beneficiaries, who are all members of the Ziff Concert Party.

Following these transfers Edward Ziff's shareholding in the Company now totals 5,488,990 beneficial shares and 13,848,110 non-beneficial shares.

One of the ultimate beneficiaries of this transfer was Ben Ziff who received 429,195 of these shares. Following this transfer Ben Ziff's shareholding in the Company now totals 770,164 beneficial shares.

Directors' Remuneration Report

continued

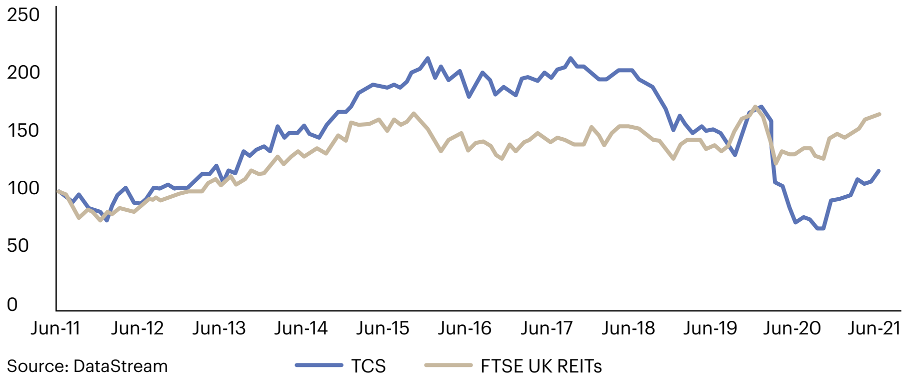
Annual Report on Remuneration continued

Performance graph and table

The following graph shows the Company's Total Shareholder Return ('TSR') performance compared to the FTSE All-Share REIT Index, over the ten years ended 30 June 2021. This index has been chosen because the Directors consider it the most appropriate comparison and TCS is a constituent of this list. This chart illustrates the movement in value of a hypothetical investment of £100 in TCS and the FTSE All-Share REIT index.

Over the long term, TCS has outperformed FTSE All-Share REIT companies. On a 20-year basis TCS TSR was 5.0% versus the FTSE All-Share REIT at 2.3%. On a 10-year basis TCS TSR was 0.8% behind the FTSE All-Share REIT at 8.1%.

The table below sets out the total remuneration and incentive plan pay-outs for the Executive Chairman and CEO over a ten-year period.



Source: DataStream

	Single total figure of remuneration (£000s)	Annual bonus pay-out (% of maximum)
2020/21	650	0%
2019/20	674	0%
2018/19	684	0%
2017/18	914	40%
2016/17	809	20%
2015/16	718	10%
2014/15	782	30%
2013/14	784	33%
2012/13	604	0%
2011/12	672	13%

Percentage change in remuneration of the Directors

The tables set out a comparison of the percentage change in base salary, taxable benefits and bonus of the Directors versus the total employee population from 2019 to 2020 and from 2020 to 2021.

Salary change	2019 to 2020	2020 to 2021
Edward Ziff	(1.6%)	0.8%
Ben Ziff	10.3%	3.6%
Mark Dilley	(1.8%)	n/a
Lynda Shillaw	45.6%	n/a
Stewart MacNeill	n/a	n/a
Michael Ziff	(0.8%)	0.8%
Ian Marcus	(0.8%)	0.8%
Paul Huberman	(0.8%)	0.8%
Jeremy Collins	(0.8%)	0.8%
Average Employee[1]	**5.5%**	**6.9%**

1 Average pay for employees is calculated on a like for like basis for comparison purposes.

Taxable benefits change	2019 to 2020	2020 to 2021
Edward Ziff	0.0%	(38.9%)
Ben Ziff	28.6%	(92.6%)
Mark Dilley	0.0%	n/a
Lynda Shillaw	n/a	n/a
Stewart MacNeill	n/a	n/a
Michael Ziff	0.0%	0.0%
Ian Marcus	0.0%	0.0%
Paul Huberman	0.0%	0.0%
Jeremy Collins	0.0%	0.0%
Average Employee	**21.9%**	**0.0%**

Bonus change	2019 to 2020	2020 to 2021
Edward Ziff	0.0%	0.0%
Ben Ziff	0.0%	0.0%
Mark Dilley	0.0%	n/a
Lynda Shillaw	0.0%	n/a
Stewart MacNeill	n/a	n/a
Michael Ziff	0.0%	0.0%
Ian Marcus	0.0%	0.0%
Paul Huberman	0.0%	0.0%
Jeremy Collins	0.0%	0.0%
Average Employee	**0.0%**	**0.0%**

Relative importance of spend on pay

The table below shows how expenditure on total pay compares to other financial outgoings.

Bonus change	2020 (£000)	2021 (£000)	% change
Staff remuneration costs	5,593	5,319	(4.9%)
Dividends to shareholders	6,247	1,860	(70.2%)

External appointments

Stewart MacNeill is a Non-Executive Director of a small family owned property group and receives a salary of £22,000 per annum. None of the other Executive Directors have other external appointments for which they are paid. Edward Ziff is the unpaid Chair and Trustee of Leeds Cares.

Implementation of the remuneration policy for 2022

The following table outlines how TCS intends to implement the remuneration policy in the year ending 30 June 2022.

Component	Implementation for 2021
Base salary	The Committee usually agrees base salary increases effective from October. This year the Committee has agreed that there will be a 2.5% cost of living increase to Edward Ziff's base salary and a 3.5% cost of living increase to the base salary of Ben Ziff.
Benefits	Benefits provisions will be as per 2020, to include cash and non-cash benefits principally company cars or a cash alternative, permanent health and medical insurance premiums. The Chairman and Chief Executive receives reimbursement of the costs of maintaining a flat in London which is regularly used for Company meetings.
Pension	Edward Ziff does not receive a contribution. The Group makes payments to a Defined Contribution scheme for Stewart MacNeill (13% base salary) and Ben Ziff (13% base salary).
Annual bonus	It is proposed that the maximum opportunity is increased to 100% base salary. Bonuses are currently entirely at the discretion of the Remuneration Committee. The Committee is currently discussing potential measures and weightings and if adopted will only be disclosed retrospectively owing to commercial sensitivity.
SIP	Executive Directors will continue to participate in the SIP.
NED fees	There will be no change in NED fees.

Consideration by the Directors of matters relating to Directors' remuneration

The Remuneration Committee formally met twice during the year and following Directors were members of the Committee during 2021:

- Ian Marcus
- Paul Huberman
- Jeremy Collins

The key activities of the Committee during the year were:

- Approving the bonus outcome for 2021 (no payment)
- Approving the salaries for 2021 (no increase)
- Setting the bonus targets for 2022
- Reviewing Service Contracts for continued appropriateness
- Discussing structures for any potential future LTIP scheme
- Reviewing the Terms of Reference
- Reviewing changes to Corporate Governance and the Committee's approach to these changes

Statement of voting in relation to the 2020 AGM

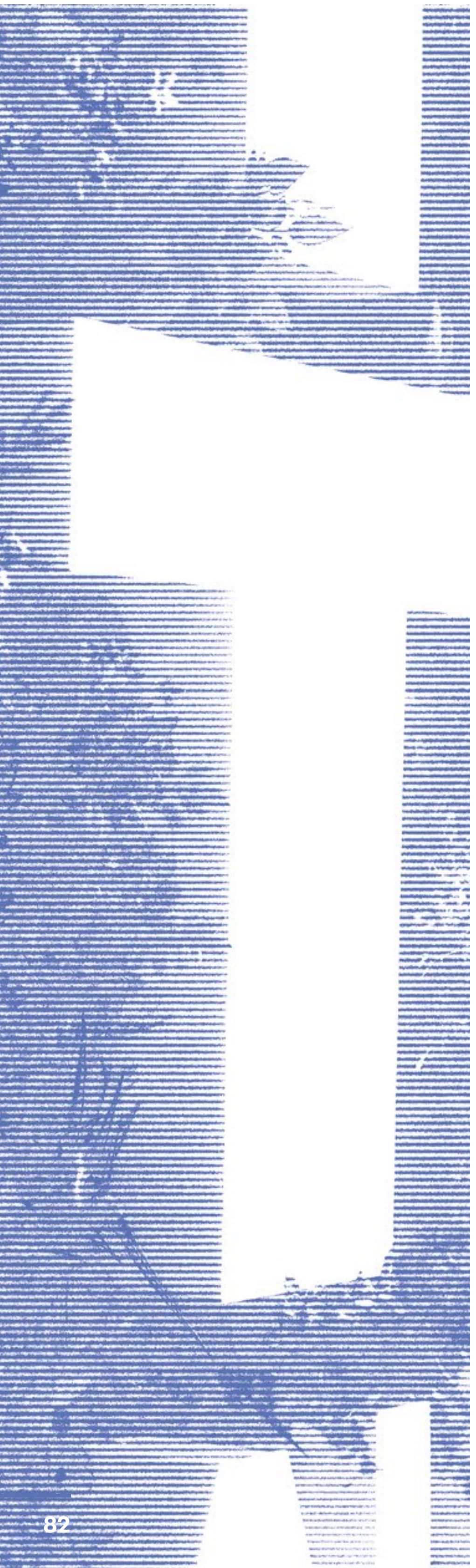
Bonus change	Annual Report on Remuneration
Votes For	96.94%
Votes Against	3.06%

This report was approved by the Board on 29 November 2021 and signed on its behalf by

Ian Marcus
Chairman of the Remuneration Committee

Directors' Report

The Directors present their report for the year ended 30 June 2021.



Principal activities

The principal activities of the Group during the financial year remained those of property investment, development and trading and the provision of a hotel and car parking.

Company status

Town Centre Securities PLC is a public limited liability company incorporated under the laws of England and Wales. It has premium listing on the London Stock Exchange main market for listed securities (LON: TOWN).

Results for the year and dividends

The results for the year are set out in the Consolidated Income Statement on page 96.

An interim dividend of 1.75p per share was paid on 25 June 2021 as a PID. The Directors now propose a payment of a final dividend of 1.75p per share all payable as an ordinary dividend for approval of the shareholders at the forthcoming Annual General Meeting ('AGM'). The proposed final dividend will be paid on 21 January 2022 to ordinary shareholders on the register at the close of business on 31 December 2021. The ex-dividend date will be 30 December 2021.

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 and CBRE as at 30 June 2021, 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.

Financial instruments

The key risks rising from financial instruments are considered to be Trade Debtors, Lease Liabilities and Borrowings, which are set out in further detail on pages 121 to 125.

Share capital

The changes in the Company's issued share capital during the year are as set out in Note 23 to the Financial Statements. At 30 June 2021, there were 53,131,035 Ordinary Shares of 25p per share in issue and fully paid. The Company does not hold any Ordinary Shares in treasury.

Purchase of own shares

During the year the Company purchased 30,915 shares of its own shares for cancellation as part of a share buy-back programme commenced on 17 June 2021.

At the forthcoming AGM, the Company will be seeking to renew its authority to purchase up to 15% 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.

Shareholder voting rights

The Company has only one type of Ordinary Share class in issue and 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 2021.

Town Centre Securities confirms that there are no restrictions concerning the transfer of securities in the Company; no special rights to control attached to securities; no restrictions on voting rights; no agreements between holders of securities regarding their transfer known to the Company; and no agreements to which the Company is a party that might affect its control or trigger any compensatory payments for Directors following a successful takeover bid.

Political donations

The Group made no political contributions in the financial year (2020: nil).

SECR – Greenhouse gas emissions (GHG) statement

The Company's GHG statement is set out in the Responsible business of the Strategic Report and can be found on page 40 of these financial statements.

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 62 to 63. None of the Directors have any contracts of significance with the Company. Details of the Executive Directors' service contracts are given in the Directors' Remuneration Report on page 77.

Lynda Shillaw was a Director of the Company for part of the year ended 30 June 2021. Lynda resigned from the Board on 31 August 2020.

Mark Dilley was a Director of the Company for part of the year ended 30 June 2021. Mark resigned from the Board on 28 February 2021.

Stewart MacNeill was appointed Director of the Company from 1 June 2021.

Beneficial and non-beneficial interests of the Directors in the shares of the Company as at 30 June 2021 are disclosed in the Directors' Remuneration Report on page 79. 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 UK Corporate Governance Code all Directors will retire at the Company's AGM on 29 December 2021 and offer themselves for re-election.

Service agreements of Executive Directors and terms of conditions of Non-Executive Directors are available for inspection at Company's registered office.

Workforce engagement

Ian Marcus, Non-Executive Director, agreed to be workforce champion for the Company. Further details on workforce engagement are included on page 42.

Emission reporting

The Group's greenhouse gas emissions statement is included within the strategic report on page 40.

Power of Directors

The Directors manage the business of the Company under the powers set out in the Company's Articles of Association (the 'Articles') and those contained within relevant UK legislation.

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 provide cover in the event that the Director is proven to have acted dishonestly or fraudulently. The Company has appropriate Directors' & Officers' Liability insurance cover in respect of potential legal actions against the Directors.

2021 Annual General Meeting

A Notice of Meeting can be found on pages 144 to 151 explaining the business to be considered at the AGM on 29 December 2021 at Town Centre House, Leeds. 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.

Going concern

Further detail is set out on page 47 of the Strategic Report.

Independent auditors

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

Relationship agreements

In accordance with the UK Listing Rules, the Company has entered into an agreement with the Ziff Family Concert Party which, as it controls more than 30% of the Group's total issued share capital, is deemed a controlling Shareholder. The relationship agreement is intended to ensure the controlling Shareholder complies with the independence provisions in Listing Rule 9.2.2A.

Under the terms of the relationship agreement, the Principal Concert Party Shareholders (Mr E Ziff & Mr M Ziff) have agreed to procure the compliance of other individual members of the Ziff family concert party who are treated as controlling shareholders with independence obligations in the relationship agreement. The Ziff family concert party, as controlling shareholders of the Company, have a combined aggregate holding of approximately 51.6% of the Company's voting rights.

The Board confirms that, since the entry into the relationship agreement until 21 November 2021, being the latest practicable date prior to the publication of this Annual Report and Accounts:

- the Company has complied with the independence provisions included in the relationship agreement;
- so far as the Company is aware, the independence provisions included in the relationship agreement have been complied with by the Ziff family concert party and their associates; and
- so far as the Company is aware, the procurement obligation included in the relationship agreement has been complied with by the Principal Concert Party Shareholders.

Substantial shareholdings

As at 29 November 2021, being the last practicable date, the Company had been notified, in accordance with the UK Listing Authority's Disclosure Guidance and Transparency Rules, that the shareholders in the table below held, or were beneficially interested in, 3% or more of the voting rights in the Company's issued share capital.

	Number of shares	% of Issued Capital
Ziff Concert Party	27,300,708	51.6%
New Fortress Finance Holdings Limited	4,834,769	9.1%

Post-balance sheet events

Post balance sheet events since 30 June 2021 are detailed in Note 27.

By order of the Board

Edward Ziff OBE DL
Chairman & Chief Executive
29 November 2021

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 accounting standards in conformity with the requirements of the Companies Act 2006 and prepared in accordance with the international financial reporting standards adopted pursuant to Regulations (EC) No 1606/2002 as it applies in 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).


Urban Exchange

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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- state whether they have been prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and applicable UK accounting standards, subject to any material departures disclosed and explained in the Group and Parent Company financial statements respectively;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- prepare a directors' report, a strategic report and directors' remuneration report which comply with the requirements of the Companies Act 2006.

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 enable them to ensure that the financial statements 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR4

The directors confirm to the best of their knowledge:

- The financial statements have been prepared in accordance with the applicable set of accounting standards and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the group and company.
- The annual report includes a fair review of the development and performance of the business and the financial position of the group and company, together with a description of the principal risks and uncertainties that they face.

This responsibility statement for the year ended 30 June 2021 was approved by the Board on 29 November 2021.

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. Each Director has taken all the reasonable 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 made aware of that information.

For and on behalf of the Board

Edward Ziff OBE DL
Chairman & Chief Executive

29 November 2021

Financial Statements

03. Financial Statements


Burlington House

Independent auditor's report to the members of Town Centre Securities Plc

OPINION ON THE FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2021 and of the Group's loss for the year then ended
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in 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.

We have audited the financial statements of Town Centre Securities Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2021 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *the Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were initially appointed as auditors by the directors for the year ended 30 June 2016. Following the recommendation of the audit committee, we were reappointed by the members on 17 November 2020 to audit the financial statements for the year ended 30 June 2021 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 6 years, covering the years ending 30 June 2016 to 30 June 2021. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included reviewing and challenging the Directors over the forecasts that support the Going Concern statement and performing the following:

- We assessed the forecasts cash flows with reference to historic performance and challenged the Directors' assumptions in comparing them to historic and current performance of the Group.
- We agreed the Group's underlying borrowing facilities and the related covenants to supporting financing agreements.
- We obtained covenant calculations and forecast calculations to test for any potential future breaches. We also considered the covenant compliance headroom for sensitivity to both future changes in property valuations and the Group's future financial performance. We considered the Directors' mitigating actions in the event of the occurrence of the downside scenarios in light of supporting evidence and ensured that they were realistic within the required timescales.
- We assessed the inputs into the forecasts. Income was agreed to supporting documentation as appropriate, which included agreeing a sample of leases to underlying lease agreements. Expenses were assessed based on our knowledge of the business and historic results.
- We considered board minutes, and evidence obtained through the audit and challenged the Directors on the identification of any contradictory information the forecasts and the impacting the going concern assessment.
- We analysed the Directors' stress testing calculations and challenged the assumptions made using our knowledge of the business and of the current economic climate, to assess the reasonableness of the scenarios selected. This included considerations of the impact of COVID-19 on all areas of the business.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

		2021	2020
Coverage	*100% (2020: 100%) of Group profit before tax*		
	100% (2020: 100%) of Group revenue		
	100% (2020: 100%) of Group total assets		
Key audit matters	Valuation of property interests	✔	✔
	Revenue recognition	✔	–
	Prior period adjustments	✔	–
	Going concern	–	✔
Materiality	*Group financial statements as a whole* £3.3m (2020:£3.5m) based on 1% (2020: 1%) of Group Non-current assets		

Going concern was considered a key audit matter in 2020 due to the unknown impact of COVID-19 at that time. However the impact that COVID-19 has had on the Group's cash flows and covenant compliance has been relatively limited and hence going concern was no longer considered a key audit matter for the 2021 audit.

