Town Centre Securities PLC

ENHANCING SHAREHOLDER VALUE

Annual Report & Accounts 2022 |

TOWN CENTRE SECURITIES ('TCS') IS A PROPERTY INVESTMENT AND DEVELOPMENT COMPANY WITH ASSETS OF OVER £370 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.

Highlights

STATUTORY PROFIT/(LOSS) BEFORE TAX
£11.0m

STATUTORY EARNINGS PER SHARE
20.9p

EPRA EARNINGS BEFORE TAX[1]
£3.3m

EPRA EARNINGS PER SHARE[1]
6.2p

TOTAL DIVIDENDS PER SHARE
5p

IFRS NET ASSETS PER SHARE
341p

TOTAL SHAREHOLDER RETURN[2]
(4.5)%

TOTAL PROPERTY RETURN[2]
8.7%

1 Alternative performance measures are detailed, defined and reconciled within note 11 and the financial review in these financial statements.

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

At a glance

Who we are

TOWN CENTRE SECURITIES 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.

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 and PureGym.

RETAIL

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

LEISURE

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

RESIDENTIAL

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

PORTFOLIO VALUE
30%

PORTFOLIO VALUE
23%

PORTFOLIO VALUE
8%

PORTFOLIO VALUE
6%

LEEDS

Retail/Leisure	33%
Hotels	5%
Office	37%
Car parking	17%
Development	7%
Residential	1%

HOTEL

We manage one hotel in Leeds under the ibis Styles brand.

PORTFOLIO VALUE
3%

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
16%

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
14%

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MANCHESTER

Retail/Leisure	20%
Hotels	0%
Office	22%
Car parking	5%
Distribution	0%
Residential	16%
Development	37%

Market overview

OUR MARKET PROGRESS

With its over 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.

LOAN TO VALUE

46.4%

2021 | 51.3%

UK economic growth – cost of living, inflation and interest rates

Over the recent past, political attention has rightly focused on the pandemic, the war in Ukraine and the cost of living crisis. In the longer term, we expect attention to refocus on rebalancing and growing the UK economy with government initiatives and investment in infrastructure projects, including the extension of HS2 to Manchester, the Transpennine North railway upgrade 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 continue to see strong demand for the private rental sector and purpose-built student accommodation in Leeds and Manchester. These sectors have attracted 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. Increased interest rates and the ongoing cost of living crisis will slow the momentum in the housing and student housing markets, however, demand is still strong, and the expectation is that the demand for these properties will return to the long-term average as opposed any significant reductions.

How we are responding

89% of our assets are located in Leeds and Manchester and we also have a long-standing presence in Scotland. Leeds has attracted significant investment in the last few years with strong 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. As mentioned previously, we will be concentrating future development on Leeds and Manchester 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 £740m 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.

Flexible working and office space

Uncertainty remains over future working practices with employers reporting varying experiences of employees returning to the office. While we expect many companies will adopt a more hybrid and flexible approach, 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 30% of our portfolio, with our focus on 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.

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 have started a consultation process on converting this existing building to student accommodation. In addition, we are considering options at our key development sites, including updates to the Strategic Regeneration Framework at Piccadilly Basin, Manchester and the planning applications submitted back in March 2022 on our site at Whitehall Riverside, Leeds.

Market overview continued

Changing consumer shopping habits

Online shopping continues to challenge the retail sector's traditional business model of operating large stores on the high street and in shopping centres. The cost of living crisis is only adding to the challenge for traditional retailers, where they are looking at reduced requirements and smaller store sizes. While town and city centres are looking to address falling footfall by evolving their offering 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, above the 30 June 2021 book value, with proceeds amounting to £37.9m. Retail now accounts for only 23% of our portfolio value, down from 60% six 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.

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, ensuring the buildings are digitally efficient, developing sustainable and energy-efficient solutions, as well as considering the health and wellbeing of both the employees/ tenants and visitors. In the automotive sector, demand for electric cars is rising; and demand for electrified cars among new car purchasers in the UK now stands at circa 40%. 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 EPC A ratings, BREEAM Outstanding and target net zero carbon in our new developments. With wellbeing now so important our developments will not only focus on first-class places to live and work, but they will offer space to relax, unwind and enjoy the surroundings.

We operate three solar photovoltaic farms on top of buildings we own in Leeds and Manchester, which generated in the year over 187,000 kWh of energy (FY21: 223,000 kWh) and avoided over 109 tonnes of CO_2 (FY21: 132 tonnes). 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. In addition to our own car parks, we completed the installation of 34 EV charging bays (including an option to increase to 82) with the Coventry and Warwickshire NHS Trust.

Business model

WE HAVE A STRONG RECORD OF CREATING LONG-TERM VALUE THROUGH INCOME AND CAPITAL GROWTH.

What sets us apart – investment case

Our diversified portfolio spans a wide range of sectors across key regional locations.

PORTFOLIO VALUE BY SECTOR

Retail/Leisure	31%	Residential	6%
Office	30%	Hotels	3%
Car parking	16%		
Development	14%		

PORTFOLIO VALUE BY LOCATION

Leeds	65%	London	7%
Manchester	24%	Scotland	4%

Development pipeline of over £740m of high-quality assets
Our pipeline presents significant long-term growth opportunities and to realise cash in the short-to-medium term for use across the business.

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

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.

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

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

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, Manchester and London

CREATE A LONG-TERM QUALITY PORTFOLIO

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 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

SUSTAINABLE DEVELOPMENT

"It has been another year of recovery and investment, with further successes as we have sought to reset and reinvigorate our business for the future."

Edward Ziff OBE DL |
Chairman & Chief Executive |

Overview

After two years of work to significantly de-risk and de-gear the business, we are in a very strong position. In spite of presenting many challenges, the pandemic has offered a chance for us to reset and reinvigorate the business. I am pleased with what we have been able to achieve; disposing of less well-performing assets and lowering our levels of absolute debt and leverage. This process has continued following the year end, with further significant transactions underway.

I have spoken before about my belief that our city centres need people and footfall in order to be vibrant and thriving spaces for our communities following the damage from the pandemic. Though people are travelling abroad now and have returned to towns for shopping and socialising, flexible working means many office workers have remained at home. There seems to be an apathetic attitude from workers and businesses towards their role in the recovery of city centres.

Government, local authorities, local employers and large organisations have been weak in their efforts to get people back in the office, and I would urge them to do more. Employees undoubtedly perform best when interacting and collaborating closely, so getting them back in the office would be beneficial for all.

Performance

- Our statutory profit in the year of £11.0m includes strong performances from our investment property portfolio, revaluation gains of £3.5m and surpluses generated from strategic disposals of £4.6m. Coupled with other comprehensive income gains of £16.0m, the Company's balance sheet has strengthened significantly from a net asset value per share of 292p (at 30 June 2021) to 341p.
- EPRA earnings per share[1] are 6.2p for the year (2021: 0.6p) and although not back to pre-COVID-19 levels, this is an encouraging performance and is despite the impact the significant disposal programme undertaken has had on the core business.
- Rent collection has continued to improve with over 99% of all rent and service charge income invoiced in the year collected.
- As mentioned above, the Company has benefited from other comprehensive income gains in the year, which primarily relate to the significant disposal after the year end of the Company's investment in YourParkingSpace ('YPS') for total cash consideration of up to £20.7m. £37.9m of disposals during the year, together with the YPS sale and further sales in the pipeline, are enabling us to continue to strengthen the balance sheet of the Company through lowering our level of absolute debt and leverage.

1 Alternative performance measures are detailed, defined and reconciled within note 11 and the financial review in these financial statements.

ASSET SALES

£37.9m

2021 | £48.0m
2020 | £2.5m

Read more on | page 22 |

PROPORTION OF RETAIL AND LEISURE

31%

2021 | 29%
2020 | 40%

Read more on | page 22 |

NET ASSET VALUE PER SHARE

341p

2021 | 292p
2020 | 292p

Read more on | page 54 |

Chairman & Chief Executive's Statement continued

Key achievements

Maximising available capital by divesting ex-growth assets

Our proactive programme of disposals was accelerated again this year, with a strong market for us to sell into. We have disposed of seven assets during the year and believe we can reinvest further capital raised into our development pipeline and future acquisitions.

Acquiring investment assets

We acquired for £7.1m, a 12,600 sq ft mixed-use property, located in a prime retail pitch adjacent to Hampstead tube station, which currently comprises four multi-level units. The asset management opportunities and valuable parking spaces make this a solid investment for TCS and aligns with our core strategy of acquisitions where long-term value can be added.

CitiPark

The car park business has performed strongly as car park occupancy levels recovered well across the period, but more office workers need to return for our car parks to perform to their full potential.

Hotel

The hotel business also performed very strongly. Staycations continued to have a positive impact this year, and corporate activity also recovered, returning to pre-pandemic levels for the first time in Summer 2021. We are hugely encouraged by the signs of recovery within the hotel segment.

Stakeholder engagement

Tenants

Following a torrid time during the pandemic, unfortunately, a number of our tenants are now being hit hard with rising costs. We appreciate our tenants continuing to choose to work collaboratively with us, and I can guarantee we will work hard to do what we can to support and help along the way. A good landlord-tenant relationship is key to satisfactory outcomes for both parties, and we remain focused on prioritising our mutually beneficial tenant relationships.

Employees

In our property team, one of our long-standing property Directors, Helen Green, retired this year. Helen has given many years of hard work and support to myself and the business, and I would like to thank her for her service to TCS and wish her and her family well for the future. Helen leaves a talented property team behind, who are well-equipped to face the important challenges ahead.

Our employees have demonstrated ongoing flexibility and dedication throughout the year again, many returning to the office full-time, which has been pleasing to see.

Shareholder returns

Shareholder support remains important as we continue to recover from the past two years.

On 6 January 2022, we commenced another share buy-back programme and we acquired for cancellation 244,378 shares in the capital of the Company, at an average price of 158p per Ordinary share for a total consideration (incl SDRT and costs) of £389,060.

Following the year end, in August 2022, we completed a Tender Offer of 4,000,000 Ordinary Shares which were acquired for cancellation at a price of 185.0p per Ordinary Share for a total cost of £7.4m. This represented approximately 7.61 per cent of the issued share capital of the Company.

These buy-backs, conducted at a significant discount to the Company's net asset value, have a positive impact on net asset value per share and earnings per share for the benefit of continuing shareholders.

The Board has approved a final dividend of 2.5p, totalling 5.0p for the full year (compared to a total of 3.5p last year), continuing the 'steps in the right direction' approach from last year.

ESG and business responsibility

ESG is at the heart of our business with the Company continually looking at ways to improve the responsibility of the business. Our proposed development at Whitehall Riverside is a great example of how we are looking to deliver environmentally friendly buildings that meet the needs of potential occupiers, are sympathetic to their surroundings and make a positive contribution to both the users and visitors.

On a smaller scale we have phased out traditional business cards in favour of a QR card approach and I am particularly pleased with the recent roll-out of our electric car scheme (under the Government's salary sacrifice scheme) that has been made available to all members of staff.

Giving back to communities has always been an essential part of the way we operate. In addition to the Marjorie and Arnold Ziff Charitable Foundation, our head office staff donated over 100 hours of their time in December 2021 to work shifts at the Leeds Hospitals Charity Shop.

Outlook

Following the good work of the last two years, I am excited by our diversified portfolio and the potential of our strong development pipeline. I believe these show we have a sound business that is well placed for the future and can only benefit as more and more people return to normal city life.

We have already been boosted in the new financial year by the sale (announced in July 2022) of the Company's investment in YourParkingSpace for up to £20.7m and the sale, subject to planning, of our two Port Street, Manchester surface car parks, for £13.0m. These sales provide further financial flexibility to continue to reduce debt and leverage, invest in accretive developments and to buy back shares as appropriate.

However, it is hard to be completely optimistic. We have been through a tough time during the pandemic, and it is a shame to be faced with more turmoil in our world. The Russia/Ukraine conflict and the unpredictability resulting from the situation has led to inflationary and other economic pressures on our business and those of our tenants including changes to consumer spending, increased property and other expenses, interest rate rises, a weakening sterling exchange rate, increased construction costs and rent affordability for tenants.

We remain focused on enhancing value for our shareholders and continue to look at further opportunistic disposals, the proceeds of which will be used to reduce debt. Unless there are acquisitions offering significant opportunities to increase value we are not envisaging any further property investments until there is stability in the real estate sector and wider economy.

Considering the balance of the underlying progress we are making in resetting and reinvigorating our business and these macro-economic and geopolitical challenges, I remain encouraged about the many opportunities for TCS and committed to delivering on our accelerated four-pillar strategy and continuing to deliver value for all our stakeholders.

Edward Ziff OBE DL
Chairman & Chief Executive
13 October 2022

Strategy and KPIs

STRATEGY

We have clear plans to further enhance shareholder value

WHAT WE DO:
Actively manage assets to optimise income and capital growth

PROGRESS:

- The proportion of retail and leisure assets in the portfolio now at circa 31%, down from 60% in 2016. Pure retail now represents only 23% of the total portfolio and of that, 55% is in the resilient Merrion Estate.
- We disposed of seven assets in the year, following completed asset management initiatives.
- We have no exposure to any of the large department stores/fashion retailers and only two tenants either entering administration or CVAs. The exposure is immaterial representing less than 1% of income and we remain confident in maintaining occupation in the majority of the space.
- 39 new lettings within the year; in Manchester Ducie House is almost fully occupied, following the recent refurbishment, and within the Company's Leeds-based portfolio there were 14 lettings in the Merrion Centre alone; and then significant individual lettings in Glasgow and Hampstead.

PRIORITIES:

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

KPIs:

CAPITAL EXPENDITURE IN FY22 ON THE EXISTING PORTFOLIO (FY21: £2.2M)

£1.6m

POST INVESTMENT YIELD[1] ON ALL FUTURE DEVELOPMENTS TARGETED AT GREATER THAN:

8.5%

WHAT WE DO:
Maximise available capital by divesting ex-growth assets and refinancing to lower Loan to Value

PROGRESS:

- We sold seven properties during the year for £37.9m, £4.6m above June 2021's valuation.
- £10.7m of the proceeds were used to part repay Group Borrowings, £17.5m was temporarily held as collateral against the Company's Debenture Stock with the balance increasing the Company's cash resources. Net borrowings (total borrowings of £162.5m less finance lease liabilities of £28.7m and net overdrafts of £(1.3)m) consequently reduced 7% to £135.1m, with Loan to Value ('LTV')[1] reducing to 46.4% (FY21: 51.3%). Included in the reduction of net borrowings was the buy-back for cancellation of £3.4m of our £99.5m 2031 5.375% debenture.
- We renewed our existing NatWest facility, which now expires in September 2024.
- We extended our existing Lloyds Bank facility until June 2023, and are currently progressing with new three- year (plus two one-year extensions) facilities with both Lloyds and Handelsbanken.
- During the year, TCS sold, subject to planning, its two Port Street, Manchester surface car parks, both of which form part of the Company's wider Piccadilly Basin development site. Completion of the sale is likely to occur in December 2022, subject to planning. The total consideration of £13.0m is not materially different to the 30 June 2022 carrying value of these properties.

PRIORITIES:

- We will continue to review our portfolio and will continue the strategy of selling assets, although with an increased focus on asset sales that will facilitate bringing forward our development pipeline.
- Optimising our capital structure to reduce gearing and absolute borrowing levels is an on-going focus.

KPIs:

LOAN TO VALUE[1] AS AT 30 JUNE 2022

46.4%

(FY21: 51.3%)

LTV HEADROOM OVER OUR THREE FACILITIES AS AT 30 JUNE 2022 – THIS HAS INCREASED TO £24.7M FOLLOWING THE POST BALANCE SHEET EVENTS INCLUDED IN NOTE 26 TO THESE FINANCIAL STATEMENTS

£18.5m

(FY21: £12.1M)

GENERATED FROM ASSET SALES IN THE YEAR ENDED 30 JUNE 2022

£37.9m

(FY21: £48.0M)

Loan to Value 46.4% – The amount of financial liabilities of £162.5m plus net overdrafts of £1.3m as a percentage of total assets £375.1m less cash and cash equivalents of £22.2m.

WHAT WE DO:

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

PROGRESS:

- Our development pipeline, with an estimated GDV of over £740m, is a valuable and strategic point of difference for TCS which we continue to progress and improve.
- In April 2022 we submitted the Whitehall Riverside Masterplan in conjunction with our commercial partner, Glenbrook. This includes detailed planning applications for a 500 unit 'Build to Rent' scheme; a 12-storey office building; a 478-space multi-storey car park and an outline for further hotel/ office buildings on the remainder of the site.
- In June 2022 we submitted of a pre-application presentation to Leeds City Council in relation to the existing consented 100MC office building and a three-storey vertical extension to Wade House, both at the Merrion Centre, with a view to delivering a further 1,078 student accommodation units.

PRIORITIES:

- We continue to review the sequence of our development pipeline.

KPIs:

DEVELOPMENT PIPELINE REMAINS IN PLACE, ALTHOUGH CONTRACTS ARE IN PLACE TO SELL TWO OF THE OPPORTUNITIES WITH A COMBINED GDV OF OVER £250M

£740m

(FY21: £600M)

WHAT WE DO:

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

PROGRESS:

- Completed the £7.1m acquisition of 58-62 Heath Street, Hampstead.

PRIORITIES:

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

KPIs:

RETAIL AND LEISURE PROPORTION OF PORTFOLIO

31%

(FY21: 29%)

REVERSIONARY YIELD[1]

7.2%

(FY21: 6.9%)

NUMBER OF CAR PARKS

4

(outside of the CitiPark brand) under management

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

Case study

REDEVELOP

Up until recently this key development site has been operated by CitiPark as a surface level car park. TCS and Glenbrook have now submitted full detailed planning applications as part of the £280m masterplan for the development of this strategically important site in Leeds city centre.

The masterplan being brought forward by TCS includes detailed proposals for a smart-enabled and energy efficient office building of 118,165 sq ft, and a state of the art multi-storey car park and travel hub for CitiPark. This will deliver one of the largest EV charging sites in the North of England using renewable and sustainable electricity. A further two buildings are proposed as future phases, including an aparthotel and additional office accommodation.

