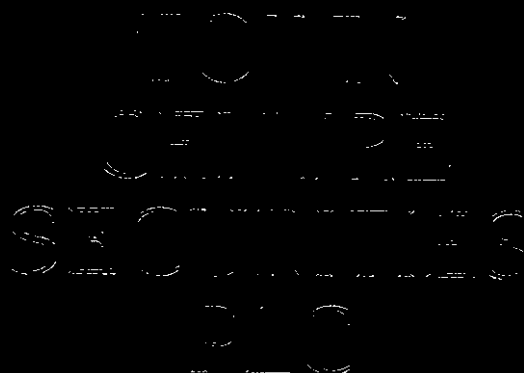


COMPANY NUMBER

623364



A12 *AGNCCB00* 241
COMPANIES HOUSE 28/11/98



Town Centre Securities PLC is a *property investment* and *development* company. We aim to *maximise shareholder returns* over the *long term* through the acquisition and *active management* of investments and developments with *secure and improving income* in *good locations*.

Our core market is retail property both in central and out of town locations and we bring a wealth of experience and expertise to bear upon our management of our portfolio of retail properties. We supplement our property portfolio with a car parking business where our investment skills are allied to a strong management team.

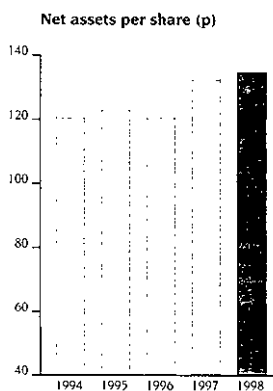
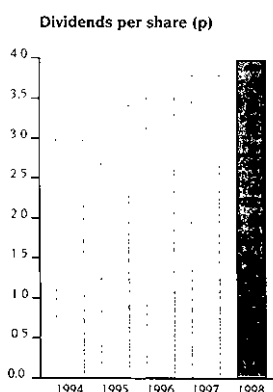
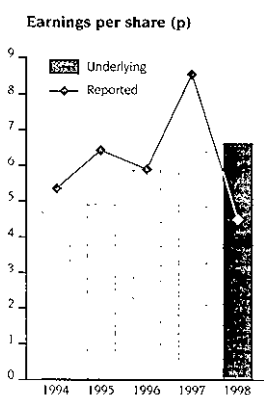
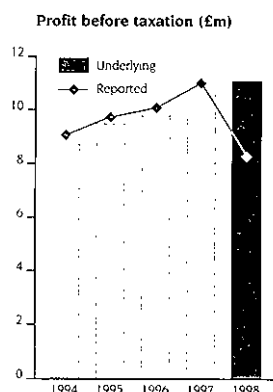
We own 118 properties, 9 car parks and have one of the best long-term growth records in the property sector. We aim to continue this record.

Contents

1	Financial Highlights	19	Statement of Total Recognised Gains and Losses
1	Main Events of the Year	19	Note of Historical Cost Profits and Losses
2	Chairman's Statement	20	Consolidated Balance Sheet
4	Directors and Advisers	21	Company Balance Sheet
5	Review of Operations	22	Consolidated Cash Flow Statement
11	Directors' Report	23	Notes to the Accounts
13	Corporate Governance	36	List of Principal Properties
15	Report of the Remuneration Committee	38	Valuers' Report
17	Auditors' Reports	39	Ten Year Record
18	Consolidated Profit and Loss Account	40	Notice of Meeting
		41	Calendar of Events

Financial Highlights

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	30 June 1998	30 June 1997
Gross revenue	£29.3m	£27.6m
Profit before tax – reported	£8.5m	£11.2m
– underlying	£11.0m	£10.6m
Underlying earnings per share	6.5p	6.2p
Dividends per share	3.9p	3.8p
Net assets per share	135.0p	133.5p
Adjusted net assets per share	139.2p	130.6p
Gearing	69%	68%

Main Events of the Year

- Portfolio growth 3%.
- Investment of £11.3 million in 9 properties.
- Sale of 30 properties realising £9.2 million.
- £5 million invested in new car parks.
- Investment portfolio again externally valued.
- Disposal of investment in Stylo plc.

Chairman's Statement

TOWN CENTRE SECURITIES PLC

Town Centre Securities has continued to make solid progress in the year ended 30 June 1998. Our underlying business and property portfolio remains strong and has generated another year of growth. Underlying profit before tax has increased by 4% to £10.97 million and net asset value per share has increased by 1% to 135.0p.

The net assets have been arrived at following a full revaluation conducted by Montagu Evans, Chartered Surveyors, at the year end and after taking into account the fall in value of the shareholding in Stylo plc. Your directors are recommending a final dividend of 2.80p per share which will be paid on 2 January 1999 to shareholders on the register at 27 November 1998. This final dividend, together with the interim dividend gives a total of 4.12p per share for the year (based on the current number of shares in issue) an increase of 3% over last year.

The most significant single item in this year's accounts is the impact of the transfer to shareholders of the shareholding in Stylo plc approved at an Extraordinary General Meeting on 22 July 1998. This complicated transaction represented a transfer to shareholders of the equivalent of 2.4p per share and is fully explained in Note 2 to the Accounts. Since the Extraordinary General Meeting we have received Court Approval to effect this transaction and shareholders will now have received their allocation of Stylo shares and their new Town Centre Securities share certificates as a result of the reorganisation. Now that this transaction has been completed we can look forward to the future, concentrating on our twin strategies of investment in quality property and aggressive management of the portfolio to maximise its growth and value.

This year has seen the beginning of a major effort to reposition and improve our property portfolio. This involves continued investment in our retail portfolios and also disposals of those properties which have ceased to meet our performance criteria for growth. Over the year we have invested a total of £11.3 million in 9 properties whilst we have sold 30 properties for a total consideration of £9.2 million. These sales produced a surplus of £174,000 above their

1997 external valuation. The success of this policy is demonstrated by the fact that our retail portfolios have continued to grow. We continue to further our strategy with disposals of non core properties.

One of the main features of this year's valuation has been the Merrion Centre which has not changed significantly in value since last year. We have always maintained the fabric of this shopping centre to a high standard ever since its completion in 1964 and we are therefore not facing the major dilapidations that some centres of a similar age have suffered. However, in the current retail environment constant upgrading and improvement is necessary; we have some exciting plans under review which we hope to implement as soon as practical. We believe it is essential that these steps are taken to ensure the future success of the Merrion Centre.

The performance of our retail warehousing/foodstores portfolio and the shops portfolio has been particularly pleasing and we will continue to invest wherever possible in these core areas.

The car park business has seen a year of consolidation after its exceptional performance last year. We remain committed to expand this business and have made two significant investments during the year, the development of our multi-storey car park at Criterion Place, Leeds and the purchase of the multi-storey car park at Candleriggs, Glasgow, the latter at a cost of £3.5 million. This expansion will continue during the current year.

As this report is written pessimistic sentiment in the property market is becoming more evident with values expected to come under pressure. Historically, because of its wide geographical spread and its defensive qualities, Town Centre Securities' portfolio has performed extremely well during difficult times and I therefore look forward to the future with optimism. It is important however to be realistic about the income stream. We do not expect to see any significant underlying growth in income from the portfolio in the near future. However, we continue to identify active management

Chairman's Statement continued

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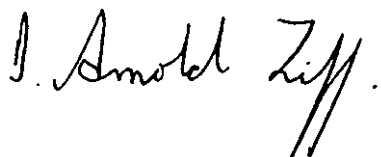
opportunities where growth in income can be achieved. Our disposals policy is also likely to continue to restrict profit growth in accordance with our strategy. The properties we are selling have relatively high yields whilst our new investments show an average lower initial yield of 8%. They carry confident hopes of substantial growth. While we will continue to manage this process judiciously it will inevitably impact on early profit growth.

We are particularly pleased to report encouraging progress in respect of our development site in Manchester. We have now received an open A1 consent for 82,000 sq. ft. of retail warehousing along with detailed consent for a 143 unit high quality residential scheme based round a marina. We are progressing talks with English Partnerships in respect of grant assistance for the infrastructure works and for the redevelopment of a listed warehouse building in the residential scheme. The site is centrally located close to Piccadilly Station and has excellent car parking facilities. This is an exciting development in an area of Manchester which shows great potential.

We have a dynamic young team at Town Centre Securities working to an agreed strategy and anxious to build on the successes of the past to continue to grow the company.

It is with great regret that I have to report that since the year end Mr George Cox, our very valued non-executive colleague, passed away suddenly on Friday 18 September 1998. He joined the Board in 1991 and was always a tower of strength to me personally. The Board greatly valued his contribution and advice at our meetings. He will be sadly missed and difficult to replace.

I would like to express my thanks to my colleagues and to all our hard working staff for their commitment and enthusiasm.



"This year has seen the beginning of a major effort to reposition and improve our property portfolio."

"We have some exciting plans under review . . . to ensure the future success of the Merrion Centre."

"Our scheme is an exciting development in an area of Manchester which shows great potential."

"We have a dynamic young team... working to an agreed strategy and anxious to build on the successes of the past to grow the company."

Directors and Advisers

TOWN CENTRE SECURITIES PLC

Board of Directors

Chairman	Israel Arnold Ziff OBE LLD
Directors	Executive
	Edward Max Ziff (Managing Director)
	John Kenneth Leadbeater FRICS
	Duncan Sinclair Syers ACA
	Timothy James Crawford ARICS
	Non Executive
	Clive Hewitt Lewis Hon D Litt FRICS FSVA

Secretary Karen Lesley Prior FCA

Registered Office Town Centre House
The Merrion Centre
Leeds LS2 8LY
Tel: (0113) 222 1234
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Registered Number 623364 England

Subsidiary Company Directors David Cecil Whitehead
David Neil Perry TechRICS
John Charles Stuart Gascoigne FRICS

Trustees for the Debenture Stockholders Guardian Royal Exchange Assurance PLC

Bankers Lloyds Bank PLC
Yorkshire Bank PLC

Brokers BT Alex Brown International

Auditors PricewaterhouseCoopers

Registrar and Transfer Office Northern Registrars Limited
Northern House
Penistone Road
Fenay Bridge
Huddersfield HD8 0LA
Tel: (01484) 606664
Fax: (01484) 608764

Branch Office 75 Dale Street
Manchester M1 2HG
(David Perry TechRICS)
Tel: (0161) 236 2456
Fax: (0161) 236 2455

Review of Operations

Property Investment

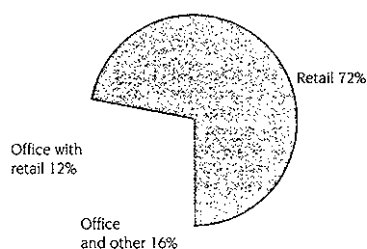
The financial year ended 30 June 1998 has seen a marked change of emphasis in terms of our management of the property portfolio. Last year we noted in our Annual Report that we were beginning to dispose of under performing properties and this process has absorbed much of our energies over the year just ended. We have disposed of 30 properties at a total sale consideration of £9.2 million (£174,000 in excess of their previous valuation). This has involved significant effort and the process will continue to form a major part of our activities in improving the growth prospects for our portfolio.