Revenue recognition was considered a key audit matter in 2021 given the uncertainty caused by the COVID-19 pandemic during the year.

The prior period adjustments were considered a key audit matter in 2021 given the nature and impact of the adjustments.

An overview of the scope of our audit

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. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group operates solely in the United Kingdom through a number of legal entities, which form reporting components. Significant components were defined as those reporting components contributing more than 15% towards Group assets, turnover or profits, or if judgementally considered to be significant by nature. Of the 17 active components in the Group, 7 were considered significant. The financial information relating to the Parent Company and all other significant components of the Group were subject to full scope audits by the Group audit team. We also perform full scope audits on the trading non-significant components for statutory purposes, however the extent of this work completed for the Group accounts is limited to those areas deemed material to the Group accounts on either an individual or aggregate basis across all components. Revenue and investment property valuations across the Group were areas which have been subject to a full scope audit by the Group engagement team.

Independent auditor's report

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of property interests Refer to accounting policies on the Group property interests in note 1 (on pages 103 to 106) See notes 12 and 14 for details of the Group property interests	The valuation of the Group's property interests (see note 12) 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 and freehold car park fixed assets (totalling £259.1m, 2020: £305.7m) and interests in joint ventures being the Group's share of the fair value of investment and development properties within these joint ventures (totalling £47.1m, 2020 £45.6m). All interests in property as listed above are subject to independent revaluation to open market value at each reporting date by the independent external party valuation experts, with the exception of one property totalling £51,000 (2020: £151,000) which is subject to valuation by the Property Director. 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. Assets held as development properties are valued using a comparable sales approach or based on the residual development value of the site, which estimates the fair value of the completed project, including a suitable developers profit and deductions for expected costs to complete. All of these valuation methods can require significant judgement and estimation to be applied by management and the external valuation experts, increasing the inherent risk in this area. Following significant revaluations in prior years, the significant judgement and estimation involved in the valuations, along with the materiality of the balances, we 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.	Our audit approach to this area included an assessment of the independent external valuation experts' objectivity, in-dependence and qualifications to undertake the valuation. We tested a sample of the key inputs used in the valuation calculations by agreeing underlying data used to internal tenancy schedules, capital expenditure details and lease terms, which were agreed back to appropriate supporting documentation. We held meetings with both of the independent external valuation experts in which we confirmed directly with these experts that the valuations had been performed on bases consistent with practices approved by the Royal Institute of Chartered Surveyors ("RICS") and the requirements of the accounting standards. We discussed with the independent valuation experts the methodology they applied and challenged them on any key assumptions made. In doing this, we considered movements in yield that were outside of a tolerable range based on our own and wider market expectations. For development properties valued on a residual basis, we obtained the development appraisal and assessed the costs and assumptions included against our knowledge and experience. For development properties valued on a comparable basis, we have obtained details of the comparable sites and checked the appropriateness of using this information with the valuation calculation. For freehold car parks valued on an in-come based method we assessed the level of income provided to the valuers through comparison to actual income generated from historic periods, and challenged the external experts on the discount rate applied within the calculation using knowledge from the market and our internal specialists. Similarly, for the hotel property interest we assessed the level of income included within the valuation calculations through comparison to historic actuals and challenged the independent external valuers on assumptions made regarding the discount rate applied in the calculation.

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition Accounting policies for each segment are set out in note 1 on (on page 107).	The Group recognises three distinct revenue streams being rental income from investment property portfolio, car park income from car parks owned and operated, and hotel income from a single hotel owned and operated by the Group. The Group's rental income is billed either monthly or quarterly in advance. A receivable and deferred income is recognised at the billing date, at an amount the Directors consider to be collectible. The COVID-19 pandemic has increased the level of uncertainty as to whether amounts will be collectible for some leases and as such no receivable (or a reduced receivable) has been recognised in the current and prior year where amounts have been billed and receipt is not considered probable. If the Directors consider a previously unrecognised amount as collectible subsequent to its billing date, then the receivable is recognised at that re-assessment date. Deferred income is recognised as revenue across the period of the lease period that has been billed. Any lease incentives are spread on a straight-line basis across the period of the lease. A number of rent concessions have been agreed with tenants as a result of COVID-19 and judgement is involved in assessing whether these qualify as lease modifications. There is a risk that rental income is not supported by underlying tenancy agreements and the collectability considerations or is inappropriately recognised. Contract car park income is recognised on a straight line basis over the relevant period, in accordance with the contract to which it relates. Daily car park income is recognised when received. Hotel income is recognised on a daily basis in accordance with the date of the overnight stay. Food and beverage revenue is recognised at the point of sale. There is a risk that revenue is overstated and does not exist based on the underlying contract or transaction in place.	We obtained the tenancy schedule and the Directors' analysis of revenue recognised for each tenant and the reconciliation of this analysis to the financial statements and performed the following: ☐ We analysed the current year tenancy schedule by comparing to prior year to highlight expected and unexpected changes in the year and corroborated these movements to underlying lease agreements as appropriate. ☐ We analysed the amount of rent billed in respect of each tenant and compared this to our expectations for the year based on the prior year tenancy schedule and any known property acquisitions or disposals. This highlighted changes which were investigated and agreed to the underlying lease documentation and rent review memoranda. ☐ We checked the integrity of the formulae used in the Directors' reconciliation to the financial statements. ☐ We obtained the Directors' calculations for cash collectability and verified that actual rent collections were either consistent or better when compared with the Directors' expectations at billing date. ☐ We verified rent collected to cash received, on a sample basis. ☐ We obtained the Directors' schedule of lease incentive adjustments, including rent free periods and COVID-19 rent concessions, and, for a sample, we recalculated the adjustment and agreed the inputs to the underlying lease documentation. We considered the completeness of the schedule based on information included in the tenancy schedule and the underlying lease information obtained. Where applicable, we assessed management's judgements and assertions for these not being a lease modification. With respect to car park income, we performed the following testing: ☐ For contract and daily taking in-come, we reconciled the total revenue recognised in the nominal ledger back to cash receipts received. ☐ We reconciled the total daily takings income in the nominal ledger to reports received direct from a third party car park operator. We used BDO IT specialists to assess the internal controls of the third party operator to ensure that reliance could be placed on these reports. ☐ For contract income we agreed a sample of nominal entries direct to the appropriate customer contract and verified that the correct amount of revenue is being recognised. This, along with specific sample testing on deferred income, allowed us to verify that the correct amount of revenue had been recognised in the period and deferred income was complete.

Independent auditor's report

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition continued		With respect to hotel income we performed the following testing:- ☐ We engaged our information technology specialists to assess the information technology general controls of the relevant operating and accounting systems to determine that it was appropriate to rely on the accuracy of the system reports. ☐ We performed data analytical testing to identify and investigate any exceptions within with system output. ☐ We reconciled the data per the booking and restaurant systems direct to the nominal ledger to check that the accuracy of the entries. ☐ We also agreed revenue in total to cash received. ☐ We performed cut-off procedures and tested a sample of deferred and accrued income to confirm that revenue is recognised appropriately in the correct period. **Key observations:** We did not identify any indicators to suggest that revenue has been recognised inappropriately.
Prior period adjustments (PPA) Refer to further details on the nature and impact of the individual adjustments in note 26 of the Group financial statements (on pages 128 to 131) and in note 10 of the Parent Company financial statements (on pages 140 to 141)	During the year the Directors identified that a number of the Group's accounting policies were either not in compliance with the relevant accounting standard or were not applied correctly. During the audit process a number of prior period adjustments were found in both the consolidated financial statements and within the Parent Company financial statements. As a result the Directors performed additional work in understanding the issues, gathering evidence and determining the accounting treatment of these errors. There is a risk that these adjustments could be incorrectly identified, incomplete and not presented in accordance with the accounting standards. They could also impact the financial statements in other ways such as tax law and regulation.	We obtained the board papers in respect of prior period adjustments. We corroborated any evidence, explanations or estimates contained within the paper to supporting documentation. Where applicable, we checked formulae included within any calculations and recalculated the journals proposed by management. For each adjustment we agreed that it had been allocated to the correct year. For each adjustment we agreed the treatment to the relevant accounting standard and the accounting policies. We considered and agreed the appropriateness of changes to the accounting policies implemented in connection with the PPA's. We agreed the disclosures in the financial statements to the relevant accounting standards. We performed audit procedures and sample selections to identify whether there are any additional adjustments required of the similar nature. We consulted with BDO internal technical specialists to assess and challenge the conclusions reached by the audit team based on the evidence provided by management. We consulted with BDO tax specialists to assess the tax impact, if any, of each adjustment including an assessment of compliance with relevant tax law as a result of these adjustments. **Key observations:** Prior period adjustments have been appropriately recognised in the annual re-port and financial statements.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. 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.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2021 £m	2020 £m	2021 £m	2020 £m
Materiality	3.3	3.5	1.1	1.2
Basis for determining materiality	1% of Non-current assets	1% of Non-current assets	1% of Non-current assets, excluding investment in subsidiaries	1% of Non-current assets, excluding investment in subsidiaries
Rationale for the benchmark applied	Non-current assets are considered to be the principal considerations for the users of the financial statements in assessing the financial performance of the Group		Non-current assets are considered to be the principal considerations for the users of the financial statements in assessing the financial performance of the Parent Company. Investment in subsidiaries have been excluded as the key driver of the Company is deemed to be its trading assets.	
Performance materiality	2.145	2.5	0.72	0.84
Basis for determining performance materiality	65% of materiality	70% of materiality	65% of materiality	70% of materiality

Specific materiality

We also determined that for other account balances a misstatement of less than materiality for the financial statements as a whole, could influence the economic decisions of users. We concluded that for balances excluding non-current assets, any property revaluation movements, gains or losses on disposal of properties and changes in the fair value of financial instruments a user of the financial statements may be influenced by amounts lower than financial statement materiality based on total non-current assets. As a result, we determined that specific materiality for the measurement of these areas should be lower.

In the prior year, Group specific materiality was £260,000, based on 5% of a three year average of EPRA earnings (as calculated in accordance with note 11 to the financial statements). However, EPRA earnings for the last three years has been volatile, as a result of the impact of COVID-19 on the Group. We therefore considered alternative benchmarks for setting the current year Group specific materiality. We considered the following alternative benchmarks; a three year 5% EPRA earnings average (£142,000), 1% of expected revenue for the current year (£193,000) and a three year 1% revenue average (£262,000). Given this range, it was concluded that a Group specific materiality of £200,000 was appropriate for the current year.

For Parent Company specific materiality, we also considered a range of benchmarks for setting materiality. We considered the following benchmarks: a three year 5% EPRA earnings average (2020 £11,000), 1% of expected revenue for the current year (£149,000). Given this range, it was concluded that a Parent Company specific materiality of £120,000 was appropriate for the current year (2020: £150,000).

Performance materiality

Performance materiality is set at an amount to reduce to an appropriate low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessment, together with our assessment of the Group's overall control environment, our judgement was that overall performance materiality for the Group should be 65% of materiality (2020: 70%). We determined that the same measure as the Group was appropriate for the Parent Company.

Independent auditor's report

Component materiality

We set financial statement materiality for each component of the Group on the same basis as Group materiality, being 1% (2020: 1%) of the total non-current assets of each component dependent on the size and our assessment of the risk of material misstatement of that component. Component financial statement materiality ranged from £1,000 to £1,265,000 (2020: £140,000 to £1,470,000). In the audit of each component, we further applied performance materiality levels of 65% (2020: 70%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

For specific materiality for each component we considered a range of benchmarks for setting materiality. The benchmarks considered were in line with those outlined above for the Parent Company specific materiality. Specific materiality for the components ranged from £1,000 to £140,000 (2020: £34,000 to £170,000). For each specific materiality set, we applied a performance materiality level of 65% (2020: 70%).

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £10,000 (2020:£13,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent company's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	☐ The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and ☐ The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate.
Other Code provisions	☐ Directors' statement on fair, balanced and understandable; ☐ Board's confirmation that it has carried out a robust assessment of the emerging and principal risks; ☐ The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and ☐ The section describing the work of the audit committee.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: ☐ the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and ☐ the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: ☐ adequate accounting records have not been kept by the Parent 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 re-quire for our audit.

Responsibilities of Directors

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group that were contrary to applicable laws and regulations, including fraud.
- We considered the Group's compliance with laws and regulations that have a direct impact on the financial statements including, but not limited to, relevant accounting standards, UK company law, tax legislation (including the UK REIT regime requirements and the Listing Rules, and we considered the extent to which non-compliance might have a material effect on the Group financial statements.
- We designed audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures against the requirements of the accounting standards and company law and agreeing those disclosures to underlying supporting documentation where necessary. We reviewed minutes of all Board and Committee meetings held during and subsequent to the year for any indicators of non-compliance and made enquiries of management and of the Directors as to the risks of non-compliance and any instances thereof.
- There is also a risk of fraud in relation to the valuation of the property portfolio where the Directors may influence the significant judgements and estimates in respect of property valuations in order to achieve property valuation and other performance targets. Procedures conducted in relation to the valuation of investment properties are documented in the key audit matters section of this report.
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We addressed the risk of management override of internal controls, including testing journal entries processed during and subsequent to the year and evaluating whether there was evidence of bias by management or the Directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

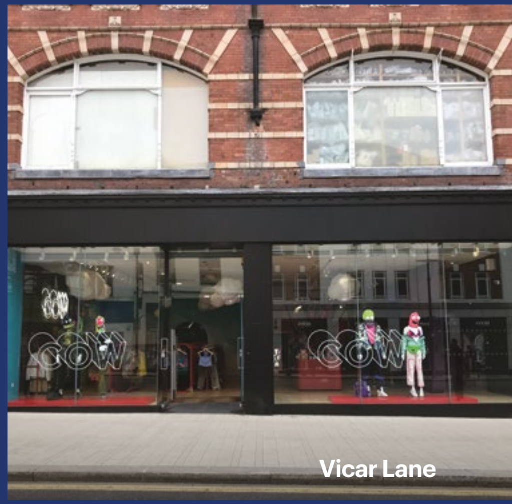
This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and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

Richard Levy (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor

London, United Kingdom

29 November 2021

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



Vicar Lane

Vicar Lane

Consolidated income statement
for the year ended 30 June 2021

	Notes	2021 £000	2020 Restated £000
Gross revenue (excl service charge income)	3	**18,703**	27,989
Service charge income	3	**2,726**	2,803
Gross revenue	3	**21,429**	30,792
Release of provision/(provision for) impairment of debtors	3	**788**	(1,478)
Service charge expenses	3	**(3,656)**	(4,011)
Property expenses	3	**(7,489)**	(9,670)
Net revenue		**11,072**	15,633
Administrative expenses	4	**(5,585)**	(6,197)
Other income	7	**1,989**	1,218
Other expenses	7	**–**	(777)
Valuation movement on investment properties		**63**	(26,024)
Impairment of car parking assets		**(111)**	414
(Loss)/profit on disposal of investment properties		**(2,320)**	168
Share of post-tax profits from joint ventures	14	**2,461**	450
Operating profit/(loss)		**7,569**	(15,115)
Finance costs	8	**(8,145)**	(9,009)
Loss before taxation		**(576)**	(24,124)
Taxation	9	**–**	–
Loss for the year attributable to owners of the Parent		**(576)**	(24,124)
Earnings per share			
Basic and diluted	11	**(1.1)p**	(45.4)p
EPRA (non-GAAP measure)	11	**0.6p**	3.1p
Dividends per share			
Paid during the year	10	**3.5p**	11.75p
Proposed	10	**1.75p**	1.75p

Consolidated statement of comprehensive income
for the year ended 30 June 2021

	2021 £000	2020 Restated £000
Loss for the year	**(576)**	(24,124)
Items that will not be subsequently reclassified to profit or loss		
Revaluation gains/(losses) on other investments	**2,795**	(2,363)
Total other comprehensive income/(loss)	**2,795**	(2,363)
Total comprehensive income/(loss) for the year	**2,219**	(26,487)

All profit and total comprehensive income for the year is attributable to owners of the Parent. The Notes on pages 100 to 131 are an integral part of these Consolidated Financial Statements.