The landscaping and public realm proposal will deliver a new riverside park and enhance the biodiversity of the riverside environment. A series of interlinked green streets and cycling routes will improve connectivity and access to the existing riverside to create a high-quality destination, attracting new residents and visitors to the scheme.

The strategy for the development of Whitehall Riverside not only includes provisions to be sympathetic to its existing surroundings, but also to safeguard for future generations. The key considerations which highlight the environmental and sustainable considerations around future TCS developments are as follows:

- Target EPC A rating
- BREEAM target 'Outstanding'
- Targeting 38.5% less energy consumption than buildings regulations target
- 100% of energy from renewable energy sources
- All electric building
- Fabric-first approach to minimise energy demand
- Heating and cooling via zoned VRF system with heat recovery
- NABERS accredited
- WELL accreditation – base build designed to WELL Ready

With a focus not only on first-class places to live and work, Whitehall Riverside will offer space to relax, unwind and enjoy the surroundings by the River Aire. With wellbeing so important, visitors will be able to enjoy:

- Over 100 new places to sit alongside the riverside, within the new green space and along the green streets
- Attractive, enjoyable, well-overlooked pedestrian routes between Whitehall Road and Riverside
- Extended, high-quality cycle route along Whitehall Road and an improved connection to the River Aire footbridge
- Generous walkways and street tree planting along Whitehall Road

No.2/No.5 WHITEHALL RIVERSIDE

Case study continued

REINVIGORATE

Over the last decade TCS has invested heavily in the phased redevelopment and refurbishment of the Merrion Centre, transforming it into a vibrant, relevant, mixed-use destination.

Following the completion of recent projects including Merrion House, a new ibis Styles hotel, refurbishment of the 1,000 space CitiPark car park and the successful attraction of a whole host of new retail and leisure brands, we are looking ahead to future plans for the estate.

Working closely with Leeds City Council, we have been exploring the reinvention of Wade House and re-imagining of the previously consented new build office on the site of the former cinema (100MC) through a collaborative pre-application process.

We have recently submitted a pre-application presentation to Leeds City Council in relation to the existing consented 100MC office building and a three-storey vertical extension to Wade House, both at the Merrion Centre, with a view to delivering a further 1,078 student accommodation units.

LTV HEADROOM OVER OUR BANK FACILITIES

£18.5m

2021 | £12.1m

100 MC AND WADE HOUSE

Portfolio review

GROWING PORTFOLIO

VALUATION SUMMARY

TCS SAW THE LIKE-FOR-LIKE VALUE OF ITS PORTFOLIO INCREASE BY 1.2% (£3.5M) AFTER CAPITAL EXPENDITURE OF £9.0M IN THE YEAR.

In addition, the Company has recognised a further surplus of £4.6m arising on the disposal of investment properties in the year.

£2.8m of the revaluation gain in the year is from the Company's retail and leisure portfolio, of which 62% is our key Merrion Centre investment, signalling a slight rebound in what has been a sector in decline over the last five years.

The valuation of all of our properties (except one) is carried out by CBRE and Jones Lang LaSalle.

Retail and leisure

The past 12 months has seen a shift in spend with consumers turning away from durable goods to social activities as coronavirus restrictions came to an end.

New leases signed continued to show a slight rental improvement. On a rolling four-quarter basis, net effective rents in Q2 2022 were up +13.9% year on year, while headline rents reported an +8.1% growth over the same period illustrating some leasing confidence creeping back into certain parts of the market. Compared to 2019 equivalent levels, both net effective and headline rents continue to fall, albeit more marginally than experienced throughout 2020/21. Net effective rents were down just -4.9% compared to pre-COVID-19 equivalents, whilst reporting quarter-on-quarter improvements, continuing to suggest that we have already reached the bottom of the cycle[1].

Although food store sales' volumes remain slightly above pre-coronavirus levels they dipped during the financial year with ONS reporting sales down -5.8% year-on-year; in June 2022 as households seek more value in their grocery shopping or are indeed forced to reduce volume of goods bought whilst grocery inflation nears double-digits.[1]

The number of transactions across the shopping centre investment market improved slightly, however, yields continue to come under increasing pressure as the cost of borrowing rises and there is greater economic concern. However, TCS as a pro-active landlord, continues to build flexibility into its retail portfolio through active asset management creating the ability to diversify and unlock potential repositioning opportunities.

Overall the market has shown signs of stabilising, however, the outlook remains uncertain as the cost of living crisis continues to squeeze disposable income for many households.

1 Savills Research – Shopping Centre and High Street Spotlight Q2 2022.

Portfolio review continued

Portfolio overview

	PASSING RENT	ERV	VALUE	% OF PORTFOLIO	VALUATION INCR/(DECR)	INITIAL YIELD	REVERSIONARY YIELD
Retail & Leisure	1.1	1.7	22.1	7%	10.3%	4.8%	7.3%
Merrion Centre (ex offices)	4.9	5.2	58.8	19%	2.6%	7.8%	8.4%
Offices	4.5	6.5	91.0	30%	-0.5%	4.7%	6.7%
Hotels	0.5	1.0	9.1	3%	5.4%	5.2%	9.9%
Out-of-town retail	1.0	1.2	14.5	5%	0.0%	6.6%	7.5%
Residential	0.9	0.9	19.2	6%	2.2%	4.6%	4.6%
TOTAL	12.9	16.5	214.7	70%	1.6%	5.7%	7.2%
Development property			42.6	14%	1.5%		
Car parks			49.6	16%	-1.8%		
PORTFOLIO			306.9	100%	1.2%		

Note: Includes our share of Merrion House within Offices (£35.7m – see note 14 of these financial statements), our share of Burlington House within Residential (£11.5m – 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.

Excludes IFRS 16 adjustments that relate to right-of-use car park assets (£26.7m) 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 below reconciles the above table to that set out in note 12 of these financial statements:

	FY22 £M	FY21 £M
Portfolio as per note 12	282.4	305.9
50% share in Merrion House	35.7	35.8
50% share in Burlington House	11.5	11.3
Goodwill – car parks – Property-specific only	4.0	4.0
Less – IFRS 16 right-of-use car parks	(26.7)	(27.8)
AS PER THE ABOVE TABLE	306.9	329.2

Sales and purchases

During the financial year ended 30 June 2022 we have sold seven properties, above their 30 June 2021 book value, for gross proceeds of £37.9m.

Our continued commitment to asset recycling is clear. The table details the £135.4m of disposals since FY17 of which 83% 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%	-	-
FY22	37.9	59%	7.0	100%
	134.8	83%	37.7	39%

Regional offices

Our office portfolio decreased in value by £0.5m or -0.5% over the year. This does not necessarily tell the whole story, with valuation decreases of over £2.0m over the Company's Leeds office estate, offset by gains made in Manchester of £1.5m.

Office take-up nationally totalled 3.83m sq ft in the second quarter of 2022, indicating a rise of 23% on the previous quarter's level and 44% above the same period in 2021. Leasing activity is now 15% above the five-year Q2 average of 3.33m sq ft and 6% above the overall five-year quarterly average of 3.62m sq ft. These five-yearly averages need to be considered against the backdrop of the pandemic.

There is strengthening demand, particularly from large tenants looking at pre-let deals. This has been noticeable in Central London, where the four largest deals to complete in Q2 were all pre-lets in excess of 100,000 sq ft.

On the supply side after peaking in Q4 2021, with 31.82m sq ft available across the UK, supply levels in both the UK regions and Central London have fallen in each of the subsequent quarters. By the end of Q2, there was 30.92m sq ft available across the UK, with Central London accounting for 75% of this. In the UK regions, the vacancy rate declined to 8.6%, while 8.1% was recorded across Central London.

Despite uncertainties around future levels of office occupation, there has been no reduction in prime rental levels with most city centres seeing prime rents continue to climb and are above their pre-pandemic levels.

The resilience of prime rents reflects the increasing focus of occupier demand towards top-quality space, driven by the desire to create a vibrant and attractive work environment to encourage employees back to the office and assist with recruitment, retention and productivity strategies, as well as staff health & wellbeing issues. In addition, there is a greater focus on buildings that are sustainable and energy efficient, as occupiers try to meet increasingly ambitious ESG aspirations.

The dearth of new development coming through will mean that upward pressure on prime rents will continue, and the gap with rents for poorer quality grade B stock is likely to widen.

Looking regionally at the Leeds office market, 201,000 sq ft was transacted in Q2 2022, bringing the H1 total to 430,000 sq ft, which is in line with average levels for this time of the year. The public services and professional services sectors were responsible for 80% of take up in Q2.

Availability saw its fifth consecutive quarterly increase, reaching 1.2m sq ft in Q2. However, this was from a historically low base during 2019 and early 2020 and, overall, availability remains 7.2% below the ten-year average levels. There has been a notable increase in sublet space – now standing at 110,000 sq ft, double the ten-year pre-COVID-19 average.

Prime rents remained at £34.00 per sq ft for the fourth quarter in a row, supported mainly by a lack of grade A availability. Typical rent-free periods remained at 24 months on a ten-year term, higher than the Big Nine average by four months.

Investment volumes reached £92m in Q2 2022, higher than long-term average levels (£60m). Although untested by a true prime grade A transaction, prime yields remain stable at 5.25%.

Across the Pennines in Manchester Q2 take up continued the year's steady trajectory at 512,112 sq ft, bringing H1 total take up to just 2% under the ten-year average.

Availability across the city centre fell by 6% this quarter, although remained 15% above the ten-year average. Rent-frees remained at 24 months on ten-year deals, and 9–12 months on five-year deals. Plug-and-play spaces continue to prove popular, achieving £5 per sq ft premiums on 5,000+ sq ft suites.

In Q2 prime rents rose to £39.50 per sq ft, and are widely expected to reach at least £40 per sq ft this year, reflecting strong demand for high-quality spaces with excellent ESG credentials.

On the investment side there were £191m of investment deals transacted in Q2, 15% above the ten-year average.

Residential

Residential property values have continued to grow, with supply constraints particularly key in Manchester. Our residential property portfolio, with over half in our successful Belgravia Living joint venture, has performed well, with occupancy levels of almost 100% now the norm. This has been reflected in a valuation uplift in the year of £0.4m or 2.2%. As 2023 progresses we are expecting to see further valuation uplifts as the rental income earned should increase on a unit by unit basis.

Nationwide has reported that annual UK house price growth has been consecutively in double digits in 2022, but the rate of growth is now slowing.

Supply of homes for sale remains low, with competition still strong for quality properties. This will sustain value growth in the short term, even if the speed of growth is gradually slowing. First-time buyers are making up a growing share of the mortgaged market.

The numbers of buyers looking for a residential property have more than doubled, and buy-to-let landlords continue to capitalise on the strength of the rental market, with rental growth now almost six times the pre-pandemic average. (Source: Zoopla).

Build-to-rent schemes continue to perform well as an asset class with high occupancy, however, consumer expectations are at an all-time high with levels of on-site amenity being a key deciding factor.

Other significant valuation movements

The value of the Company's development sites has increased marginally by £0.6m in the year as the next phases of both Whitehall Riverside, Leeds and Piccadilly Basin, Manchester are getting closer to having implementable planning permissions.

During the year, the value of the Company's freehold car parks has declined by £0.9m, with the majority of the decline relating to the Merrion MSCP, due to reduced occupancy levels during the work day.

As mentioned previously, our hotel has seen increased booking volumes since the end of the lockdowns, the success of the 'staycation' remains whilst business travel has also increased. Both of these have led to an increase in value of £0.5m in our Merrion hotel.

LOCATION	VALUE	%
Leeds	200.7	65%
Manchester	74.0	24%
Scotland	11.5	4%
London	20.7	7%
	306.9	100%

SECTOR	VALUE	%
Retail/leisure	95.4	31%
Hotels	9.1	3%
Office	91.0	30%
Car parking	49.6	16%
Residential	19.2	6%
Development	42.6	14%
	306.9	100%

LEASE EXPIRIES	VALUE	%
0–5 years	7.4	56.9%
5–10 years	2.0	15.4%
Over 10 years	3.6	27.7%
	13.0	100%

Divisional review

PROPERTY

Overview

It has been another busy year for our dedicated property team, which manages acquisitions, disposals and planning for our increasingly diverse mixed-use portfolio and our development pipeline.

Whilst TCS has been successfully delivering business as usual with our existing portfolio, we have also been going through a shift in our focus. As we have continued to dispose of a number of assets, instead of simply replacing those with new acquisitions, we have been working to reimagine many of our existing assets and revisiting our development pipeline.

With an inevitable lull in delivery, COVID-19 afforded us the opportunity to look at our development pipeline again and determine where we need to bring forward new applications and new designs to replace our original proposals.

In line with this work, our relatively new property team is keen to bring new ideas to the table and re-look at its systems and processes.

TOP 10 TENANTS

Leeds City Council	12%
Wm Morrison Supermarkets Plc	8%
Step Change Debt Charity	7%
PureGym Limited	5%
The Instant Group	3%
Aldi Stores Limited	2%
The Flannels Group Limited	2%
Watches of Switzerland	2%
T J Morris Ltd t/a Home Bargains	1%
Go Outdoors Limited	1%
Top 10	**44%**
Other	**56%**

DISPOSALS AND ACQUISITIONS

We completed seven strategic disposals in the year, for proceeds of £37.9 million, as we sought to rebalance and diversify our portfolio. We have also disposed of assets to facilitate bringing forward further development, such as the Premier Inn on Whitehall Riverside.

We also agreed, subject to planning, with developers Select Property Group for the sale of Port Street, a part of the Manchester Piccadilly Basin scheme. Select have submitted plans to develop 485 apartments on the site, and we are positive about how this will complement our own strategic regeneration plans for the Basin.

We completed one acquisition in the year, 58-62 Heath Street in Hampstead. The 12,600 sq ft mixed-use property is located in a prime retail location adjacent to Hampstead tube station in one of the capital's most desirable suburbs. As of May, the property was fully let.

RENT COLLECTION

The strength of our relationships with our tenants has been demonstrated again, as our rent collection for the year was over 99% collected or agreed to be deferred, better than pre-pandemic levels. This is a very positive result, showing our ability to work with tenants to find solutions.

RENT COLLECTED

95.5%

2021 | 92.6%

RENT DEFERRED

0.5%

2021 | 0.8%

From 31 March 2020 to date

DEVELOPMENT PIPELINE HIGHLIGHTS

Wade House

Wade House is a 1960's office building, which became predominantly vacant around June time last year. Since then, we have been exploring options for redevelopment of that building and repurposing it for an alternative use.

We are currently in a pre-application planning process to redevelop Wade House, as well as the adjacent 100MC site, as a comprehensive purpose-built student accommodation scheme. Work is ongoing around how those sites are redeveloped while maintaining occupancy and footfall in the vibrant area around the Merrion Centre. This area has seen significant development of student accommodation in recent years and a good proportion of our retail and leisure customers in Merrion are students. This has allowed us to rethink the next evolution of the Merrion estate, as a truly mixed-use site.

We have arranged some temporary lettings to local charities, like the Tutor Trust and the Children's Hospital to make best use of the available space in the meantime.

Piccadilly Basin

We are revisiting our own designs for Eider House, which was previously consented for 128 apartments. Since that joint venture scheme with the Belgravia Living Group entity was conceived and planning consent granted in 2018, a lot has changed in the world of build-to-rent accommodation. The knowledge we have gained from three years of operating Burlington House, our first build-to-rent development, has prompted us to submit a new application as part of the new phase of developing our campus of build-to-rent residential in Piccadilly Basin.

As part of our rethinking of Eider House, we are also looking at how we can reposition some future development opportunities in the vicinity of Eider House, Ducie House and Tariff Street, working with the local authority to review and update the strategic regeneration framework.

Whitehall Riverside planning

In April 2022, we submitted a new planning application for the development of Whitehall Riverside in Leeds city centre as part of a £280m commercial partnership with build-to-rent residential developers, Glenbrook.

Recognising the opportunity to deliver a unique neighbourhood in the West End of Leeds, our proposal comprises 500 build-to-rent apartments, a smart-enabled and energy efficient office building and a state-of-the-art multi-storey car park and travel hub for CitiPark. Building on the truly mixed-use nature of the masterplan, a significant focus will be on creating a sustainable and modern environment, with landscaping, cycling and pedestrian-friendly infrastructure.

TCS has owned the site for many years, having already delivered No.1 Whitehall Riverside (offices), Whitehall Waterfront (residential) and most recently the Premier Inn (hotel), completed in 2017.

George Street redevelopment

In our 2020 Annual Report, we discussed not proceeding with plans for a 50/50 joint venture with Leeds City Council to develop a 136-room aparthotel on George Street in Leeds. Work to find a solution for that project has been continuing ever since and we are still working to help the council deliver regeneration for a key part of the city.

Our residential portfolio

RESIDENTIAL

The residential portfolio, although smaller than it once was, has performed particularly well this year. We are seeing high levels of occupancy and rental growth, which is giving us the confidence to seek more acquisitions and bring forward development of further residential projects.

Divisional review continued

PROPERTY

Asset management/letting progress in Manchester and Leeds

Ducie House
Across the last six months there have been a number of significant lettings at Ducie House. As we approach full occupancy, it has been pleasing to see the market respond so positively to the space we renovated in late 2020.

Merrion
We have seen shoppers consistently return to Leeds city centre for a number of months now, demonstrated by footfall within the Merrion Centre continuing to increase, although still not at pre-pandemic levels.

We have completed a number of positive lettings in the period, welcoming some interesting businesses in both retail and leisure.

Vicar Lane
Another success story during the year was at Vicar Lane. Having had a significant proportion of its units vacant for some time, it has been pleasing to see a number of new operators take space at Vicar Lane as it also nears full occupancy.

MCR

MANCHESTER KEY FACTS

With an urban population of over 2.8 million, Greater Manchester is the second most populous urban area in the UK.

CORPORATE OFFICES/HQS

BBC, ITV, The Co-Operative Group, Boohoo, THG and Amazon.