Our property investment acquisitions this year have been largely opportunistic as we have found that the market over the last year has offered limited opportunities to acquire sensibly priced investments which have good growth prospects. This is particularly so at present and new investments are unlikely to significantly exceed the proceeds from disposals in the current year. Our attitude to new investments has also been tempered by the encouraging news in respect of our Manchester site. Our resources, providing market conditions remain favourable, will be concentrated on this development.

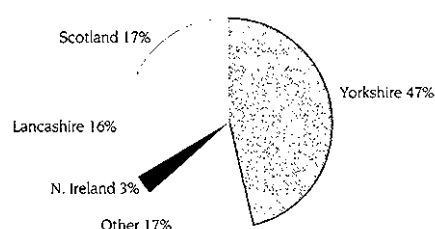
Our priorities for the current year therefore remain to invest in growth opportunities, to release value within the portfolio by refurbishment and redevelopment and to dispose of properties which are not likely to grow in value in the short and medium term.

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Property by use



Property by location



Property Portfolio

The property portfolio was valued by Montagu Evans, chartered surveyors, as at 30 June 1998. The overall like for like uplift has been 2.8% with the retail warehousing and food stores properties performing particularly well and with an encouraging performance from our shops portfolio. The shopping centres values have remained fairly stable although this has been significantly affected by our activities in the Merion Centre. The valuation can be summarised as follows:

	Valuation 1998 £000	Like for like growth %	Valuation 1997 £000
Shopping centres	94,845	0.4	94,075
Retail warehousing and foodstores	46,145	9.6	35,305
Shops	115,080	3.6	110,235
Total retail	256,070	3.4	239,615
Office and other	25,042	(2.5)	27,151
Total Investment Properties	281,112	2.8	266,766

Review of Operations continued

TOWN CENTRE SECURITIES PLC

Shopping Centres

Merrion Centre

This centre now represents approximately one fifth of our investment property portfolio and it is still a major component in the overall performance of our holdings. It has maintained its value despite income reductions from premises which have been re-acquired for reconfiguration. Increased rentals from the retail element have begun to show through from the improvements made in recent years. The leisure elements have shown excellent rental growth and we believe further investment in this direction, together with upgrading of the retail environment, will enable us to move forward in the future.

Our expectations of the Centre's future growth remain high but it is not immune from the general economic factors affecting the property markets. Our priority is to change market perception of the Centre to enhance its appeal to retail tenants. This will be achieved in the short term predominantly by lettings of re-configured space.

Other Centres

The other two main shopping centres, The Spinning Gate Centre in Leigh and The Maltings in Salisbury, have each increased in value and are trading well. In The Maltings, new tenants,

County Books and Robert Dyas, are now open. We are exploring ways of expanding the Centre and providing a better store for the anchor tenant, Sainsburys.

Retail Warehousing and Foodstores

Once again our retail warehousing portfolio has performed well this year. Following two additions during the year, this part of the portfolio now comprises four foodstores and nine retail warehouse investments, let principally to quality tenants at low rents.

Our development at the Kingsway Retail Park in Derby was completed in January, following this Currys has entered into a twenty five year lease. Already this investment has shown a good uplift in capital value over its cost and we expect significant further capital appreciation in the near future.

We have acquired two new retail warehouse developments during the year. Following completion of the second phase of the Portrack Retail Park in Stockton we exercised our option to acquire this three unit terrace comprising 25,000 sq. ft. at a preferential yield in excess of 9%. The average rent for Phases I & II equates to £9 per sq. ft. which compares favourably with subsequent letting elsewhere on Portrack Lane, suggesting that this level of rent is now highly reversionary.

Bathgate



Derby



Review of Operations continued

Retail Warehousing and Foodstores continued

We also acquired the Bathgate Retail Park in the heart of the central belt of Scotland between Glasgow and Edinburgh. This new development of 45,000 sq. ft. is let to Focus DIY, Argos and Ethel Austin. The average rent is £8 per sq. ft. and the yield on cost is 8.4%.

Since the year end we completed the letting of the last available unit at Boucher Retail Park in Belfast to What Everyone Wants. The park has excellent rental growth prospects and, in order to maximise future performance, an upgrade of the scheme is now under consideration.

Shops

This portfolio, which comprises the main body of our retail holding showed a pleasing improvement in capital value although the full impact of this has been reduced by some under performing assets which are now on the disposal list.

It is particularly pleasing to note the strong performance from some of our core properties. Our rent review with W H Smith in Lands Lane, Leeds provided a rental increase in excess of 30% and our two acquisitions during the last financial year of Empire House in Glasgow and Lloyds Bank in central York have already shown strong capital appreciation.

In addition to uplifts from our investment holdings, we have also continued to find opportunities for growth from redevelopment



Evesham

and refurbishment of our properties. Two transactions are worthy of particular mention.

- Since the year end we have completed the refurbishment and restoration of a listed building on Vicar Lane in Leeds. This 20,000 sq. ft. property was pre-let during refurbishment works to Flannels, a leading high fashion retailer, at a rent 50% above the level previously paid.
- At Clifton Arcade in Blackpool, vacant possession was obtained and simultaneously a new lease was entered into with Whitbread's for thirty five years at a significantly enhanced rent. The residue of the adjoining property is owned by the company and plans are now being formulated for the redevelopment of this property to further exploit demand from the licensed trade in this highly prominent central position.

There is considerable inherent value contained within many of our other retail properties and this is being fully exploited with a view to creating good quality investments capable of providing enhanced rental and capital values over the longer term.

We have made opportunistic investments during the year. We acquired three further properties in St Austell, two of which adjoin our existing ownership and are currently let to H Samuel, Specsavers and Superdrug. In line with the group's strategy we own the best shops in this town, and our new investment of £1.3 million is already producing a yield on cost in excess of 8%. Four large sized units were also acquired in High Street, Evesham, let to Lloyds Chemists, Iceland Frozen Foods, Blockbuster Video and Edinburgh Woollen Mills, to show an initial yield of 8.25%.

St Austell



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Review of Operations continued

TOWN CENTRE SECURITIES PLC

Development Opportunities

Manchester

In July of this year, Phase I of the Piccadilly Basin development was granted open A1 planning consent by Manchester City Council.

The masterplan for the 13.5 acre site provides 82,000 sq. ft. of retail space with dedicated car parking and a 143 unit residential scheme around a new marina, along with a variety of bars, restaurants and cafes, leisure facilities and offices.

The emphasis will be on creating a vibrant new scheme which will complement improvements underway in Manchester's Northern Quarter around Piccadilly Station and on the approach to the Eastlands. The Rochdale Canal will be restored and opened up to create a marina at the heart of the development.

The approved master plan has been drawn up by award winning architect Ian Simpson and consulting engineer Martin Stockley, two of the team which helped to redesign Manchester City Centre following the 1996 IRA bomb.

The location of the proposed retail units which will be directly opposite the Central Retail Park on Great Ancoats Street and the open nature of

the planning consent makes for a very attractive development particularly in the context of the waterside environment to be created. While we are optimistic about the appeal of the scheme we do not intend to begin development until significant pre-lets have been achieved.

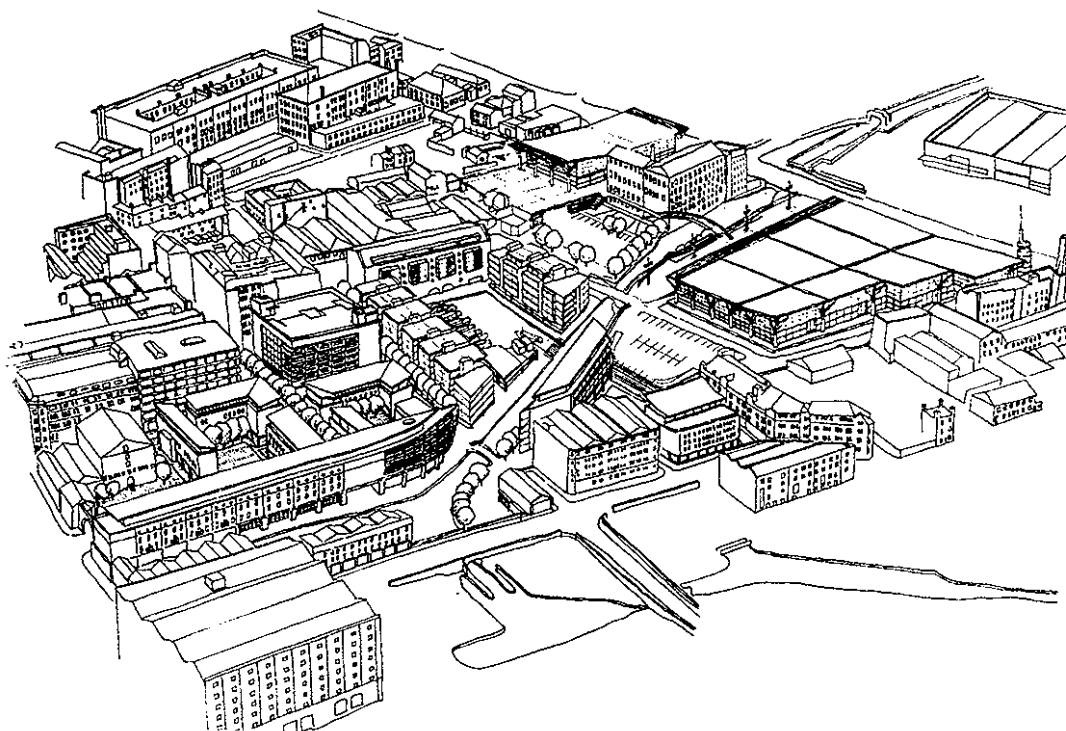
On the residential site we are currently taking steps to identify a specialist development partner, as well as progressing an application to English Partnerships for grant assistance to restore a listed warehouse building at the heart of the scheme.

Car Park Business

This has been an exciting year in our car park business and we have made significant progress both in acquiring new properties and also in preparing to take advantage of future opportunities by increasing awareness within the parking industry of our financial strength and our management expertise.