Consolidated balance sheet
as at 30 June 2021

	Notes	2021 £000	2020 Restated £000	2019 Restated £000
Non-current assets				
Property rental				
Investment properties	12	**218,909**	254,014	297,300
Investments in joint ventures	14	**16,212**	13,751	13,387
		235,121	267,765	310,687
Car park activities				
Freehold and leasehold properties	12	**74,502**	76,513	50,810
Goodwill and intangible assets	13	**4,841**	4,024	4,024
		79,343	80,537	54,834
Hotel operations				
Freehold and leasehold properties	12	**8,630**	–	–
		8,630	–	–
Fixtures, equipment and motor vehicles	12	**955**	1,113	1,609
Investments	12	**9,217**	6,164	8,381
Total non-current assets		**333,266**	355,579	375,511
Current assets				
Assets held for sale	12	**3,850**	23,199	–
Trade and other receivables	16	**5,311**	3,468	5,354
Cash and cash equivalents		**21,670**	12,643	23,692
Total current assets		**30,831**	39,310	29,046
Total assets		**364,097**	394,889	404,557
Current liabilities				
Trade and other payables	17	**(32,612)**	(23,236)	(34,593)
Financial liabilities	18	**(42,260)**	(61,984)	–
Total current liabilities		**(74,872)**	(85,220)	(34,593)
Non-current liabilities				
Financial liabilities	18	**(133,830)**	(154,591)	(182,152)
Total liabilities		**(208,702)**	(239,811)	(216,745)
Net assets		**155,395**	155,078	187,812
Equity attributable to the owners of the Parent				
Called up share capital	23	**13,282**	13,290	13,290
Share premium account		**200**	200	200
Capital redemption reserve		**567**	559	559
Revaluation reserve		**500**	500	–
Retained earnings		**140,846**	140,529	173,763
Total equity		**155,395**	155,078	187,812
Net asset value per share	21	**292p**	292p	353p

Company number: 00623364

The financial statements on pages 96 to 131 were approved by the Board of Directors on 29 November 2021 and signed on its behalf by

Edward Ziff OBE DL
Chairman & Chief Executive

Consolidated statement of changes in equity

for the year ended 30 June 2021

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Revaluation reserve £000	Retained earnings £000	Total equity £000
Balance at 30 June 2019 – restated	13,290	200	559	–	173,763	187,812
Comprehensive income for the year						
Loss for the year	–	–	–	–	(24,124)	(24,124)
Other comprehensive income	–	–	–	–	(2,363)	(2,363)
Transfer	–	–	–	500	(500)	–
Total comprehensive income for the year	–	–	–	500	(26,987)	(26,487)
Contributions by and distributions to owners						
Final dividend relating to the year ended 30 June 2019	–	–	–	–	(4,519)	(4,519)
Interim dividend relating to the year ended 30 June 2020	–	–	–	–	(1,728)	(1,728)
Balance at 30 June 2020 – restated	**13,290**	**200**	**559**	**500**	**140,529**	**155,078**
Comprehensive income for the year						
Loss for the year	–	–	–	–	(576)	(576)
Other comprehensive income	–	–	–	–	2,795	2,795
Total comprehensive loss for the year	–	–	–	–	2,219	2,219
Contributions by and distributions to owners						
Arising on purchase and cancellation of own shares	(8)	–	8	–	(42)	(42)
Final dividend relating to the year ended 30 June 2020	–	–	–	–	(930)	(930)
Interim dividend relating to the year ended 30 June 2021	–	–	–	–	(930)	(930)
Balance at 30 June 2021	**13,282**	**200**	**567**	**500**	**140,846**	**155,395**

Consolidated cash flow statement

for the year ended 30 June 2021

		2021		2020	
	Notes	£000	£000	£000	£000
Cash flows from operating activities					
Cash generated from operations	24	4,644		14,433	
Interest paid		(6,920)		(7,648)	
Net cash generated from operating activities			(2,276)		6,785
Cash flows from investing activities					
Purchase and construction of investment properties		–		(1,610)	
Refurbishment of investment properties		(2,637)		(5,442)	
Payments for leasehold property improvements		–		(25)	
Purchases of fixtures, equipment and motor vehicles		(198)		(93)	
Proceeds from sale of investment properties		48,049		2,494	
Payments for business acquisitions		(874)		–	
Payments for acquisition of non-listed investments		(258)		(146)	
Repayment of loans from joint ventures		–		86	
Net cash (absorbed by)/generated from operating activities			44,082		(4,736)
Cash flows from financing activities					
Proceeds from non-current borrowings		4,000		8,000	
Repayment of non-current borrowings		(44,091)		–	
Principal element of lease payments		(1,659)		(1,650)	
Dividends paid to shareholders		(1,860)		(6,247)	
Net cash generated from/(used in) financing activities			(43,610)		103
Net (decrease)/increase in cash and cash equivalents			(1,804)		2,152
Cash and cash equivalents at beginning of the year			2,361		209
Cash and cash equivalents at end of the year			557		2,361
Cash and cash equivalents at the year end are comprised of the following:					
Cash balances			21,670		12,643
Overdrawn balances			(21,113)		(10,282)
			557		2,361

The Consolidated Cash Flow Statement should be read in conjunction with Note 24.

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 2021 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 accounting standards in conformity with the requirements of the Companies Act 2006 and prepared in accordance with the international financial reporting standards adopted pursuant to Regulations (EC) No 1606/2002 as it applies in the European Union.

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 policies

a) New standards, interpretations and amendments adopted from 1 July 2020.
   There have been no new standards, interpretations or amendments adopted.

b) New standards, interpretations and amendments not yet effective.
   There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 July 2021:

- Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

The following amendments are effective for the period beginning 1 July 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

In response to feedback and enquiries from stakeholders, in December 2020, the IFRS Interpretations Committee (IFRIC) issued a Tentative Agenda Decision, analysing the applicability of the amendments to three scenarios. However, given the comments received and concerns raised on some aspects of the amendments, in April 2021, IFRIC decided not to finalise the agenda decision and referred the matter to the IASB. In its June 2021 meeting, the IASB tentatively decided to amend the requirements of IAS 1 with respect to the classification of liabilities subject to conditions and disclosure of information about such conditions and to defer the effective date of the 2020 amendment by at least one year.

The Group is currently assessing the impact of these new accounting standards and amendments. The Group will assess the impact of the final amendments to IAS 1 on classification of its liabilities once the those are issued by the IASB.

Other

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group.

- IFRS 17 Insurance Contracts (effective 1 January 2023) - In June 2020, the IASB issued amendments to IFRS 17, including a deferral of its effective date to 1 January 2023.

Going concern

In making their assessment of the ability of the Group to continue as a going concern the Directors have considered the impact of COVID-19 on the Group's forecasts including the effect on liquidity and compliance with bank loan and debenture covenants.

The Group owns a portfolio of multi-let regional property assets located throughout the UK, and operates car parking and hotel businesses. The Group is funded in part by a £100m debenture which is due for repayment in 2031. In addition the business has three bilateral Revolving Credit Facilities ('RCF') totalling £103m which, as at the year end, were due for repayment or renewal between April 2022 and June 2023. Each of the debt facilities is ring fenced within security sub pools of assets charged to the respective lender.

After the year end the Group has entered into a new three-year facility with NatWest that expires in September 2024. In addition the Group has requested and received credit committee approval to extend the existing Lloyds facility by a year, subject to the satisfactory completion of a bank instructed valuation exercise. This exercise has almost been completed and the draft valuation reports indicate a small valuation uplift (as compared to the 30 June 2021 valuations) on the properties secured within the facility. The Board are confident that these valuations, once finalised, will be satisfactory to the bank and that the extension to the facility will be formally approved. Following thisthe Group's RCF's will then be due for repayment or renewal between June 2023 and September 2024.

One of the most critical judgements for the Board is the loan to value ('LTV') headroom in the Group's debt 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. These covenants range from 60% to 66.7% LTV. The total LTV headroom at 30 June 2021 was £12.1m (2020: £14.8m). Overall, the properties secured under the Group's debt facilities would need to fall 19.8% in value before this LTV headroom level was breached.

In addition to the LTV covenants, the Group's debt facilities include income cover covenants of between 100% for the debenture and 175% on the three revolving credit facilities. At the year end the actual income cover levels ranged from 160% (for the 100% debenture covenant) up to 477% on the Lloyds facility. As mentioned in Note 27 of the Financial Statements, subsequent to the year end the Group breached an income cover covenant test on one of its facilities for the reporting period to 5 October 2021. The Group had made the bank aware prior to formally reporting this breach. On 24 November 2021 the bank confirmed in writing to the Company that it had waived its right to take any action as a consequence of this breach. This breach occurred on a £35m facility where the amount of debt drawn as at the time of the breach was £6.3m and at today's date is £2.6m.

In order to assess the potential impact of COVID-19 on the Group and its ability to continue as a going concern, management have analysed the portfolio's tenant base, car parking and hotel operations and produced forecasts to 31 December 2022. These forecasts reflect management's view of a worst case scenario including assumptions that rent receipts are materially lower than normally experienced and that the car park and hotel businesses recovers over the forecast period to a materially lower level than was experienced before the COVID-19 pandemic. These scenarios include a base case, downside case and then a more extreme significant downside case to show the effect a more significant downturn in the Group's performance would have on its funding cash headroom and any of its financial covenants. In addition the Company has performed a reverse stress exercise whereby it has looked at each individual facility and at how much of a downturn (compared to the conservative base case cashflows prepared by the Company) there would need to be before any the financial covenants are breached.

Notes to the consolidated financial statements
continued

1. ACCOUNTING POLICIES CONTINUED

Basis of preparation continued

Going concern continued

The Group's forecasts, including the various scenarios, show that the cash headroom figure is resilient whilst the financial covenant tests are more sensitive. Under the base case the minimum cash headroom is expected to be £11.5m, which compares to a minimum of £11.1m under the downside scenario. The significant downside case applied a total discount of 15% to rental income receipts and a 37% discount to pre COVID-19 car park income levels. The cash headroom in the Group did not go negative in the period to June 2024 and none of the other financial covenants were breached. The reverse stress test shows that the financial covenants are not breached until there is a discount of 14.5% to rents collected and car park income is over 40% below the levels in FY19 pre-COVID-19. This breach is forecast to occur in Q3 of FY22 and under the reverse stress test the position then improves.

Over the entire COVID-19 period the Group has collected or agreed to defer 93.5% of rent and service charge income invoiced, and for the first quarter of FY22 the car park business is trading significantly ahead of expectation and that this recovery is expected to continue. It is also worth noting for the above breach to occur in the next five months, the significant downturn would already need to have commenced, and as such the Directors' have deemed the reverse stress test breach point likelihood of occurrence to be low.

The forecasts show that the Group has sufficient resources to continue to operate as a going concern for at least the next 12 months. Based on the forecasts, including the mitigating options available to the Group in the event of the occurrence of the downside scenarios, the Directors consider it appropriate to prepare these financial statements on the going concern basis.

These financial statements do not include the adjustments that would be necessary should the going concern basis of preparation no longer be appropriate.

Consolidation

(a) Subsidiaries

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Company and its subsidiaries ('the Group') as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

(b) Joint arrangements

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

Investments in joint ventures are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its joint ventures 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 joint ventures less any impairment in the value of the investment. Any impairment is initially recognised against the equity value, or if nil, against any outstanding loan balances.

Unrealised gains on transactions between the Group and its joint ventures 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 three business segments comprising property rental, car park operations and hotel 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/right-of-use land and buildings that are held to earn rental income and/or for capital appreciation, rather than for sale in the ordinary course of business or for use in production or administrative functions. This comprises mainly retail units and offices.

Investment property is recognised when it is probable that the future economic benefits that are associated with the investment property will flow to the group and the cost of the investment property can be measured reliably. Typically these criteria are met on unconditional exchange. Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and other costs incurred in order to bring the property to the condition necessary for it to be capable of operating.

After initial recognition investment property is carried at fair value as determined by an independent external RICS qualified valuer or, if considered appropriate, as determined by the Directors. The fair value of investment properties 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 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. 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 unless borrowings are specifically taken out for redevelopment of the asset in which case the specific borrowing rate is used.

Investment property is de-recognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The date of disposal is the date the purchaser obtains control of the property. 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 and is recognised in the Consolidated Income Statement.

(b) Freehold and right-of-use properties (Property, Plant and Equipment)

Freehold properties are initially recognised at cost and are subsequently carried at fair value, based on periodic valuations by a professionally qualified valuer. The fair value of freehold properties take into account tenure, lease terms and structural condition. The inputs underlying the valuations include business profitability and market rents, forecast growth rates, market yields and discount rates and selling costs including stamp duty. 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 the Consolidated Income Statement.

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

Leasehold properties held under leases, where a right-of-use asset is recognised, are initially valued at the present value of minimum lease payments payable over the term of the lease. See right-of-use assets (where group acts as lessee) policy below for further details.

Freehold land is not depreciated. 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, or over the lease term if shorter.

(c) Fixtures, equipment and motor vehicles (Property, Plant and Equipment)

Fixtures, equipment and motor vehicles are carried 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 2 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 not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount may not be recoverable. The recoverable amount is the higher of as asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. Any impairment recognised is charged to the Consolidated Income Statement. 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 Income Statement on the acquisition date.

Intangible assets – car park activities
Intangible assets are recognised where the Group controls the asset, it is probable that future economic benefits attributable to the asset will flow to the Group and we can reliably measure the cost of the asset. Intangible assets are amortised using the straight line method over their useful economic life. The amortisation is charged to the Consolidated Income Statement as a direct car park property cost.

Investments
The group's investments comprise of investments in quoted and unquoted equity. Other than where the Group has taken an irrevocable election to recognise investments as fair value through other comprehensive income, the Group treats all investments as fair value through profit and loss.

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, where the investment is not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. 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. Equity instruments are valued at fair value at each reporting date. The fair values of listed investments are based on current bid prices. Any fair value gains and losses arising on equity instruments classified as fair value through profit and loss are recognised in the income statement. However, an assessment for each individual equity instrument not held for trading is considered, to establish whether an irrevocable election under IFRS 9 should be made to classify the instrument at fair value through other comprehensive income. Where this election has been made, fair value gains are recognised through other comprehensive income. To date, this election has been made for all listed investments held.

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

Assets held for sale
Assets held for sale represent investment properties that are available for immediate sale in their present condition and where the future sale is highly probable. The reclassification to assets held for sale occurs when the future sale becomes highly probable. The fair value of assets held for sale is calculated applying the same process as that applied to the Group's investment properties.

Trade and related party receivables
Trade and related party receivables (such as loans to joint ventures or loans to investments) are recognised initially at fair value and are subsequently measured at amortised cost less provision for impairment. The amount of the provision is recognised in the Consolidated Income Statement.

Impairment provisions for current and non-current lease and trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables Impairment provisions are recognised within cost of sales in the Consolidated Income Statement, unless material in which case will be presented as a separate line item in Consolidated Income Statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit). This is in respect of non-substantial modifications only.

Cash and cash equivalents
Cash and cash equivalents carried in the Consolidated Balance Sheet are held at amortised 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.

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 held at amortised cost and 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 (right-of-use) assets (where group acts as a lessee)
All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

IFRS 16 was adopted 1 July 2019 without restatement of comparative figures. The following policies apply subsequent to the date of initial application, 1 July 2019. Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's lease specific incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Notes to the consolidated financial statements

continued

1. ACCOUNTING POLICIES CONTINUED

Leased (right-of-use) assets (where group acts as a lessee) continued

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Operating leases (group acts as lessor)

Leases are classified as operating leases unless the risks and rewards incidental to ownership of the asset pass to the lessee.

In the case of properties where the group has a leasehold interest, this assessment is made by reference to the Group's right of use assets arising under the headlease rather than by reference to the underlying asset.

Where an investment property is held under a leasehold interest, the headlease is initially recognised as an asset at cost plus the present value of minimum lease payments. The corresponding lease liability on the head lease is included in the balance sheet as a finance lease obligation.

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.

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 Consolidated 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 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 substantively 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.

Revenue recognition

(a) Rental income

Revenue includes rental income net of VAT.

Most of the Group's rental income is billed either monthly or quarterly in advance. A receivable and deferred income is recognised at the date payment is due providing the Directors consider the amount to be collectible. The COVID-19 pandemic has increased the level of uncertainty as to whether amounts will be collectible for some leases and as such no receivable (or a reduced receivable) has been recognised in the current and prior year where amounts have been billed and are due for payment if payment is not considered probable. If the Directors consider an unrecognised amount is collectible subsequent to its due date, then the receivable is recognised at that date.

Rent receivables recognised are subject to impairment (refer to the Trade and Other Related Party receivables policy above).

Any lease incentives are spread on a straight-line basis across the period of the lease.

Rental income is recognised as revenue (to the extent it is considered collectible) as follows:

i) Fixed rental income is recognised 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;

iii) rent reviews are recognised in the period to which they relate providing they have been agreed or otherwise on agreement; and

iv) Where rent concessions have been granted that reduce the payments due under a lease in future periods the total revised consideration (plus any prepaid or accrued lease payments) is spread over the remaining lease term from the date the concession is granted.

(b) Car park income

Contract car park income is recognised on a straight line basis over the relevant period, in accordance with the contract to which it relates. Daily car park and car parking enforcement income is recognised when received. Where the Group is employed under a car parking management agreement and acts as agent, the Group only recognises the management fee income (on a straight line basis) and if applicable it's share of any operating profits of the car parks managed.

(c) Hotel income

Room revenue is recognised on a daily basis in accordance with the date of the overnight stay. Food and beverage revenue is recognised at the point of sale.

(d) Interest income

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

(e) 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.

(f) Service charge income

Many of the Group's leases also include the provision of services (e.g. for security, cleaning etc). Revenue from the provision of services is recognised in accordance with the provisions of IFRS 15 as the services are provided to the tenant. Services are typically provided evenly over the lease term. The transaction price is generally specified in the lease contract to reflect the market value of providing the services.

Dividend distribution

Dividend distributions to the Company's shareholders are recognised in the Consolidated Financial Statements as follows:

i) interim dividends are recognised in the period they are paid;

ii) final dividends are recognised in the period in which the dividends are approved by the Company's shareholders.

Notes to the consolidated financial statements

continued

1. ACCOUNTING POLICIES CONTINUED

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 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

As noted in the Group's rental income policy above, receivables are only recognised for rental income when the amount due is considered collectable at the time of billing. Management continue to assess the collectability of unpaid amounts that are billed and due, if it becomes probable that the amount will be paid then the receivable will be recognised at that date, along with the related income. Whether an amount is considered to be collectable requires judgement. In making that judgement management consider (on a lease by lease basis) payment history and changes in the credit risk of the tenant.

The Group's accounting policy means that no impairment loss is separately recognised in the Consolidated Income Statement for these amounts as no financial asset was recognised at the date of the transaction. These amounts are considered not collectable and remain unpaid.

The material financial assets to which the ECL impairment model is applied are set out below:

- Cash and cash equivalents (£21,670,000 at 30 June 2021 and £12,643,000 at 30 June 2020) – all cash and cash equivalents are held with high quality financial institutions for which there is considered to be no significant credit risk, as such no ECL is recognised in respect of this balance.
- Loan to JV (£5,836,000 at 30 June 2021 and £5,299,000 at 30 June 2020) – the general impairment approach has been applied to the loan receivable. Management have considered the cash flow forecasts of the joint venture and on this basis have concluded that the loan will be capable of settlement when called although this is not expected in the near future.
- Loan to third party (£1,535,000 at 30 June 2021 and £1,535,000 at 30 June 2020) – the general impairment approach has been applied to the loan receivable. Management have considered the cash flow forecasts of the joint venture and on this basis have concluded that the loan will be capable of settlement when called.
- Trade receivables (£2,278,000 at 30 June 2021 and £2,086,000 at 30 June 2020) - the directors have applied the simplified approach to trade receivables. Trade receivables have been grouped together based on shared credit risk characteristics and days past due. Loss rates have then been applied to each group based on historical payment profiles adjusted to reflect current and forward-looking information. In particular, in the prior year this resulted in a material impairment loss being recognised because of the anticipated effects of COVID-19 on some creditors (for example, lease receivables for retailers who had closed their businesses at the prior year end).