KEY GROWTH SECTORS

Business, financial and professional services, cultural, creative, digital, retail and more recently science, research and development. Over the last five years there has been significant investment in both student accommodation of residential accommodation.

OUR MANCHESTER PORTFOLIO:	VALUE £M	%
Retail/leisure	14.5	20%
Office	16.5	22%
Car parking	3.8	5%
Residential	11.6	16%
Development	27.6	37%
Total Manchester	**74.0**	**100%**

MANCHESTER AS A PERCENTAGE OF TOTAL PERIOD

24%

2021 | 22%

LEEDS KEY FACTS

With an urban population of over 1.9 million, Leeds-Bradford is the fourth most populous urban area in the UK.

CORPORATE OFFICES/HQS

Channel 4, Asda, Morrisons, PwC, KPMG, HSBC, DLA Piper, Yorkshire Bank, Lloyds Bank, Yorkshire Bank, Direct Line Group, Addleshaw Goddard, Eversheds, Pinsents, First Direct, Centrica, BT.

KEY GROWTH SECTORS

Digital technologies, healthcare and innovation, manufacturing, financial and professional services. Significant investment in student accommodation in particular around the Merrion Estate.

OUR LEEDS PORTFOLIO:	VALUE £M	%
Retail & leisure	**66.0**	33%
Offices	**74.0**	37%
Hotels	**9.1**	5%
Residential	**2.1**	1%
Industrial	**0.0**	0%
Car parks	**34.6**	17%
Development	**15.0**	7%
Total Leeds	**200.8**	**100%**

LEEDS AS A PERCENTAGE OF TOTAL PERIOD

65%

2021 | 68%

LDS

Divisional review continued

CITIPARK

OUR PORTFOLIO

IT HAS BEEN A MUCH IMPROVED YEAR FOR CITIPARK, WITH ITS RECOVERY ONGOING. WHILE MANY CUSTOMERS HAVE RETURNED, MANY WORKERS ARE STAYING AT HOME AND WE MUST CONTINUE TO INNOVATE TO DRIVE REVENUE AND PROFITABILITY.

RENT COLLECTED FROM MARCH 2020

95.5%

2021 | 92.6%

Overview

Gross revenue for FY22 was £11.4m, a 70% increase on the prior year. Operating profit has also increased significantly to £3.1m from a breakeven position.

We remain cautiously optimistic about the recovery. Car park occupancy levels recovered well across the period, although this recovery was temporarily stalled with the emergence of the Omicron variant and government advice to work from home at the end of 2021. Despite that, performance has been in line with our expectations.

We've seen some geographical variation in performance but generally we are pleased to see customers returning as the public regain their confidence in the wake of the pandemic.

However, we are seeing that, due to changing working patterns and the prevalence of flexible working, our Monday to Friday, nine-to-five customer group is not returning to pre-pandemic levels. Throughout the pandemic, we've had to make some difficult decisions in order to streamline our operations, and we will continue to evolve and think differently, considering innovative new ways of using our car parks and spaces. We also have a development pipeline for many of our car parks, and these provide opportunities for us to consider other options depending on the pace of recovery.

Technology and innovation

We continue to focus on using technology as a key differentiator and a way to expand our revenue generation. Considering stakeholders and collaborating with our partners is a key focus as we seek to grow each of our platforms.

EV charging/CitiCharge

Our CitiCharge division is growing, with ongoing work to add more charging points across our portfolio.

A highlight of this year was the installation of 34 EV charging bays (including an option to increase to 82) with the Warwickshire NHS Trust.

We are very committed to expanding our offering, increasing the number of spaces and diversifying our offering via disabled charging bays and more. We are also looking to work with our enforcement business to expand the EV network with third-party landowners and clients.

CitiPark app

We've seen some strong investment in the CitiPark app this year, including the change of payment flow to accommodate frictionless pay on entry as well as on exit and the inclusion of corporate billing allowing larger organisations to have one main account and just add and remove vehicles themselves and be billed accordingly.

We have a development pipeline to ensure ongoing investment in our app, with plans to add new products to ensure the customer journey improves year on year.

BaySentry Solutions

We continued the expansion of parking management company, BaySentry Solutions Ltd, this year with a further acquisition, which concluded in October. Having successfully onboarded a number of acquisitions and enjoyed steady revenue growth in this part of the business, we are in dialogue over further opportunities to grow in the coming year.

Alternative forms of income

Having first hosted a number of rooftop events last year, we continue to explore and welcome opportunities to use our locations for the hospitality industry.

YourParkingSpace

After the year end the Company completed the unconditional sale of its equity investment in YourParkingSpace Limited ('YPS') to Flowbird SAS for total cash consideration (net of fees and associated deal costs) of up to £20.7m; representing a significant uplift in value of the Group's investment.

The consideration from this sale helps to further strengthen the TCS balance sheet whilst providing the funds to invest in our development pipeline and make strategic technology investments.

Outlook

The potential impact of the current financial pressure on some sections of the UK economy is difficult to forecast, but we remain cautiously optimistic.

We have demonstrated our ability to be responsive and adaptive to challenges across the last two years. Our products and tariffs can be tailored to customer needs, and we will seek to help our customers while also trying to operate a successful and profitable business.

We have invested in our existing facilities and have a strong development pipeline for the future, including our new 478-space CitiPark multi-storey car park in Leeds. We will also continue to grow our management agreement platform and invest in further acquisitions in our subsidiary companies.

Our app and our EV charging network provide exciting opportunities to help improve our customer experience while also improving our environmental impact.

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 62 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?	STRATEGY	RESPONSIBLE BUSINESS
Clear demonstration of the value we provide to shareholders	Clearly defined plans for the future of the business	Demonstrating understanding of how our business impacts those around us
Pages 8 to 9	Pages 14 to 15	Pages 32 to 40

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 for future plans.	The primary communication with 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 afterwards. 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 year the Board considered key decisions around the implementation of the strategy of the business, reviewing and ultimately approving property disposals, property acquisitions and corporate acquisitions. Where the Company then had significant free cash, the Board then reviewed and ultimately approved share and debenture buybacks in the period. As part of this process the Board were provided briefing papers prepared and presented by the Executive Directors and members of the senior management team. These papers not only presented the impact the potential transactions would have on key financial metrics, the risks associated with the challenges our economy is facing but also on the longer term loan to value headroom under the Company's debt facilities. As a result of these decisions, the Company sold seven properties, acquired one, completed one corporate acquisition and bought back for cancellation over 600,000 Ordinary Shares and £3.4m of debenture during the year. The Board also considered a more formal tender offer for shares, however this was not implemented until after the year end, with the key factor being the significant material information regarding the sale of the Company's investment in YourParkingSpace Limited effectively delaying any ultimate decision regarding a tender offer.

OUR STAKEHOLDERS:	WHY THEY ARE IMPORTANT:	HOW WE ENGAGED DURING THE YEAR:
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 adviser; a share-save scheme allowing all staff to benefit from the HMRC scheme with TCS also contributing shares. The canteen and break-out spaces enable all employees and Directors to engage with each other outside of the pure work environment. 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. We are in the process of updating the employee handbook with the overall aim of improving it all for all employees, the key changes are around a specific working from home policy and enhancements to the maternity and paternity policies. Furthermore, the Company has implemented an electric car salary sacrifice scheme to provide employees electric vehicles in a tax efficient manner. The Board are also very conscious of the ongoing cost of living crisis and all 124 members of staff, in the September 2022 pay review, have been awarded bonuses as well as their salaries reviewed upwards. Although not necessarily a formal Board decision matter, the seriousness of cost of living, inflation and interest rate rises has been discussed both at Board level and at the Remuneration Committee, where the Board decision was then ratified. Ian Marcus, Non-Executive Director is our workforce representative. Further details on our workforce engagement can be found on page 40.
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 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.	We speak to all our tenants on a regular basis, in an attempt to understand the pressures that they are under and how we can work with them to get through the current economic 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 enabling socially distanced shopping and working has been critical. All decisions made with regards to new tenants and rent concessions are made at the monthly property review meetings, with all Executive Board members in attendance. During the year, negotiations with tenants, and in particular with respect to significant tenants in administration have been elevated to Board decisions. As with all Board decisions briefing papers are prepared and circulated in advance of the meeting. The monthly minutes of both the property review and CitiPark management meetings then form an integral part of the main Executive Board meetings. Further details on our engagement with our customers can be found on page 12.
DEBT FUNDERS	Our economic model assumes that we leverage assets developed 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. 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, we prepare a debenture-specific presentation (available on our website) which the Chief Executive and Finance Director are more than happy to present to any of our debenture holders. As part of the monthly board papers, summaries of each of the Company's debt facilities together with the properties secured are provided. During the year the Board has discussed the levels of debt required, as a result of these discussions and decisions the Company has reduced the quantum of tow of the three debt facilities available to the Company, with the view to reducing the level of commitment fees paid but retaining sufficient facilities to enable the Company to operate with sufficient headroom.
COMMUNITY	We believe we have a duty to make a positive contribution locally and be considered an integral part of the community.	During the year, TCS head office staff collectively donated more than 100 hours of their time to work shifts at the Leeds Hospitals Charity Shop. Further details on our engagement with the community can be found on page 40.
ENVIRONMENT	The Board acknowledges that it has a responsibility to minimise its environmental impact.	The Merrion Estate's five-year sustainability programme is coming to an end. 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. The strategy for future developments is to not only provide buildings that are sympathetic to their existing surroundings, but also to safeguard for future generations. Some of the key targets being: • EPC A Rating • BREEAM 'Outstanding' • Net zero carbon in operation • 38.5% less energy consumption than buildings regulations • 100% of energy from renewable sources Board discussions and ultimately decisions around the Company's development pipeline are a standing agenda item at the Board meetings. Briefing papers around the proposed developments include key environmental and placemaking credentials. Further details on our engagement with the environment can be found on pages 35 to 38.

Responsible business

PROGRESS

INTRODUCTION

OVER THE LAST DECADE TCS HAS INVESTED HEAVILY IN THE PHASED REDEVELOPMENT AND REFURBISHMENT OF THE MERRION CENTRE, TRANSFORMING IT INTO A VIBRANT, RELEVANT, MIXED-USE DESTINATION.

TCS has been committed to generating long-term sustainable success since its foundation over 62 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 while Edward Ziff, our current Chairman and CEO, was awarded an OBE for service to community in 2017 and is Chairman 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.

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:

- Minimise our environmental impact
- Engage with our external stakeholders
- Engaged and committed employees
- Make a positive contribution to the communities we operate in
- Always do the right thing

The table below details some of the ESG-focused specific activities that are currently underway 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	1, 4, 5, 13, 15	6, 8	12, 19, 20, 22
ENGAGE WITH OUR EXTERNAL STAKEHOLDERS		2, 4, 15	2, 6, 7, 8, 9, 11	2, 6, 9, 10, 16
ENGAGED AND COMMITTED EMPLOYEES	3, 17	18, 21		
MAKE A POSITIVE CONTRIBUTION TO OUR COMMUNITIES	14		11	
ALWAYS DO THE RIGHT THING			6, 7	22

Key

Strategic projects

1 Merrion Centre waste and sustainability plan, Green Apple Award recognition
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 EPC A and BREEAM Outstanding 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 and fitness
11 Piccadilly Basin – street art project, security improvement
12 Environmental targets for all future developments
13 Launch of CitiCharge
14 Significant CSR programme supporting local communities and charities
15 Specific parking rates for EV/Hybrid drivers at Clipstone Street, Merrion and the AO Arena
16 Investment in WiredScore
17 Westfield Health benefits for staff
18 On-going 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
22 Merrion Centre carbon neutrality plan

Responsible business continued

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 below:

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.

DELIVERING THE PROGRAMME:

Minimise environmental impact

Environmental report

Our aim continues to be based around ensuring that we operate in a responsible manner, whilst directing our efforts towards a more sustainable future and ensuring that we achieve being carbon neutral in the coming years.

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.

As already noted our aim in the coming months is to work towards carbon neutrality and to that end, we have engaged with the Carbon Trust to target three areas: 1) Identification of our carbon liabilities; 2) Implementation of initiatives to reduce our liabilities that are within our control; 3) Use of a recognised scheme to offset the remaining carbon liabilities. We hope to have the agreement to begin this process in place by November 2022. Our aim during this process is to pass on any lessons learnt to our tenants across the various portfolios.

The Merrion Centre

With the effects of the pandemic receding, we have been able to review several of our systems and processes to identify further measures we can take to greater improve our sustainability mission. These include:

- 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 into which further investment into was made in the past year.
- The introduction of a second green space within the Merrion Centre, to further support both our young and ageing demographic of visitors.
- Following the successful launch of the OdorBac cleaning product in the centre, we have rolled it out to our office buildings, along with mobilising the system to our national portfolio.
- We continue to use the escalator sanitiser that cleans the handrail on each rotation.

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:

- Continue our work on modernising the supply distribution within the centre, with the aim of utilising modern technology to help reduce our energy footprint.
- Through our re-tendering practices, we are ensuring our supply partners meet a clear sustainable criteria before we are willing to engage with them.
- We are currently undertaking a revised five-year PPM report that will ensure we continue to modernise our ageing equipment and deliver better energy management opportunities.
- Additional LED lighting installed into the main square, North Mall, service tunnel and balcony, giving better energy performance for one of the last remaining non-LED areas of the Merrion Centre.

Waste initiative

As we come out of the pandemic, our waste volumes have increased proportionally with tenants re-opening and returning to business as normal. During this process TCS has made every effort to identify new and improved methods to enhance our waste credibility. One such scheme is the implementation of our Ethicoil collection service, that sees the used cooking oil from our food and beverage tenants, centralised and collected for recycling. Any funds raised from this service are reinvested into our sustainability initiative (£747 between January 2022 and April 2022).

REGARDING OUR VOLUME OF WASTE:

The Merrion Centre produced on average 41 tonnes of waste per month, which is an increase of 64% over the previous period. Through our waste partners, 100% of our waste avoids landfill. This includes 52% of the total waste produced this year being recycled and 48% sent to an Energy Recovery Facility ('ERF').

Sustainability projects

Due to focus being aimed at supporting our tenants whilst coming out of the global pandemic, our opportunities to initiate various sustainability projects have been limited. Despite this we have looked to continue with existing schemes and where possible introduce new tasks that help keep momentum going in the right direction. These measures include:

- The creation of our central mall seating area, where second-hand furniture and materials have been utilised to create a comfortable, but sustainable area for the general public to sit.
- The Merrion Centre is now into its third year of being a member of the #Refill campaign, which aims 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.
- Power distribution – Our rolling programme 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 ageing power distribution.
- Our use of the Ecocap waterless urinal systems in Town Centre House, continues to save more than 360,000 litres of water per annum. As we refurbish our toilets, we will continue to identify systems that will give equal or improved performance.

Responsible business continued

Utilities

As with most businesses, our costs in relation to our energy consumption have seen a major increase. The turbulent times in the Ukraine, coupled with the low storage stock in Norway has resulted in our contract costs increasing significantly by 64%. This increase serves to remind us that our objectives in moving towards a renewable energy source are now even more pressing.

Whilst our energy usage over the past two years has been below expectation due to the pandemic, our general consumption in 2021/22 has remained -8% on our pre-pandemic levels. This has been achieved as a result of many of the measures identified earlier in this report.

We are pleased to report that the last of our gas dependency at the Merrion Centre has now been removed, another milestone in working towards carbon neutrality.

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.

SECR – Greenhouse gas emissions ('GHG') statement

In line with the Companies Act 2006 (2013 Regulations) and the Streamlined Energy and Carbon Reporting ('SECR') requirement, TCS is disclosing its annual 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), of purchased electricity (Scope 2) and the electricity and gas consumption arising from the transport of energy from where it is generated (Scope 3) to the premises and other assets operated by TCS. TCS has a fleet of fifteen vehicles (five 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 TCS's head office. All of TCS's operations are in the UK, therefore all values below are both Group totals and UK totals.

	2021	2022	UNIT
ENERGY CONSUMPTION (ALL UK-BASED)[1]			
Transport Fuel[2]	41,507	92,249	Kilowatt hours of energy used
Electricity[3]	94,484	101,679	Kilowatt hours of energy used
TOTAL	**135,991**	**193,928**	Kilowatt hours of energy used

	(RESTATED)[5] 2021	2022	UNIT
CO_2E EMISSIONS (ALL UK-BASED)[1]			
Scope 1[2]	10,150	22,893	kgs of CO_2e
Scope 2[3]	23,093	26,146	kgs of CO_2e
Scope 3[4]	-	15,539	kgs of CO_2e
TOTAL	**33,243**	**64,578**	kgs of CO_2e

	(RESTATED)[5] 2021	2022	UNIT
CARBON INTENSITY			
Reference 1: Area	8,311	6,500	Square metres (office area for Group)
Reference 2: Employee	30	27	Employees (FTE)
Reference 3: Gross Revenue (£'000)[5]	18,703	23,585	Gross Revenue (excl. service charge income)
CO_2e by area	3.99	9.94	kg CO_2e per m^2
CO_2e by employee	1,108	2,392	kg CO_2e per employee (FTE)
CO_2e by £'000 of Gross Revenue[5]	1.777	2,544	kg 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.

3 Scope 2 emissions are derived from electricity consumption at TCS's office and by the electric vehicles within their Company car fleet.

4 Scope 3 emissions are derived from the transport of energy from where it is generated, to either TCS's office or to the Company's car fleet. Scope 3 also includes, where relevant, emissions from personal or privately-hired vehicles used for company business.

5 Gross Revenue in FY21 restated to correctly include all Gross Revenue (excl. service charge income) arising in the year.

Task force on climate-related disclosures

The Board recognises the importance of clear disclosures around climate-related matters, whilst recognising that a strategy to protect the business and ultimately enhance the resilience of our assets against the effects of climate change will not be a simple and quick process.