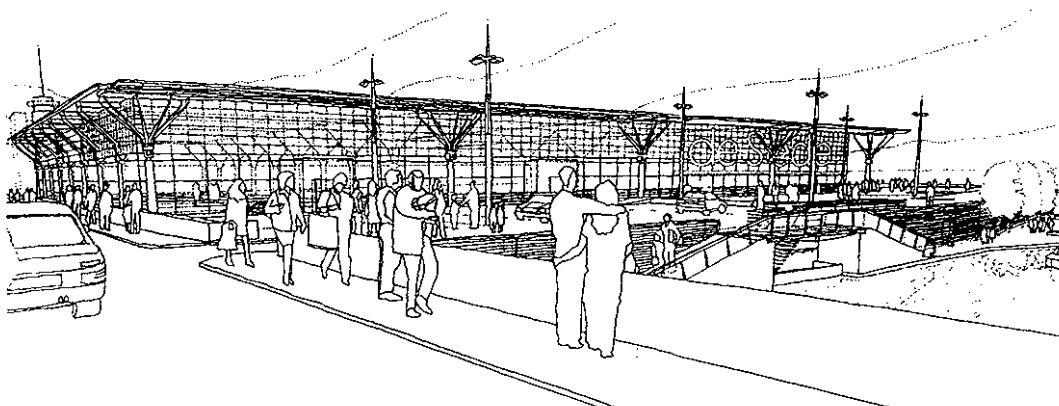
We have made two capital investments during the year:

- In May we acquired a 440 space multi-storey car park in Glasgow city centre on Candleriggs in the Merchant City area.



Manchester – proposed development

Review of Operations continued



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Retail scheme for the Piccadilly Basin development in Manchester

Car Park Business continued

- In November this year we will complete the construction of our first development project with the opening of a 411 space multi-storey car park at Criterion Place, Leeds. This prime city centre scheme is being built at a cost of £3.5 million.

We expect both of these investments to provide us with healthy long-term profits growth. While we have predominantly made asset investments this year we remain committed to expand our activities in car park management and we are actively seeking to acquire new business in this area.

The underlying car park business has consolidated this year after the exceptional growth shown last year. The asset ownerships at

Waterloo Street, Glasgow and Kingston House North, London continue to provide extremely reliable income streams along with our intra-group leasehold car parks on the Manchester and Leeds development sites. Turnover has increased by 22% from £3.6 million to £4.4 million while operating profits of £1.4 million remained at 1997 levels. This is a satisfactory result after the rapid growth of last year and, along with our new acquisitions we believe the portfolio will continue to generate good profits.

This business is growing rapidly in a market which has seen some significant changes over the last year. We remain committed to increasing the size and profitability of the car park business both through investment in assets and expansion of our car park management activities.

Leeds



Glasgow



Review of Operations continued

TOWN CENTRE SECURITIES PLC

Financial Report

The results for the year have been impacted by the fall in value of the investment in Stylo plc resulting in an exceptional loss of £2.6 million. Excluding this and the positive impact of property sales, profit before taxation rose by 4% £11.0 million this year compared to £10.6 million in the year to 30 June 1997. The rental income has increased by 4%. The continued expansion of the car park operations have also contributed to an overall 6% increase in gross revenues from £27.6 million to £29.3 million. Anticipated property disposals will continue to impact on revenue growth in the short term, however, future performance will be maintained by active management and the exploitation of opportunities for growth from within the portfolio.

Year end borrowings were £121.9 million compared with £118.5 million at 30 June 1997 and total gearing has increased from 68% to 69%. Long term fixed interest mortgage debt represents 72% of borrowings. No interest has been capitalised during the year.

Net assets per share have increased from 133.5p to 135.0p. This has principally arisen due to the revaluation surplus of £7.7 million arising on the group's investment properties, offset by the reduction in value of the investment in Stylo plc of £9 million.

Millennium and Euro Issues

Work to ensure the effective transition of the group's systems through the millennium date change is well advanced. A review of the systems has provided assurance that the group's main property management system meets Year 2000 compliance requirements. The group has established a programme for replacing other minor non-compliant computer equipment by the Year 2000. The incremental costs of this programme are not anticipated to be significant. We are carrying out a detailed review of equipment at our properties with the objective of ensuring continuity of services provided.

The directors are considering the implications of the possible UK participation in European Monetary Union but do not consider at this stage that the introduction of the Euro will have any significant implications for the group.

Directors' Report

The directors have pleasure in presenting the annual report and accounts for the year ended 30 June 1998. A review of the performance of the group and its results for the year and future prospects is contained in the Chairman's Statement and the Review of Operations, which should be read in conjunction with this report.

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Principal activities

The principal activities of the company and its subsidiary undertakings (the group) during the financial year remained those of property investment, development and trading.

Town Centre Car Parks Limited continued to trade as a car park operator.

Rochdale Canal Company continued with its activities of carrying out its statutory obligations to maintain the Rochdale Canal.

Results for the year and dividends

The results are set out in the consolidated profit and loss account on page 18.

An interim dividend of 1.2p per share was paid on 30 June 1998 and the directors now recommend the payment of a final dividend of 2.7p per share based on the share capital in issue on 30 June 1998. Following the reorganisation this equates to 2.8p per share.

Fixed assets

Details of movements in fixed assets are set out in notes 11 and 12 to the accounts.

The group's properties, other than those held by the car-parking and trading subsidiary undertakings, are held as long term investments.

With the exception of property held for development, freehold and long leasehold investment properties have been revalued as at 30 June 1998 on the basis of open market value. The valuation was carried out by Montagu Evans, Chartered Surveyors and disclosed an increase in value of £7,718,000 which has been incorporated in the accounts. In arriving at the total valuation each property has been valued individually and no allowance has been made for expenses of realisation nor for taxation which might arise in the event of disposal.

Post balance sheet events

On 3 September 1998 the company transferred its investment in Stylo plc to shareholders and reduced its share capital and share premium accounts as set out in note 2 to the accounts.

Special business

Resolution 6 to be proposed at the Annual General Meeting seeks authority for the directors to purchase, in the market, the company's own shares, subject to the limits contained in that resolution, as permitted under Article 9B of the company's Articles of Association. The directors seek approval to make purchases of up to 14.5% of the company's issued share capital and undertake that the authority would only be exercised if they were satisfied that a purchase was in the best interests of the company at the time.

A company wishing to make issues of equity capital for cash otherwise than to existing equity shareholders in proportion to their shareholdings may, if it has obtained the requisite general authority from its shareholders, do so without the need for the approval of its shareholders for each actual issue as it arises.

Resolution 7 is proposed in order to give the directors a general authority to allot equity securities for cash other than on a pre-emptive basis to existing shareholders. This power is sought in respect of unissued ordinary shares to an aggregate nominal value of £1,542,555 being 5% of the company's adjusted issued share capital. If given, this authority will expire at the earlier of 15 months from the date of the passing of the resolution and the conclusion of the Annual General Meeting to be held in 1999 but it is intended to seek its renewal at that meeting.

Resolutions 6 and 7 seek to renew the approval given by the shareholders for such matters in previous years and the directors do not have any current intention of exercising these authorities.

Directors' Report continued

TOWN CENTRE SECURITIES PLC

Supplier payment policy

It is the company's policy to settle the terms of payment with suppliers when agreeing each transaction or series of transactions, to ensure that suppliers are made aware of these terms and to abide by them. Creditor days at the end of the period for the group were 52 days (1997 37 days).

Donations

Charitable donations during the year amounted to £32,000 (1997 £10,000). The group has made no political contributions.

Taxation status

The company is not a close company.

Directors' and officers' liability insurance

The group maintains liability insurance on behalf of the directors and officers of the group.

Substantial shareholdings

Excluding those of directors, the company had been notified of the following interests in a substantial part of its share capital at 7 October 1998.

	Shares	% of issued capital
Prudential Corporation PLC	16,149,653	13.09
A L Manning	5,901,235	4.78
Robert Fleming & Co Limited	5,495,964	4.45
Norwich Union Life Insurance Society Ltd	4,657,229	3.77
M&G Group PLC	4,566,483	3.70

Directors

The directors of the company are shown on page 4 and their interests in the shares of the company are disclosed in the report of the Remuneration Committee.

In accordance with the provisions of the Articles of Association, E M Ziff, and J K Leadbeater retire and, being eligible, will offer themselves for re-election at the Annual General Meeting.

Auditors

Following the merger of Price Waterhouse with Coopers & Lybrand on 1 July 1998, Price Waterhouse resigned as the company's auditors, and PricewaterhouseCoopers were appointed by the board in their place until the conclusion of the Annual General Meeting.

A resolution to appoint PricewaterhouseCoopers as auditors will be placed before the forthcoming Annual General Meeting of the company.



14 October 1998

By order of the board
K L Prior (Secretary)

Corporate Governance

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Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and company at the end of the year and of the profit of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of compliance

Responsible corporate governance has always been a priority at Town Centre Securities PLC. The group has complied with the current code of best practice with the exceptions that non-executive directors do not have fixed terms of appointment and that there are only two non-executive directors as opposed to three specified by the code. The directors unanimously feel that two non-executive directors are sufficient.

The auditors' report on this statement of compliance with the code is set out on page 17.

Board of directors

During the year in addition to the chairman, the board comprised two non-executive directors and five executive directors. Company policy and its strategic direction is determined by the full board, which meets regularly. Matters of policy reserved for the decision of the full board include the approval of financial statements, business plans, all major property purchases, sales and leases, and policies covering areas of major importance such as treasury operations. The executive directors who work as a team and meet regularly in the course of their work execute these strategies and policies on a day to day basis.

The entire board acts as a Nomination Committee and is responsible for the selection and approval of candidates for appointment.

The board's independent Audit Committee is comprised solely of the two non-executive directors. It meets twice a year and its duties include the review of the group's financial controls, the detailed review of the report and accounts and interim statement before submission to the full board and the review of the group's accounting policies. The chairman, financial director and external auditors attend these meetings.

The Remuneration Committee of the board comprises the chairman and the two non-executive directors.

Information on non-executive directors

G H Cox served as a non-executive director until the date of his death on 18 September 1998.

C H Lewis joined the company on 1 July 1994 and is 62 years of age. A past president of the Royal Institution of Chartered Surveyors, he also serves as a non-executive director of St Modwen Properties PLC and Freepoint Leisure PLC.