(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.

The maturity profile and details of undrawn banking facilities are set out in Note 18.

(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 2021, 68.0% (2019: 59.4%) 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.

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 as follows:

i. Group's property investments – the basis for valuation is set out in Note 12.

ii. Revenue recognition – the Group's accounting policy around the recognition of revenue includes an assessment of what rental income is deemed collectible. During the year ended 30 June 2021 this fair value assessment estimated that £1.3m of rental income invoiced was not recognised in the year.

iii. Accounting for YPS investment – assessing the level of influence over this investment where the Group has a 21.1% equity shareholding (albeit only 19.9% of the voting rights) and a seat at the board. Under IFRS 20% is a threshold that is an indicator of significant influence. The Group is the fourth largest shareholder in YPS, and under the terms of the YPS Investment Agreement, and Articles of Association the Group does not have as much influence as the three larger investors. The judgement made is that even though the Group's ownership is around the 20% threshold, it does not have significant influence and therefore the investment is not to be equity accounted.

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) Segmental assets

	2021 £000	2020 Restated £000
Property rental	**275,661**	306,407
Car park activities	**79,658**	79,852
Hotel operations	**8,778**	8,630
	364,097	394,889

Notes to the consolidated financial statements

continued

3. SEGMENTAL INFORMATION CONTINUED

(B) Segmental results

	2021				2020 Restated			
	Property rental £000	Car park activities £000	Hotel operations £000	Total £000	Property rental £000	Car park activities £000	Hotel operations £000	Total £000
Gross revenue (excl service charge income)	**11,358**	**6,719**	**626**	**18,703**	15,875	10,198	1,916	27,989
Service charge income	**2,726**	**–**	**–**	**2,726**	2,803	–	–	2,803
Gross revenue	**14,084**	**6,719**	**626**	**21,429**	18,678	10,198	1,916	30,792
Release of provision/(provision for) impairment of debtors	**788**	**–**	**–**	**788**	(1,478)	–	–	(1,478)
Service charge expenses	**(3,656)**	**–**	**–**	**(3,656)**	(4,011)	–	–	(4,011)
Property expenses	**(1,020)**	**(5,666)**	**(803)**	**(7,489)**	(1,495)	(6,396)	(1,779)	(9,670)
Net revenue/(costs)	**10,196**	**1,053**	**(177)**	**11,072**	11,694	3,802	137	15,633
Administrative expenses	**(4,687)**	**(898)**	**–**	**(5,585)**	(5,086)	(1,111)	–	(6,197)
Other income	**1,989**	**–**	**–**	**1,989**	1,218	–	–	1,218
Other expenses	**–**	**–**	**–**	**–**	(777)	–	–	(777)
Share of post-tax profits from joint ventures	**973**	**–**	**–**	**973**	800	–	–	800
Operating profit/(loss) before valuation movements	**8,471**	**155**	**(177)**	**8,449**	7,849	2,691	137	10,677
Valuation movement on investment properties	**63**	**–**	**–**	**63**	(26,024)	–	–	(26,024)
Impairment of car parking assets	**–**	**(111)**	**–**	**(111)**	–	414	–	414
(Loss)/profit on disposal of investment properties	**(2,320)**	**–**	**–**	**(2,320)**	168	–	–	168
Valuation movement on joint venture properties	**1,488**	**–**	**–**	**1,488**	(350)	–	–	(350)
Operating profit/(loss)	**7,702**	**44**	**(177)**	**7,569**	(18,357)	3,105	137	(15,115)
Finance costs				**(8,145)**				(9,009)
Loss before taxation				**(576)**				(24,124)
Taxation				**–**				–
Loss for the year				**(576)**				(24,124)

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

The car park results 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 development sites for the year ended 30 June 2021, arising from car park operations, was £1,005,000. After allowing for an allocation of administrative expenses, the operating profit at these sites was £646,000.

Revenue received within the car park and hotel segments is the only revenue recognised on a contract basis under IFRS 15. All other revenue within the Property segment comes from rental lease agreements.

4. ADMINISTRATIVE EXPENSES

	2021 £000	2020 £000
Employee benefits	**3,444**	3,893
Depreciation	**163**	227
Charitable donations	**7**	49
Other	**1,971**	2,028
	5,585	6,197

Depreciation charged to the Consolidated Income Statement as an administrative expense relates to depreciation on central office equipment, including fixtures and fittings, computer equipment and motor vehicles. Depreciation on operational equipment and right-of-use assets within both the car park and hotel businesses are charged as direct property expenses within the Consolidated Income Statement.

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:

	2021 £000	2020 £000
Audit services:		
– Fees payable to the Group auditors' for the audit of the Consolidated Financial Statements	**135**	85
– Audit of the Company's subsidiaries pursuant to legislation	**10**	10
– Other audit related services	**15**	15
Total audit services	**160**	110
Non-audit services:		
– Other non-audit services	**2**	2
Total other services	**2**	2
Total auditors' remuneration	**162**	112

6. EMPLOYEE BENEFITS

	2021 £000	2020 Restated £000
Wages and salaries (including Directors' emoluments)	**4,317**	4,920
Social security costs	**453**	504
Other pension costs	**179**	169
Loss of office	**370**	–
	5,319	5,593

Employee benefits detailed above are charged to the Consolidated Income Statement through administrative expenses and property expenses. These are presented gross of furlough claims received from HMRC under the Coronavirus Job Retention Scheme. The total value of furlough claims during the year was £431,000 (2020: £214,000).

Disclosures required by the Companies Act 2006 on Directors' remuneration, including salaries, share options, pension contributions and pension entitlement are included on pages 76 to 81 in the Directors' Remuneration Report and form part of these Consolidated Financial Statements.

The average monthly number of staff employed during the year was 110 (2020: 127).

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. All of the pension costs in the table above relate to defined contribution schemes.

Notes to the consolidated financial statements
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7. OTHER INCOME AND EXPENSES

	2021 £000	2020 £000
Other income		
Commission received	**166**	172
Dividends received	**34**	33
Management fees receivable	**245**	245
Dilapidations receipts and income relating to surrender premiums	**1,103**	715
Other	**441**	53
	1,989	1,218

Other expenses
During the prior year a provision of £777,000 was recognised in relation to costs incurred on a project that may not be recoverable. Costs had been incurred over a number of years on the planned George Street aparthotel joint venture however there was some doubt over the future viability of the project, therefore a full provision was recognised against the costs incurred to date.

8. FINANCE COSTS

	2021 £000	2020 £000
Interest payable on debenture loan stock	**5,575**	5,698
Interest payable on bank borrowings	**1,345**	1,950
Amortisation of arrangement fees	**212**	327
Interest expense on lease liabilities	**1,013**	1,034
Total finance costs	**8,145**	9,009

9. TAXATION
There was no current or deferred tax charge for both of the years presented.

Taxation for the year is lower (2020: lower) than the standard rate of corporation tax in the United Kingdom of 19% (2020: 19%). The differences are explained below:

	2021 £000	2020 £000
Profit before taxation	**(576)**	(24,124)
Profit on ordinary activities multiplied by rate of corporation tax in the United Kingdom of 19% (2020: 19%)	**(109)**	(4,584)
Effects of:		
– United Kingdom REIT tax exemption on net income before revaluations	**(58)**	315
– United Kingdom REIT tax exemption on revaluations	**167**	4,269
Total taxation	**–**	–

Factors affecting current and future tax charges
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.

Finance Act No.2 2015 included provisions to reduce corporate tax to 19% (effective from 1 April 2017) and Finance Act 2016 introduced a further reduction to 17% (effective 1 April 2020). The UK government subsequently passed a Budget Resolution on 17 March 2020 to retain the 19% corporation tax rate from 1 April 2020. Accordingly, the 19% rate has been applied when calculating deferred tax assets and liabilities as at 20 June 2021.

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Company's future tax charge. At the date of signing of the balance sheet this has now been substantially enacted.

The Group has unrecognised deferred tax assets of £3.9m (2020: £2.8m). Whilst the Group does not pay tax on the REIT business, the group is liable to corporation tax on the non-REIT side of the business. The deferred tax assets have not been recognised as there is insufficient evidence to support that there will be future taxable profits in the Group.

10. DIVIDENDS

	2021 £000	2020 £000
2019 final paid: 8.50p per share	–	4,519
2020 interim paid: 3.25p per share	–	1,728
2020 final paid: 1.75p per share	**930**	–
2021 interim paid: 1.75p per share	**930**	–
	1,860	6,247

An interim dividend in respect of the year ended 30 June 2021 of 1.75p per share was paid to shareholders on 25 June 2021. This dividend was paid entirely as a Property Income Distribution (PID).

A final dividend in respect of the year ended 30 June 2021 of 1.75p per share is proposed. This dividend, based on the shares in issue at 23 November 2021, amounts to £0.9m which has not been reflected in these accounts and will be paid on 21 January 2022 to shareholders on the register on 31 December 2021. The entire dividend will be paid as an ordinary dividend.

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 53,161,220 (2020: 53,161,950).

	2021		2020 Restated	
	Earnings £000	Earnings per share p	Earnings £000	Earnings per share p
Loss for the year and earnings per share	**(576)**	**(1.1)**	(24,124)	(45.4)
Valuation movement on investment properties	**(63)**	**(0.1)**	26,024	49.0
Impairment of car parking assets	**111**	**0.2**	(414)	(0.8)
Valuation movement on properties held in joint ventures	**(1,488)**	**(2.8)**	350	0.6
Profit/loss on disposal of investment and development properties	**2,320**	**4.4**	(168)	(0.3)
EPRA earnings and earnings per share	**304**	**0.6**	1,668	3.1

There is no difference between basic and diluted earnings per share.

There is no difference between basic and diluted EPRA earnings per share.

Notes to the consolidated financial statements
continued

12. NON-CURRENT ASSETS

(A) Investment properties

	Freehold £000	Right-of-use asset £000	Development £000	Total £000
Valuation at 30 June 2019 – restated	239,565	21,284	36,451	297,300
Additions at cost	1,610	–	–	1,610
IFRS 16 adjustments	–	518	–	518
Other capital expenditure	5,630	–	348	5,978
Purchase of freehold	14,129	(13,594)	–	535
Disposals	(2,425)	–	–	(2,425)
Transfer to assets held for sale	(23,199)	–	–	(23,199)
Deficit on revaluation	(24,906)	(2,070)	952	(26,024)
Movement in tenant lease incentives	(279)	–	–	(279)
Valuation at 30 June 2020 – restated	210,125	6,138	37,751	254,014
Capital expenditure	**2,146**	**–**	**22**	**2,168**
Disposals	**(26,319)**	**–**	**–**	**(26,319)**
Transfer to hotel operations	**(8,630)**	**–**	**–**	**(8,630)**
Transfer to assets held for sale	**–**	**(3,850)**	**–**	**(3,850)**
Valuation movement	**(4,095)**	**480**	**3,678**	**63**
Movement in tenant lease incentives	**1,463**	**–**	**–**	**1,463**
Valuation at 30 June 2021	**174,690**	**2,768**	**41,451**	**218,909**

At 30 June 2021, investment property valued at £213,720,000 (2020: £247,985,000) was held as security against the Group's borrowings.

Right-of-use investment property assets include long leasehold property interests.

(B) Freehold and leasehold properties – car park activities

	Freehold £000	Right of use asset £000	Total £000
Valuation at 30 June 2019 – restated	30,950	19,860	50,810
Additions	–	25	25
IFRS 16 adjustment	–	27,021	27,021
Depreciation	(285)	(1,472)	(1,757)
(Impairment)/reversal of impairment	(15)	429	414
Valuation at 30 June 2020 – restated	30,650	45,863	76,513
IFRS 16 adjustment	**–**	**(95)**	**(95)**
Depreciation	**(329)**	**(1,476)**	**(1,805)**
(Impairment)/reversal of impairment	**(421)**	**310**	**(111)**
Valuation at 30 June 2021	**29,900**	**44,602**	**74,502**

The historical cost of freehold properties and right-of-use assets relating to car park activities is £30,153,000 (2020: £30,506,000).

At 30 June 2021, freehold properties and right-of-use assets relating to car park activities, held as security against the Group's borrowings are held at £43,650,000 (2020: £44,450,000).

The Company occupies an office suite in part of the Merrion Centre and also at 6 Duke Street in London. The Directors do not consider this element to be material.

(C) Freehold and leasehold properties – hotel operations

	Freehold £000
Valuation at 30 June 2020	–
Transfer from investment properties	8,630
Valuation at 30 June 2021	**8,630**

At 30 June 2021, freehold and leasehold property relating to hotel operations valued at £8,630,000 was held as security against the Group's borrowings.

The Group owns and operates a hotel that has previously accounted for within Investment Property, on the basis that it was marketing the property for a letting to a hotel operator. The hotel was closed between January and April 2021 due to the COVID-19 pandemic. Since reopening, trading at the hotel has been strong and given there was no firm interest for a third party letting the directors have decided to continue to operate the hotel, therefore this property has been transferred to freehold and leasehold properties with effect from 30 June 2021.

The fair value of the Group's investment and development properties, freehold car parks, hotel operations and assets held for sale have been determined principally by independent, appropriately qualified external valuers CBRE and Jones Lang LaSalle. The external valuation reports for June 2020 explicitly mentioned material valuation uncertainty due to Novel Coronavirus (COVID-19) in their portfolio valuation reports to management for certain properties within the TCS portfolios. This reference has not been considered necessary in the valuation reports for June 2021. 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 Jones Lang LaSalle, taking into account an assessment of their realisable value in their existing state and condition based on market evidence of comparable transactions and residual value calculations.

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	1,589	1,947	23,445	6.4%	7.9%
Merrion Centre (excluding offices)	4,630	4,857	56,654	7.7%	8.1%
Offices	2,872	4,568	55,546	4.9%	7.8%
Hotels	1,180	1,630	23,630	4.7%	6.5%
Out of town retail	1,205	1,155	14,500	7.9%	7.5%
Distribution	411	463	6,470	6.0%	6.8%
Residential	504	492	9,175	5.2%	5.1%
	12,391	**15,112**	**189,420**	**6.2%**	**7.5%**
Development property			41,451		
Car parks			74,502		
IFRS 16 Adjustment - Right-of-use assets held within investment property			518		
			305,891		

Notes to the consolidated financial statements
continued

12. NON-CURRENT ASSETS CONTINUED

(C) Freehold and leasehold properties – hotel operations continued

Investment properties (freehold and right-of-use), freehold properties (PPE), hotel operations and assets held for sale
The effect on the total valuation (excluding development property and car parks of £189.4m of applying a different yield and a different ERV would be as follows:

Valuation in the Consolidated Financial Statements at an initial yield of 7.2% – £163.1m, Valuation at 5.2% - £226.0m.

Valuation in the Consolidated Financial Statements at a reversionary yield of 8.5% – £167.2m, Valuation at 6.5% - £218.4m.

Investment properties (development properties)
The key unobservable inputs in the valuation of one of the Group's development properties of £27.4m is the assumed per acre or per unit land value. The effect on the development property valuation of applying a different assumed per acre or per unit land value would be as follows:

The other key development property in the Group is valued on a residual land value basis, the effect on the development property valuation of applying reasonable sensitivities would not create a material impact.

Valuation in the Consolidated Financial Statements if a 5% increase in the per acre or per unit value – £28.8m, 5% decrease in the per acre or per unit value – £26.0m.

The other key development property in the Group is valued on a per acre development land value basis, the effect on the development property valuation of applying reasonable sensitivities would not create a material impact.

Freehold car park activities
The effect on the total valuation of the Group's freehold car park properties of £29.9m in applying a different yield/discount rate would be as follows:

Valuation in the Consolidated Financial Statements based on a 1% decrease in the yield/discount rate - £35.3m, 1% increase in the yield/discount rate - £26.0m.

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	Hotel operations £000	Assets held for sale £000	Total £000
Externally valued by CBRE	108,150	24,500	8,630	3,850	145,130
Externally valued by Jones Lang LaSalle	110,190	5,400	–	–	115,590
Investment properties valued by the Directors	51	–	–	–	51
Properties held at valuation	218,391	29,900	8,630	3,850	260,771
IFRS 16 right-of-use assets held at depreciated cost	518	44,602	–	–	45,120
	218,909	**74,502**	**8,630**	**3,850**	**305,891**

Valuation of investment properties (freehold and right-of-use),freehold properties (PPE), hotel operations and assets held for sale at fair value
All investment properties, freehold properties held in property plant and equipment, hotel operations and assets held for sale are measured at fair value in the consolidated balance sheet and 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 external valuers and the Directors 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.

Assets held for sale
As at 30 June 2021, one property with a value of £3,850,000 (2020: two properties with a total value of £23,199,000) was in the process of being sold and was therefore classified within current assets as Assets held for sale. The valuation surplus recognised through the Income Statement in relation to this property for the year ended 30 June 2021 was £230,000 (2020: deficit of £3,471,000).

(D) Fixtures, equipment and motor vehicles

	Cost £000	Accumulated depreciation £000
At 1 July 2019	4,390	2,781
Additions	93	–
Depreciation	–	589
At 30 June 2020	4,483	3,370
Net book value at 30 June 2020		1,113
At 1 July 2020	**4,483**	**3,370**
Additions	**198**	–
On acquisition of subsidiaries	**30**	
Depreciation	–	**386**
At 30 June 2021	**4,711**	**3,756**
Net book value at 30 June 2021		**955**

13. GOODWILL AND INTANGIBLE ASSETS

	2021 £000	2020 £000
Goodwill		
At the start of the year	**4,024**	4,024
On acquisition of subsidiaries	**412**	–
At the end of the year	**4,436**	4,024
Intangible assets		
At the start of the year	–	–
On acquisition of subsidiaries	**442**	–
Amortisation	**(37)**	–
At the end of the year	**405**	–
Total goodwill and intangible assets	**4,841**	4,024

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. The transactions in prior years 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.

There have been two acquisitions of car park enforcement businesses during the year for a total consideration of £880,000. Of the purchase price, £442,000 which relates to short term customer contracts has been allocated to intangible assets, £26,000 to tangible assets and the remaining balance of £412,000 has been accounted for as goodwill. The remaining period of amortization of the Group's intangible assets is just under three years.