In accordance with LR 9.8.6(8) R the Company has complied with the Governance, Strategy and Risk Management recommendations for TCFD except for assessing the resilience of its strategy when taking into consideration different climate related scenarios. The Company is also in the process of complying with the requirements of the Metrics and targets recommendations. The disclosures have all been based on the TCFD framework of four pillars:

- Governance
- Strategy
- *Risk Management*
- Metrics and Targets

Governance

The Board is responsible for overseeing all activities, including those that relate to climate change and sustainability. These activities can be broken down into two distinct categories, one in relation to the existing investment property portfolio where in its simplest form the strategy is 'how we can improve the environmental performance of an existing building' in particular improving the EPC rating/ encouraging recycling/recommending to tenants ways to reduce utility bills and a second on the development portfolio where ensuring that buildings are designed appropriately from the start, in particular with a net zero target, and sympathetic to the increasingly climate-conscious requirements of tenants. The case study on pages 16 and 17 of this Annual Report give examples of the Whitehall Riverside strategy.

A separate Sustainability and Climate Change Committee ('SCC Committee') has been set up comprising two executive members of the Board and members of the senior management team - currently the Property Director and the Centre Manager of the Company's largest single asset, the Merrion Centre. The key aim of the committee is to develop and implement the Company's sustainability strategy which includes both environmental and social risk management.

The TCFD framework is part of the remit of this committee, along with the implementation of our carbon neutrality plan, which is initially targeting three areas:

- identification of our carbon liabilities
- implementation of initiatives to reduce our liabilities
- use of a recognised scheme to offset the remaining liabilities.

The SCC Committee also considered the resilience of the Company's existing portfolio to different climate related scenarios, including a +2c scenario, in particular with a view to the geographical locations of each site and the plant and machinery in situ. Following this the Company is taking further steps to review and consider the impact of additional climate *related scenarios which it expects to be able to report on over the next 12 to 24 months.*

Assessment and the management of climate related risks is then fed into the Company's six-monthly Risk Report. This years Risk Report includes a specific section on Climate Related risks for the first time. This is then reviewed and approved by the Board. A summary of which can be found on pages 42 to 48 of the Annual Report.

Strategy

The following table provides a summary of the risks and opportunities identified the SCC Committee and by the Board:

CLIMATE-RELATED RISKS AND OPPORTUNITIES			SHORT TERM	MEDIUM TERM	LONG TERM
Physical	*Flooding*	*Exposure to flood risk from extreme weather*	•	•	•
	Temperature rises (+2°C)	Change in tenant requirements regarding offices, especially if they are themselves committing to net zero targets. Leading to increased construction costs but then also the opportunity to lease buildings at a premium rent as the demand from occupiers has been increasing for purpose build developments with class-leading environmental credentials	•	•	•
		Increased risk of 'breakdowns' to key elements of plant and machinery, for example, air conditioning units.		•	•
Transition	Regulations and Standards	Evolving policies designed to ensure that the UK meets its 2050 net zero carbon commitment.	•	•	•
		Increased regulation and standards provide opportunities, especially around expanding and using the Company's experience with EV charging points, but also the continued roll-out of the CitiCharge App which provides further income streams over and above pure parking fees.			
	Reputation	Benchmarks to be reported on, even if key milestones are not met. Ensuring that reporting is transparent and accurate		•	•

With 89% of the Company's property portfolio in Leeds and Manchester, two cities that have similar profiles (both historically and economically), we have not broken down our strategy by geographical area.

By identifying these risks and communicating them to the Board on a six-monthly basis, the Company is in a position to react and update the strategy accordingly.

The strategy is, however, built into the business at all levels, from new large-scale developments, the increasing number of EV charging stations within the CitiPark business to recent rolling out of a Company-wide electric car scheme available to all staff. In looking at investment acquisitions, the EPC rating and other environmental considerations are all factored into the recommendations made by the property team to the Board. The assessment of how much it would cost to improve these ratings are reflected in ultimately the purchase price for these properties. In managing existing assets, improving the environmental credentials is one of the ways to increase and unlock value. When all asset management opportunities are completed, the Board may then look to dispose of the asset.

Responsible business continued

Risk management

Climate-related risks have been added to the Company's risk register. The SCC Committee regularly reviews and assesses the climate related risks in order to ensure that all risks have been identified and that they have been assigned an appropriate level of importance. The SCC Committee and reports through to TCS's six-monthly risk review framework. Management of these risks is then undertaken by the property investment and estates management teams, together with input where necessary from external advisers, including insurance brokers and flood risk assessors. With the support of our property director and the Merrion Centre manager, we have implemented and recently completed a five-year sustainability plan for the Merrion Centre. We have recently been awarded a Green Apple Environment Award for the sustainability work undertaken on the centre's recycling facilities.

Exposure to extreme weather events is not seen as a high risk, with the Company's portfolio located outside of areas at risk of serious flooding and not at risk of sea level rises. The Company does operate two subterranean multi-storey car parks ('MSCPs') in London but both have significant 'flood' storage chambers with pumps to combat surface rainwater collecting in them.

The concept of 'always doing the right thing' has been part of the ethos of the Company since its inception. As a Board we are very much aware that tenants are putting environmental considerations at the forefront of their decision-making, it is not now just about the rental value.

In designing new buildings, a key tenet of our development plans is to be sympathetic to the existing surroundings whilst safeguarding them for future generations. This approach is highlighted in our Whitehall Riverside development, about which further detail can be found in the case study on pages 16 and 17 of this Annual Report.

Although seen as a risk, we are firmly of the belief that this is an opportunity for the Company with potential tenants willing to pay premium rents for sustainably designed buildings.

Metrics and targets

TCS reports annually on its scope 1, 2 and 3 GHG emissions, the electricity generated from its three solar farms and certain waste and recycling metrics from the Merrion Centre. The Company's website also includes details around the EPC-certificated values for the portfolio with all new buildings targeting EPC B or greater. In addition the key new initiatives and sustainability projects undertaken in the Merrion Centre are reported within the Responsible Business section of this Annual Report. The Merrion Centre acts as an innovation centre, where successful initiatives are then rolled out across the rest of the TCS portfolio. We aim to build into future reporting the results of the Carbon Trust's review of our carbon neutral plan and expand our scope 3 GHG reporting to include downstream emissions relating to our tenants.

TCFD's recommended disclosures

DISCLOSURE	
Describe the Board's oversight of climate-related risks and opportunities	The Company established a Sustainability and Climate Change Committee in 2022. The two key responsibilities of this committee is to focus on the Company's carbon neutrality plan and to implement and report on the TCFD framework. The Board assumes overall responsibility and accountability for the management of climate-related risks and opportunities.
Describe the management's role in assessing and managing climate-related risks and opportunities	Management has undertaken a review of the company's risk management approach and climate-related issues have been integrated into the core risk management process as a principal risk.
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	The short- and medium-term risks identified include increased risk of the breakdown of machinery; unattractiveness of buildings to potential occupiers due to poor carbon performance; and increased regulatory and policy measures. The opportunities identified include: improved commercial opportunities of owning assets which are energy efficient; and the possibility of securing more competitive financing.
Describe the impact of climate related risks and opportunities the organisation's businesses, strategy and financial planning	Climate-related risks have been integrated within the company's Principal Risks. Climate and energy performance have been fully integrated into both development and asset management decision-making process.
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2C or lower scenario	The Company's assets are exclusively located across the UK in well-connected regional transport hubs, predominantly Leeds and Manchester. The Company is continually reviewing its exposure to climate-related risks. Under a 2°C scenario, the Company's strategy is considered resilient, bearing in mind the physical locations of its assets and the development opportunities offered.
Describe the organisation's processes for identifying and assessing and managing climate-related risks	The Company has formed a Sustainability and Climate Change Committee to identify and assess and manage climate related risks which reports through to the Board. This committee will continue to meet and will be leading on the Company's thinking and planning re its carbon neutrality plan and its net zero strategy.
Describe the organisation's processes for managing climate-related risks	The Company considers and assesses climate-related risks and opportunities through the Sustainability and Climate Change Committee and the Board.
Describe how processes for identifying, assessing and managing climate risks are integrated in to the Company's overall risk management	Climate-related risks have been identified by the Board as an emerging business risk. These risks are identified, assessed, managed and monitored by the Sustainability and Climate Change Committee with recommendations made to the Board.
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management processes	GHG emissions and energy consumption, are disclosed in the Annual Report including Scopes 1, 2 & 3 and are aligned to the Greenhouse Gas Protocol Corporate Standard and DEFRA Environmental Reporting Guidelines. As described above we are in the process of expanding our scope 3 GHG reporting to include downstream emissions relating to our tenants.
Describe Scope 1, Scope 2 and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	GHG emissions are disclosed in the Annual Report and are aligned to the Greenhouse Gas Protocol Corporate Standard. The related potential risks can be viewed in the Risk Report on page 47.
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	We are now reporting Scope 3 emissions and beginning to gain greater visibility of our carbon footprint. Over the coming 12 months the Sustainability and Climate Change Committee will looking into further metrics in particular around the Company's carbon neutrality plan.

Engage with our external stakeholders

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.

We have used it to support various initiatives/causes including supporting the England Lionesses team in the Euros (red, white & blue), Candlelighters 'Pink It Up' campaign (pink), the Ukraine (blue/yellow) and Holocaust Memorial Day (purple).

Merrion Estate

We recommenced activity as part of our 'Shop, Eat, Drink & Be Merrion' strategy to ensure the Merrion Centre remains one of the city's prime retail and leisure destinations. This included the introduction of new look 'green' seating spaces on the main mall to create a safe place to sit, relax and meet whilst shopping. This has been well received by visitors.

We continue to focus on the unique attributes the Merrion Centre offers customers. A destination where larger brand essential stores sit alongside some of the city's most unique independent retailers; our ongoing campaigns aim to highlight our diverse mix of venues to our ever-changing customer demographic.

Communication is paramount and we pride ourselves on our continuous engagement with tenants both face to face and digitally throughout the year.

Engaging young people

Once again we welcomed a new 'roar-some' friend over the school holidays as we played host to a life-size Brachiosaurus on our main mall as part of the city-wide Leeds Jurassic Trail. This free trail saw thousands of families transiting to the Merrion Centre to see our biggest dino installation to date.

Our collaboration with local Leeds schools in conjunction with Child Friendly Leeds and local Yorkshire-based community interest company, Lemon Balm, saw us promoting wellbeing and supporting climate resilience through horticultural therapy. Pupils between the ages 6–10 years learned about seeds and plants alongside the fantastic work of St Gemma's hospice, before growing edible and biodiverse plants in biodegradable pots with peat-free compost to be planted within the hospice grounds.

Once transferred from the schools, St Gemma's gardening team then prepared the ground where the plants were showcased on display or transferred to the hospice kitchens to be used to create meals for patients, their families and the team.

The plants were showcased on display or transferred to the hospice kitchens to be used to create meals for patients, their families and the team.

Responsible business continued

Engaged and committed employees

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. 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 are important in our business with a 70/30 male to female split across the whole business.

During the year the Company has been putting in place an electric car leasing scheme that has been made available to all employees. Within the first month three employees have already ordered new electric cars under this scheme.

Making a positive contribution to communities

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.
- **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 second mural has now been created to further enhance the up-and-coming area and bring a piece of bespoke, modern art for residents and workers to enjoy.
- **Contributing to the community – International Volunteers Day**
  In December 2021, to coincide with International Volunteers Day, TCS head office staff collectively donated more than 100 hours of their time to work shifts at the Leeds Hospitals Charity shop which opened on the main mall at the Merrion Centre in May 2021.
- **Award – Green Apple Award**
  During the year the Merrion Centre has successfully won its first International Green Apple Environment Award for the sustainability work undertaken on the recycling facility in the centre.

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 66, TCS has worked closely as a Board6to 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. When asked, Edward Ziff and the Group Finance Director will present to the bond holders to ensure they fully understand 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 Group health and safety policy, which is approved by the Board annually, and we review health and safety issues and incidents at every Board meeting. The Property 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'.

Once again we welcomed a new 'roar-some' friend over the school holidays as we played host to a life-size Brachiosaurus on our main mall as part of the city-wide Leeds Jurassic Trail. This free trail saw thousands of families transiting to the Merrion Centre to see our biggest dino installation to date.

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 are 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**
  - TCS Board Directors sit on the Board of YPS, which meets formally on a monthly basis. Following the sale of our investment in YPS after the year end we no longer have any representation on YPS's Board.

Our Principal Risk Register is summarised as follows:

	RISK	LIKELIHOOD	IMPACT	CHANGE FROM FY21
Macro Economic	Economic & Political outlook	High	Medium	No Change
Corporate	Strategy	Low	High	No Change
	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	Medium	Medium	Worsening
	Major Incident/Business Disruption	Medium	High	No Change
Property	Investment Risk	Medium	Low	No Change
	Development Risk	High	High	No Change
	Valuation Risk	Medium	Medium	No Change
	Tenant & Sector Risk	High	Medium	No Change
	Climate Change Risk	Medium	Low	N/a
Financing	Capital & Financial Risk	Low	High	No Change
	Cost of Debt	High	Medium	No Change
	Financial Covenant Compliance	Low	Low	Improving

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 and more recently the conflict in Ukraine, the cost of living crisis and the energy crisis 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, the recovery from COVID-19, the ongoing conflict in Ukraine and the cost of living/energy crisis still relatively unknown. TCS would not escape the impact of an economic downturn, however, specific mitigating factors for TCS include: - Rents paid in advance. - High level of occupancy and a long history of ensuring on-time payment by tenants. - 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 two years in length, and the long-term debenture accounting for 72% of our debt at the year end.	—

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 the recent economic challenges effecting the entire country which will change people and firms' attitudes towards property usage.	L	H	The Board undertakes regular reviews of the strategy and believe the following will 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 resulted in these assets now representing only 31% of the portfolio. - 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.	—
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.	—

Risk Report continued

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 and 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.	—
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.	—
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 resigned as Company Secretary in the summer of 2021 – however regulatory and corporate compliance matters are typically referred to one or both of the Company's brokers and if necessary the Company's legal adviser. - PwC are engaged as the Company's tax advisers 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.	—
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.	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: - 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.	—

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
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 associated with both the recent programme of asset sales the Company has embarked on and the requirement of the Company to have at least 35% of its share capital held 'beneficially by the public'. **Balance of business assets** At the start of each accounting period, 75% of the assets of the Company must be involved in the property rental business. For the year ended 30 June 2022 this percentage was 80%. Further rental property disposals and/or increases to the non property rental assets will reduce this percentage. As a UK REIT, a breach of this 75% threshold does not automatically mean the Company leaving the UK REIT regime. It is only on the third occasion in a ten-year period that leaving the regime occurs. **Share Capital – beneficially owned by the public test** Immediately following the July/August 2022 tender offer this percentage was 35.27%. New Fortress Capital Limited, which is assumed to be a close company and not held 'beneficially by the public' or the Ziff Concert Party would need to acquire a further 132,464 shares in the Company from the public to take the percentage below 35%. This would cause the Company to automatically lose its status as a REIT with effect from the beginning of the accounting period in which the 35% threshold was crossed.	M	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. If the balance of business assets threshold was breached and was not expected to be remedied in the short term then the Company would look to dispose of or exercise lease breaks on a number of right of use car park assets. The Ziff Concert Party is also completely aware of the potential impact any increase in shareholding would have on the Company's REIT status.	↓

Risk Report continued

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 and our Whitehall Riverside, Leeds development which is being brought forward in conjunction with Bruntwood. - 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.	—
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. Build cost inflation is currently making previously viable developments unviable.	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, although the improving retail sentiment is changing this risk, it is more relocating it to office lettings, with changing work habits and the wish for more people adopting a hybrid approach being one of the key drivers.	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 bank facilities all have significant portfolios of property secured against them, with material headroom on each. As at the date of this report, total bank borrowings are just under £23.1m, an amount that could be entirely refinanced with the Company's existing £25m NatWest facility – which does not fall for renewal until September 2024. - Further significant development land sales will significantly reduce the Company's exposure on its existing facilities. - 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 continued with its disposal of retail assets.	—

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

PROPERTY RISKS continued

RISK	LIKELIHOOD	IMPACT	MITIGATION	TREND
TENANT AND SECTOR RISK Individual tenant failures, or exposure to a specific sector. This risk was heightened by the impact of COVID-19 particularly on Retail and Leisure tenants. The lack of clarity around how the government's rent moratorium is to be ended. Increased costs to the tenants, whether utility or staff costs will effect the affordability of rents.	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 from 60% to 31% of value at June 2022. - 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, Step Change Debt Charity and Morrisons. - In normal times, CitiPark income helps further mitigate the reliance on specific property tenants.	—
CLIMATE CHANGE RISKS The impact of climate change will be felt across the entire world, with extreme weather events and increased average temperatures a key factor over the coming years. The risks identified will be both physical and transitional. As well as the physical risk to places, a change in tenant requirements and the wish for more and more environmentally friendly buildings will be more prevalent which will lead to even greater construction costs. Average temperature rises will also have an impact on plant and machinery, rendering them obsolete quicker or involving additional maintenance costs.	M	L	The physical location of the Company's assets, with the majority in either Manchester or Leeds, are in places not at risk of severe flooding and with a substantial development pipeline, the Company is able to ensure that new developments are both sustainable but also innovative: - Continuous maintenance cycle with in-house teams ensure plant and machinery are not susceptible to elongated breakdowns. - Sustainability at the heart of what we do with the Merrion Centre acting as test bed for the roll-out of future initiatives across the entire portfolio. - Evolving ways buildings are constructed, with increased ESG credentials, are seen more as an opportunity – with prime occupiers willing to pay premium rents for the right buildings, especially with more and more companies making net zero commitments.	

Risk Report continued

FINANCING RISKS

RISK	LIKELIHOOD	IMPACT	MITIGATION	TREND
CAPITAL AND FINANCIAL RISK The Company has insufficient funds or 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 is in the process of renewing both its existing Lloyds and Handelsbanken facilities - both of these facilities expire at the end of June 2023. - 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 72% of debt is in the form of fixed, long-term debenture borrowing in place to 2031. - The Board takes moving SONIA rates into account when considering three-year budgets and affordability.	—
FINANCIAL COVENANT COMPLIANCE Breaching a financial covenant under one of the Group's debt facilities.	L	L	The following actions help mitigate the risk to the Company: - The Company has a significant amount of income to interest headroom on all three 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 £3.1m 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.	↑

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 an economic downturn 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 £96.1m debenture which is due for repayment in 2031. In addition the business has three bilateral Revolving Credit Facilities ('RCF') totalling £85m which, as at the year end, were due for repayment or renewal between June 2023 and September 2024. Each of the debt facilities is ring-fenced within security sub pools of assets charged to the respective lender.