Corporate Governance continued

TOWN CENTRE SECURITIES PLC

Internal financial control

The board of directors is responsible for ensuring that adequate internal financial controls are in place to safeguard the assets and interests of the group and company and considerable importance is placed on maintaining a strong control environment. However, any such control system can only give reasonable and not absolute assurance against material misstatement or loss.

The group has a clearly defined organisational structure with appropriate levels of authority and segregation of duties.

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

- regular meetings of the full board at which a formal schedule of matters is brought to it for decision;
- the board is responsible for identifying the major business risks faced by the group and for determining the appropriate course of action to manage those risks;
- each year the board approves an annual budget in line with strategic objectives. Performance is monitored and relevant action is taken throughout the year through quarterly reporting of variances from budget and updated profit forecasts;
- the board participates actively in significant treasury management issues. Cash flow projections are prepared monthly on a rolling two year basis;
- capital expenditure and disposal proposals are appraised and monitored by the board on a project by project basis;
- the board has delegated to executive management implementation of the system of internal control. This includes financial controls that enable the board to meet its responsibilities for the integrity and accuracy of the group's accounting records. The Audit Committee reviews the operation and effectiveness of this system of internal financial control on a regular basis.

The directors confirm that they have carried out a review of the effectiveness of the system of internal financial control for the year.

Going concern

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

Report of the Remuneration Committee

TOWN
CENTRE
SECURITIES
PLC

Remuneration policy

The Remuneration Committee sets the remuneration of the chairman and executive directors. Remuneration levels are set by reference to responsibilities held, performance and market comparisons.

Individual salaries are reviewed annually and include benefits such as company cars and medical insurance. Certain directors are also entitled to participate in the group's approved profit sharing scheme under which ordinary shares are allocated on the same basis as to other employees.

Executive directors are also entitled to participate in the group's pension and life assurance schemes.

E M Ziff and J K Leadbeater have service contracts that are subject to not less than two years' notice.

Compliance with the Greenbury Committee's Code of Best Practice

The Remuneration Committee considers that throughout the year under review the company has complied with Section A of the Best Practice Provisions annexed to the Listing Rules issued by the London Stock Exchange and has given full consideration to Section B of those provisions in determining the remuneration policy, service contracts and compensation for directors.

Directors' remuneration (£000)

	Notes	Salaries/ Fees		Taxable benefits		Employees share scheme		Total		Pension contributions	
		1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
Chairman											
I A Ziff		118	111	8	8	2	2	128	121	—	—
Executive directors											
E M Ziff		159	140	13	15	2	2	174	157	25	22
D C Whitehead	(a)	15	100	5	9	2	2	22	111	—	180
J K Leadbeater		105	100	10	10	2	2	117	112	37	34
D S Syers		87	78	11	11	2	2	100	91	10	9
T J Crawford		70	63	6	5	2	2	78	70	6	5
		554	592	53	58	12	12	619	662	78	250
Non-executive directors											
G H Cox (deceased 18 September 1998)		16	15	—	—	1	1	17	16	—	—
C H Lewis	(b)	16	15	—	—	—	—	16	15	—	—
		32	30	—	—	1	1	33	31	—	—
		586	622	53	58	13	13	652	693	78	250
Pension Contributions								78	250		
								730	943		

Notes:

(a) D C Whitehead retired from the Board on 17 December 1997 consequently his remuneration for 1998 represents the period from 1 July 1997 to 17 December 1997.

(b) Amounts paid in respect of the services of C H Lewis as a director were paid to Penloo Consulting Limited, a company which he controls.

(c) Four of the directors are accruing benefits under defined contribution schemes.

Directors' pension scheme

The group contributes to pension schemes that will provide certain directors with a pension based on a target of up to two-thirds of pensionable salary on retirement. The schemes also provide a lump sum death in service benefit and pension for dependants of members on their death in service or following retirement. Normal retirement age is 60.

Report of the Remuneration Committee continued

TOWN CENTRE SECURITIES PLC

Directors' interest in shares

The interests of the directors in the share capital of the company are as follows:

		30 June 1998	1 July 1997
		Shares Adjusted	Shares Adjusted
I A Ziff	Beneficial	5,947,291	5,953,966
	Non-beneficial	3,541,095	3,541,095
	As trustee	4,086,046	4,051,695
E M Ziff	Beneficial	6,340,778	6,320,225
	As trustee	6,370,718	6,341,105
I K Leadbeater	Beneficial	116,720	116,395
D S Syers	Beneficial	18,908	17,397
G H Cox	Beneficial	20,971	20,367
C H Lewis	Beneficial	24,400	24,400
T J Crawford	Beneficial	20,513	19,002

The number of shares in the table above has been adjusted to reflect the reorganisation of share capital effective 3 September 1998.

The E M Ziff beneficial and trustee interests above include the shares shown as held non-beneficially by I A Ziff, 3,638,701 shares included in I A Ziff trustee interest and 151,011 shares included in I A Ziff beneficial interest.

On 29 July 1998 G H Cox acquired 2,368 shares and on 31 July 1998 E M Ziff acquired 8,528 shares.

At no time during the year has any director had any interest in any significant contract with the company.

Share options

The company operates three types of share option scheme in respect of 25p ordinary shares:

- a regular sharesave scheme which is open to all eligible employees, including executive directors. Non-executive directors do not participate. The scheme was approved by shareholders and is subject to Inland Revenue rules;
- an approved executive share option scheme approved by shareholders and subject to Inland Revenue rules. Executive directors and certain employees are eligible to participate in the scheme;
- an unapproved executive share option scheme not subject to Inland Revenue rules. The scheme was approved by shareholders and is subject to the satisfaction of performance targets. Executive directors and certain employees are eligible to participate in the scheme.

The number of shares in the tables below have been adjusted to reflect the reorganisation of share capital effective 3 September 1998. The exercise price stated is subject to adjustment following consultation with and approval from the Inland Revenue.

Executive share option scheme

		At 1 July 1997	Granted during the year	At 30 June 1998 Adjusted	Exercise price (pence)	Earliest exercise date	Latest exercise date
E M Ziff	1984 Approved	281,250	—	266,506	56.0	Oct - 95	Oct - 02
	1994 Unapproved	—	454,328	430,512	104.0	Nov - 00	Nov - 07
	1994 Unapproved	—	177,725	168,408	105.5	Jan - 01	Jan - 08
I K Leadbeater	1984 Approved	218,750	—	207,283	56.0	Oct - 95	Oct - 02
	1994 Unapproved	—	251,443	238,261	104.0	Nov - 00	Nov - 07
	1994 Unapproved	—	154,028	145,953	105.5	Jan - 01	Jan - 08
D S Syers	1984 Approved	89,120	—	84,448	108.0	Nov - 96	Nov - 03
	1994 Unapproved	—	253,606	240,311	104.0	Nov - 00	Nov - 07
	1994 Unapproved	—	91,232	86,449	105.5	Jan - 01	Jan - 08
T J Crawford	1994 Unapproved	—	209,135	198,171	104.0	Nov - 00	Nov - 07
	1994 Unapproved	—	68,720	65,117	105.5	Jan - 01	Jan - 08

The market price of the company's ordinary shares at the year end was 95p. During the year the market price ranged between 83.5p and 117.0p.

Sharesave scheme

	Scheme year	At 1 July 1997	Granted during the year	At 30 June 1998 Adjusted	Exercise price (pence)	Earliest exercise date	Latest exercise date
E M Ziff	1997	19,197	—	18,190	90.0	Feb - 02	Aug - 02
I K Leadbeater	1996	17,968	—	17,026	96.0	July - 01	Jan - 02
D S Syers	1997	11,500	—	10,897	90.0	Feb - 02	Aug - 02
T J Crawford	1997	10,833	—	10,265	90.0	Feb - 04	Aug - 04
	1998	—	9,154	8,674	106.5	Feb - 05	Aug - 05

TO THE MEMBERS OF TOWN CENTRE SECURITIES PLC

We have audited the financial statements on pages 18 to 35 and the additional disclosures on page 16 relating to the remuneration of the directors specified for our review by the London Stock Exchange, which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 23.

Respective responsibilities of directors and auditors

As described on page 13 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 30 June 1998 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Leeds
14 October 1998


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors

TO THE DIRECTORS OF TOWN CENTRE SECURITIES PLC ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the financial statements we have reviewed your statements on pages 13 and 14 concerning the group's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange and the adoption of the going concern basis in preparing the financial statements. The objective of our review is to draw attention to non-compliance with Listing Rules 12.43(j) and 12.43(v) if not otherwise disclosed.

Basis of opinion

We carried out our review having regard to the guidance issued by the Auditing Practices Board. That guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the group's system of internal financial control or corporate governance procedures nor on the ability of the group to continue in operational existence.

Opinion

In our opinion, the statement on internal financial controls and on going concern on page 14 have provided the disclosures required by the Listing Rules referred to above and are consistent with the information which came to our attention as a result of our audit work on the financial statements.

In our opinion, based on enquiry of certain directors and officers of the company and examination of relevant documents, your statements on page 13 appropriately reflects the group's compliance with the other paragraphs of the Code specified for our review by Listing Rule 12.43(j).

Leeds
14 October 1998


PricewaterhouseCoopers
Chartered Accountants

TOWN
CENTRE
SECURITIES
PLC

Consolidated Profit & Loss Account

**TOWN
CENTRE
SECURITIES
PLC**

Year ended 30 June 1998

	Notes	1998 £000	1997 £000
Gross revenue	3	29,341	27,574
Operating profit	3	21,816	21,223
Profit on disposal of fixed assets	4	152	606
Exceptional loss on revaluation of investment	2	(2,592)	—
Profit before interest		19,376	21,829
Net interest payable	6	10,848	10,659
Profit before taxation		8,528	11,170
Taxation	7	2,632	230
Profit after taxation	8	5,896	10,940
Dividends	9	5,079	4,937
Profit retained for the year	18	817	6,003
Earnings per ordinary share of 25p each	10		
Underlying		6.45p	6.24p
On reported profit		4.53p	8.42p
Dividend per ordinary share of 25p each	9	3.90p	3.80p

Movements in reserves are set out in detail in note 18.