A review of the year end carrying value has been performed to identify any potential impairment to the carrying value of goodwill. This has been based on the discounted future cash flows that are expected to be generated by the assets acquired over the remaining lease length, after taking account of the impact of COVID-19. The cash generating units are the individual car parks acquired. The key assumptions used in preparing these cash flow forecasts are an underlying revenue growth rate of 1% (2020: 1%) and a discount rate of 6% (2020: 8%). The assumptions used in the cash flow are based on the Group's historical experience of the sector and expectation of future growth rate for the industry.

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

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14. INVESTMENTS IN JOINT VENTURES

	2021 £000	2020 £000
At the start of the year	**13,751**	13,387
Repayments of loans from joint ventures	**–**	(86)
Loan interest	**110**	151
Valuation movement	**1,488**	(350)
Share of profits after tax	**863**	644
At the end of the year	**16,212**	13,751

Investments in joint ventures are broken down as follows:

	2021 £000	2020 £000
Equity	**10,376**	8,452
Loans	**5,836**	5,299
	16,212	13,751

Investments in joint ventures primarily relate to the Group's interest in the partnership capital of Merrion House LLP and share capital of Belgravia Living Group Limited.

Also within Investments in Joint Ventures exist loan balances due from joint ventures as they are considered to form part of the net investment in the JV. Repayment of the loans is neither planned nor likely to occur in the foreseeable future. These loan balances are held at amortised cost and are assessed for impairment on an annual basis using an expected credit loss model, in accordance with IFRS 9. Where a joint venture is loss making (as was the case for Belgravia Living Group Ltd in the prior year) and the losses exceed the equity investment in the joint venture, any excess losses are allocated to the loan balance which reduces the loan receivable's carrying amount. If the joint venture becomes profitable (as is the case for Belgravia Living Group Ltd in the current year) the profits are allocated first to the loan to reverse previous losses allocated and are subsequently allocated to the equity investment.

Merrion House LLP owns a long leasehold interest over a property that is let to the Group's joint venture partner, Leeds City Council ('LCC'). 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 assets and liabilities of Merrion House LLP for the current and previous year are as stated below:

	2021 £000	2020 £000
Non-current assets	**71,650**	69,400
Current assets	**664**	689
Current liabilities	**(2,307)**	(2,269)
Non-current liabilities	**(48,929)**	(50,532)
Net assets	**21,078**	17,288

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

	2021 £000	2020 £000
Revenue	**3,328**	3,328
Expenses	**(8)**	(5)
Finance costs	**(1,780)**	(1,832)
	1,540	1,491
Valuation movement on investment properties	**2,250**	–
Net profit	**3,790**	1,491

Belgravia Living Group Limited completed construction of a block of residential apartments in Manchester in 2019. These apartments have been let to residential tenants during the year. The Group's financial interest in this joint venture is primarily in the form of a loan with a value as at 30 June 2021 of £5.7m (2020: £5.3m).

The net assets of Belgravia Living Group for the current and previous year are as stated below:

	2021 £000	2020 £000
Non-current assets	**22,783**	22,923
Current assets	**3,168**	3,014
Current liabilities	**(11,286)**	(11,365)
Non-current liabilities	**(14,634)**	(14,725)
Net liabilities	**31**	(153)

The income and expenses of Belgravia Living Group Limited for the current and previous year are as stated below:

	2021 £000	2020 £000
Revenue	**1,262**	1,215
Expenses	**(514)**	(538)
Finance costs	**(571)**	(751)
	177	(74)
Valuation movement on investment properties	**726**	(700)
Net profit/(loss)	**903**	**(774)**

The Group's interest in other joint ventures are not considered to be material. The book value of the Group's investment in Bay Sentry Limited is £nil (2020: £nil).

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.

A full list of the Group's joint ventures, which are all registered in England and operate in the United Kingdom, is set out as follows:

	Beneficial Interest %	Activity
Merrion House LLP	50	Property investment
Belgravia Living Group Limited	50	Property Investment
Bay Sentry Limited	50	Software Development

Notes to the consolidated financial statements
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15. INVESTMENTS

	2021 £000	2020 £000
Listed investments	**5,802**	3,508
Non-listed investments	**3,415**	2,656
	9,217	6,164

Listed investments

	2021 £000	2020 £000
At the start of the year	**3,508**	5,871
Increase/(decrease) in value of investments	**2,294**	(2,363)
At the end of the year	**5,802**	3,508

Listed 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 (2020: £889,130).

Listed investments are measured at fair value in the consolidated balance sheet and are categorised as level 1 in the fair value hierarchy as defined in IFRS13 as the inputs to the valuation are based on quoted market prices.

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

Non-listed investments

	2021 £000	2020 £000
At the start of the year	**2,656**	2,510
Additions	**258**	146
Increase in value of investments	**501**	–
At the end of the year	**3,415**	2,656

Non-listed investments primarily relate to an equity shareholding and loans advanced to YourParkingSpace Limited, a privately owned company incorporated in the United Kingdom.

The fair value of YourParkingSpace Limited has been determined principally by an independent, appropriately qualified external valuer, GlobalView Advisors. There are no other material non-listed investments that required external valuation.

The loans are held at amortised cost and are assessed for impairment under the IFRS 9 expected credit loss model.

The assets are categorised as level 3 in the fair value hierarchy as defined in IFRS 13 as the inputs to the valuation are based on unobservable inputs.

16. TRADE AND OTHER RECEIVABLES

	2021 £000	2020 £000
Trade receivables	**2,951**	3,852
Less: provision for impairment of receivables	**(673)**	(1,766)
	2,278	2,086
Other receivables and prepayments	**3,003**	1,382
	5,311	3,468

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. The provision for impairment of receivables has been calculated after taking into account the impact of COVID-19 on the economy and the financial position of tenants.

Due to the nature of income, debts are generally recovered in advance and full provision has been made for income recognised but not recovered during the year. As such, the credit risk relating to trade and other receivables is considered to be low and any expected credit loss would be immaterial.

As at 30 June 2021, trade receivables which had not been impaired can be analysed as follows:

			Outside credit terms		
	Total £000	Within credit terms £000	Less than one month £000	One to two months £000	Older than two months £000
2021	**2,278**	**2,278**	–	–	–
2020	2,086	2,086	–	–	–

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

	2021 £000	2020 £000
At the start of the year	**1,766**	411
Provision for receivables impairment	–	1,478
Receivables written off as uncollectible	**(305)**	(123)
Unused amounts reversed	**(788)**	–
At the end of the year	**673**	1,766

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
2021	**673**	–	–	**673**
2020	1,766	–	229	1,537

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

	2021 £000	2020 £000
Bank overdraft	**21,113**	10,282
Trade payables	**193**	910
Social security and other taxes	**913**	1,143
Other payables and accruals	**10,393**	10,901
	32,612	23,236

The Group's banking facility has an agreement which allows the right of off-set between fellow Group companies. Interest payments and covenant tests are conducted on a net basis across the accounts within the banking facility. Whilst management monitors cash on a net basis, the fact that accounts were not actually swept and netted off at 30 June 2021 (and 30 June 2020 respectively) has meant that the cash and overdraft balances have been presented on a gross basis.

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18. FINANCIAL LIABILITIES

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.

	2021 £000	2020 £000
Current		
Bank borrowings	**40,601**	60,326
Lease liabilities	**1,659**	1,658
	42,260	61,984
Non-current		
Bank borrowings	**6,170**	19,796
Lease liabilities	**28,273**	28,919
5.375% First mortgage debenture stock	**99,387**	105,876
	133,830	154,591
Total borrowings	**176,090**	216,575

The movement in financial liabilities during the year can be summarised as follows:

	2021 £000	2020 £000
At the start of the year	**216,575**	182,152
Cash items		
Borrowings repaid	**(44,091)**	–
Borrowings drawn down	**4,000**	8,000
Total cash items	**(40,091)**	8,000
Non-cash items		
Amortisation of arrangement fees relating to banking facilities	**212**	327
Movement in other arrangement fees	**39**	(56)
Movement in finance leases	**(645)**	26,152
Total non-cash items	**(394)**	26,423
At the end of the year	**176,090**	216,575

The debenture, bank loans and overdrafts are secured by fixed charges on properties and restricted cash, valued at £271,905,000 (2020: £314,375,000) owned by the Company and its subsidiary undertakings.

The gross cash and overdraft balances on the individual accounts are summarised as follows:

	2021 £000	2020 £000
Cash balances	**21,670**	12,643
Overdrawn balances	**(21,113)**	(10,282)
Cash and cash equivalents	**557**	2,361

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

	2021				
	Trade and other creditors £000	Bank borrowings £000	Debenture stock £000	Lease liabilities £000	Total £000
In one year or less on demand	**114**	**41,416**	**5,348**	**1,667**	**48,545**
In more than one year but not more than five years	**–**	**6,429**	**21,393**	**6,750**	**34,572**
In more than five years	**–**	**–**	**128,381**	**46,301**	**174,682**
	114	**47,845**	**155,122**	**54,718**	**257,799**

	2020				
	Trade and other creditors £000	Bank borrowings £000	Debenture stock £000	Lease liabilities £000	Total £000
In one year or less on demand	10,282	61,855	5,698	1,658	79,493
In more than one year but not more than five years	–	20,783	22,792	6,716	50,291
In more than five years	–	–	142,465	48,001	190,466
	10,282	82,638	170,955	56,375	320,250

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

The amounts 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:

	2021 £000	2020 £000
Expiring in one year or less	**27,399**	7,500
Expiring in more than one year	**28,693**	15,000
	56,092	22,500

The availability of undrawn funds is subject to compliance with banking covenants. Performance against covenants is monitored continually and calculations are formally prepared at the end of each quarter. There have been no instances of non-compliance during the year.

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.

Under the terms of the Group's bank borrowing facilties, the Group is required to comply with the following financial covenants on the properties secured under each facility:

- The Loan to Value percentage must not exceed 65% on two of the Group's facilities and 60% on the other facility;
- The ratio of rental income and net car park income (where applicable) must not be less than 175% of the interest charge under the facility; and
- In addition, under one of the facilties, both of the above tests are performed on a Group wide basis and the consolidated loan to value percentage must not exceed 60% and the ration of rental income and net car park income must not be less than 175% of the interest charged under the three bank facilties and the debenture.

Under the terms of the Group's debenture, the Group is required to comply with the following financial covenants:

- The Asset Cover percentage must not be less than 150%; and
- The ratio of rental income and net car park income (where applicable) must not be less than 100% of the debenture interest.

The Group has met all of these financial covenants during the year. Please refer to Note 27 for details of the covenant breach that occurred after the year end, and the waiver received from the bank concerned.

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19. FINANCIAL INSTRUMENTS CONTINUED

Interest rate risk

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

	As at 30 June 2021			As at 30 June 2020		
	Nominal value £000	Weighted average rate %	Weighted average period Years	Nominal value £000	Weighted average rate %	Weighted average period Years
Debenture stock	**99,501**	**5.375**	**10**	106,001	5.375	11
Bank floating rate liabilities	**46,908**	**1.78**	**1**	80,500	1.78	1
Lease liabilities	**29,932**	**3.5**	**37**	30,577	3.5	38
	176,341			217,078		

The above amounts represent the monetary liabilities and are therefore different the book values set out in note 18 as a result of unamortised arrangement fees at 30 June 2021 of £251,000 (2020: £503,000).

Floating rate financial liabilities bear interest at rates for term loans based on LIBOR plus an average margin of 1.65% 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 where necessary 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 £598,000 (2020: £745,000).

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:

	2021	2020
Bank overdraft facility	**2.1%**	2.1%
Bank borrowings	**1.78%**	1.78%
Debenture loan	**5.375%**	5.375%
Lease liabilities	**3.5%**	3.5%

Fair value of current borrowings

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

Fair value of non-current borrowings

	2021		2020	
	Book value £000	Fair value £000	Book value £000	Fair value £000
Debenture stock	**99,387**	**109,574**	105,876	123,578
Non-current bank borrowings	**6,170**	**6,170**	19,796	19,796

The above debenture stock has been valued as at 30 June 2021 (and 30 June 2020 respectively) by J C Rathbone Associates on the basis of open market value.

The fair valuation of debenture stock is categorised as level 1 in the fair value hierarchy as defined in IFRS13 as inputs are quoted in active markets.

All financing liabilities are held at amortised cost.

Capital management

The Group manages its capital to ensure that entities in the Group will each be able to continue to operate as a going concern while maximising the return to stakeholders through the optimisation of debt and equity. The capital structure of the Group consists of financial liabilities as per Note 18 and equity as per the consolidated statement of changes in equity. The Group's capital structure is reviewed regularly by the Directors.

20. LEASE LIABILITIES

At 30 June 2021 the Group has a long leasehold interest in seven (30 June 2020: seven) properties that are accounted for under IFRS16.

Future lease payments are as follows:

	2021			2020		
	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	**1,666**	**989**	**677**	1,658	1,012	646
In more than one year but not more than five years	**6,750**	**3,706**	**3,044**	6,716	3,808	2,908
In more than five years	**46,301**	**20,091**	**26,210**	48,001	20,978	27,023
	54,717	**24,786**	**29,931**	56,375	25,798	30,577

21. EPRA NET ASSET VALUE PER SHARE

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

	2021 £000	2020 £000
Net assets at 30 June	**155,395**	155,078
Shares in issue (000)	**53,131**	53,162
Basic and EPRA net asset value per share	**292p**	292p

22. COMMITMENTS

The Group has no capital commitments (2020: £nil) 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:

	2021 £000	2020 £000
Within one year	**11,001**	14,174
One to five years	**34,222**	42,409
In more than five years	**64,542**	85,516

The Group has a wide range of leases in place with tenants across a broad range of properties, sectors, tenures and rental values.

23. CALLED UP SHARE CAPITAL

Authorised

The authorised share capital of the Company is 164,879,000 (2020: 164,879,000) Ordinary Shares of 25p each. The nominal value of authorised share capital is £41,219,750 (2020: £41,219,750).

Issued and fully paid up

	Number of shares 000	Nominal value £000
At 30 June 2020	53,162	13,290
Purchase and cancellation of own shares	(31)	(8)
At 30 June 2021	**53,131**	**13,282**

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

At the year end the Company had authority to buy back for cancellation a further 7,943,377 Ordinary Shares.

Notes to the consolidated financial statements
continued

24. CASH FLOWS FROM OPERATING ACTIVITIES

	2021 £000	2020 Restated £000
Loss for the financial year	**(576)**	(24,124)
Adjustments for:		
Depreciation	**2,191**	2,354
Amortisation	**37**	–
Loss/(profit) on disposal of investment properties	**2,320**	(168)
Finance costs	**8,145**	9,009
Share of post tax profits from joint ventures	**(2,461)**	(450)
Movement in valuation of investment and development properties	**(63)**	26,024
Movement in lease incentives	**(1,463)**	279
Impairment of car parking assets	**111**	(414)
(Increase)/decrease in receivables	**(2,675)**	1,097
(Decrease)/increase in payables	**(922)**	834
Cash generated from operations	**4,644**	14,433

25. RELATED PARTY TRANSACTIONS

The only related party transactions that have taken place during the year relate to the remuneration of the Executive Directors, who are the key management personnel of the Group, and any dividends paid to the Directors and their family members. Further information about the remuneration of individual Directors is provided in the audited part of the Directors' Remuneration Report on page 78.

	2021 £000	2020 £000
Short-term employee benefits	**1,697**	1,830
Post-employment benefits	**72**	125
Dividends paid to the Ziff Concert Party	**955**	3,206
	2,724	5,161

The Ziff Concert Party includes Edward Ziff, Ben Ziff (Executive Directors) and Michael Ziff (Non Executive Director) together with their immediate family members, Edward Ziff and Michael Ziff's mother and sister and a number of trusts that Edward Ziff and Michael Ziff are not beneficiaries of but they do control.

26. RESTATEMENT OF PRIOR YEAR FIGURES

During the year the Directors identified that a number of the Group's accounting policies were either not in compliance with the relevant accounting standard or where not applied correctly. For this reason prior year figures have been restated and the details are summarised below:

1) Classification of owner-occupied assets
The Group operates a number of car parks on freehold land owned by the Group. Under the relevant accounting standards these owner-occupied car parks are required to be classified as Property, Plant and Equipment. During the year two car parks were identified that were misclassified as Investment Property. The prior year comparatives have been restated to:

- Reclassify investment property as Freehold and Leasehold Properties (car park activities) within the Consolidated balance sheet, the amount being £27,200,000 at 1 July 2019 and £26,900,000 at 30 June 2020
- Recognise a depreciation charge of £285,000 within the Consolidated income statement for the year ended 30 June 2020
- Recognise an impairment of £15,000 on Freehold and Leasehold Properties within the Consolidated income statement for the year ended 30 June 2020
- Reduce the valuation movement on investment properties in the income statement by £300,000 for the year ended 30 June 2020

The adjustment has no overall effect on the total net assets of the Group at 30 June 2020 or on the Group's loss for the year ended 30 June 2020.

2) Measurement of leasehold properties (car park activities)
The Group operates a number of car parks from leasehold properties (right-of-use assets). The Directors consider that the leased sites upon which these car parks are operated fall into one class of asset because they are of similar nature and use in the Group's operations. Accounting standards require right-of-use assets within the same class of assets to be measured consistently using either the cost model or the revaluation model.

In the prior year, leasehold properties were inconsistently split between two classes of assets, being long leasehold and right-of-use assets. Within these classes a mixed measurement approach was applied with two sites held at valuation and the remaining held under the cost model.

The prior year comparative figures have been restated to present all leased car park sites as right-of-use assets within note 12 (B) and to consistently apply the cost model to the entire class of assets. The effect of this restatement is:

- A decrease in Freehold and leasehold properties and of £584,000 at 1 July 2019 and £546,000 at 30 June 2020
- Recognise an additional depreciation charge of £141,000 within the Consolidated income statement for the year ended 30 June 2020
- Recognise an additional reversal of impairment of £179,000 on Freehold and Leasehold Properties within the Consolidated income statement for the year ended 30 June 2020.