The Group has two bank facilities falling due for repayment and renewal on 29 June 2023, within the going concern period, and the Group is in the process of agreeing terms with both banks to renew these facilities for new three-year (plus two one-year extensions) facilities on terms similar to the current ones.

As at the date of this report, the Group has drawn in aggregate under all three facilities total borrowings of £23.1m. This figure is expected to reduce significantly following completion of the two development land sales expected in the first half of the year ending 30 June 2023.

In the unlikely event that both sales do not complete, and the Group is not able to secure new bank facilities, either with its existing two lenders that have facilities expiring in June 2023 or a new debt provider, then there is sufficient headroom within the remaining £25m NatWest facility to substitute properties into its security group and to fully repay the other facilities in full. The NatWest facility does not expire until September 2024 and then there are options in place to extend this facility by a further two years.

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 2022 was £18.5m (2021: £12.1m). Overall, the properties secured under the Group's debt facilities would need to fall 21.2% in value before this LTV headroom level was breached.

As at the date of this report the headroom metrics and percentage fall have increased to £24.7m and 28.3% respectively following the post balance sheet transactions highlighted in this financial report.

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 187% (for the 100% debenture covenant) up to 513% on the Lloyds facility.

In order to assess the potential impact of a future economic downturn 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 2023. 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 recover 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 cash flows prepared by the Company) there would need to be before any of 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 £24.0m, which compares to a minimum of £19.0m under the downside scenario. The significant downside case applied a total discount of 13% 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 2025 and none of the other financial covenants were breached. The reverse stress test shows that the financial covenants are not breached until either of the discounts applied in the significant downside case are pushed even further. This breach is forecast to occur in Q4 of FY24 and under the reverse stress test the position then improves.

Over the entire COVID-19 period the Group has collected or agreed to defer 95.7% of rent and service charge income invoiced, and for the first two months of FY23 the car park and hotel businesses are trading significantly ahead of expectation and this is expected to continue.

The forecasts show that the Group has sufficient resources to continue to operate as a going concern for at least the period to 31 December 2023. 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 below in the Viability statement section on the next page.

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. This review has been as part of a longer-term three-year strategic planning exercise and three-year budgeting process.

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 2025.
- A range of levels of car parking income affecting profitability up to the end of June 2025.
- A range of levels of hotel net income affecting profitability up to the end of June 2025.
- 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 Q4 of FY24 and are only temporary.

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 12 months with the acceleration of our disposal programme, the repayment of borrowings and the gradual recovery of all segments of our business. 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 £3.1m 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 assets, sales in addition to the two development land sales that are expected to complete in the first half of the year ending 30 June 2023.
- 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.

Financial Review

FINANCIAL REVIEW

"The financial performance of the Company during the year ended 30 June 2022 shows a recovery from the prior years, which were significantly impacted by COVID-19. We saw consistently improving rent receipts throughout the year and strong recoveries in both our car park and hotel businesses, however the acceleration of our disposal programme impacted the overall profitability of the business."

Stewart MacNeill |
Group Finance Director |

Overview

The statutory profit for the year was £11.0m, compared to a loss of £0.6m in the previous year, with the current year heavily influenced by Investment Property gains of over £8m (£3.5m of revaluation gain and £4.6m of profits recognised on disposal).

EPRA Earnings[1] were a profit of £3.3m in the year, compared to a profit of £0.3m in the prior year, highlighting the recovery seen in the underlying business.

A final dividend of 2.5p per Ordinary Share has been approved by the Board, giving a full-year dividend of 5.0p, up from 3.5p in the previous year.

During the year the Company sold seven separate investment property assets which generated £37.9m of proceeds. £10.7m of the proceeds were used to part repay Group Borrowings, £17.5m was temporarily held as collateral against the Company's Debenture Stock with the balance increasing the Company's cash resources. Net borrowings has reduced from £145.6m to £135.1m in the year. Net borrowings represent total financial borrowings of £165.5m less lease liabilities of £28.7m and net overdrafts of £1.3m. These disposals, partially offset by the property acquired during the year and the further post year-end purchase will lead to a longer period of reduced earnings which will inevitably lead to a lower level of dividend payment than in recent years.

1 Alternative performance measures are detailed, defined and reconciled within note 11 and the financial review in these financial statements.

INCOME STATEMENT

EPRA Earnings[2] for the year ended 30 June 2022 were £3.3m.

£'000s	FY22	FY21	YOY
Gross Revenue	28,141	21,429	31.3%
Impairment of debtors provision movement	49	788	(93.8%)
Property Expenses	(13,666)	(11,145)	22.6%
Net Revenue	14,524	11,072	31.2%
Other Income/JV Profit	2,497	2,962	(15.7%)
Other Expenses	0	0	-
Administrative Expenses	(6,531)	(5,585)	16.9%
OPERATING PROFIT	**10,490**	**8,449**	**24.2%**
Net Finance Costs	(7,215)	(8,145)	(11.4%)
EPRA EARNINGS	**3,275**	**304**	**977.3%**

SEGMENTAL	FY22	FY21	YOY
1. PROPERTY	2	2	2
Net Revenue	9,188	10,196	(9.9%)
Operating Profit	6,437	8,471	(24.0%)
2. CITIPARK	2	2	2
Net Revenue	4,843	1,053	359.9%
Operating Profit	3,525	155	2174.2%
3. IBIS STYLES HOTEL	2	2	2
Net Revenue	493	(177)	(378.5%)
Operating Profit	493	(177)	(378.5%)

STATUTORY PROFIT

On a statutory basis the reported profit for the year was £11.0m.

The statutory profit reflects the EPRA Earnings[2] of £3.3m plus £3.5m of non-cash valuation and impairment movements plus the profit on disposal recognised of £4.5m on the seven investment properties and investments sold in the year less £0.3m of loss recognised on the repurchase of debenture stock in the year.

Gross revenue

Gross revenue was up £6.7m or 31.3% year on year, with key drivers being:

1. Property sales during the year had a negative impact of £0.2m on the total Gross Revenue.
2. CitiPark revenues have recovered strongly across the portfolio in the year, with gross revenue across the portfolio increasing by 70% in the year from £6.7m to £11.4m, with total occupancy now at just under 90% of pre COVID-19 levels.
3. Income for the ibis Styles hotel, which was heavily impacted by COVID-19 has also recovered strongly increasing by £2.2m in the year, from £0.6m to £2.8m.

Property expense

Property expenses have increased in the year by 22.6%, primarily reflecting the increased trading experienced in both the hotel and car park businesses.

Other/JV income

Total Other/Joint Venture ('JV') income was down 16% or £0.5m year on year, the majority of the difference relates to substantial dilapidation payments received by the Company in the previous year.

Administrative expenses

Administrative costs were £0.4m higher year on year reflecting the increased activity across all segments within the businesses.

Finance costs

Finance costs were 11.4% or £0.9m lower year on year as a result of the reduction in both the Company's bank borrowings and the buy-back of £3.4m of debenture stock.

2 Alternative performance measures are detailed, defined and reconciled within note 11 and the financial review in these financial statements.

Financial Review continued

BALANCE SHEET

The below table shows the year-end balance sheet as reported.

£m	FY22	FY21	VS FY21
Freehold and Right-to-Use Investment properties[3]	**158.5**	181.3	(12.6%)
Development properties	**42.6**	41.5	2.7%
Car park related Assets, Goodwill and Investments[4]	**97.9**	82.7	18.4%
Hotel operations	**9.1**	8.6	n/a
	308.1	314.1	(1.9%)
Joint ventures	**18.0**	16.2	11.1%
Listed Investments	**4.1**	5.8	(29.3%)
Other non-current assets	**1.0**	1.0	0.0%
TOTAL NON-CURRENT ASSETS INCL AVAILABLE FOR SALE	**331.2**	337.1	(1.8%)
Net borrowings	**(163.8)**	(174.6)	(6.2%)
Other assets/(liabilities)	**11.9**	(7.1)	(268.6%)
STATUTORY NAV	**179.3**	155.4	15.3%
STATUTORY NAV PER SHARE	**341p**	292p	16.8%
EPRA NET TANGIBLE ASSETS (NTA)	**174.9**	151.0	15.8%
EPRA NTA PER SHARE	**333p**	284p	17.3%

3 Includes Assets held for sale in FY21 of £3.9m.

4 Includes Assets held for sale in FY22 of £20.4m.

Non-current assets

Our total non-current assets (including investments in JVs) of £331.2m (2021: £337.1) include £201.1m of investment properties (2021: £222.8m), £97.9m of non-current car parking assets (2021: £82.7m) and £9.1m of Operational Hotel assets (2021: £8.6m). The car parking assets include £4.9m (2021: £4.8m) of goodwill and intangible assets arising on business combinations.

The reduction in non-current assets of £7.0m during the year comprises:

- Disposals of £(34.3m)
- Depreciation charge of £(2.5m)
- Capital expenditure of £9.9m
- Revaluation uplift/reversal of impairments totalling £19.5m
- Operating profits generated and retained in JV entities of £1.5m

Borrowings

During the year our Net Borrowings have reduced by £10.8m, from £174.6m as at 30 June 2021 to £163.8m. This was primarily as a direct consequence of the disposals made throughout the year. As part of this we bought back £3.4m of our £99.5m 2031 5.375% debenture stock with the remaining reduction spread across our bank facilities.

Two of the three bank facilities expire within 12 months of the year end and are therefore classed as current liabilities in the balance sheet. During the year end we 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 facilities were extended in the year and now expire in June 2023. The Lloyds facility is a £35m revolving credit facility with a further £5m overdraft facility and we are in the process of renewing this facility effective on expiry with a new three-year facility (again with two one-year extensions).

Finally, our £35m Handelsbanken facility was reduced in the year to a £25m facility and expires in June 2023. As with our Lloyds facility we are in the process of renewing this facility effective on expiry with a new three-year facility (again with two one-year extensions).

Loan to Value has been reduced to 46.4%, down from 51.3% a year ago. Note the calculation of Loan to Value includes both the finance lease assets and liabilities.

EPRA net asset reporting

We focus primarily on the measure of Net Tangible Assets ('NTA'). The below table reconciles IFRS net assets to NTA, and the other EPRA measures.

There are three EPRA Net Asset Valuation metrics, namely EPRA Net Reinstatement Value ('NRV'), EPRA, 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.

£'000s	FY22	FY21	FY22 P PER SHARE	FY21 P PER SHARE
IFRS REPORTED NAV	**179.3**	**155.4**	**341**	**292**
Purchasers Costs[5]	19.1	21.1		
EPRA NET REINSTATEMENT VALUE	**198.4**	**176.5**	**378**	**332**
Remove Purchasers Costs	(19.1)	(21.1)		
Remove Goodwill[6]	(4.4)	(4.4)		
EPRA NET TANGIBLE ASSETS	**174.9**	**151.0**	**333**	**284**
Fair value of fixed interest rate debt[7]	1.3	(10.2)		
EPRA NET DISPOSAL VALUE	**176.2**	**140.8**	**335**	**265**

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

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

7 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, our recent disposal programme and the wider economy has had a material impact on profitability/financial recovery in the year ended 30 June 2022, 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. We have seen 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 continuing to review options for how the proceeds of any further sales could be utilised including debt repayment, asset purchases and share buy-backs.

Although we have started to increase the level of the dividend, 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

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. 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 ongoing viability of the business 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 2022 was £18.5m (2021: £12.1m), 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 to 24.4% in value before this headroom number was breached.

As disclosed in note 26, there have been a number of post balance sheet events that have impacted both the headroom and the percentage properties can fall by – taken in aggregation, these events have improved the headroom to £24.7m and percentage properties can fall by 28.3%.

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.

Financial Review continued

TOTAL SHAREHOLDER RETURN AND TOTAL PROPERTY RETURN

Total shareholder return of minus 4.5% (2021: 55.8%) was calculated as the total of dividends paid during the financial year of 4.25p (2021: 3.5p) and the movement in the share price between 30 June 2021 (144p) and 30 June 2022 (133.5p), assuming reinvestment of dividends. This compares with the FTSE All Share REIT index at minus 5.2% (2021: 23.1%) 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	(4.5%)	2.3%	4.1%
FTSE All-Share REIT index	(5.2%)	6.9%	3.1%

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 8.7% (2021: 4.3%). This compared to the MSCI/IPD market return of 19.3% (2021: 6.4%). The key drivers of the All Property index being higher than TCS is due to strong market performances of both industrial properties and retail warehouses 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 13 October 2022.

Edward Ziff OBE DL
Chairman & Chief Executive
13 October 2022

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Corporate Governance

INTRODUCTION FROM THE CHAIRMAN

INTRODUCTION

THE BOARD HAS TAKEN STEPS TO IMPLEMENT THE NEW 2018 UK CORPORATE GOVERNANCE CODE (THE 'CODE') IN A WAY THAT IS APPROPRIATE FOR TOWN CENTRE SECURITIES.

Our section 172 statement demonstrates how Directors have discharged their duties to the Company's stakeholders. This statement can be found on pages 30 to 31.

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 conditions resulting from the COVID-19 recovery, inflationary pressures on all costs, the cost of living crisis and the conflict in Ukraine, and with the goal of ultimately protecting shareholder value. The Board has also been able to refocus on the long-term strategy of the Company.

The independent Non-Executive Directors have provided robust challenge.

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 it 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 Chairman/CEO, the Board agreed that including wider management representation during Board meetings, for example the CitiPark Managing Director and the Property Director, 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
13 October 2022

Board of Directors

EXECUTIVE BOARD

	Edward Ziff | OBE DL **Chairman & Chief Executive**	**Stewart MacNeill** | FCA **Group Finance Director**	**Ben Ziff** **Managing Director CitiPark & TCS Energy**
APPOINTED	08/1985	06/2021	09/2015
INDEPENDENT	No	No	No
COMMITTEE MEMBERSHIP	N	S	S

BIOGRAPHY

Edward Ziff

SKILLS AND EXPERIENCE

Edward Ziff joined the Company in 1981 before being appointed to the Board in 1985, becoming Managing Director in 1983, Chief Executive in 2001 and succeeded his father and founder of the Company as Chairman in 2004. Edward is a life-long supporter of Leeds the city and plays an active role in the community. A passionate family man, Edward brings a strong pastoral care aspect to the business, encouraging individual leadership and an active role in the community through local charities.

Edward's position as son of the founder of the TCS, and his lifelong experience working at different levels in the business make him uniquely qualified to lead the Company. In addition, the wider role he plays in the Leeds community in particular, support leading this proudly Leeds-based business.

EXTERNAL APPOINTMENTS

He is Chairman and Trustee of Leeds Hospitals Charity, a Trustee of the United Hebrew Congregation, Leeds, a member of the council of University College School, London and a Deputy Lieutenant for the County of West Yorkshire.

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.

Stewart MacNeill

SKILLS AND EXPERIENCE

Stewart's chartered accounting qualification clearly underpins his ability to deliver in his role as Group Finance Director. In addition, his 20 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 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

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.

Ben Ziff

SKILLS AND EXPERIENCE

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.

PREVIOUS EXPERIENCE

In 2013, Ben successfully led a team in the redevelopment of the Merrion Centre multi-storey car park, which turned a 1960's structure into a state-of-the-art facility featuring cutting-edge systems: Skidata, ApplePay, Contactless Payment and ANPR technologies. 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 Electric Vehicle 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.

COMMITTEE MEMBERSHIP

- A Audit Committee Member
- N Nomination Committee Member
- R Remuneration Committee Member
- S Sustainability and Climate Change Committee Member
- C Chairman of Committee

THE NON-EXECUTIVE BOARD

Michael Ziff | Hon DUniv (Brad)

Non-Executive Director

07/2004

No

N

SKILLS AND 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.

EXTERNAL APPOINTMENTS

He is a Director of W Barratt & Co Ltd, Transworld Business Advisors UK Ltd, London Business Franchise & Brokerage Ltd, Board of Deputies Charitable Foundation and Board of Deputies of British Jews Limited. He is President and a trustee of Maccabi GB and International Vice President of Maccabi World Union. He is a trustee of the Western Charitable Foundation, the Western Marble Arch Synagogue and the Polacks House Educational Trust and also Hon President of UK Israel Business. He has recently stepped down as a Member of Council at the University of Bradford.

Ian Marcus | FRICS

Non-Executive Director

01/2015

Yes

A N **R**

SKILLS AND EXPERIENCE

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 Chairman of the Remuneration Committee. Ian Marcus was appointed to the Board in January 2015.

EXTERNAL APPOINTMENTS

Ian is a member of Redevco's Advisory Board. He is Senior Adviser to Eastdil Secured, the Senior Independent Director for Shurgard Self Storage SA, Senior Adviser to Elysian Residences, Adviser to Work.Life, and a Senior Adviser to Anschutz Entertainment Group. Ian is a trustee of the Saracens Multi Academy Trust.

PREVIOUS EXPERIENCE

Ian spent over 32 years as an investment banker latterly at Credit Suisse. Ian was previously a Crown Estate Commissioner, a Trustee of The Princes Foundation, is a former Chairman of the Bank of England Commercial Property Forum, the immediate past president of the Cambridge University Land Society and a Past President of the British Property Federation.

Paul Huberman | FCA CTA

Non-Executive Director

01/2015

Yes

A N R

SKILLS AND EXPERIENCE

Paul Huberman was appointed a Director in January 2015. He brings over 34 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.

EXTERNAL APPOINTMENTS

He is currently a Non-Executive Director of Galliard Homes Limited, a London housebuilder, a Non-Executive Director at LiFE At Ltd, a multi-branch London-based residential estate agency, a Non-Executive Director at GetBusy plc, a developer of document management and task management software, a Non-Executive Director at a privately-owned property group, and a Non-Executive director at The Industrial Dwellings Society (1885) Ltd, a housing association.