Statement of Total Recognised Gains and Losses

Year ended 30 June 1998	1998 £000	1997 £000	TOWN CENTRE SECURITIES PLC
Profit for the year after taxation	5,896	10,940	
Unrealised surplus on the revaluation of investment properties	7,718	8,785	
Unrealised (deficit)/surplus on the revaluation of investment in Stylo plc	(6,408)	1,845	
Unrealised surplus on the revaluation of other investments	69	35	
Total recognised gains relating to the year	<u>7,275</u>	<u>21,605</u>	

Note of Historical Cost Profits and Losses

Year ended 30 June 1998	1998 £000	1997 £000
Reported profit before taxation	8,528	11,170
Realisation of investment revaluation gains	3,357	1,961
Historical cost profit before taxation	<u>11,885</u>	<u>13,131</u>
Historical cost retained profit	<u>4,174</u>	<u>7,964</u>

Consolidated Balance Sheet

**TOWN
CENTRE
SECURITIES
PLC**

30 June 1998	Notes	1998 £000	1997 £000
Fixed assets			
Tangible assets	11	307,234	284,576
Investments	12	4,078	13,164
		311,312	297,740
Current assets			
Trading properties		291	5,467
Listed investments	13	—	90
Debtors	14	7,299	7,156
		7,590	12,713
Creditors (due within one year)			
Bank overdraft (secured)		10,020	5,572
Loan capital (secured)	15	18	17
Other creditors	16	21,213	18,477
		31,251	24,066
Net current liabilities		(23,661)	(11,353)
Total assets less current liabilities		287,651	286,387
Creditors (amounts due after more than one year)			
Loan capital (secured)	15	(111,845)	(112,935)
		175,806	173,452
Capital and reserves—equity interests			
Called up share capital	17	32,558	32,487
Share premium account	18	1,544	1,457
Property revaluation surplus	18	101,895	97,502
Other reserves	18	395	6,766
Realised capital reserves	18	4,663	3,778
Profit and loss account	18	34,751	31,462
Shareholders' funds	19	175,806	173,452

PA Ziff

Approved by the Board
14 October 1998

Company Balance Sheet

30 June 1998

TOWN
CENTRE
SECURITIES
PLC

	Notes	1998 £000	1997 £000
Fixed assets			
Tangible assets	11	194,247	176,594
Investments	12	104,289	99,371
		298,536	275,965
Current assets			
Listed investments	13	—	90
Debtors	14	26,393	19,598
		26,393	19,688
Creditors (due within one year)			
Bank overdraft (secured)		15,581	5,015
Loan capital (secured)	15	18	17
Other creditors	16	37,832	19,938
		53,431	24,970
Net current liabilities		(27,038)	(5,282)
Total assets less current liabilities		271,498	270,683
Creditors (amounts due after more than one year)			
Loan capital (secured)	15	(96,845)	(97,935)
		174,653	172,748
Capital and reserves—equity interests			
Called up share capital	17	32,558	32,487
Share premium account	18	1,544	1,457
Property revaluation surplus	18	35,273	30,608
Other reserves	18	21,571	26,921
Realised capital reserves	18	46,301	45,247
Profit and loss account	18	37,406	36,028
Shareholders' funds	19	174,653	172,748

I A Ziff

Approved by the Board
14 October 1998

Consolidated Cash Flow Statement

**TOWN
CENTRE
SECURITIES
PLC**

Year ended 30 June 1998

	1998	1997
	£000	£000
Net cash inflow from operating activities	23,162	18,692
Returns on investments and servicing of finance		
Interest paid	(10,880)	(10,435)
Taxation	(773)	(3,058)
Capital expenditure		
Purchase of investment properties	(14,006)	(18,294)
Purchase of car park properties	(5,088)	(348)
Sale of investment properties	9,266	3,673
Purchase of investments	—	(2,644)
Sale of investments	185	2,776
Purchase of other tangible fixed assets	(361)	(524)
Sale of other tangible fixed assets	18	38
Net cash outflow from investing activities	(9,986)	(15,323)
Equity dividends paid	(5,071)	(4,612)
Net cash outflow before financing	(3,548)	(14,736)
Financing		
Shares issued on take up of options	158	24
Loan repayment	(1,058)	(14)
Increase in loans	—	10,950
Repayment of 9% unsecured loan stock	—	(64)
Net cash (outflow)/inflow from financing	(900)	10,896
Decrease in cash	(4,448)	(3,840)

The group statement of cash flows should be read in conjunction with note 20 to the accounts.

Notes to the Accounts

TOWN
CENTRE
SECURITIES
PLC

1. Accounting policies

The accounts are prepared under the historical cost convention as modified by the revaluation of properties and fixed asset investments and in accordance with applicable accounting standards.

The principal accounting policies are as follows:

a. Basis of consolidation

The consolidated accounts incorporate the accounts of the company and each of its subsidiary undertakings for the year ended 30 June 1998. Results of subsidiary undertakings acquired or disposed of during the year are consolidated from or to the date on which control passes. The amounts by which the consideration paid for past acquisitions exceeded the fair value of the net assets acquired has been written off to reserves.

The consolidated accounts include the appropriate share of results and reserves of its associated undertaking.

b. Deferred taxation

- (i) No provision is made for taxation deferred by accelerated capital allowances unless there is reasonable probability that an actual liability will arise in the foreseeable future.
- (ii) No provision is made for the amount of tax which would become payable under present legislation in the event of future sales of investment properties and fixed asset investments at the amounts at which they are included in the accounts as these are held for the long term.

c. Properties

- (i) Investment properties

The group's investment properties, with the exception of those classified as development properties are revalued annually and are included in the accounts at open market values. Development properties are stated at cost or at directors' previous valuation.

- (ii) Trading properties and operational car park properties

Trading properties and operational car park properties are stated at the lower of cost and net realisable value. Cost includes, where appropriate, interest costs less rents receivable.

d. Depreciation and amortisation

- (i) Freehold and long leasehold properties

No depreciation or amortisation is provided in respect of freehold and long leasehold investment properties, including fixed plant, which is included in properties. The directors consider that this accounting policy is necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the factors reflected in the accounts valuation and the amount attributable to this factor cannot be separately identified or quantified.

- (ii) Short leasehold properties

Short leasehold properties are amortised over the period of the lease.

- (iii) Other tangible assets

Other tangible assets are depreciated at rates appropriate to write off individual assets over their estimated useful lives of between 3 and 10 years, other than freehold and long leasehold car parks whose useful lives and residual value are such that depreciation is immaterial.

e. Pensions

Pension costs are charged to the profit and loss account in the period to which they relate.

f. Investments

Investments held as fixed assets are included in the accounts at market value. Investments held as current assets are included in the accounts at the lower of cost and net realisable value.

Notes to the Accounts continued

TOWN CENTRE SECURITIES PLC

2. Transfer of investment and reorganisation of share capital

In order to provide information to shareholders the following note sets out certain supplemental proforma information, summarising the effects of the reorganisation. This information does not form part of the statutory accounts of the group or company and has not been audited.

On 3 September 1998 the company transferred its shareholding in Stylo plc to the shareholders of the company resulting in a reduction of £1,707,000 in share capital and £1,544,000 in share premium. The company's remaining share capital was then consolidated and subdivided into 123,404,369 ordinary shares of 25 pence each.

The company has transferred £3,251,000 to a special reserve account from its realised capital account and share premium account. This account shall be treated as representing an undistributable reserve of the company and may be used for the same purposes as if it were share premium account.

The investment in Stylo plc has been revalued at 30 June 1998 to reflect the market value at which it was subsequently transferred to shareholders. This has resulted in an exceptional loss of £2,592,000 arising during the year, which has been transferred to realised capital reserves.

Set out on page 25 are proforma balance sheets of the group at 30 June 1998 and 30 June 1997 to reflect the following adjustments:

- (i) the transfer of the group's investment in Stylo plc to shareholders at a value of £3,151,000 based on the middle market price of a Stylo plc share of 35 pence on 1 September 1998 and the consequential reduction in share capital of £1,707,000 (1997 £1,794,000) and share premium account of £1,444,000 (1997 £1,357,000).
- (ii) the reduction in share premium account of £100,000 in 1997 and 1998 in respect of the payment of estimated fees in connection with the transaction.
- (iii) the transfer of £3,251,000 to a special reserve comprising £3,151,000 from realised capital reserves and £100,000 from share premium account in the year ended 30 June 1998. For the year ended 30 June 1997 the transfer to special reserve of £3,251,000 comprises £1,186,000 from realised capital reserves, £1,965,000 from profit and loss account and £100,000 from share premium account.
- (iv) the provision for and assumed write off of £158,000 in each year in respect of Advance Corporation Tax arising as a consequence of the transaction.
- (v) the elimination of net dividends receivable from Stylo plc of £419,000 and £315,000 for the years ended 30 June 1998 and 30 June 1997 respectively.
- (vi) the number of Town Centre Securities PLC shares in issue and net assets per share have been adjusted for the effect of the consolidation and subdivision of the company's share capital into new 25p ordinary shares.

Notes to the Accounts continued

2. Transfer of investment and reorganisation of share capital continued

Consolidated Proforma Balance Sheet

TOWN
CENTRE
SECURITIES
PLC

	Notes	1998 (Unaudited) (Restated) £000	£000	1997 (Unaudited) (Restated) £000	£000
Fixed assets					
Tangible assets		307,234		284,576	
Investments	(i)	927		1,012	
			308,161		285,588
Current assets					
Trading properties		291		5,467	
Listed investments		—		90	
Debtors		7,299		7,156	
		7,590		12,713	
Creditors (due within one year)					
Bank overdraft (secured)	(iv),(v)	10,912		6,045	
Loan capital (secured)		18		17	
Other creditors		21,213		18,477	
		32,143		24,539	
Net current liabilities		(24,553)		(11,826)	
Total assets less current liabilities		283,608		273,762	
Creditors (amounts due after more than one year)					
Loan capital (secured)		(111,845)		(112,935)	
		171,763		160,827	
Capital and reserves—equity interests					
Called up share capital	(i)	30,851		30,693	
Share premium account	(i),(ii),(iii)	—		—	
Special reserve	(iii)	3,251		3,251	
Property revaluation surplus		101,895		97,502	
Other reserves		395		358	
Realised capital reserves	(iii)	1,512		—	
Profit and loss account	(iv),(v)	33,859		29,023	
Shareholders' funds		171,763		160,827	
Number of shares in issue restated (000)	(vi)	123,404		123,138	
Net asset per share restated	(vi)	139.2p		130.6p	

Notes to the Accounts continued

TOWN CENTRE SECURITIES PLC

3. Turnover and segmental analysis

	Property Investment £000	Car Park Operations £000	Other Investments £000	Property Trading £000	1998 Total £000
Gross revenue	23,886	4,424	694	337	29,341
Intra group rents	694	(694)	—	—	—
Property expenses/cost of sales	(1,598)	(2,162)	—	(409)	(4,169)
Net rents/profits	22,982	1,568	694	(72)	25,172
Administrative expenses	(3,176)	(170)	—	(10)	(3,356)
Operating profit/(loss)	19,806	1,398	694	(82)	21,816
Net operating assets	281,794	19,706	4,031	291	305,822
Unallocated liabilities:					
Borrowings					(121,883)
Other liabilities					(8,133)
Net assets					175,806
	£000	£000	£000	£000	1997 £000
Gross revenue	23,028	3,612	634	300	27,574
Intra group rents	678	(678)	—	—	—
Property expenses	(1,464)	(1,379)	—	(263)	(3,106)
Net rents/profits	22,242	1,555	634	37	24,468
Administrative expenses	(3,065)	(164)	—	(16)	(3,245)
Operating profit	19,177	1,391	634	21	21,223
Net operating assets	269,747	9,819	13,065	5,467	298,098
Unallocated liabilities:					
Borrowings					(118,524)
Other liabilities					(6,122)
Net assets					173,452

The net operating assets for other investments include £679,000 (1997 £627,000) representing the group share of net assets of the associated undertaking.