The adjustment results in a reduction in net assets of £546,000 June 2020. The adjustment also results in a £38,000 decrease to the Group loss for the year ended 30 June 2020.

3) Disclosure of employee benefits (note 6)
Company law requires the Group to disclose the total amount of employee benefits paid or payable in respect of the year. In the prior year, employee benefits were presented net of monies received under the Coronavirus Job Retention Scheme (furlough grant) and excluded some benefits payable to employees where the cost was later re-claimed via a service charge. As a result, the disclosure did not comply with the requirements of the Companies Act.

The comparatives in note 6 have been restated to provide correct information. The effect of this restatement is to increase the disclosed total employee benefits payable for the year ended 30 June 2020 by £377,000.

The adjustment has no overall effect on the total net assets of the Group at 30 June 2020 or on the Groups loss for the year ended 30 June 2020.

Notes to the consolidated financial statements

continued

26. RESTATEMENT OF PRIOR YEAR FIGURES CONTINUED

4) Provisions/trade and other payables
In the prior year a provision of £146,000 was recognised in relation to future anticipated repairs and maintenance costs on an Investment Property owned by the Group. The provision was presented within trade and other payables. The provision should not have been recognised as the amount relates to a future operating cost of the Group. The prior year comparatives have been restated to:

- Reduce trade and other payables within the Consolidated Balance Sheet by £146,000 at 1 June 2019 and £146,000 at 30 June 2020.

The adjustment results in an increase in net assets of £146,000 at 30 June 2020. The adjustment has no effect on the income statement for the year ended 30 June 2020.

5) Service charge income and expenses
In the prior year Consolidated income statement service charge income and service charge expenses were presented as a net amount within property expenses. The amounts should not have been presented net under the relevant accounting standards. The prior year comparatives in the consolidated income statement have been restated to present service charge income of £2,803,000 and service charge expenses of £4,011,000 as gross amounts in the year to 30 June 2020.

The adjustment has no overall effect on the total net assets of the Group at 30 June 2020 or on the Group's loss for the year ended 30 June 2020.

6) Classification of Investments
The Group owns shares in a company listed on the AIM market of the London Stock Exchange. The total value of the investment at 30 June 2020 was £3,508,000 and this was presented in the Consolidated balance sheet within current asset investments. The investment should not have been classified as current because on 30 June 2020 management did not expect to realise the asset within twelve months of the reporting date.

The Group additionally holds shares in an unlisted company which were valued at £2,656,000 at 30 June 2020. Previously this investment was presented within car park activities as a non-current investment. This investment has been re-classified outside of car park activities and presented the investment together with the Groups listed investment, the investment remains in non-current assets.

The prior year comparatives have been restated to:

- Decrease current investments in the Consolidated balance sheet by £5,871,000 at 1 July 2019 and 3,508,000 at 30 June 2020
- Decrease non-current investments (car park activities) in the Consolidated balance sheet by £2,510,000 at 1 July 2019 and £2,656,000 at 30 June 2020
- Increase non-current investments in the Consolidated balance sheet by £8,381,000 at 1 July 2019 and £6,164,000 at 30 June 2020.

The adjustment has no overall effect on the total net assets of the Group at 30 June 2020 or on the Groups loss for the year ended 30 June 2020.

The above restatements do not have any tax implications as the Group's activities are tax exempt due to its REIT status.

The impact on the Balance Sheet as at 30 June 2020 is as follows:

	2020 Previously reported £000	(1) Car parking assets £000	(2) Leasehold properties £000	(4) Sinking fund provision £000	(6) Listed investments £000	2020 Restated £000
Non-current assets						
Property rental						
Investment properties	280,914	(26,900)	–	–	–	**254,014**
Investments in joint ventures	13,751	–	–	–	–	**13,751**
	294,665	(26,900)	–	–	–	**267,765**
Car park activities						
Freehold and leasehold properties	50,159	26,900	(546)	–	–	**76,513**
Goodwill and intangible assets	4,024	–	–	–	–	**4,024**
Investments	2,656	–	–	–	(2,656)	**–**
	56,839	26,900	(546)	–	(2,656)	**80,537**
Fixtures, equipment and motor vehicles	1,113	–	–	–	–	**1,113**
Investments	–	–	–	–	6,164	**6,164**
Total non-current assets	352,617	–	(546)	–	3,508	**355,579**
Current assets						
Investments	3,508	–	–	–	(3,508)	**–**
Assets held for sale	23,199	–	–	–	–	**23,199**
Trade and other receivables	3,468	–	–	–	–	**3,468**
Cash and cash equivalents	12,643	–	–	–	–	**12,643**
Total current assets	42,818	–	–	–	(3,508)	**39,310**
Total assets	395,435	–	(546)	–	–	**394,889**
Current liabilities						
Trade and other payables	(23,382)	–	–	146	–	**(23,236)**
Financial liabilities	(61,984)	–	–	–	–	**(61,984)**
Total current liabilities	(85,366)	–	–	146	–	**(85,220)**
Non-current liabilities						
Financial liabilities	(154,591)	–	–	–	–	**(154,591)**
Total liabilities	(239,957)	–	–	146	–	**(239,811)**
Net assets	155,478	–	(546)	146	–	**155,078**
Equity attributable to the owners of the Parent						
Called up share capital	13,290	–	–	–	–	**13,290**
Share premium account	200	–	–	–	–	**200**
Capital redemption reserve	559	–	–	–	–	**559**
Revaluation reserve	750	–	(250)	–	–	**500**
Retained earnings	140,679	–	(296)	146	–	**140,529**
Total equity	155,478	–	(546)	146	–	**155,078**

Notes to the consolidated financial statements

continued

26. RESTATEMENT OF PRIOR YEAR FIGURES CONTINUED

The impact on the Balance Sheet as at 30 June 2019 is as follows:

	2019 Previously reported £000	(1) Car parking assets £000	(2) Leasehold properties £000	(3) Sinking fund provision £000	(4) Listed investments £000	2019 Restated £000
Non-current assets						
Property rental						
Investment properties	324,500	(27,200)	–	–	–	**297,300**
Investments in joint ventures	13,387	–	–	–	–	**13,387**
	337,887	(27,200)	–	–	–	**310,687**
Car park activities						
Freehold and leasehold properties	24,194	27,200	(584)	–	–	**50,810**
Goodwill and intangible assets	4,024	–	–	–	–	**4,024**
Investments	2,510	–	–	–	(2,510)	**–**
	30,728	27,200	(584)	–	(2,510)	**54,834**
Fixtures, equipment and motor vehicles	1,609	–	–	–	–	**1,609**
Investments	–	–	-	–	8,381	**8,381**
Total non-current assets	370,224	–	(584)	–	5,871	**375,511**
Current assets						
Investments	5,871	–	–	–	(5,871)	**–**
Assets held for sale	–	–	–	–	–	**–**
Trade and other receivables	5,354	–	–	–	–	**5,354**
Cash and cash equivalents	23,692	–	–	–	–	**23,692**
Total current assets	34,917	–	–	–	(5,871)	**29,046**
Total assets	405,141	–	(584)	–	–	**404,557**
Current liabilities						
Trade and other payables	(34,739)	–	–	146	–	**(34,593)**
Financial liabilities	–	–	–	–	–	**–**
Total current liabilities	(34,739)	–	–	146	–	**(34,593)**
Non-current liabilities						
Financial liabilities	(182,152)	–	–	–	–	**(182,152)**
Total liabilities	(216,891)	–	–	146	–	**(216,745)**
Net assets	188,250	–	(584)	146	–	**187,812**
Equity attributable to the owners of the Parent						
Called up share capital	13,290	–	–	–	–	**13,290**
Share premium account	200	–	–	–	–	**200**
Capital redemption reserve	559	–	–	–	–	**559**
Revaluation reserve	250	–	(250)	–	–	**–**
Retained earnings	173,951	–	(334)	146	–	**173,763**
Total equity	188,250	–	(584)	146	–	**187,812**

The impact on the income statement is as follows:

	2020 Previously reported £000	(1) Car parking assets £000	(2) Leasehold properties £000	2020 Restated £000
Gross revenue	27,989	–	–	**27,989**
Provision for impairment of debtors	(1,478)	–	–	**(1,478)**
Service charge income	2,803	–	–	**2,803**
Service charge expenses	(4,011)	–	–	**(4,011)**
Property expenses	(9,244)	(285)	(141)	**(9,670)**
Net revenue	16,059	(285)	(141)	**15,633**
Administrative expenses	(6,197)	–	–	**(6,197)**
Other income	1,218	–	–	**1,218**
Other expenses	(777)	–	–	**(777)**
Valuation movement on investment properties	(26,324)	300	–	**(26,024)**
Impairment of car parking assets	250	(15)	179	**414**
Profit on disposal of investment properties	168	–	–	**168**
Share of post-tax profits from joint ventures	450	–	–	**450**
Operating loss	(15,153)	–	38	**(15,115)**
Finance costs	(9,009)	–	–	**(9,009)**
Loss before taxation	(24,162)	–	38	**(24,124)**
Taxation	–	–	–	**–**
Loss for the year attributable to owners of the Parent	(24,162)	–	38	**(24,124)**

The impact on the cash flow statement is as follows:

	2020 Previously reported £000	(1) Car parking assets £000	(2) Leasehold properties £000	2020 Restated £000
Loss for the financial year	(24,162)	–	38	**(24,124)**
Adjustments for:				
Depreciation	1,920	285	141	**2,346**
Profit on disposal of investment properties	(168)	–	–	**(168)**
Finance costs	9,009	–	–	**9,009**
Share of post-tax profits from joint ventures	(450)	–	–	**(450)**
Movement in valuation of investment and development properties	26,324	(300)	–	**26,024**
Movement in lease incentives	279	–	–	**279**
Impairment of car parking assets	(250)	15	(179)	**(414)**
Decrease in receivables	1,097	–	–	**1,097**
Increase in payables	834	–	–	**834**
Cash generated from operations	14,433	–	–	**14,433**

27. POST BALANCE SHEET EVENTS

On 13 October 2021 the Group sold a property on Duke Street in London for £3.85m.

After the year end, the Company breached a financial covenant on one of its bank facilities for the covenant reporting period from 6 July 2021 to 5 October 2021. The Company had made the bank aware prior to formally reporting this breach. On 24 November 2021 the bank confirmed in writing to the Company that it had waived its right to take any action as a consequence of this breach.

Company balance sheet

as at 30 June 2021

	Notes	2021 £000	2020 Restated £000
Fixed assets			
Investment properties	4	**107,151**	102,406
Property, plant and equipment	4	**641**	743
Investments	5	**254,432**	251,310
		362,224	354,459
Current assets			
Debtors	6	**93,761**	91,830
Cash		**22**	25
		93,783	91,855
Creditors: amounts falling due within one year			
Financial liabilities – borrowings	9	**(24,020)**	(3,322)
Other creditors	8	**(175,762)**	(147,065)
		(199,782)	(150,387)
Net current liabilities		**(105,999)**	(58,532)
Total assets less current liabilities		**256,225**	295,927
Financial liabilities – borrowings	9	**(138,057)**	(185,998)
Net assets		**118,168**	109,929
Equity attributable to the owners of the Parent			
Called up share capital	10	**13,282**	13,290
Share premium account		**200**	200
Capital redemption reserve		**567**	559
Other reserve		**63,313**	63,642
Unrealised non-distributable reserve		**–**	3,000
Retained earnings		**40,806**	29,238
Total shareholders' funds		**118,168**	109,929

Company number: 00623364

As permitted by Section 408 of the Companies Act 2006, the Parent Company's Profit and Loss Account has not been included in these financial statements. The profit shown in the financial statements of the Parent Company was £10,141,000 (2020 restated: loss of £14,781,000).

The financial statements on pages 132 to 143 were approved by the Board of Directors on 29 November 2021 and signed on its behalf by

Edward Ziff OBE DL
Chairman & Chief Executive

Statement of changes in equity

for the year ended 30 June 2021

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Other reserve £000	Unrealised non-distributable reserve £000	Retained earnings £000	Total equity £000
Balance at 30 June 2019 - restated	13,290	200	559	71,814	3,000	42,095	130,958
Comprehensive income for the year							
Loss	–	–	–	–	–	(14,781)	(14,781)
Total comprehensive (loss)/income for the year	–	–	–	–	–	(14,781)	(14,781)
Reserve transfer – impairment of investments in subsidiaries	–	–	–	(8,272)	–	8,172	–
Contributions by and distributions to owners							
Final dividend relating to the year ended 30 June 2019	–	–	–	–	–	(4,519)	(4,519)
Interim dividend relating to the year ended 30 June 2020	–	–	–	–	–	(1,729)	(1,729)
Balance at 30 June 2020 – restated	**13,290**	**200**	**559**	**63,642**	**3,000**	**29,238**	**109,929**
Comprehensive income for the year							
Profit	**–**	**–**	**–**	**–**	**–**	**10,141**	**10,141**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**10,141**	**10,141**
Reserve transfer – impairment of investments in subsidiaries	–	–	–	(329)	–	329	–
Reserve transfer – realisation of gain on disposal of property	–	–	–	–	(3,000)	3,000	–
Contributions by and distributions to owners							
Arising on purchase and cancellation of own shares	**(8)**	**–**	**8**	**–**	**–**	**(42)**	**(42)**
Final dividend relating to the year ended 30 June 2020	**–**	**–**	**–**	**–**	**–**	**(930)**	**(930)**
Interim dividend relating to the year ended 30 June 2021	**–**	**–**	**–**	**–**	**–**	**(930)**	**(930)**
Balance at 30 June 2021	**13,282**	**200**	**567**	**63,313**	**–**	**40,806**	**118,168**

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 certain investments and in accordance with the Companies Act 2006 and applicable law.

In making their assessment of the ability of the Company to continue as a going concern the Directors have considered the impact of COVID-19 on both the liquidity and compliance with bank loan covenants of the Group as a whole. This approach is considered appropriate on the basis that all external funding is held within the Company. As such, the below assessment represents the Group position.

The Group owns a portfolio of multi-let regional property assets located throughout the UK, and operates a car parking business. The business is funded in part by a £100m debenture which is due for repayment in 2031. In addition the business has three bilateral RCF facilities totalling £103m which are due for repayment or renewal between April 2022 and June 2023. In order to assess the potential impact of COVID-19 on the Group and its ability to continue as a going concern, management have analysed the portfolio's tenant base and car parking operation and produced forecasts to 31 December 2022. These forecasts reflect management's view of a worst case scenario including assumptions that rent receipts are materially lower than normally experienced and that the car park and hotel businesses recovers over the forecast period to a materially lower level than would normally be expected.

These forecasts show that the Group has sufficient resources to continue to operate as a going concern for at least the next twelve months. Based on the forecasts, including the mitigating options utilised such as the government approved furlough scheme and VAT and PAYE pay deferral available to the Group the Directors consider it appropriate to prepare these financial statements on the going concern basis.

These financial statements do not include the adjustments that would be necessary should the going concern basis of preparation no longer be appropriate.

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:

Financial reporting standard 102 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 (the Financial Reporting Standard applicable in the UK and Republic of Ireland):

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Town Centre Securities Plc as at 30 June 2018 and these financial statements may be obtained from Companies House, Cardiff CF4 3UZ.

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.

Investments

Investments are held on the balance sheet at fair value. Any fair value gains and losses are taken to the income statement.

Investment income

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

Investment in subsidiary undertakings

Prior to the adoption of FRS 102, investments in subsidiaries were revalued with any gains arising recognised in the other reserve. On adoption of FRS 102 on 1 July 2015, the directors of the company elected to measure the fixed asset investments at deemed cost being the carrying amount at the date of transition as determined under the entity's previous financial reporting framework.

Investments are assessed at each reporting date to determine whether there is any indication that an investment is impaired. Where there is an indication, the carrying value of the investment is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the company's profit/loss for the year and a transfer is made from the other reserve to retained earnings within the Statement of Changes in Equity (where the impairment is less than the amount of other reserve related to that investment).

On disposal of an investment, any gain/loss on disposal is recognised in the profit/loss for the year of the company and any other reserve related to the investment disposed of is transferred from the other reserve to retained earnings within the Statement of Changes in Equity.

The unrealised non-distributable reserve represents distributions made by subsidiaries in prior years in the form of non-qualifying consideration which have given rise to a non-distributable gain. Amounts sitting in the reserve are transferred to retained earnings within the Statement of Changes in Equity when the gain becomes realised.

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.

Cash and cash equivalents

Cash and cash equivalents are carried in the 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 Balance Sheet. Where there is a formal legal arrangement with a right to offset the net position of the individual accounts will be presented in cash or current liabilities as appropriate.

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 valued 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

1. ACCOUNTING POLICIES CONTINUED

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 investment properties (Note 4).

3. EMPLOYEE BENEFITS

	2021 £000	2020 £000
Wages and salaries (including Directors' emoluments)	**2,443**	2,697
Social security costs	**297**	325
Other pension costs	**91**	72
	2,831	3,094

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

All of the pension costs in the table above relate to define contribution schemes.

The aggregate remuneration of the Directors of the Company was £1,769,000 (2020: £1,955,000).

The average monthly number of staff employed during the year was 45 (2020: 51). Disclosures required by the Companies Act 2006 on Directors' remuneration, including salaries, share options, pension contributions and pension entitlement, are included on page 78 in the Remuneration Report and form part of the Consolidated Financial Statements. 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 2021 is included in Note 5 to the Consolidated Financial Statements.

4. TANGIBLE ASSETS

Investment properties

	Freehold £000	Long leasehold £000	Development £000	Total £000
Valuation at 30 June 2020	58,696	6,010	37,700	102,406
Additions	1,894	–	21	1,915
Disposals	(5,930)	–	–	(5,930)
Valuation movement	2,897	480	3,679	7,056
Movement in tenant lease incentives	1,704	–	–	1,704
Valuation at 30 June 2021	**59,261**	**6,490**	**41,400**	**107,151**

The above freehold and long leasehold properties have been independently externally valued as at 30 June 2021 and 30 June 2020 on the basis of open market value by Jones Long LaSalle and CBRE in accordance with the Royal Institution of Chartered Surveyors Appraisal and Investment Manual.