PREVIOUS EXPERIENCE

Paul was previously Finance Director at three quoted companies. Previously 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 advisers on interest rate risk management, debt finance and foreign exchange exposure.

Jeremy Collins

Non-Executive Director

02/2018

Yes

A N R

SKILLS AND EXPERIENCE

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

Jeremy is Property Director and Executive Board member at Fenwick.

PREVIOUS EXPERIENCE

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.

Board of Directors continued

DETAILS OF THE BOARD OF DIRECTORS ARE GIVEN ON PAGES 60 TO 61 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 | FCA CTA
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.
- Being 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 advisers, Directors, or senior employees;
- have no cross directorships 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. Details on compliance with the Code is provided on pages 66 to 67.

Board of Directors 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.	No such long-term incentive plans
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.	Not applicable
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 (Chairman)
Ian Marcus
Paul Huberman
Jeremy Collins
Michael Ziff

AUDIT COMMITTEE

Paul Huberman (Chairman)
Ian Marcus
Jeremy Collins

REMUNERATION COMMITTEE

Ian Marcus (Chairman)
Paul Huberman
Jeremy Collins

ATTENDANCE AT BOARD MEETINGS (OF 8)

Edward Ziff	8
Ben Ziff	8
Stewart MacNeill	8
Michael Ziff	8

ATTENDANCE AT BOARD MEETINGS (OF 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

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	Chairman not to remain in post for more than nine 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 36 years' experience on the TCS Board and is well respected within both the Leeds and Manchester property markets - which geographically represent 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 to 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 is 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 2022 financial statements. More details can be found in the Risk Report on page 42 and the Director's Report on page 81.

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 2025. Our Viability statement can be found in the Risk Report on page 50.

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 42.

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 72.

6. Fair, balanced and understandable

The Board is required to 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 72 and the Statement of Director's Responsibilities on page 83.

Relations with shareholders

The Board is committed to maintaining good communication with shareholders. The Chairman & 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 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).

Dr Edward Ziff OBE DL
Chairman & Chief Executive
13 October 2022

Nomination Committee Report

"DEAR SHAREHOLDER,

I am pleased to continue to act as Chairman of the Nomination 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. As a result of this exercise, the Committee will be focusing 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 with significant uncertainty in the general economy. The Committee will be considering the Board's skill set to ensure it is able to lead the Company 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.

The Committee recognises that the Chairman of the Board has remained in post beyond nine years and the reasons for this are regularly 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 59.

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 60 to 61.

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 & Chief Executive
13 October 2022

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 2022."

Paul Huberman FCA CTA |
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 its 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 twice 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 2022 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 2022 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 longer time viability of the business and its going concern status.

Audit Committee Report continued

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 Chairman 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 YPS, and its valuation at the year end.
- Going concern and covenant compliance - the Committee reviewed and approved the Going Concern analysis.
- Viability statement and appropriateness of the 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.
- 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.

Going Concern and Viability

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 42, but in summary key Audit Committee activities included:

- detailed reviews of predicted cash flow forecasts under different scenarios, and review of predicted bank and debenture covenant tests; and
- 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 2022 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 2022 audit was the first audit by Chris Young.

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:

	£'000s
Audit of Year-End Consolidated Financial Statements	155
Audit of Company subsidiaries pursuant to legislation	7
Other Audit-related services	28
TOTAL AUDIT SERVICES	**190**
Other non-audit services	2
TOTAL AUDITOR'S REMUNERATION	**192**

The Committee ensures it is able to assess the quality of BDO's audit in three key ways: firstly, 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 2022 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 2025/26.

Internal audit

The Group does not have a dedicated stand-alone 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 advisers. 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 the Audit Committee
13 October 2022

Directors' Remuneration Report

"DEAR SHAREHOLDER,

VALUATION SUMMARY

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 2022, which summarises remuneration outcomes and how the Remuneration Policy will operate for the year ending 30 June 2023.**
- **The Remuneration Policy Report. The current Directors' Remuneration Policy ('Policy') was approved by shareholders at the Company's AGM in 2021 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 2022, and how the new Remuneration Policy (which includes a significant addition to the existing bonus award structure), if approved, will be implemented for the year ended 30 June 2023.**

Ian Marcus |
Chairman of Remuneration Committee |

The Committee has decided to put forward a New Policy which the Committee intend to seek shareholder approval of at the 2022 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.

Pay and performance during 2022

In determining the bonus award levels for the year ended 30 June 2022 the Remuneration Committee have taken full account of the progress made by the Company in the past year. There were no specific benchmarks set for these bonuses, they are entirely at the discretion of the Remuneration Committee.

Bonus award for the year ended 30 June 2022

The maximum bonus for the Executive Directors was increased to 100% of base salary following a change to the Remuneration Policy approved at the Company's AGM in 2021. The Committee has approved actual awards of between 30% and 45% of base salary for 2022.

The financial performance assessment considered the following achievements:

- The accounting profit in the year of £11.0m, compared to a loss of £0.6m in the previous year.
- The recovery in the EPRA profit to £3.3m, from a low of £0.3m in the previous year – in particular the recoveries seen in both the Car Park and Hotel divisions of the Company – which were both significantly affected by COVID-19.
- EPRA Net Tangible Assets per share increasing 17.3% from 284p to 333p in the year.
- Net debt (including finance leases) reducing 6.7% in the year, from £175.5m to £163.8m.
- Group Loan to Value reducing from 51.3% to 46.4% in the year.

In addition to financial performance the strength and security of the Group has been improved in the last year, with key factors being:

- The disposals of seven further properties above their 30 June 2021 book values.
- The successful acquisition and integration of a number of car park enforcement businesses within the Group, including the increased adoption of technology within these operations.
- The progress made in letting the recently refurbished space at Ducie House in Manchester.
- Bringing forward the Group's development pipeline, in particular at Whitehall Riverside, Leeds and our Port Street car parks in Manchester.

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. In previous years 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. This opportunity was increased to 100% following the 2021 AGM where changes to the Remuneration Policy were approved, however, this is still considered to be low.
- Actual remuneration is also low relative to peers, with an average bonus pay-out of 15.5% of base salary over the last five 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 2022

- There will be cost of living increases of 4% for all three of the Executive Directors.
- The annual bonus opportunity was increased to a maximum of 100% of salary during the year. Actual bonuses of between 30% and 45% have been awarded.
- 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 2021.

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.

Directors' Remuneration Report continued

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 & 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' input. 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 was increased to 100% of salary for FY22 at the AGM of the Company in 2021. This bonus is not pensionable.

It is Group policy to reward exceptional growth or performance. It is proposed that, for FY23 and onwards, the Remuneration Committee are able to award exceptional bonuses (on top of the approved annual bonus opportunity of up to 100% of base salary detailed above), that are no more than 10% of the profits generated from any significant transactions that are outside of the ordinary course of business for the Company, subject to a maximum of £3m in any one financial year. Attached to these exceptional bonuses will be a service condition that will enable the Company to recover these amounts if the Director were to leave within twelve months of receipt. The purpose of this is to encourage relatively small but ultimately value enhancing strategic and innovative technological investments that are complementary to the existing core businesses of TCS and to act as a long-term incentive scheme for the Executive Directors. Assuming this amendment to the policy is approved at the AGM, it is expected that the Remuneration Committee will consider the payment of exceptional bonuses to the Executive Directors in connection with the profits crystallised from the sale of the Company's investment in YourParkingSpace Limited. 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 two years' notice. 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 2021 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 81.0%. 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.

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 2022 and 30 June 2021.

	Fixed						Variable					
	Salaries and fees		Taxable benefits[1]		Pensions contributions[3]		Bonuses		SIP shares[2]		TOTAL	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
EXECUTIVE CHAIRMAN & CHIEF EXECUTIVE												
E M Ziff	**648**	604	**43**	44	**-**		**293**	-	**2**	2	**986**	650
EXECUTIVE DIRECTORS												
M Dilley[4]	**-**	213	**-**	2	**-**	30	**-**	-	**-**	-	**-**	245
C B A Ziff	**240**	222	**4**	2	**31**	29	**109**	-	**2**	2	**386**	255
L M Shillaw[5]	**-**	67	**-**	1	**-**	11	**-**	-	**-**	-	**-**	79
S MacNeill[6]	**160**	13	**1**	-	**21**	2	**48**	-	**-**	-	**230**	15
	1,048	1,119	**48**	49	**52**	72	**450**	-	**4**	4	**1,602**	1,244
NON-EXECUTIVE DIRECTORS												
M A Ziff	**50**	48	**-**	-	**-**	-	**-**	-	**-**	-	**50**	48
P Huberman	**54**	51	**-**	-	**-**	-	**-**	-	**-**	-	**54**	51
I Marcus	**54**	51	**-**	-	**-**	-	**-**	-	**-**	-	**54**	51
J Collins	**50**	48	**-**	-	**-**	-	**-**	-	**-**	-	**50**	48
	208	198	**-**	-	**-**	-	**-**	-	**-**	-	**208**	198
	1,256	1,317	**48**	49	**52**	72	**450**	-	**4**	1	**1,810**	1,442

Note:

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.

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 2022

The current AGM-approved bonus scheme allows for a maximum pay-out of 100% of base salary.

For the year ended 30 June 2022, the Executive Directors received bonus awards of between 30% and 45% of base salary.

- A bonus to all executive directors of 25% of base salary relating to the performance of the Company in the year ended 30 June 2022.
- A bonus to Edward Ziff and Ben Ziff of 20% of base salary and a bonus of 5% of base salary to Stewart MacNeill primarily in relation to the strategic acquisitions and investments made by the Company in the year ended 30 June 2021. The decision to award these bonuses was deferred until November 2021 and not paid until March 2022 once these investments had been shown to be value enhancing to the Company as a whole and until the full impacts of the pandemic had been absorbed by the business.

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 2022, all three Executive Directors 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 2022 and November 2022. 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 2022. For illustration, based on the share price as at 30 June 2022, this would equate to each Director receiving 1,348 partnership shares and 1,348 matching shares. In November 2021, Edward Ziff, Mark Dilley and Ben Ziff received 1,299 partnership shares and 1,299 matching shares in respect of the 2021 Share Incentive Plan. The total number of partnership and matching SIP shares beneficially held at 30 June 2022 is shown below.

EXECUTIVE	HOLDING OF PARTNERSHIP AND MATCHING SIP SHARES (30 JUNE 2022)
Edward Ziff	10,936
Ben Ziff	10,936

Directors' Remuneration Report continued

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

During the financial year, payments of £174,250 were paid to Mark Dilley, a former Director of the Company.

Directors' shareholdings (audited)

The table below sets out the shares held by the Directors as at 30 June 2022:

EXECUTIVE	BENEFICIAL	NON-BENEFICIAL
Edward Ziff	5,491,588	13,848,110
Ben Ziff	772,762	0
Michael Ziff	2,559,207	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.

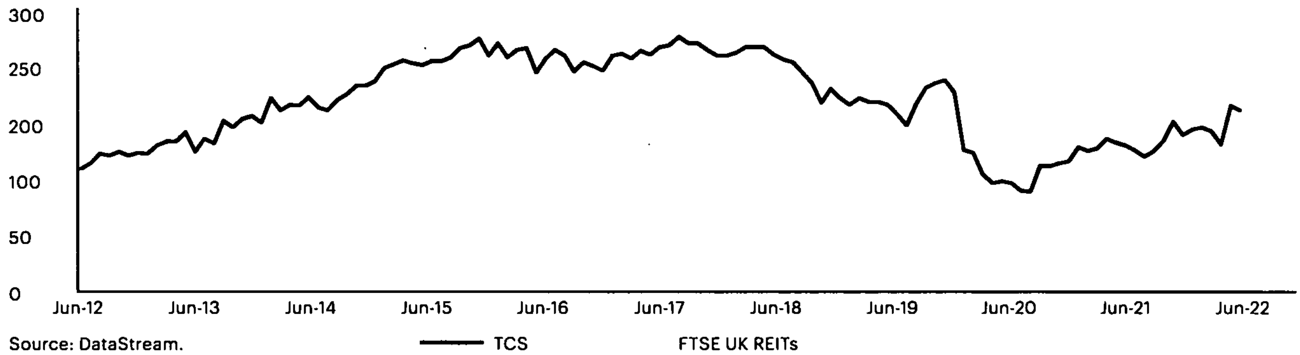
Edward Ziff and Ben Ziff are Directors of TCS Trustees Limited, Trustee for the shares that are required for the All Employee Share Incentive Plan. At 30 June 2022, TCS Trustees Limited held 55,239 Ordinary Shares (2021: 73,049) on behalf of all participants including those share awards of Executive Directors shown above.

On 10 August 2022, 444,683 Ordinary Shares in which Edward Ziff has a non-beneficial interest were acquired by the Company for cancellation as part of the tender offer announced on 15 July 2022.

Following this sale to the Company, Edward Ziff's shareholding in the Company now totals 5,491,588 beneficial shares and 13,403,427 non-beneficial shares.

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 2022. 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.



Source: DataStream.

Over the long term, TCS has outperformed FTSE All Share REIT companies. On a 20-year basis TCS TSR was 4.1% versus the FTSE All Share REIT at 3.1%. On a 10-year basis TCS TSR was 2.3% behind the FTSE All Share REIT at 6.9%.

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

	SINGLE TOTAL FIGURE OF REMUNERATION (£'000S)	ANNUAL BONUS PAY-OUT (% OF MAXIMUM)
2021/22	986	45%
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%

Percentage change in remuneration of the Directors

The table below sets 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, from 2020 to 2021 and from 2021 to 2022.

SALARY CHANGE	2019 TO 2020	2020 TO 2021	2021 TO 2022
Edward Ziff	(1.6%)	0.8%	7.3%
Ben Ziff	10.3%	3.6%	8.0%
Stewart MacNeill	N/A	N/A	0.0%
Michael Ziff	(0.8%)	0.8%	4.8%
Ian Marcus	(0.8%)	0.8%	4.8%
Paul Huberman	(0.8%)	0.8%	4.8%
Jeremy Collins	(0.8%)	0.8%	4.8%
Average Employee[7]	**5.5%**	**6.9%**	**5.4%**

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

TAXABLE BENEFITS CHANGE	2019 TO 2020	2020 TO 2021	2021 TO 2022
Edward Ziff	0.0%	(38.9%)	(2.3%)
Ben Ziff	28.6%	(92.6%)	100.0%
Stewart MacNeill	N/A	N/A	0.0%
Michael Ziff	0.0%	0.0%	0.0%
Ian Marcus	0.0%	0.0%	0.0%
Paul Huberman	0.0%	0.0%	0.0%
Jeremy Collins	0.0%	0.0%	0.0%
Average Employee	**21.9%**	**0.0%**	**0.0%**

BONUS CHANGE	2019 TO 2020	2020 TO 2021	2021 TO 2022
Edward Ziff	0.0%	0.0%	n/a
Ben Ziff	0.0%	0.0%	n/a
Stewart MacNeill	N/A	N/A	n/a
Michael Ziff	0.0%	0.0%	0.0%
Ian Marcus	0.0%	0.0%	0.0%
Paul Huberman	0.0%	0.0%	0.0%
Jeremy Collins	0.0%	0.0%	0.0%
Average Employee	**0.0%**	**0.0%**	**n/a**

Relative importance of spend on pay

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

	2021 (£'000)	2022 (£'000)	% CHANGE
Staff remuneration costs	5,319	5,807	9.2%
Dividends to shareholders	1,860	2,237	20.3%

External appointments

Stewart MacNeill is a Non-Executive Director of a small family-owned property group and receives a salary of £24,000 per annum. None of the other Executive Directors have other external appointments for which they are paid. Edward Ziff is the unpaid Chairman and Trustee of Leeds Cares.

Implementation of the remuneration policy for 2023

The following table outlines how TCS intends to implement the remuneration policy in the year ending 30 June 2023.

COMPONENT	IMPLEMENTATION FOR 2023
Base salary	The Committee usually agrees base salary increases effective from September/October. This year the Committee has agreed that there will be a 4.0% cost of living increase to the Executive Directors
Benefits	Benefits provisions will be as per 2022, to include cash and non-cash benefits principally Company cars or a cash alternative, permanent health and medical insurance premiums. The Chairman & 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, for FY23 and onwards, the Remuneration Committee are able to award exceptional bonuses (on top of the approved annual bonus opportunity of up to 100% of base salary approved at the last AGM), that are no more than 10% of the profits generated from any significant transactions that are outside of the ordinary course of business for the Company, subject to a maximum of £3m in any one financial year. Attached to these exceptional bonuses will be a service condition that will enable the Company to recover these amounts if the Director were to leave within twelve months of receipt. The purpose of this is to encourage relatively small but ultimately value enhancing strategic and innovative technological investments that are complementary to the existing core businesses of TCS and to act as a long-term incentive scheme for the Executive Directors. Assuming this amendment to the policy is approved at the AGM, it is expected that the Remuneration Committee will consider the payment of exceptional bonuses to the Executive Directors in connection with the profits crystallised from the sale of the Company's investment in YourParkingSpace Limited. All 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	NED fees will increase by 7.5% with effect from September 2022

Consideration by the Directors of matters relating to Directors' remuneration

The Remuneration Committee formally met twice during the year and the following Directors were members of the Committee during 2022:

- Ian Marcus
- Paul Huberman
- Jeremy Collins

The key activities of the Committee during the year were:

- Approving the bonus outcome for 2022 (between 30% and 45% of base salary)
- Approving the salaries for 2022 (cost of living increases for Edward Ziff and Ben Ziff)
- Setting the bonus targets for 2023
- 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
- Reviewing the Remuneration Policy

Statement of voting in relation to the 2021 AGM

	ANNUAL REPORT ON REMUNERATION
Votes For	95.57%
Votes Against	4.43%

This report was approved by the Board on 13 October 2022 and signed on its behalf by

Ian Marcus
Chairman of the Remuneration Committee
13 October 2022

The Directors present their report for the year ended 30 June 2022.

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 92.