	1998 £000	1997 £000
Operating profit is arrived at after charging:		
Depreciation	321	249
Amortisation of lease premium	28	29
Loss on disposal of other tangible fixed assets	1	14
Auditors remuneration:		
— audit (company £15,000 (1997 £15,000))	31	30
— other fees	67	67

Notes to the Accounts continued

TOWN CENTRE SECURITIES PLC

4. Profit on disposal of fixed assets	1998	1997
	£000	£000
Profit/(loss) on disposal of investment properties	174	(25)
Profit/(loss) on disposal of fixed asset investments	(22)	631
	<u>152</u>	<u>606</u>

5. Employees	1998	1997
	£000	£000
Salaries and wages (including directors emoluments)	2,432	2,290
Social Security costs	220	207
Other pension costs	450	422
Employees' profit share scheme	77	79
	<u>3,179</u>	<u>2,998</u>

The aggregate remuneration of the directors of the company for the year was £730,000 (1997 £943,000). Further details of directors' remuneration and their share options including those of the highest paid director are included on pages 15 and 16 in the Remuneration Committee Report.

The average number of employees during the year was 159 (1997 155).

The group operates a pension arrangement for the benefit of all eligible directors and employees, which is in the nature of a defined contribution scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge for the year of £450,000 (1997 £422,000) represents contributions payable by the group.

6. Net interest payable	1998	1997
	£000	£000
Unsecured loan stock	—	6
Debentures	8,893	8,896
Mortgages	25	26
Bank interest	2,331	1,731
Interest receivable	(401)	—
	<u>10,848</u>	<u>10,659</u>

Interest payable on loans repayable after five years included above amounts to £8,918,000 (1997 £8,922,000).

The cost of trading properties at the year end includes interest, net of rents receivable, amounting to £nil (1997 £370,000).

Notes to the Accounts continued

TOWN CENTRE SECURITIES PLC

7. Taxation

	1998 £000	1997 £000
Based on the group profit at 31% (1997 32.5%):		
Corporation tax	2,573	2,480
Share of associated undertakings tax charge	14	21
Deferred taxation	(152)	(143)
Tax on franked investment income	126	109
	2,561	2,467
Prior year adjustments:		
Corporation tax	73	(2,413)
Deferred tax	(2)	176
	71	(2,237)
	2,632	230

The corporation tax charge for the year has been reduced by the effect of capital allowances on investment properties.

The directors estimate that a tax liability of £10.2 million would arise in the group (company £10.2 million) if the revalued assets were disposed of at the amount stated in the accounts. There is no other significant unprovided liability for deferred taxation.

8. Profit for the year

Town Centre Securities PLC has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985. The amount of the consolidated profit for the financial year dealt with in the accounts of the parent undertaking is £4,186,000 (1997 £10,165,000).

9. Dividends

	1998 £000	1997 £000
Interim paid 1.20p per share (1997 1.10p)	1,563	1,429
Final proposed 2.70p per share (1997 2.70p)	3,516	3,508
	5,079	4,937

The proposed dividend stated above is based on the share capital in issue on 30 June 1998. Following the reorganisation on 3 September 1998 this equates to 2.8p per share.

10. Earnings per share

The earnings per share is calculated on profit for the year of £5,896,000 (1997 £10,940,000) and on 130.1 million (1997 129.9 million) ordinary shares, the weighted average number of shares in issue during the year.

	1998		1997	
	Earnings £000	Earnings per share pence	Earnings £000	Earnings per share pence
Earnings and earnings per share	5,896	4.53	10,940	8.42
Profit on disposal of fixed assets	(152)	(0.12)	(606)	(0.46)
Exceptional loss on revaluation of investment	2,592	1.99	—	—
Prior year taxation adjustment	71	0.05	(2,237)	(1.72)
Underlying earnings per share	8,407	6.45	8,097	6.24

Adjusted earnings per share has been shown to facilitate comparison.

Notes to the Accounts continued

TOWN CENTRE SECURITIES PLC

11. Tangible fixed assets

Investment properties at valuation

	Company		Group	
	Freehold	Long Leasehold	Freehold	Long Leasehold
	£000	£000	£000	£000
Balance at 1 July 1997	141,355	26,990	235,351	31,415
Reclassification of development properties	2,855	25	—	—
Transfer of trading properties	1,175	1,237	1,175	1,237
Expenditure	12,890	233	13,107	201
Disposals	(8,337)	(700)	(8,389)	(703)
Increase in value on revaluation	6,555	1,435	6,958	760
Balance at 30 June 1998	156,493	29,220	248,202	32,910
	185,713		281,112	

The above freehold and long leasehold investment properties have been revalued as at 30 June 1998 on the basis of open market value by Montagu Evans, Chartered Surveyors, (other than freehold properties which have been valued at £380,000 by the directors).

Development properties

	Company Freehold	Group Freehold
	£000	£000
Balance at 1 July 1997	7,786	9,656
Reclassification of investment properties	(2,880)	—
Transfer of trading properties	2,532	2,532
Expenditure	698	698
Balance at 30 June 1998	8,136	12,886

Operational car park properties

	Group		
	Freehold	Long Leasehold	Short Leasehold
	£000	£000	£000
Balance at 1 July 1997	3,282	3,419	285
Additions	3,632	1,453	3
Amortisation	—	—	(28)
Balance at 30 June 1998	6,914	4,872	260
	12,046		

Whilst it is the group's policy to depreciate tangible assets other than investment properties, the estimated useful life and residual value of freehold and long leasehold operational properties are such that depreciation is immaterial.

Notes to the Accounts continued

TOWN CENTRE SECURITIES PLC

11. Tangible fixed assets continued

Fixtures, equipment and motor vehicles

	Company		Group	
	Cost	Depreciation	Cost	Depreciation
	£000	£000	£000	£000
Balance at 1 July 1997	1,354	891	2,606	1,438
Additions	100	—	361	—
Disposals	(57)	(39)	(57)	(39)
Depreciation charge for the year	—	147	—	321
Balance at 30 June 1998	1,397	999	2,910	1,720
		398		1,190
Total tangible assets	194,247		307,234	

The directors estimate that the historical cost of tangible assets amounts to:
group £167.2 million (1997 £157.1 million) company £120.6 million (1997 £112.3 million).

The cost of freehold properties includes interest capitalised net of rental income of £1,505,000 (1997 £1,627,000) less taxation relief.

Capital commitments

	Company		Group	
	1998	1997	1998	1997
	£000	£000	£000	£000
Expenditure contracted not provided	2,705	3,306	1,822	1,991

12. Fixed asset investments

	Associated undertakings	Listed investments	Shares in/ loans from subsidiary undertakings	Own shares held	Total
	(a)	(b)	(c)	(d)	
	£000	£000	£000	£000	£000
Company					
Balance at 1 July 1997	1	—	99,370	—	99,371
Additions	—	—	7,117	—	7,117
Adjustments to reflect revaluation	—	—	(5,350)	—	(5,350)
Transfer from subsidiary undertaking	—	5,536	—	—	5,536
Decrease in value on revaluation	—	(2,385)	—	—	(2,385)
Balance at 30 June 1998	1	3,151	101,137	—	104,289
Group					
Balance at 1 July 1997	627	12,437	—	100	13,164
Disposals	—	(149)	—	(58)	(207)
Decrease in valuation of investment	—	(9,000)	—	—	(9,000)
Increase on revaluation of other investments	52	64	—	5	121
Balance at 30 June 1998	679	3,352	—	47	4,078

Notes to the Accounts continued

TOWN CENTRE SECURITIES PLC

12. Fixed asset investments continued

Notes:

- a) The company holds 50% of the equity share capital of Buckley Properties (Leeds) Limited a company registered in England and engaged in property investment and management. The group's share of profits and net assets attributable to this investment in Buckley Properties (Leeds) Limited is based on that company's accounts to 31 March 1998.
- b) Investments in listed companies, quoted on the London Stock Exchange, are stated at market value – cost £5,766,000 (1997 £5,964,000).
- c) Investments in subsidiary undertakings are stated at cost adjusted to reflect changes in the net assets of those companies since the dates of acquisition – cost £90,969,000 (1997 £79,969,000).

The company's active subsidiary undertakings all of which are wholly owned, registered in England and operate in the U.K. are:

Subsidiary undertaking	Activity
TCS Holdings Limited	Property investment
T Herbert Kaye's Estates Limited	Property investment
Town Centre Securities (Manchester) Limited	Property investment
Town Centre Car Parks Group Limited	Car Park operations
Town Centre Car Parks Limited	Car Park operations
Town Centre Enterprises Limited	Property trading
Rochdale Canal Company	Canal operations
TCS Finance Limited	Finance operations
Town Centre Services Limited	Property management
TCS Trustees Limited	Employee share trust (ESOP)
TCS Trading Limited	Intermediate holding company

- d) Own shares held represents the market value of shares held by TCS Trustees Limited. This company was incorporated on 12 October 1995 for the purpose of holding shares for future distribution to employees in respect of employee share schemes in accordance with the rules of such schemes and long service awards.

All costs relating to the schemes are dealt with in the profit and loss account as they accrue.

The company has funded the acquisition of the shares by way of a loan to the ESOP. Interest is charged at the rate of 3% per annum and is repaid out of dividend income.

As at 30 June 1998 TCS Trustees Limited held 48,000 shares with a market value of £47,000.

During the year the following distributions have been made:

	Number of Shares
Employee profit share scheme	66,000
Employee gifts for long service	2,000
	<hr/>
	68,000

13. Current asset investments

The listed investments shown as current assets, all of which are listed on the London Stock Exchange are stated at market value – cost, group £nil (1997 £90,000), company £nil (1997 £90,000).