Fixtures, equipment and motor vehicles

	Cost £000	Accumulated depreciation £000
Balance at 30 June 2020	2,158	1,415
Additions	92	–
Depreciation	–	194
Balance at 30 June 2021	**2,250**	**1,609**
Net book value at 30 June 2021		**614**
Net book value at 30 June 2020		743
Total tangible assets At 30 June 2021		**107,792**
At 30 June 2020		103,149

5. FIXED ASSET INVESTMENTS

	2021 £000	2020 Restated £000
Shares in Group undertakings		
At 1 July	**239,847**	248,020
Impairment	**(496)**	(8,173)
At 30 June	**239,351**	239,847
Listed investments		
At 1 July	**3,508**	5,871
Revaluation	**2,293**	(2,363)
	5,801	3,508
Other investments		
At 1 July	**2,656**	2,510
Additions	**258**	146
Revaluation	**501**	–
At 30 June	**3,415**	2,656
Interest in joint ventures		
At 1 July	**5,299**	5,595
Share of profit/(loss) after tax	**388**	(296)
At 30 June	**5,687**	5,299
Total fixed asset investments	**254,432**	251,310

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 shares issued plus the fair value of any other consideration given to acquire the share capital of the subsidiary undertakings.

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 (2020: £889,130).

Notes to the company financial statements

continued

6. DEBTORS

	2021 £000	2020 Restated £000
Trade debtors	**1,079**	1,096
Less: provision for impairment of debtors	**(662)**	(591)
	417	505
Amounts owed by subsidiary undertakings	**91,659**	91,211
Other debtors and prepayments	**1,685**	114
	93,761	91,830

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 Company has many tenants spread across a number of industry sectors. In addition, the tenants' rents are payable in advance. The provision for impairment of receivables has been calculated after taking into account the impact of COVID-19 on the economy and the financial position of tenants.

Due to the nature of income, debts are generally recovered in advance and full provision has been made for income recognised but not recovered during the year. As such, the credit risk relating to trade and other receivables in considered to be low and any expected credit loss would be immaterial.

The expense recognised in relation to the impairment of debtors for the year ended 30 June 2021 was £377,000 (2020: £519,000).

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

7. OTHER CREDITORS

	2021 £000	2020 £000
Trade payables	**47**	739
Taxation and social security	**323**	313
Amounts owed to subsidiary undertakings	**171,275**	142,143
Other payables and accruals	**4,177**	3,870
	175,762	147,065

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

8. 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.

	2021 £000	2020 £000
Non-current		
Bank borrowings	**6,170**	19,796
5.375% First mortgage debenture stock	**99,387**	105,876
	105,557	125,672
Current		
Bank borrowings	**56,520**	63,648
Total borrowings	**162,077**	189,320

The debenture, bank loans and overdrafts are secured by fixed charges on properties, valued at £271,905,000 (2020: £314,375,000) owned by the Company and its subsidiary undertakings.

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

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

	2021 £000	2020 £000
Expiring in one year or less	**27,399**	7,500
Expiring in more than one year	**28,693**	15,000
	56,092	22,500

The availability of undrawn funds is subject to compliance with banking covenants.

Included within facilities expiring in one year or less are overdraft facilities subject to annual review. There are net cash balances of £16,180,000 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 overleaf.

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 2021			As at 30 June 2020		
	Nominal value £000	Weighted average rate %	Weighted average period Years	Nominal value £000	Weighted average rate %	Weighted average period Years
Debenture stock	**99,501**	**5.375**	**10**	106,001	5.375	11
Bank floating rate liabilities	**62,789**	**1.78**	**1**	83,822	1.78	1
	162,290			189,823		

The above amounts represent the monetary liabilities and are therefore different the book values set out in as a result of unamortised arrangement fees at 30 June 2021 of £213,000 (2020: £503,000).

Floating rate financial liabilities bear interest at rates for term loans based on LIBOR plus an average margin of 1.65% and for the overdraft of 2.00% 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:

	2021	2020
Bank overdraft facility	**2.1%**	2.1%
Bank borrowings	**1.78%**	1.78%
Debenture loan	**5.375%**	5.375%

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 and by applying year end exchange rates. The carrying amounts of short-term borrowings approximate to book value.

Notes to the company financial statements
continued

8. FINANCIAL INSTRUMENTS CONTINUED

Fair value of non-current borrowings

	2021		2020	
	Book value £000	Fair value £000	Book value £000	Fair value £000
Debenture stock	**99,387**	**109,574**	105,876	123,578
Long-term bank borrowings	**6,170**	**6,170**	19,976	19,976

9. CALLED UP SHARE CAPITAL

Authorised
164,879,000 (2020: 164,879,000) Ordinary Shares of 25p each.

Issued and fully paid up

	Number of shares 000	Nominal value £000
At 30 June 2020	53,162	13,290
Purchase and cancellation of own shares	(31)	(8)
At 30 June 2021	**53,131**	**13,282**

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

10. RESTATEMENT OF PRIOR YEAR FIGURES

During the year the Directors identified that a number of the Company's accounting policies were either not in compliance with the relevant accounting standard or where not applied correctly. For this reason prior year figures have been restated and the details are summarised below:

A) Investment in subsidiaries
During the year the Directors identified that there were indicators of impairment for a number of the company's investments in its subsidiaries. On further analysis errors were identified in the historic cost records of some investments and in the revaluation reserve associated with investments (which arose under the Company's previous accounting policy prior to adoption of FRS 102). Some investments were also not assessed for impairment in prior years when indicators of impairments were present and as a result were overstated.

The Directors have undertaken a review of the historic cost, the revaluation reserve and current carrying value for each investment on a line-by-line basis. As a result of this exercise the prior period has been restated as follows:

- Reduce the carrying value of Investments in subsidiaries in the Company balance sheet at 1 July 2019 by £674,000 and at 30 June 2020 by £8,846,000.
- Reduce the other reserve within equity in the Company balance sheet at 1 July 2019 by £8,243,000 and at 30 June 2020 by £16,415,000.
- Increase retained earnings within equity in the Company balance sheet at 1 July 2019 and 1 July 2020 by £4,569,000.
- Recognise a unrealised non-distributable reserve within equity in the Company balance sheet at 1 July 2019 and 30 June 2020 of £3,000,000.
- Recognise an impairment in the Income Statement for the year ended 30 June 2020 of £8,172,000 .

The adjustment results in a reduction in net assets of £8,846,000 at 30 June 2020 and an increase in loss for the year end 30 June 2020 of £8,172,000.

B) Debtors – amounts owed by subsidiary undertakings
During the year the Directors identified that amounts owed by subsidiary undertakings should have been impaired in prior years as management consider the amounts are not, and were not in prior years, fully recoverable. Debtors have therefore been restated at 30 June 2020 to reduce the amount owing by £1,750,000.

The adjustment results in a reduction in net assets of £1,750,000 at 30 June 2020 and an increase in loss for the year of £1,750,000.

C) Listed investments
The company owns shares in a company listed on the AIM market of the London Stock Exchange. The total value of the investment at 30 June 2020 was £3,508,000 and this was presented in the Company balance sheet within current asset investments. The investment should not have been classified as current because the investment was acquired for use on a continuing basis in the company's activities.

The prior year comparatives have been restated to:

- Decrease current investments in the Company balance sheet by £5,871,000 at 1 July 2019 and 3,508,000 at 30 June 2020
- Increase non-current investments in the Company balance sheet by £5,871,000 at 1 July 2019 and 3,508,000 at 30 June 2020

The adjustment has no overall effect on the total net assets at 30 June 2020 or on the loss for the year ended 30 June 2020.

The impact of these adjustments on balance sheet line items is as follows:

	2020 Previously reported £000	(A) Impairment of investments £000	(B) Provision for intercompany debtor £000	(C) Listed investments £000	2020 Restated £000
Fixed assets					
Investment properties	102,406	–	–	–	**102,406**
Property, plant and equipment	743	–	–	–	**743**
Investments	256,648	(8,846)	–	3,508	**251,310**
	359,797	(8,846)	–	3,508	**354,459**
Current assets					
Investments	3,508	–	–	(3,508)	–
Debtors	93,580	–	(1,750)	–	**91,830**
Cash	25			–	**25**
	97,113	–	(1,750)	(3,508)	**91,855**
Creditors: amounts falling due within one year					
Financial liabilities – borrowings	(3,322)			–	**(3,322)**
Other creditors	(147,065)			–	**(147,065)**
	(150,387)			–	**(150,387)**
Net current liabilities	(53,274)		(1,750)	(3,508)	**(58,352)**
Total assets less current liabilities	306,523	(8,846)	(1,750)	–	**295,927**
Financial liabilities – borrowings	(185,998)	–	–	–	**(185,998)**
Net assets	120,525	(8,846)	(1,750)	–	**109,929**
Equity attributable to the owners of the Parent					
Called up share capital	13,290	–	–	–	**13,290**
Share premium account	200	–	–	–	**200**
Capital redemption reserve	559	–	–	–	**559**
Other reserve	80,057	(16,415)	–	–	**63,642**
Unrealised non-distributable reserve	–	3,000	–	–	**3,000**
Retained earnings	26,419	4,569	(1,750)	–	**29,238**
Total shareholders' funds	120,525	(8,846)	(1,750)	–	**109,929**

Notes to the company financial statements
continued

11. SUBSIDIARY COMPANIES

The Company's wholly owned active subsidiary undertakings at 30 June 2021, registered in England or Scotland and operating in the United Kingdom, are as follows:

	Company number	Activity
Held directly		
TCS Holdings Limited	2271353	Property investment
Dundonald Property Investments Limited	3672365	Property investment
Buckley Properties (Leeds) Limited	647309	Property investment
Citipark plc	8837214	Car park operations
TCS Development Management (Merrion) Limited	8696141	Property investment
TCS (Residential Conversions) Limited	3946495	Property investment
TCS (Property Management) Limited*	5281225	Management company
TCS Trustees Limited*	3112933	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
TCS (Tariff Street) Limited	09929851	Property investment
TCS (Brownsfield Mill) Limited	10291290	Property investment
TCS (Merrion Hotel) Limited	10380988	Hotel operator
Bay Sentry Solutions Limited	12133595	Car park operations
Citicharge Limited	13322988	Dormant
Apperley Bridge Limited	6879596	Dormant
TCS Park Row Limited	8077103	Dormant
Citipark UK Limited	8837203	Dormant
TCS (Merrion House JVCO2) Limited	8561356	Dormant
Tassgander Limited	4077297	Dormant
Blackpool Markets Limited	2740190	Dormant
Emett Exhibitions Limited	1544918	Dormant
Milngavie East Limited	SC464805	Dormant
No 29 Management Co (Eastgate) Limited	3873683	Dormant
T Herbert Kaye's Estates Limited	0226678	Dormant
TCS (Bolton) Limited	4104688	Dormant
TCS Piccadilly Limited	4317396	Dormant
TCS Whitehall Riverside Limited	4329860	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 Finance Limited	3108777	Dormant
TCS Trading Limited	3060862	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
Held indirectly		
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
TCS (Merrion House JVCO1) Limited	8561354	Property investment
KBT Cornwall Limited	8087077	Car park operations
Dundonald (Cumbernauld) Limited	5983938	Dormant
TCS (Bothwell Street) Limited	4240551	Dormant
Dundonald Property Developments Limited	6430444	Dormant
Riverside (Leeds) Limited	4569350	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 Energy Limited	4414144	Dormant
TCS (Mill Hill) Limited	4413341	Dormant
TCS (Residential) Limited	4249007	Dormant
TCS Solar Limited	5113915	Dormant

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

The registered office of all subsidiaries is at the following address:

Town Centre House
The Merrion Centre
Leeds
LS2 8LY

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

	Proportion of Ordinary Shares held %	Activity
Belgravia Living Group Limited	50	Property Investment
Bay Sentry Limited	50	Software Development

The registered offices of joint ventures are as follows:

Belgravia Living Group Limited
Middleton House
Westland Road
Leeds
LS11 5UH

Bay Sentry Limited
Town Centre House
The Merrion Centre
Leeds
LS2 8LY

The Company also has an indirect 50% interest in Merrion House LLP, which has the same registered office as the Company.

Notice of Annual General Meeting

Notice is hereby given that the 2021 annual general meeting (the "Meeting") of Town Centre Securities Plc (the "Company") will be held at Town Centre House, The Merrion Centre on Wednesday, 29 December 2021 at 10:00am.

You will be asked to consider and if thought fit pass the Resolutions below. Resolutions 1 to 15 will be proposed as ordinary resolutions. For an ordinary resolution to be passed, a simple majority of the votes cast must vote in favour of the resolution. Resolutions 16 to 19 will be proposed as special resolutions. For a special resolution to be passed, at least 75% of the votes cast must vote in favour of the resolution.

Shareholders will be able to attend the AGM in person this year.

We encourage all shareholders to vote via proxy in advance of the AGM. Your vote is important, and you are encouraged to use it. Shareholders should vote by way of proxy in advance of the Meeting. To ensure your vote is counted, you should appoint the 'Chair of the Meeting' as your proxy.

This notice includes the resolutions ('Resolutions') to be discussed at the AGM. You are requested to complete and submit a Form of Proxy as soon as possible whether you intend to attend the AGM or not. In any event, the Proxy instruction should reach the Company's Registrar by 10.00am on Thursday, 23 December 2021.

Completion of a Form of Proxy will not preclude you from attending the AGM physically.

Ordinary resolutions

Resolution 1: Annual Financial Statements and Directors' Report

1. To receive the Company's annual financial statements (together with the Directors' Report and the auditors' report) for the financial year ended 30 June 2021.

Resolution 2: Directors' Remuneration Report

2. To approve the Directors' Remuneration Report set out on pages 76 to 81 of the Company's 2021 Annual Report for the year ended 30 June 2021 (excluding the Directors' Remuneration Policy included in the report).

Resolution 3: Directors' Remuneration Policy

3. To approve the Directors' Remuneration Policy, which can be found on page 77.

Resolution 4: Final Dividend

4. To declare a final cash dividend recommended by the Board for the year ended 30 June 2021 of 1.75 pence per ordinary share, to be paid on 21 January 2022 to shareholders whose names appear on the register at close of business on 31 December 2021.

Resolutions 5 to 11: Re-election of Directors

5. To re-elect Michael Ziff as a non-executive director of the Company.
6. To re-elect Ian Marcus as a non-executive director of the Company.
7. To re-elect Paul Huberman as a non-executive director of the Company.
8. To re-elect Jeremy Collins as a non-executive director of the Company.
9. To re-elect Edward Ziff as an executive director of the Company.
10. To re-elect Benjamin Ziff as an executive director of the Company.
11. To elect Stewart MacNeill as an executive director of the Company

Resolution 12: Re-appointment of Auditors

12. To re-appoint BDO LLP as the auditors of the Company, to hold office from the conclusion of this Meeting until the conclusion of the next general meeting at which annual financial statements are laid before the Company's shareholders.

Resolution 13: Remuneration of Auditors

13. To authorise the Directors to determine the remuneration of the Company's auditors.

Resolution 14: Authority to Make Political Donations

14. To authorise, in accordance with Part 14 of the UK Companies Act 2006 (the "Act"), the Company and all companies that are subsidiaries of the Company at the date on which this resolution is passed, or at any time when this resolution has effect to:

    (a) make political donations to political parties and/or independent election candidates;

    (b) make political donations to political organisations other than political parties; and

    (c) incur political expenditure,

    (as such terms are defined in the Act), up to an aggregate amount of £50000, and the amount authorised under each of paragraphs (a) to (c) above shall also be limited to such amount, during the period beginning on the date of the passing of this resolution and ending at the conclusion of the next annual general meeting of the Company to be held in 2022. Upon the passing of this resolution, all existing authorisations and approvals relating to political donations or expenditure under Part 14 of the Act shall be revoked without prejudice to any donation made, or expenditure incurred, prior to the passing of this resolution pursuant to such authorisation or approval. For the purpose of this resolution, the terms "political donation", "political parties", "independent election candidates", "political organisation" and "political expenditure" shall have the meanings given by sections 363 to 365 of the Act.

Resolution 15: Authority to Allot Ordinary Shares

15. To generally and unconditionally authorise the Board, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date of the passing of this resolution, pursuant to and in accordance with section 551 of the Act to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company:

    (a) up to an aggregate nominal amount of £4,412,269.75 (representing 17,649,079 ordinary shares) (such amount to be reduced by any allotments or grants made under paragraph (b) below in excess of such sum); and

    (b) comprising equity securities (as defined in the Act) up to a nominal amount of £8,824,539.50 (representing 35,298,158 ordinary shares) (such amount to be reduced by any allotments or grants made under paragraph (a) above) in connection with an offer by way of a rights issue:

        (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

        (ii) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,

        and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary, expedient or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

    provided that this authority shall expire at the conclusion of the next annual general meeting of the Company, to be held in 2022, or 1 February 2023, whichever is earlier, save that the Company may, before such expiry, make an offer or enter into an agreement which would or might require shares to be allotted, or rights to subscribe for or to convert securities into shares to be granted, after such expiry; and the Board may allot shares or grant such rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Special resolutions

Resolution 16: Authority to Disapply Pre-emption Rights

16. That, if resolution 15 above is passed, the Board be given power to allot equity securities (as defined in the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such power to be limited:

    (a) to the allotment of equity securities and sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (b) of resolution 15, by way of a rights issue only):

        (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

        (ii) to holders of other equity securities, as required by the rights of those securities, or as the Board otherwise considers necessary,

        and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

    (b) in the case of the authority granted under paragraph (a) of resolution 16 and/or in the case of any sale of treasury shares, to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount of £661,840.25,

    such power to apply until the end of the next annual general meeting to be held in 2021, or 16 February 2023, whichever is earlier, but, in each case, during this period the Company may make offers and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

Notice of Annual General Meeting

continued

Resolution 17: Additional Authority to Disapply Pre-emption Rights for Purposes of Acquisitions or Capital Investments

17. That, if resolution 15 above is passed, the Board be given the power, in addition to any power granted under resolution 16 above, to allot equity securities (as defined in the Act) for cash under the authority granted under paragraph (a) of resolution 15 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such power to be:

    (a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £661,840.25; and

    (b) used only for the purposes of financing a transaction which the Board determines 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, or for the purposes of refinancing such a transaction within six months of it taking place,

    such power to apply until the end of the next annual general meeting to be held in 2021, or 16 February 2023, whichever is earlier, but, in each case, during this period the Company may make offers and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

Resolution 18: Authority to purchase Company's own shares

18. That the Company be generally and unconditionally authorised for the purpose of Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary Shares of £0.25 each in the capital of the Company, provided that:

    (a) the maximum number of Ordinary Shares which may be purchased is 7,942,085;

    (b) the minimum price, exclusive of any expenses, which may be paid for each Ordinary Share is £0.25;

    (c) the maximum price, exclusive of any expenses, which may be paid for each Ordinary Share is an amount equal to the higher of:

        (i) 105% of the average mid-market value of an Ordinary Share, as derived from the London Stock Exchange Daily Official List for the five business days prior to the day on which the purchase is made; and

        (ii) an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share.