An interim dividend of 2.5p per share was paid on 24 June 2022 as a Property Income Distribution ('PID'). The Directors now propose a payment of a final dividend of 2.5p per share all payable as an ordinary dividend for approval of the shareholders at the forthcoming AGM. The proposed final dividend will be paid on 6 January 2023 to ordinary shareholders on the register at the close of business on 9 December 2022. The ex-dividend date will be 8 December 2022.

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 2022, 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 117 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 2022, there were 52,530,599 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 600,436 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 2022.**

Town Centre Securities confirm 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 (2021: nil).

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 60 to 61. 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 76.

Beneficial and non-beneficial interests of the Directors in the shares of the Company as at 30 June 2022 are disclosed in the Directors' Remuneration Report on page 78. 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 22 November 2022 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 40.

Emission reporting

The Group's greenhouse gas emissions statement is included within the Strategic Report on page 36.

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' Report continued

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.

2022 Annual General Meeting

A Notice of Meeting can be found on pages 137 to 145 explaining the business to be considered at the AGM on 22 November 2022 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 49 of the Strategic Report.

Independent auditors

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

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 54.7% of the Company's voting rights.

The Board confirms that, since the entry into the relationship agreement until 13 October 2022, 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 13 October 2022, 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	26,522,418	54.7%
New Fortress Finance Holdings Limited	4,834,769	9.96%

Post balance sheet events

Post balance sheet events since 30 June 2022 are detailed in note 26.

By order of the Board

Edward Ziff OBE DL
Chairman & Chief Executive
13 October 2022

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). 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 2022 was approved by the Board on 13 October 2022.

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 and Chief Executive
13 October 2022

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

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 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- 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.

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 2022 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 UK adopted international accounting standards. 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. We were reappointed by the Members on 29 December 2021 to audit the financial statements for the year ending 30 June 2022 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 7 years, covering the years ending 30 June 2016 to 30 June 2022. 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 the following considerations:

- Using our knowledge of the Group and its market sector together with the current economic environment to assess the Directors' identification of the inherent risks to the Group's business and how these might impact the Group's ability to remain a going concern for the going concern period, being the period to 31 December 2023, which is at least 12 months from when the financial statements are authorised for issue;
- We assessed the forecast cash flows with reference to historic performance and challenged the Director's assumptions in comparing them to the 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 Group's 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 challenged the Directors' as to their intentions for loan facilities maturing during the going concern period;
- 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 impacting the going concern assessment; and
- We analysed the Director's stress testing calculations and challenged the assumptions made using our knowledge of the business and current economic climate, to assess the reasonableness of the scenarios selected.

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

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

COVERAGE

100% (2021: 100%) of Group profit before tax
100% (2021: 100%) of Group revenue
100% (2021: 100%) of Group total assets

KEY AUDIT MATTERS

	2022	2021
Valuation of property interests	✓	✓
Revenue recognition	-	✓
Prior period adjustments	-	✓

Revenue recognition was considered a key audit matter in 2021 given the uncertainty caused by the COVID-19 pandemic during the year. In the current year the impact of the COVID-19 pandemic has was limited and as such we no longer considered it a key audit matter for the 2022 audit.

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

MATERIALITY

Group financial statements as a whole
£3.1m (2021: £3.3m) based on 1% (2021: 1%) of Group non-current assets

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 16 active components in the Group, 7 were considered significant. The financial information relating to the Parent Company and all significant components of the Group were subject to full scope audits by the Group audit team. Our audit procedures for non-significant components was 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.

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 96 to 105) 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 £239.4m (2021: £259.1m) and interests in joint ventures being the Group's share of the fair value of investment and development properties within these joint ventures totalling £48.2m (2021 £47.1m).

All interests in property as listed above are subject to independent revaluation to open market value at each reporting date by independent external valuation experts, with the exception of one property totalling £51,000 (2021: £11,000) 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 tenants, 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 involve significant judgement and estimation to be applied by management and the external valuation experts, increasing the inherent risk in this area.

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.

Experience of valuers and relevance of their work

We obtained the valuation reports prepared by the independent valuers and discussed the basis of the valuations with them. We determined whether the basis of the valuations was in accordance with the requirements of accounting standards.

We assessed the independent external valuation experts' objectivity, independence and qualifications to undertake the valuations.

Data provided to the valuer

We validated the underlying data provided to the valuer by the Directors. This data included internal tenancy schedules, capital expenditure details and lease terms, which were agreed back to appropriate supporting documentation.

Assumptions and estimates used by the valuers

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 income 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 observations

Based on our work we consider that the assumptions adopted by the Directors in the valuation of investment property were reasonable and the methodology applied was appropriate.

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

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	
	2022 £m	**2021 £m**	**2022 £m**	**2021 £m**
Materiality	3.1	3.3	1.1	1.1
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	2.015	2.145	0.72	0.72
Basis for determining performance materiality	65% of materiality – in determining performance materiality we have considered our risk assessment, including our assessment of the Group's overall control environment.		65% of materiality – in determining performance materiality we have considered our risk assessment, including our assessment of the Group's overall control environment.	

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, property revaluation movements, gains or losses on disposal of properties, changes in the fair value of financial instruments and movements in accrued income receivable relating to 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 £200,000, based on a three year 5% EPRA earnings average (£142,000), 1% of expected revenue for the 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 year. Given the limited impact of COVID-19 in the current year and the increase in profitability of the group we concluded that a Group specific materiality of £225,000 was appropriate for the year. This equates to 8% of EPRA earnings excluding accrued interest income.

Parent Company specific materiality was set at £120,000 (2021: £120,000) which equates to 7% of EPRA earnings excluding accrued interest.

Component materiality

We set financial statement materiality for each component of the Group on the same basis as Group materiality, being 1% (2021: 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 £40,000 to £1,210,000 (2021: £1,000 to £1,265,000). In the audit of each component, we further applied performance materiality levels of 65% (2021: 65%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Specific materiality for each component, was calculated on the same basis as outlined above for the Parent Company specific materiality. Specific materiality for the components ranged from £6,080 to £120,000 (2021: £1,000 to £140,000). For each specific materiality set, we applied a performance materiality level of 65% (2021: 65%).

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £11,250 (2021: £10,000). 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 and accounts 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 Code 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 their assessment of the Group'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.

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

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.

CORPORATE GOVERNANCE STATEMENT

In our opinion, based on the work undertaken in the course of the audit the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in this information.

In our opinion, based on the work undertaken in the course of the audit information about the Parent Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the Parent Company.

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 require 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.

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.

Christopher Young (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
13 October 2022

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

Consolidated income statement
for the year ended 30 June 2022

	Notes	2022 £'000	2021 £'000
Gross revenue (excl service charge income)	3	**25,383**	18,703
Service charge income	3	**2,758**	2,726
Gross revenue	3	**28,141**	21,429
Release of provision for impairment of debtors	3	**49**	788
Service charge expenses	3	**(3,666)**	(3,656)
Property expenses	3	**(10,000)**	(7,489)
Net revenue		**14,524**	11,072
Administrative expenses	4	**(6,531)**	(5,585)
Other income	7	**1,612**	1,989
Valuation movement on investment properties	12	**3,489**	63
Impairment of car parking assets	12	**(384)**	(111)
Loss on disposal of investments		**(89)**	-
Profit/(loss) on disposal of investment properties		**4,563**	(2,320)
Share of post-tax profits from joint ventures	14	**1,315**	2,461
Operating profit		**18,499**	7,569
Finance costs	8	**(8,063)**	(8,145)
Finance income	8	**576**	-
Profit/(loss) before taxation		**11,012**	(576)
Taxation	9	**-**	-
Profit/(loss) for the year attributable to owners of the Parent		**11,012**	(576)
Earnings per share			
Basic and diluted	11	**20.9p**	(1.1)p
EPRA (non-GAAP measure)	11	**6.2p**	0.6p
Dividends per share			
Paid during the year	10	**4.25p**	3.5p
Proposed	10	**2.5p**	1.75p

Consolidated statement of comprehensive income
for the year ended 30 June 2022

	Notes	2022 £'000	2021 £'000
Profit/(loss) for the year		**11,012**	(576)
Items that will not be subsequently reclassified to profit or loss			
Revaluation gains on hotel assets	12	**713**	-
Revaluation gains on other investments	15	**15,306**	2,795
Total other comprehensive income		**16,019**	2,795
Total comprehensive income for the year		**27,031**	2,219

All profit and total comprehensive income for the year is attributable to owners of the Parent. The notes on pages 96 to 125 are an integral part of these Consolidated Financial Statements.

Consolidated balance sheet
as at 30 June 2022

	Notes	2022 £'000	2021 £'000
Non-current assets			
Property rental			
Investment properties	12	**201,106**	218,909
Investments in joint ventures	14	**18,016**	16,212
		219,122	235,121
Car park activities			
Freehold and leasehold properties	12	**72,226**	74,502
Goodwill and intangible assets	13	**4,912**	4,841
		77,138	79,343
Hotel operations			
Freehold and leasehold properties	12	**9,100**	8,630
		9,100	8,630
Fixtures, equipment and motor vehicles	12	**976**	955
Investments	15	**4,506**	9,217
Total non-current assets		**310,842**	333,266
Current assets			
Trade and other receivables	16	**21,708**	5,311
Cash and cash equivalents		**22,150**	21,670
		43,858	26,981
Assets held for sale	12,15	**20,368**	3,850
Total current assets		**64,226**	30,831
Total assets		**375,068**	364,097
Current liabilities			
Trade and other payables	17	**(9,828)**	(11,499)
Bank overdrafts		**(23,414)**	(21,113)
Financial liabilities	18	**(34,655)**	(42,260)
Total current liabilities		**(67,897)**	(74,872)
Non-current liabilities			
Financial liabilities	18	**(127,867)**	(133,830)
Total liabilities		**(195,764)**	(208,702)
Net assets		**179,304**	155,395
Equity attributable to the owners of the Parent			
Called up share capital	23	**13,132**	13,282
Share premium account		**200**	200
Capital redemption reserve		**717**	567
Revaluation reserve		**1,213**	500
Retained earnings		**164,042**	140,846
Total equity		**179,304**	155,395
Net asset value per share	21	**341p**	292p

Company number: 00623364
The financial statements on pages 92 to 125 were approved by the Board of Directors on 13 October 2022 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 2022

	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 2020	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 income 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
Comprehensive income for the year						
Profit for the year	-	-	-	-	11,012	11,012
Other comprehensive income	-	-	-	713	15,306	16,019
Total comprehensive loss for the year	-	-	-	713	26,318	27,031
Contributions by and distributions to owners						
Arising on purchase and cancellation of own shares	(150)	-	150	-	(885)	(885)
Final dividend relating to the year ended 30 June 2021	-	-	-	-	(924)	(924)
Interim dividend relating to the year ended 30 June 2022	-	-	-	-	(1,313)	(1,313)
Balance at 30 June 2022	**13,132**	**200**	**717**	**1,213**	**164,042**	**179,304**

Consolidated cash flow statement
for the year ended 30 June 2022

	Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Cash flows from operating activities					
Cash generated from operations	24	**11,688**		4,644	
Interest paid		**(6,839)**		(6,920)	
Net cash generated from/(absorbed by) operating activities			**4,849**		(2,276)
Cash flows from investing activities					
Purchase and construction of investment properties		**(7,433)**		-	
Refurbishment of investment properties		**(1,617)**		(2,637)	
Purchases of fixtures, equipment and motor vehicles		**(283)**		(198)	
Proceeds from sale of investment properties		**20,608**		48,049	
Proceeds from sale of investments		**68**		-	
Payments for business acquisitions		**(293)**		(874)	
Payments for acquisition of non-listed investments		**-**		(258)	
Investments in joint ventures		**(326)**		-	
Net cash generated from investing activities			**10,724**		44,082
Cash flows from financing activities					
Proceeds from non-current borrowings		**6,399**		4,000	
Repayment of non-current borrowings		**(18,643)**		(44,091)	
Arrangement fees paid		**(380)**		-	
Principal element of lease payments		**(1,648)**		(1,659)	
Dividends paid to shareholders		**(2,237)**		(1,860)	
Purchase of own shares		**(885)**		-	
Net cash used in financing activities			**(17,394)**		(43,610)
Net decrease in cash and cash equivalents			**(1,821)**		(1,804)
Cash and cash equivalents at beginning of the year			**557**		2,361
Cash and cash equivalents at end of the year			**(1,264)**		557
Cash and cash equivalents at the year end are comprised of the following:					
Cash balances			**22,150**		21,670
Overdrawn balances			**(23,414)**		(21,113)
			(1,264)		557

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 2022 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 UK adopted international accounting standards.

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 International Financial Reporting Standards ('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.

Adoption of new and revised standards

In the current financial year, the Group has adopted a number of minor amendments to standards effective in the year issued by the IASB, none of which have had a material impact on the Group.

The Interest Rate Benchmark Reform – IBOR 'phase 2' amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 provide a practical expedient to account for changes in the basis for determining contractual cash flows of financial assets and financial liabilities as a result of IBOR reform. Under the practical expedient, entities will account for these changes by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9 without the recognition of an immediate gain or loss. This practical expedient applies only to such a change and only to the extent that it is necessary as a direct consequence of interest rate benchmark reform, and the new basis is economically equivalent to the previous basis.

There was no material effect from the adoption of other amendments to IFRS effective in the year. They have no significant impact on the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

Standards and interpretations in issue not yet adopted

The following are new standards, interpretations and amendments, which are not yet effective, and have not been early adopted in this financial information, that will or may have an effect on the Group's future financial statements:

- Amendments to IAS 1 which are intended to clarify the requirements that an entity applies in determining whether a liability is classified as current or non-current. The amendments are intended to be narrow-scope in nature and are meant to clarify the requirements in IAS 1 rather than modify the underlying principles. The Group will review the further amendments when they are issued (expected November 2022); at this stage, based on communications from the IASB to date there is not expected to be a material impact on the classification of liabilities as current or non-current on the Statement of Financial Position.

The amendments include clarifications relating to:

i. How events after the end of the reporting period affect liability classification.
ii. What the rights of an entity must be in order to classify a liability as non-current.
iii. How an entity assesses compliance with conditions of a liability (e.g. bank covenants).
iv. How conversion features in liabilities affect their classification.

The amendments were originally effective for periods beginning on or after 1 January 2022 which was then deferred to 1 January 2023.

The IASB has proposed further amendments in an exposure draft that was issued in November 2021, as part of these further amendments the effective date is proposed to be deferred to 1 January 2024. The Group will review the further amendments when they are issued (expected November 2022); at this stage, based on communications from the IASB to date there is not expected to be a material impact on the classification of liabilities as current or non-current on the Statement of Financial Position.

- Amendments to IFRS 3 Business Combinations and IAS 8 Accounting policies (effective for periods beginning on or after 1 January 2022).

There are other new standards and amendments to standards and interpretations which have been issued that are effective in future accounting periods, and which the Group has decided not to adopt early. None of these are expected to have a material impact on the condensed consolidated financial statements of the Group.

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 an economic downturn 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 £96.1m debenture which is due for repayment in 2031. In addition the business has three bilateral Revolving Credit Facilities ('RCF') totalling £85m which, as at the year end, were due for repayment or renewal between June 2023 and September 2024. Each of the debt facilities is ring-fenced within security sub pools of assets charged to the respective lender.

The Group has two bank facilities falling due for repayment and renewal on 29 June 2023 within the going concern period, and the Group is in the process of agreeing terms with both banks to renew these facilities for new three-year (plus two one-year extensions) facilities on terms similar to the current ones.

As at the date of this report, the Group has drawn in aggregate under all three facilities total borrowings of £23.1m. This figure is expected to reduce significantly following completion of the two development land sales expected in the first half of the year ending 30 June 2023.

In the unlikely event that both sales do not complete, and the Group is not able to secure new bank facilities, either with its existing two lenders that have facilities expiring in June 2023 or with a new debt provider, then there is sufficient headroom within the remaining £25m NatWest facility to substitute properties into its security group and to repay the other facilities in full. The NatWest facility does not expire until September 2024 and then there are options in place to extend this facility by a further two years.

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 2022 was £18.5m (2021: £12.1m). Overall, the properties secured under the Group's debt facilities would need to fall 21.2% in value before this LTV headroom level was breached. As at the date of this report the headroom metrics and percentage fall have increased to £24.7m and 28.3% respectively following the post balance sheet transactions highlighted in this financial report.

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 187% (for the 100% debenture covenant) up to 513% on the Lloyds facility.

In order to assess the potential impact of a future economic downturn 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 2023. 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 recover 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 cash flows 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 £24.0m, which compares to a minimum of £19.0m under the downside scenario. The significant downside case applied a total discount of 13% 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 2025 and none of the other financial covenants were breached. The reverse stress test shows that the financial covenants are not breached until either of the discounts applied in the significant downside case are pushed even further. This breach is forecast to occur in Q4 of FY24 and under the reverse stress test the position then improves.

Over the entire COVID-19 period the Group has collected or agreed to defer 95.7% of rent and service charge income invoiced, and for the first two months of FY22 the car park and hotel businesses are trading significantly ahead of expectation and this is expected to continue.

The forecasts show that the Group has sufficient resources to continue to operate as a going concern for at least the period to 31 December 2023. 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.

Notes to the consolidated financial statements continued

1. ACCOUNTING POLICIES CONTINUED

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 leased 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.

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 an 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.

Notes to the consolidated financial statements continued

1. ACCOUNTING POLICIES CONTINUED

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 and investments 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 property assets held for sale is calculated applying the same process as that applied to the Group's investment properties.

The fair value of investment assets held for sale is calculated based on the underlying cash consideration expected to arise on the sale. Where amounts are deferred, these are discounted back to the balance sheet date at a suitable discount rate.

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, 12-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 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 12 months after the balance sheet date.

Bank Overdrafts

In the prior year bank overdrafts were presented within trade and other payables. Given the significance of the balance in the context of current liabilities the Directors have taken the decision to present the bank overdraft of £23,414k (30 June 2021: £21,113k and 1 July 2020: £10,282k) as a separate line item on the face of the balance sheet.