Notes to the Accounts continued

TOWN CENTRE SECURITIES PLC

14. Debtors	Company	Group	Company	Group
	1998		1997	
	£000	£000	£000	£000
Trade debtors and prepayments	3,983	7,299	3,912	7,156
Corporation tax	442	—	—	—
Amounts owed by subsidiary undertakings	21,968	—	15,686	—
	<u>26,393</u>	<u>7,299</u>	<u>19,598</u>	<u>7,156</u>

15. Loan capital (secured)		1998	1997
		£000	£000
Parent Undertaking			
7% Mortgage	2005	37	43
10½% First mortgage debenture stock	2021	87,527	87,559
6½% Mortgage	2004/7	339	350
Bank loan	2001	8,960	10,000
		<u>96,863</u>	<u>97,952</u>
Subsidiary Undertakings			
Bank loan	2001	15,000	15,000
		<u>111,863</u>	<u>112,952</u>
Less amounts repayable within one year, all of which relates to the parent undertaking		(18)	(17)
		<u>111,845</u>	<u>112,935</u>

The debenture mortgages and bank loans are secured by fixed charges on properties owned by the company and its subsidiary undertakings. The debenture mortgage stock includes premiums on issue of £2,527,000 (1997 £2,559,000). Repayments are due as follows:

	1998	1997
	£000	£000
Between one and two years	18	17
Between two and five years	24,021	25,058
In five years or more	87,806	87,860
	<u>111,845</u>	<u>112,935</u>

The parent undertaking has guaranteed loans and overdrafts in certain subsidiary undertakings, which at 30 June 1998 amounted to £15,000,000 (1997 £15,000,000).

16. Other creditors	Company	Group	Company	Group
	1998		1997	
	£000	£000	£000	£000
Trade creditors and accruals	7,330	13,234	6,890	12,355
Corporation tax	—	3,569	31	1,637
Other taxation and social security	933	894	954	977
Proposed dividend	3,516	3,516	3,508	3,508
Amounts owed to subsidiary undertakings	26,053	—	8,555	—
	<u>37,832</u>	<u>21,213</u>	<u>19,938</u>	<u>18,477</u>

Corporation tax includes £51,000 (1997 £205,000) in respect of deferred taxation.

Notes to the Accounts continued

TOWN CENTRE SECURITIES PLC

17. Called up share capital

Authorised

174,000,000 (1997 174,000,000) ordinary shares of 25p each £43,500,000

Issued and fully paid

	Number of shares	Nominal Value £000
Balance at 1 July 1997	129,949,839	32,487
Issued on take-up of options	281,250	71
Balance at 30 June 1998	130,231,089	32,558

On 3 September 1998 the share capital of the company was reorganised as set out in note 2 to the accounts. The revised Authorised Share Capital amounts to 164,878,911 ordinary shares of 25p each (nominal value £41,219,728), of which 123,404,369 have been issued with a nominal value of £30,851,000.

The exercise of all options outstanding at 30 June 1998 and adjusted in respect of the capital re-organisation would result in the issue of a further 2,520,297 ordinary shares, analysed as follows:

	Number of shares (Adjusted)
1984 Executive Share Option Scheme	626,344
1994 Executive Share Option Scheme	1,573,188
1997 Executive Share Option Scheme	131,196
1995 Savings Related Share Option Scheme	36,727
1996 Savings Related Share Option Scheme	107,661
1997 Savings Related Share Option Scheme	45,181
	2,520,297

The number of shares in the table above has been adjusted to reflect the reorganisation of share capital effective 3 September 1998.

The adjusted March 1982 value of the ordinary shares is 25.5p, which is increased by indexation up to 30 June 1998 to 52.5p.

18. Reserves

	Share premium account £000	Property revaluation surplus £000	Other reserves £000	Realised capital reserves £000	Profit and loss account £000
Company					
Balance at 1 July 1997	1,457	30,608	26,921	45,247	36,028
Retained loss for the year	—	—	—	—	(893)
Arising on issue of shares	87	—	—	—	—
Increase in value on revaluation of properties	—	7,990	—	—	—
Arising on disposal of investment properties	—	(3,325)	—	3,439	(114)
Revaluation of investments in subsidiary undertakings	—	—	(5,350)	—	—
Arising on revaluation of investment in Stylo plc	—	—	—	(2,385)	2,385
Balance at 30 June 1998	1,544	35,273	21,571	46,301	37,406

The profit and loss account includes £4,144,000 (1997 £4,144,000) of reserves that have been realised on intra-group sales of properties and listed investments.

Notes to the Accounts continued

TOWN CENTRE SECURITIES PLC

18. Reserves continued

	Share premium account £000	Property revaluation surplus £000	Other reserves £000	Realised capital reserves £000	Profit and loss account £000
Group					
Balance at 1 July 1997	1,457	97,502	6,766	3,778	31,462
Retained profit for the year	—	—	—	—	817
Arising on issue of shares	87	—	—	—	—
Increase in value on revaluation of properties	—	7,718	—	—	—
Arising on disposal of investment properties	—	(3,325)	—	3,467	(142)
Arising on revaluation of investment in Stylo plc	—	—	(6,408)	(2,592)	2,592
Increase in market value of fixed asset investments	—	—	69	—	—
Arising on disposal of other fixed asset investments	—	—	(32)	10	22
Balance at 30 June 1998	<u>1,544</u>	<u>101,895</u>	<u>395</u>	<u>4,663</u>	<u>34,751</u>

Other reserves represents revaluation surpluses on investments.

19. Reconciliation of movements in shareholders' funds

	Company £000	Group £000
Profit for the financial year	4,186	5,896
Dividends	(5,079)	(5,079)
	<u>(893)</u>	<u>817</u>
New share capital subscribed	158	158
Surplus on property revaluation	7,990	7,718
Deficit on revaluation of investments	(5,350)	(6,339)
Net increase in shareholders' funds	<u>1,905</u>	<u>2,354</u>
Opening shareholders' funds	<u>172,748</u>	<u>173,452</u>
Closing shareholders' funds	<u>174,653</u>	<u>175,806</u>

20. Notes to the cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities

	1998 £000	1997 £000
Operating profit	21,816	21,223
Decrease/(increase) in trading properties	232	(946)
Decrease/(increase) in current asset investments	90	(47)
Depreciation	321	249
Amortisation	28	29
Increase in debtors	(143)	(607)
Increase/(decrease) in creditors	870	(1,140)
Share of profits of associated undertaking	(52)	(69)
Net cash inflow from operating activities	<u>23,162</u>	<u>18,692</u>

Notes to the Accounts continued

20. Notes to the cash flow statement continued

(b) Analysis of changes in net debt

	As at 1 July 1997 £000	Cash flow £000	Other Movements £000	As at 30 June 1998 £000
Bank overdraft	(5,572)	(4,448)	—	(10,020)
Loan capital due within one year	(17)	—	(1)	(18)
Loan capital due after more than one year	(112,935)	1,058	32	(111,845)
	<u>(118,524)</u>	<u>(3,390)</u>	<u>31</u>	<u>(121,883)</u>

(c) Reconciliation of net cash flow to movement in net debt

	1998 £000	1997 £000
Decrease in cash	(4,448)	(3,840)
Net decrease/(increase) in loans	1,058	(10,872)
Other non-cash movements	31	729
Change in net debt	<u>(3,359)</u>	<u>(13,983)</u>
Opening net debt	(118,524)	(104,541)
Closing net debt	<u>(121,883)</u>	<u>(118,524)</u>

21. Related party transactions

The Chairman, I A Ziff is also the Chairman of and a significant shareholder in Stylo plc. At 30 June 1998 the company held 15.11% of the issued share capital of Stylo plc. On 3 September 1998 the company transferred this investment to its members as detailed in note 2.

The company received £100,000 (1997 £90,000) for management services provided and £409,575 (1997 £485,325) in rentals from Stylo Barratt Properties Limited.

TOWN
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SECURITIES
PLC

List of Principal Properties

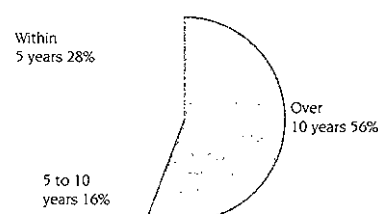
TOWN CENTRE SECURITIES PLC

	Tenure	Area (sq. ft.)
Shopping Centres		
Huddersfield, 31/35 New Street & 1/20 Market Avenue	Leasehold	18,602
Leeds, Merrion Centre	Freehold	500,000
Leigh, Spinning Gate	Freehold	76,000
Salisbury, The Maltings	Freehold	86,946
Street, 85/95 High Street & 1/13 Crispin Centre	Freehold	12,983
Retail warehouses		
Bathgate, Bathgate Retail Park	Freehold	53,300
Belfast, Home Affairs Retail Park	Leasehold	109,176
Derby, Kingsway Retail Park	Freehold	20,000
Kilmarnock, 7 Armour Street & 12/22 St Andrew's Street	Freehold	21,365
Newry, Northern Ireland, Merchants Quay	Freehold	38,750
Northampton, 67/83 Bridge Street	Freehold	23,580
Rochdale, Rochdale Retail Park, Richard Street, & 91/97 Drake Street	Freehold	94,133
Stockton, Portrack Retail Park, Portrack Lane	Freehold	65,292
Foodstores		
Bolton, Bury Road, Brightmet	Freehold	27,244
Glasgow, 363/381 Byres Road & 9/19 Grosvenor Lane	Freehold	32,000
Lanark, St Vincent's Place	Freehold	22,845
Rutherglen, Stonelaw Road	Freehold	25,300
Shop properties valued in excess of £3 million		
Blackpool, 6/24 Abingdon Street and Abingdon Street Market	Freehold	16,155
Blackpool, 18/22 Victoria Street	Freehold	7,783
Coatbridge, 84/106 Main Street	Leasehold	28,626
Crewe, 60/66a Market Street & 1 Earle Street	Freehold	13,070
Edinburgh, 1/23 Shandwick Place	Freehold	18,504
Glasgow, Empire House, 27/59 Sauchiehall Street and 127/131 West Nile Street	Freehold	30,812
Leeds, 5/7 Lands Lane and 30/34 Albion Place	Freehold	25,400
Leeds, 55/69 The Headrow & 38 Lands Lane	Freehold	13,712
Shop properties valued at between £1 million and £3 million		
Airdrie, 17/23 Bank Street, 1/3 Anderson Street	Leasehold	10,006
Barnsley, 8/40 Midland Street	Freehold	14,060
Bishop Auckland, 35/45 Newgate Street and 1/3 Victoria Avenue	Freehold	26,095
Blackpool, Clifton Arcade, 17/25 Market Street and 10/14 West Street	Freehold	16,480