    (d) this authority shall expire on the date of the next annual general meeting of the Company or on 16 February 2023, whichever is the earlier, but, in each case, provided that the Company may, before such expiry, enter into a contract or contracts to purchase shares which will or may be executed wholly or partly after the expiry of such authority and the Company may make a purchase of shares under such contract or contracts as if the authority had not expired.

Resolution 19: Notice of General Meetings, other than Annual General Meetings

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

By order of the Board.

Edward Ziff OBE DL
Chairman and Chief Executive
29 November 2021

Registered Office:
Town Centre House,
The Merrion Centre,
Leeds LS2 8LY

Registered in England and Wales No. 00623364

Explanatory notes

Ordinary resolutions

Resolution 1: To receive the Annual Financial Statements and Directors' Report

Under the Company's Act 2006, the Directors are required to present the strategic report, directors' report, auditor's report and annual financial statements of the Company to the Meeting. These are contained in the Company's 2021 Annual Report and Financial Statements for the year ended 30 June 2021 (the "Annual Report"), which was circulated at the time of this Notice and is also available on the Company's website at www.tcs-plc.co.uk.

Resolution 2: Directors' Remuneration Report (excluding the Directors' Remuneration Policy) for the year ended 30 June 2021.

Under the Companies Act 2006 (the "**Act**"), the Directors must prepare an Annual Report detailing the remuneration of the Directors and a statement by the chairman of the Remuneration Committee (together, the "**Directors' Remuneration Report**"). The Act also requires that a resolution be put to shareholders each year for their approval of that report. The Directors' Remuneration Report can be found on pages 76 to 81 of the Annual Report. Resolution 2 is an advisory vote only and the Directors' entitlement to remuneration is not conditional on it.

Resolution 3: Directors' Remuneration Policy

The Act also requires that a resolution be put to shareholders, at intervals of not more than three years, to approve the Directors' Remuneration Policy, which can be found on page 77 of the Annual Report. This is a binding policy and, after it takes effect, the Directors will not be entitled to remuneration unless that payment is consistent with the approved policy or has been approved by a resolution of the shareholders of the Company. With the recovery in all of its business segments, the Company is able to make more reliable financial predictions, and it is proposing a single change to the existing remuneration policy at the 2022 Annual General Meeting. This change is to increase the maximum annual bonus entitlement from 60% of base salary to 100% of base salary. If Resolution 3 is approved, the policy will take effect from the date of the AGM.

Resolution 4: Final Dividend

The Board proposes a final dividend of 1.75 pence per share in respect of the year ended 30 June 2021 If approved, the recommended final dividend will be paid on 21 January 2022 to all ordinary shareholders who are on the register of members on 31 December 2021.

Resolutions 5 – 11: Re-election and election of Directors

The Board has agreed a policy whereby all Directors will seek annual re-election at the AGM, in accordance with the FRC Code of Corporate Governance.

The Board believes that each Director seeking re-election continues to have the requisite skills and experience, and demonstrates the necessary commitment, to contribute effectively to the Board. In addition, the Board confirms that each Non-Executive Director is able to commit sufficient time to meet their Board responsibilities. The biographical details of the Directors seeking re-election at the Meeting are set out on pages 62 to 63 of the Annual Report.

None of the non-executive directors seeking re-election at the Meeting has any existing or previous relationship, transaction or arrangement with the Company, nor with any controlling shareholder of the Company or any associate of a controlling shareholder of the Company, within the meaning of Listing Rule 13.8.17R(1). In considering the independence of the non-executive directors, the Board has taken into account guidance from the UK Corporate Governance Code.

Resolution 12: Re-appointment of Auditor

At each general meeting at which the Company's annual financial statements are presented to its members, the Company is required to appoint an auditor to serve until the next such meeting. The Board, on the recommendation of the Audit Committee, recommends the re-appointment of BDO LLP as auditors of the Company.

Resolution 13: Remuneration of Auditor

The remuneration of the Company's auditor must be fixed by the Company in a general meeting or in such manner as the Company may determine in a general meeting. This resolution gives authority to the Directors to approve the terms of engagement and determine the remuneration of the Company's auditors.

Resolution 14: Authority to make political donations

Under the Act, political donations to any political parties, independent election candidates or political organisations other than political parties, or the incurring of political expenditure, are prohibited unless authorised by shareholders in advance.

As the legislation is capable of wide interpretation, the terms "political donation", a "political party", a "political organisation" or "political expenditure" are not easy to define. For example, sponsorship, subscriptions, payment of expenses, paid leave for employees fulfilling public duties, and support for bodies representing the business community in policy review or reform, may fall within the scope of these matters.

Therefore, notwithstanding that the Company has not made a political donation in the past, and has no intention, either now or in the future, of making any political donation or incurring any political expenditure, the Board has decided to propose Resolution 15 to avoid running the risk of the Company or its subsidiaries inadvertently breaching the Act through the undertaking of routine activities.

As permitted under the Act, this resolution also covers any political donations made or political expenditure incurred by any subsidiaries of the Company. This resolution caps the amount of all forms of political donations and expenditure that the company and its subsidiaries would be permitted to make at an aggregate of £50,000.

Notice of Annual General Meeting
continued

Resolution 15: Authority to Allot Ordinary Shares
The purpose of this resolution is to give the Directors authority to allot shares in place of the existing authority approved at the annual general meeting of the Company held on 17 November 2020, which expires at the end of the 2021 annual general meeting.

The authority in paragraph (a) of the resolution will allow the Directors to allot new shares and grant rights to subscribe for, or convert other securities into, shares up to a nominal value of £4,412,269.75 (representing 17,649,079 ordinary shares), which is equivalent to approximately one third of the total issued ordinary share capital of the Company as at 29 November 2021, which is the latest practicable date prior to publication of this Notice.

In accordance with institutional guidelines issued by the Investment Association, paragraph (b) of Resolution 15 will allow Directors to allot, including the Ordinary shares referred to in paragraph (a) of Resolution 15, further of the Company's Ordinary shares in connection with a pre-emptive offer by way of a rights issue to ordinary shareholders up to a maximum nominal amount of £8,824,539.50 representing approximately two thirds (66.67%) of the Company's existing issued ordinary share capital and calculated as at 29 November 2021 (being the latest practicable date prior to publication of this document).

The Company does not currently hold any shares in treasury.

The Board believes it is in the best interests of the Company to have these authorities so that the Board can allot securities at short notice and without the need to hold a general meeting if the need arises.

The authorities sought in paragraphs (a) and (b) of resolution 15 are without prejudice to previous allotments made under such existing authorities.

The authorities will only be valid until the conclusion of the next annual general meeting of the Company to be held in 2021 or 17 February 2022, whichever is earlier.

Special resolutions

Resolution 16: Authority to Dis-apply Pre-emption Rights
At the annual general meeting held on 17 November 2020, the Directors were given the authority to issue equity securities of the Company and sell treasury shares in exchange for cash until the 2021 annual general meeting. Resolution 16 renews this authority allowing Directors to issue equity securities and to sell treasury shares for cash on a non-pre-emptive basis: (i) to ordinary shareholders in proportion to their existing shareholdings and to holders of other equity securities as required by the rights of those securities, or as the Directors consider necessary, and to deal with, among other things, treasury shares, fractional entitlements and legal and practical problems in any territory, for example, in the case of a rights issue or other similar share issue; and (ii) otherwise, up to an aggregate nominal amount of £661,840.25 (representing 2,647,361 ordinary shares). This number represents approximately 5% of the issued share capital as at 29 November 2021 the latest practicable date prior to publication of this Notice.

The Directors believe that this resolution will assist them in taking advantage of business opportunities as they arise.

The Company does not currently hold any shares in treasury.

These authorities are without prejudice to allotments made under previous authorities and will only be valid until the conclusion of the next annual general meeting to be held in 2022 or 16 February 2023, whichever is earlier.

Resolution 17: Additional Authority to Disapply Pre-emption Rights for Purposes of Acquisitions or Capital Investments
On 5 May 2016, the Pre-Emption Group published a monitoring report on the implementation of its 2015 Statement of Principles for Disapplying Pre-emption Rights and a recommended template resolution for disapplying pre-emption rights. The template recommends companies request authority to disapply pre-emption rights in respect of the additional 5% to be used when the Board considers the use to be for an acquisition or specified capital investment in accordance with the 2015 Statement of Principles as a separate resolution to the disapplication to issue shares on an unrestricted basis.

Resolution 17 seeks this separate authority. Where the authority granted under resolution 17 is used, the Company will disclose this in the announcement regarding the issue, the circumstances that have led to its use and the consultation process undertaken.

In accordance with the section of the Statement of Principles regarding cumulative usage of authorities within a rolling three-year period, the Directors also confirm their intention that (except in relation to an issue pursuant to resolution 17 in respect of the additional 5% referred to above) no more than 7.5% of the issued ordinary share capital will be issued for cash on a non-pre-emptive basis during any rolling three-year period, without prior consultation with shareholders.

The Directors believe that this resolution will assist them in taking advantage of business opportunities as they arise.

These authorities are without prejudice to allotments made under previous authorities and will only be valid until the conclusion of the next annual general meeting to be held in 2022, or 16 February 2023, whichever is earlier.

Resolution 18: Authority to Purchase Company's Own shares
Resolution 18 is a special resolution that will grant the Company authority to make market purchases of up to 7,942,085 ordinary shares, representing 15% of the ordinary shares in issue as at the date of the Notice.

The Directors have no present intention to exercise the authority granted by this resolution, but the authority provides the flexibility to allow them to do so in future. The Directors would not exercise the authority unless they believed that the expected effect would promote the success of the Company for the benefit of its shareholders as a whole. Any shares bought back will either be cancelled or placed into treasury at the determination of the Directors.

The maximum price which may be paid for each ordinary share must not be more than the higher of (i) 105% above the average of the mid-market values of the ordinary shares for the five business days before the purchase is made or (ii) the higher of the price of the last independent trade and the highest current independent bid for the ordinary shares. The minimum price which may be paid for each ordinary share is £0.25.

This authority shall expire at the annual general meeting to be held in 2022 or on 16 February 2023, whichever is the earlier, when a resolution to renew the authority will be proposed.

Resolution 19: Notice of general meetings other than Annual General Meetings
Under the Act, the notice period required for all general meetings of the Company is 21 clear days. Annual General Meetings will always be held on at least 21 clear days' notice, but shareholders can approve a shorter notice period for other general meetings. At last year's Annual General Meeting shareholders authorised the calling of general meetings (other than an Annual General Meeting) on not less than 14 clear days' notice, and it is proposed that this authority be renewed.

Resolutions and Important Notes
The formal notice convening the Meeting ("the Notice") is set out on pages 144 to 151 of this document and includes explanatory notes to each of the resolutions to be proposed at the Meeting. There will be an opportunity for you to raise questions at the Meeting about the resolutions set out in the Notice and about the business of the Company.

Further Information
Further information relating to the Company and its financial information can be found in the Company's Annual Report and Financial Statements for the year ended 30 June 2021, which was circulated at the same time as this Notice and is also available on the Company's website at www.tcs-plc.co.uk

Recommendation
The Board considers that Resolutions 1 to 19 are in the best interests of the Company and its shareholders as a whole and recommends that you vote in favour of such resolutions, as the Directors intend to do in respect of their own beneficial holdings.

Important notes

the following notes explain your general rights as a shareholder and your right to attend and vote at this Annual General Meeting or to appoint someone else to vote on your behalf.

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 Thursday, 23rd December 2021 (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 maybe asked to 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 Link Group, PXS, Central Square, 29 Wellington Street, Leeds, LS1 4DL 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.

Notice of Annual General Meeting

continued

4. You can vote either:
   - by logging on to www.signalshares.com where full instructions can be found;
   - by requesting a hard copy form of proxy directly from the registrar, Link Group, on Tel: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 and 17:30, Monday to Friday excluding public holidays in England and Wales; or
   - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

   For an electronic proxy appointment to be valid, the appointment must be received by the Company's registrar by no later than 10.00am on Thursday 23rd December 2021 (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).

   For a hard copy form of proxy to be valid, it must be completed, signed and sent to the offices of the Company's registrars, Link Group, PXS, Central Square, 29 Wellington Street, Leeds, LS1 4DL, so as to arrive no later than 10.00am on Thursday 23 December 2021 (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.
5. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.
6. The return of a completed proxy form, electronic filing or any CREST Proxy Instructions will not prevent a shareholder from attending the Meeting and voting in person if he/she wishes to do so.
7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST manual (available from www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
8. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instructions, as described in the CREST manual. The message must be transmitted to be received by the issuer's agent (ID RA10) by 10:00 on 23 December 2021. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
9. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.
10. 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 12 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:

    10.1 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;

    10.2 comply with the requirements set out in Note 7 below; and

    10.3 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:

    10.4 it may not require the shareholder(s) making the request to pay any expenses incurred by the Company in complying with the request;

    10.5 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.
11. Any request by a shareholder or shareholders to require the Company to publish audit concerns as set out in Note 6 above:

    11.1 may be made either:

    11.1.1 in hard copy, by sending it to the Company Secretary, Town Centre House, The Merrion Centre, Leeds LS2 8LY; or

    11.1.2 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 (please state "TCS: AGM" in the subject line of the email);

    11.2 must state the full name(s) and address(es) of the shareholder(s); and

    11.3 (where the request is made in hard copy from or by fax) must be signed by the shareholder(s).
12. As at 23 November 2021 (being the last practicable date prior to the publication of this notice) the Company's issued share capital consists of 52,947,237 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 29 November 2021 are 52,947,237.
13. 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:

    13.1 to do so would interfere unduly with the preparation for the meeting or would involve the disclosure of confidential information;

    13.2 the answer has already been given on a website in the form of an answer to a question; or

    13.3 it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
14. 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"):

    14.1 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

    14.2 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.
15. Biographical details of all those Directors who are offering themselves for appointment or re appointment at the meeting are set out on pages 62 to 63 of the Annual Report and Accounts.
16. 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.
17. 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.

    17.1 copies of the service contracts of the Executive Directors; and

    17.2 copies of the letters of appointment of the Non-Executive Directors.
18. 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.

Investor information

Registrar

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

Link Group
PXS
Central Square
29 Wellington Street
Leeds
LS1 4DL

Telephone: +44 (0) 371 664 0300

(Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate.

Lines are open from 9.00am–5.30pm, Monday to Friday excluding public holidays in England and Wales.)

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

Email: shareholderenquiries@linkgroup.co.uk

Website: linkassetservices.com

Dividends

Interim dividend: 1.75p per share paid on 25 June 2021 to shareholders on the register on 28 May 2021.

Final dividend: 1.75p per share to be paid on 21 January 2022 to shareholders on the register on 31 December 2021.

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
Peel Hunt

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

Solicitors
DLA Piper UK LLP
Bond Dickinson LLP
TLT LLP

Principal Valuers
Jones Lang LaSalle
CBRE

Corporate public relations
MHP Communications

Contact information

Registered office
Town Centre House
The Merrion Centre
Leeds LS2 8LY

Registered number
623364 England

Email
info@tcs-plc.co.uk

Website
tcs-plc.co.uk

Company Secretary
Tom Evans
Town Centre House
The Merrion Centre
Leeds LS2 8LY

Registrar and transfer office
Link Group

Trustees to mortgage debenture holders
Link Market Services Trustees Limited
c/o Apex Corporate Trustees (UK) Limited
6th Floor
125 Wood Street
London EC2V 7AN

Glossary

AGM	Annual General Meeting
CVA	Company Voluntary Arrangement, a process under UK insolvency law which allows a company to reschedule its debts with the consent of a specified majority of its creditors
EPRA	European Public Real Estate Association
EPRA EPS	A measure of EPS designed by EPRA to present underlying earnings from core operating activities
EPRA Guidance	The EPRA Best Practices Recommendations Guidelines October 2019
EPRA NTA	A measure of NAV designed by EPRA to present the fair value of a company on a long-term basis. For these purposes, the Group uses EPRA Net Tangible Assets as defined in the EPRA Guidance
EPS	Earnings per share calculated as the profit or loss for the period after tax attributable to shareholders of the Company divided by the weighted average number of shares in issue in the period
ERV	Estimated Rental Value: the independent valuers' opinion of the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a property
GDV	Gross Development Value
IFRS	International Financial Reporting Standards
LTV	Loan to Value: • Facility specific – the outstanding amount of a loan as a percentage of property value • Group LTV – The amount of financial liabilities less cash and cash equivalents (less overdrafts) as a percentage of the Group's total assets less cash and cash equivalents
NAV	Net asset value
Net Borrowings	Total financial liabilities less IFRS 16 lease liabilities and cash equivalents
Net Initial Yield	Annualised net rents on an investment property as a percentage of the investment property valuation less purchaser's costs
Post Investment Yield	Annualised net rents on a property as a percentage of the total development costs of a property
REIT	Real Estate Investment Trust
Reversionary Yield	ERV on an investment property as a percentage of the investment property valuation less purchaser's costs
Total Property Return	Calculated as the net operating profit and gains/losses from property sales and valuations as a percentage of the opening portfolio carrying value
Total Shareholder Return	The movement in share price over a period plus dividends paid in the period expressed as a percentage of the share price at the start of the period
Weighted Average Unexpired Lease Term	The term to the first tenant break or expiry of the leases in the portfolio weighted by rental value before rent concessions, also referred to as WAULT

Notes

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