Portfolio statistics

		30 June 1998	30 June 1997
Gross rental income	£'000	23,886	23,028
Net rental income	£'000	22,982	22,242
Annual value of rental income	£'000	25,273	24,978
Void rentals		7.0%	8.0%

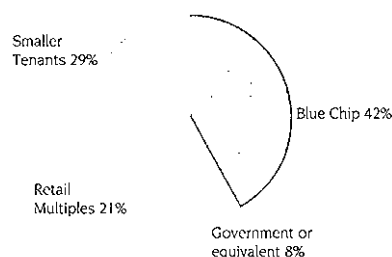
Analysis of lease expiries



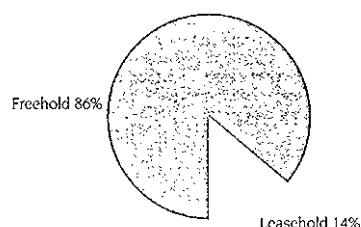
List of Principal Properties continued

	Tenure	Area (sq. ft.)	TOWN CENTRE SECURITIES PLC
Blackpool, 73/75 Victoria Street	Freehold	5,640	
Bridlington, 25/31 Prince Street, 1/9 Harbour Road	Freehold	12,274	
Cleveleys, 64/74 Victoria Road West	Freehold	27,273	
Eastbourne, 29/35 Terminus Road	Freehold	14,792	
Evesham, 30/36 High Street	Freehold	12,036	
Grangemouth, La Porte Precinct	Leasehold	36,139	
Harrogate, 8/10 West Park	Freehold	27,450	
Lanark, 30/48 High Street	Freehold	14,709	
Leeds, 12/34 Central Road	Freehold	23,522	
Leeds, 4/16 New Station Street & 24/28 Boar Lane	Freehold	22,953	
Leeds, 68/82 Vicar Lane	Freehold	38,602	
London, 388/390 Kings Road, SW4	Freehold	4,316	
Newark, 11/15 The Arcade & 12/16 Cartergate	Freehold	12,853	
Newcastle, 140 Northumberland Street	Freehold	3,154	
Oldham, 1/3 High Street	Freehold	4,837	
Paignton, 53/59 Victoria Street and 71/77 Hyde Road	Freehold	12,401	
Redcar, 64 High Street	Freehold	12,769	
St Austell, 31/35, 37/39, 40/42 Fore Street & 47/49 Aylmer Square	Freehold	37,893	
Scarborough, 50/59 Newborough, 46/49 Queen Street, and 18/20 Market Street	Freehold	38,096	
Stranraer, 21/31 George Street and 3/9 South Strand Street	Leasehold	22,686	
Wakefield, 39/43 Westgate & 1/13 Queen Street	Freehold	10,041	
Worksop, 2/6 Bridge Street & 70 Bridge Place	Freehold	9,970	
York, 24/25 High Ousegate	Freehold	5,706	
York, 13/23 Lendal	Freehold	7,249	
York, 63/73 Goodramgate	Freehold	16,191	
York, 2/8 Pavement & 5 Piccadilly	Freehold	11,682	
Offices valued at more than £1 million			
Dudley, 49/54 High Street, 5/9 Union Street and St John's House	Freehold	40,924	
Leeds, 14 Park Row	Freehold	28,619	
Leeds, 7/9 Park Square	Freehold	25,491	
Leeds, 17/18 and 19/22 York Place	Freehold	19,570	
Worcester Park, McMillan House, Cheam Common Road	Freehold	25,954	

Analysis of tenant profile



Analysis of property tenure



Valuers' Report

TOWN
CENTRE
SECURITIES
PLC

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



CHARTERED SURVEYORS

Premier House
44-48 Dover Street
London W1X 4JX

21 August 1998

Dear Sirs

Town Centre Securities PLC

In accordance with your instructions we have carried out a valuation of the various freehold and leasehold properties held as at 30 June 1998 by Town Centre Securities PLC and its subsidiaries.

The valuations have been carried out in compliance with the Practice Statements contained within the Appraisal and Valuation Manual prepared by the Royal Institution of Chartered Surveyors. The interests have been valued subject to and with the benefit of any lettings which have been disclosed. No allowance has been made for expenses incurred in the sale nor for taxation that may arise in the event of a disposal, deemed or otherwise, although in accordance with normal market practice, valuations are net of purchaser's costs. Estimates of rental and capital value exclude any VAT that may be applicable.

Having regard to the foregoing, we are of the opinion that the aggregate of the Open Market Values as defined in Practice Statement 4 of the Appraisal and Valuation Manual of the interests owned by the Group as at 30 June 1998, subject to and with the benefit of the tenancies currently subsisting, were as follows:

Investment Properties

Freehold	£247,822,000
Long Leasehold	£32,910,000
	<hr/>
	£280,732,000

In accordance with our usual practice our valuations have been prepared for Town Centre Securities PLC. No responsibility is undertaken or accepted to any third party in respect of the information or advice contained therein, except in instances where the Partnership is consulted and privity is waived.

Yours faithfully

Montagu Evans

Ten Year Record

TOWN CENTRE SECURITIES PLC

	Properties £000	Investments £000	Borrowings £000	Net assets £000	Net assets per share pence
1998	306,044	4,078	121,883	175,806	135.0p
1997	283,408	13,164	118,524	173,452	133.5p
1996	259,708	11,416	103,841	156,760	120.7p
1995	241,636	10,558	89,648	156,764	121.7p
1994	226,698	8,860	74,288	155,080	120.5p
1993	193,178	5,086	64,797	127,439	100.1p
1992	176,206	4,638	53,525	174,966	97.1p
1991	172,102	7,883	54,998	176,310	100.6p
1990	182,419	10,297	55,086	191,858	114.7p
1989	187,734	8,632	54,887	177,643	122.2p

	Gross revenue £000	Underlying profit before tax £000	Dividends per share pence	Earnings per share Reported pence	Underlying pence
1998	29,341	10,968	3.9p	4.5p	6.5p
1997	27,574	10,564	3.8p	8.4p	6.2p
1996	24,177	9,867	3.5p	5.9p	5.9p
1995	21,965	9,300	3.3p	6.4p	4.8p
1994	20,003	8,697	3.0p	5.4p	4.6p
1993	18,189	8,038	2.7p	4.5p	4.5p
1992	16,860	7,246	2.5p	4.7p	4.1p
1991	15,583	6,514	2.2p	4.2p	3.7p
1990	14,078	5,653	1.8p	4.2p	3.2p
1989	19,612	5,023	1.4p	2.9p	2.8p

- Notes:
1. Dividend per share, earnings per share and net assets per share have been adjusted to take account of bonus issue of shares.
 2. Underlying profit before tax and underlying earnings per share have been adjusted to exclude profits and losses on disposal of investment properties and revaluation of investments.

Notice of Meeting

TOWN CENTRE SECURITIES PLC

Notice is hereby given that the thirty-ninth annual general meeting of the members of Town Centre Securities PLC will be held at the Registered Office of the company, Town Centre House, The Merrion Centre, Leeds at 2.30 pm on 16 December 1998 for the following purposes

Ordinary Business

1. To receive, consider and adopt the directors' report and accounts for the year ended 30 June 1998 *Resolution 1*
2. To declare the dividend recommended by the directors *Resolution 2*
To re-elect the following directors:
3. E M Ziff *Resolution 3*
4. J K Leadbeater *Resolution 4*
5. To appoint PricewaterhouseCoopers as the auditors and to authorise the directors to fix their remuneration *Resolution 5*

Special Business

As special business to consider and if thought fit pass the following special resolutions

6. That, in accordance with Article 9B of its Articles of Association and Part V of the Companies Act 1985 ("the Act"), the company be and is hereby granted general and unconditional authority (pursuant to Section 166 of the Act) to make market purchases (as defined in Section 163 of the Act) of any of the Ordinary Shares of 25p each in the capital of the company ("Ordinary Shares")
Provided that:
 - (i) the maximum number of Ordinary Shares hereby authorised to be purchased is 17,893,634 being 14.5% of the issued share capital of the company;
 - (ii) the minimum price which may be paid for an Ordinary Share is 25p per Ordinary Share;
 - (iii) the maximum price which may be paid for an Ordinary Share is an amount equal to 5% above the average of the middle market price as shown in the quotations for an Ordinary Share in the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is purchased;
 - (iv) unless previously renewed, varied or revoked the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the company or 12 months from the date of passing this resolution, if earlier;
 - (v) the company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares in pursuance of any such contract. *Resolution 6*
7. That, pursuant to the authority conferred on them by Resolution 2 at the Extraordinary General Meeting held on 14 December 1994, the directors be empowered pursuant to Section 95 of the Companies Act 1985, to allot for cash equity securities (within the meaning of Section 94 of that Act) as if sub-section 89(1) of the said Act did not apply to any such allotment, provided that this power shall be limited:
 - (i) to the allotment of equity securities in connection with an offer for securities, open for acceptance for a period fixed by the directors, by way of rights, open offer or otherwise to holders of Ordinary Shares and such other equity securities as the directors may determine on the register on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with the rights attached to them (but subject to such exclusions or other arrangements necessary or expedient to deal with fractional entitlements that would otherwise arise or with legal or practical problems under the laws of any territory or the requirements of any recognised regulatory body or any stock exchange in any territory or otherwise however); and

Notice of Meeting continued

- (ii) to the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal value of £1,542,555 representing 5% of the nominal value of the company's issued Ordinary Share Capital

and shall expire at the conclusion of the company's annual general meeting next following the date of the passing of this resolution, save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

Resolution 7

TOWN
CENTRE
SECURITIES
PLC

14 October 1998

By order of the board

K L Prior (Secretary)

NOTES

1. A member of the company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not also be a member. The instrument appointing a proxy must be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting.
2. The register of interests of the directors and their families in the share capital of the company and directors' service contracts are available for inspection during usual business hours on weekdays (public holidays excepted) at the registered office and will be available 15 minutes prior to and during the annual general meeting.
3. An interim dividend was paid on 30 June 1998. It is proposed to pay the final dividend on 2 January 1999 to shareholders on the register at close of business on 27 November 1998.

Calendar of Events

Ex-dividend Date	23 November 1998
Record Date	27 November 1998
Annual General Meeting	16 December 1998
Final Dividend for the Year Payable	2 January 1999

March 1982 indexed share price at 30 June 1998 52.5p