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 2022 (and 30 June 2021 respectively) has meant that the cash and overdraft balances have been presented on a gross basis.

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; and
- 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.

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 re-assesses 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.

Notes to the consolidated financial statements continued

1. ACCOUNTING POLICIES CONTINUED

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 re-measured 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 or 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.
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 its 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; and
ii) final dividends are recognised in the period in which the dividends are approved by the Company's shareholders.

Share buy-backs

Where shares are redeemed or purchased wholly out of profits available for distribution, a sum equal to the total amount paid by the Company's share is deducted from the Company's retained earnings.

Where shares are redeemed or purchased wholly out of profits available for distribution, a sum equal to the amount by which the Company's share capital is diminished on cancellation of the shares (the nominal value of the shares) is transferred to the capital redemption reserve.

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 and hotel operations.
- 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 expected credit loss impairment model is applied are set out below:
- Cash and cash equivalents (£22,150,000 at 30 June 2022 and £21,670,000 at 30 June 2021) – all cash and cash equivalents are heldwith 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 (£6,325,000 at 30 June 2022 and £5,836,000 at 30 June 2021) – the general impairment approach has been applied to the loan receivable. Management have considered the cash flow forecasts of the JV 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 (£1,948,000 at 30 June 2022 and £1,535,000 at 30 June 2021) – the general impairment approach has been applied to the loan receivable. Management have considered the cash flow forecasts of the JV and on this basis have concluded that the loan will be capable of settlement when called.
- Trade receivables (£1,701,000 at 30 June 2022 and £2,278,000 at 30 June 2021) – 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 2022, 71.6% (2021: 68.0%) 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 2022 this fair value assessment estimated that none of the 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. An estimate has been made of the future net revenue of YPS. This estimate which feeds into the calculation of the 'earn out' consideration (see note 26 – Post Balance Sheet Events). This estimate has been based on the future earnings of YPS, assuming the current growth in the business is maintained over the 14-month period from 14 July 2022. This is an estimate prepared by the Company; following completion of the sale its investment in YPS, the Company does not have access to any current management information.

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

	2022 £'000	2021 £'000
Property rental	**263,598**	266,444
Car park activities	**77,496**	79,658
Hotel operations	**9,100**	8,778
Investments	**24,874**	9,217
	375,068	364,097

Notes to the consolidated financial statements continued

3. SEGMENTAL INFORMATION CONTINUED

(B) Segmental results

	2022					2021			
	Property rental £'000	Car park activities £'000	Hotel operations £'000	Investments £'000	Total £'000	Property rental £'000	Car park activities £'000	Hotel operations £'000	Total £'000
Gross revenue (excl service charge income)	**11,138**	**11,417**	**2,828**	-	**25,383**	11,358	6,719	626	18,703
Service charge income	**2,758**	-	-	-	**2,758**	2,726	-	-	2,726
Gross revenue	**13,896**	**11,417**	**2,828**	-	**28,141**	14,084	6,719	626	21,429
Release of provision for impairment of debtors	**49**	-	-	-	**49**	788	-	-	788
Service charge expenses	**(3,666)**	-	-	-	**(3,666)**	(3,656)	-	-	(3,656)
Property expenses	**(1,091)**	**(6,574)**	**(2,335)**	-	**(10,000)**	(1,020)	(5,666)	(803)	(7,489)
Net revenue	**9,188**	**4,843**	**493**	-	**14,524**	10,196	1,053	(177)	11,072
Administrative expenses	**(5,213)**	**(1,318)**	-	-	**(6,531)**	(4,687)	(898)	-	(5,585)
Other income	**1,577**	-	-	**35**	**1,612**	1,989	-	-	1,989
Share of post-tax profits from joint ventures	**885**	-	-	-	**885**	973	-	-	973
Operating profit/(loss) before valuation movements	**6,437**	**3,525**	**493**	**35**	**10,490**	8,471	155	(177)	8,449
Valuation movement on investment properties	**3,489**	-	-	-	**3,489**	63	-	-	63
Impairment of car parking assets	-	**(384)**	-	-	**(384)**	-	(111)	-	(111)
Loss on disposal of investments	-	-	-	**(89)**	**(89)**	-	-	-	-
Profit/(loss) on disposal of investment properties	**4,563**	-	-	-	**4,563**	(2,320)	-	-	(2,320)
Valuation movement on joint venture properties	**430**	-	-	-	**430**	1,488	-	-	1,488
Operating profit/(loss)	**14,919**	**3,141**	**493**	**(54)**	**18,499**	7,702	44	(177)	7,569
Finance costs					**(8,063)**				(8,145)
Finance income					**576**				-
Profit/(loss) before taxation					**11,012**				(576)
Taxation					-				-
Profit/(loss) for the year					**11,012**				(576)

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 2022, arising from car park operations, was £2,125,000. After allowing for an allocation of administrative expenses, the operating profit at these sites was £1,563,000.

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

	2022 £'000	2021 £'000
Employee benefits	**4,281**	3,444
Depreciation	**129**	163
Charitable donations	**35**	7
Other	**2,086**	1,971
	6,531	5,585

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:

	2022 £'000	2021 £'000
Audit services:		
- Fees payable to the Group's auditors for the audit of the Consolidated Financial Statements	**145**	135
- Audit of the Company's subsidiaries pursuant to legislation	**10**	10
- Other audit-related services	**28**	15
Total audit services	**183**	160
Non-audit services:		
- Other non-audit services	**3**	2
Total other services	**3**	2
Total auditors' remuneration	**186**	162

6. EMPLOYEE BENEFITS

	2022 £'000	2021 £'000
Wages and salaries (including Directors' emoluments)	**5,029**	4,317
Social security costs	**556**	453
Other pension costs	**222**	179
Loss of office	**-**	370
	5,807	5,319

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 £9,000 (2021: £431,000).

Disclosures required by the Companies Act 2006 on Directors' remuneration, including salaries, share options, pension contributions and pension entitlement are included on pages 74 to 80 in the Directors' Remuneration Report and form part of these Consolidated Financial Statements.

The average monthly number of staff employed during the year was 124 (2021: 110).

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 continued

7. OTHER INCOME

	2022 £'000	2021 £'000
Commission received	**139**	166
Dividends received	**35**	34
Management fees receivable	**235**	245
Dilapidations receipts and income relating to surrender premiums	**1,145**	1,103
Other	**58**	441
	1,612	1,989

8. FINANCE COSTS

	2022 £'000	2021 £'000
Interest payable on debenture loan stock	**5,303**	5,575
Loss on repurchase of debenture stock	**272**	-
Interest payable on bank borrowings	**1,265**	1,345
Amortisation of arrangement fees	**252**	212
Interest expense on lease liabilities	**971**	1,013
Total finance costs	**8,063**	8,145
Interest receivable on loans to joint ventures	**(163)**	-
Other interest receivable	**(413)**	-
Total finance income	**(576)**	-
Net finance costs	**7,487**	8,145

9. TAXATION

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

Taxation for the year is lower (2021: higher) than the standard rate of corporation tax in the United Kingdom of 19% (2021: 19%). The differences are explained below:

	2022 £'000	2021 £'000
Profit/(loss) before taxation	**11,012**	(576)
Profit/(loss) on ordinary activities multiplied by rate of corporation tax in the United Kingdom of 19% (2021: 19%)	**2,092**	(109)
Effects of:		
- Utilisation of brought forward trading losses	**(36)**	-
- United Kingdom REIT tax exemption on net income before revaluations	**(471)**	(58)
- United Kingdom REIT tax exemption on revaluations	**(1,585)**	167
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 £3.3m (2021: £3.9m). 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

	2022 £'000	2021 £'000
2020 final paid: 1.75p per share	-	930
2021 interim paid: 1.75p per share	-	930
2021 final paid: 1.75p per share	**924**	-
2022 interim paid: 2.5p per share	**1,313**	-
	2,237	1,860

An interim dividend in respect of the year ended 30 June 2022 of 2.5p per share was paid to shareholders on 24 June 2022. This dividend was paid entirely as a PID.

A final dividend in respect of the year ended 30 June 2022 of 2.5p per share is proposed. This dividend, based on the shares in issue at 12 October 2022, amounts to £1.2m which has not been reflected in these accounts and will be paid on 6 January 2023 to shareholders on the register on 9 December 2022. 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 52,755,750 (2021: 53,161,220).

	2022		2021	
	Earnings £'000	Earnings per share p	Earnings £'000	Earnings per share p
Profit/(loss) for the year and earnings per share	**11,012**	**20.9**	(576)	(1.1)
Valuation movement on investment properties	**(3,489)**	**(6.6)**	(63)	(0.1)
Impairment of car parking assets	**384**	**0.7**	111	0.2
Valuation movement on properties held in joint ventures	**(430)**	**(0.8)**	(1,488)	(2.8)
Profit/(loss) on disposal of investment and development properties	**(4,563)**	**(8.7)**	2,320	4.4
Loss on disposal of investments	**89**	**0.2**	-	-
Loss on repurchase of debenture stock	**272**	**0.5**	-	-
EPRA earnings and earnings per share	**3,275**	**6.2**	304	0.6

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 2020	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
Additions at cost	7,433	-	-	7,433
Other capital expenditure	1,053	22	542	1,617
Disposals	(29,680)	(518)	-	(30,198)
Valuation movement	2,878	(22)	633	3,489
Movement in tenant lease incentives	(144)	-	-	(144)
Valuation at 30 June 2022	**156,230**	**2,250**	**42,626**	**201,106**

At 30 June 2022, investment property valued at £198,630,000 (2021: £213,720,000) 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 2020	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
IFRS 16 adjustment	-	(96)	(96)
Depreciation	(316)	(1,480)	(1,796)
(Impairment)/reversal of impairment	(384)	-	(384)
Valuation at 30 June 2022	**29,200**	**43,026**	**72,226**

The historical cost of freehold properties and right-of-use assets relating to car park activities is £30,153,000 (2021: £30,153,000).

At 30 June 2022, freehold properties and right-of-use assets relating to car park activities, held as security against the Group's borrowings are held at £42,170,000 (2021: £43,650,000).

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

(C) Freehold and leasehold properties – hotel operations

	Freehold £'000
Valuation at 30 June 2021	8,630
Depreciation	(243)
Valuation movement	713
Valuation at 30 June 2022	**9,100**

At 30 June 2022, freehold and leasehold property relating to hotel operations valued at £9,100,000 (2021: £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 re-opening, 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 2022 and 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 as at 30 June 2022 in the table below.

	Passing rent £'000	ERV £'000	Value £'000	Initial yield %	Reversionary yield %
Retail and Leisure	1,122	1,709	22,125	4.3%	6.8%
Merrion Centre (excluding offices)	4,874	5,234	58,818	7.8%	8.4%
Offices	2,862	4,801	55,262	4.9%	8.2%
Hotels	500	950	9,100	5.2%	9.9%
Out-of-town retail	1,006	1,155	14,500	6.6%	7.5%
Residential	428	428	7,775	5.1%	5.1%
	10,792	**14,277**	**167,580**	**6.0%**	**8.0%**
Development property			42,626		
Car parks			45,527		
IFRS 16 Adjustment – Right-of-use assets			26,699		
			282,432		

Notes to the consolidated financial statements continued

12. NON-CURRENT ASSETS CONTINUED

Property income, values and yields have been set out by category as at 30 June 2021 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		

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 £167.6m of applying a different yield and a different ERV would be as follows:

Valuation in the Consolidated Financial Statements at an initial yield of 7.0% – £143.7m, Valuation at 5.0% – £201.0m.

Valuation in the Consolidated Financial Statements at a reversionary yield of 9.0% – £148.9m, Valuation at 7.0% – £191.6m.

Investment properties (development properties)

The key unobservable inputs in the valuation of one of the Group's development properties of £27.6m 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:

Valuation in the Consolidated Financial Statements if a 5% increase in the per acre or per unit value – £29.0m, 5% decrease in the per acre or per unit value – £26.2m.

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 £29.2m 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 – £34.4m, 1% increase in the yield/discount rate – £25.4m

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	Total £'000
Externally valued by CBRE	104,250	23,800	9,100	137,150
Externally valued by Jones Lang LaSalle	96,805	5,400	–	102,205
Investment properties valued by the Directors	51	–	–	51
Properties held at valuation	201,106	29,200	9,100	239,406
IFRS 16 right-of-use assets held at depreciated cost	–	43,026	–	43,026
	201,106	**72,226**	**9,100**	**282,432**

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 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: surplus was £230,000.

(D) Fixtures, equipment and motor vehicles

	Cost £'000	Accumulated depreciation £'000
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
At 1 July 2021	4,711	3,756
Additions	283	-
Depreciation	-	262
At 30 June 2022	**4,994**	**4,018**
Net book value at 30 June 2022		**976**

13. GOODWILL AND INTANGIBLE ASSETS

	2022 £'000	2021 £'000
Goodwill		
At the start of the year	**4,436**	4,024
On acquisition of subsidiaries	-	412
At the end of the year	**4,436**	4,436
Intangible assets		
At the start of the year	**405**	-
On acquisition of subsidiaries	**293**	442
Amortisation	**(222)**	(37)
At the end of the year	**476**	405
Total goodwill and intangible assets	**4,912**	4,841

Goodwill primarily 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 prior to 30 June 2020 relate to businesses that held car parks under operating leases with a net asset value of £nil. Goodwill for these acquisitions therefore represents the full consideration paid.

During the year ended 30 June 2022 there was one acquisition of a car park enforcement business. The entire purchase consideration of £293,000 relates to short-term customer contracts and has been allocated to intangible assets.

Notes to the consolidated financial statements continued

13. GOODWILL AND INTANGIBLE ASSETS CONTINUED

During the year ended 30 June 2021 there were two acquisitions of car park enforcement businesses 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 amortisation 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% (2021: 1%) and a discount rate of 6% (2021: 6%). 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.

14. INVESTMENTS IN JOINT VENTURES

	2022 £'000	2021 £'000
At the start of the year	**16,212**	13,751
Investments in joint ventures	**326**	-
Loan interest	**163**	110
Valuation movement on investment properties	**430**	1,488
Share of profits after tax	**885**	863
At the end of the year	**18,016**	16,212

Investments in joint ventures are broken down as follows:

	2022 £'000	2021 £'000
Equity	**11,691**	10,376
Loans	**6,325**	5,836
	18,016	16,212

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 joint ventures. 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 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 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:

	2022 £'000	2021 £'000
Non-current assets	**71,850**	71,650
Cash and cash equivalents	**278**	263
Debtors and prepayments	**295**	401
Trade and other payables	**(616)**	(704)
Current financial liabilities	**(1,659)**	(1,603)
Non-current financial liabilities	**(47,270)**	(48,929)
Net assets	**22,878**	21,078

A reconciliation of the net assets to carrying value is set out as follows:

	2022 £'000	2021 £'000
Proportional interest in net assets	**11,439**	10,539
Unutilised provisions	**-**	(192)
Carrying value	**11,439**	10,347

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

	2022 £'000	2021 £'000
Revenue	**3,328**	3,328
Expenses	**(2)**	(8)
Finance costs	**(1,725)**	(1,780)
Valuation movement on investment properties	**200**	2,250
Net profit	**1,801**	3,790

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 2022 of £6.3m (2021: £5.7m).

The net assets of Belgravia Living Group for the current and previous year are as stated below:

	2022 £'000	2021 £'000
Non-current assets	**24,586**	22,783
Cash and cash equivalents	**2,048**	1,998
Debtors and prepayments	**664**	1,170
Trade and other payables	**(434)**	(140)
Current financial liabilities	**(11,453)**	(11,146)
Non-current financial liabilities	**(14,541)**	(14,634)
Net assets	**870**	31

A reconciliation of the net assets to carrying value is set out as follows:

	2022 £'000	2021 £'000
Proportional interest in net assets	**435**	16
Valuation adjustment	**(183)**	13
Carrying value	**252**	29

The income and expenses of Belgravia Living Group Limited for the current and previous year are as stated below:

	2022 £'000	2021 £'000
Revenue	**1,339**	1,262
Expenses	**(420)**	(364)
Depreciation	**(151)**	(150)
Finance costs	**(603)**	(571)
Valuation movement on investment properties	**714**	726
Corporation tax	**(175)**	-
Net profit	**704**	903

Notes to the consolidated financial statements continued

14. INVESTMENTS IN JOINT VENTURES CONTINUED

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 (2021: £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

15. INVESTMENTS

	2022 £'000	2021 £'000
Listed investments	**4,096**	5,802
Non-listed investments	**410**	3,415
	4,506	9,217

Listed investments

	2022 £'000	2021 £'000
At the start of the year	**5,802**	3,508
Disposals	**(62)**	-
(Decrease)/increase in value of investments	**(1,644)**	2,294
At the end of the year	**4,096**	5,802

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 £882,300 (2021: £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

	2022 £'000	2021 £'000
At the start of the year	**3,415**	2,656
Additions	**-**	258
Loan interest	**413**	-
Increase in value of investments	**16,950**	501
Transferred to assets held for sale	**(20,368)**	-
At the end of the year	**410**	3,415

Non-listed investments are broken down as follows:

	2022 £'000	2021 £'000
Equity investments	**410**	1,880
Loans	**-**	1,535
	410	3,415

Non-listed investments - assets held for sale

Assets held for sale are broken down as follows:

	2022 £'000	2021 £'000
Equity investments	**18,420**	-
Loans	**1,948**	-
	20,368	-

Assets held for sale relate to an equity shareholding and loans advanced to YPS, a privately owned Company incorporated in the United Kingdom. The Company has completed the sale of these assets in July 2022 as set out in note 26.

As at 30 June 2022, the loans are held at amortised cost and are assessed for impairment under the IFRS9 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.

The key unobservable inputs in the valuation of the Group's.asset held for sale at 30 June 2022 of £20.4m is the estimated performance of YPS in the 14-month period following completion of the sale and the effect it has on the earn-out element of consideration. The effect on the valuation of applying a different assumed net revenue figure is as follows:

Valuation in the Consolidated Financial Statements if a 10% increase in the net revenue - £20.7m, 10% decrease in the net revenue - £20.1m.

16. TRADE AND OTHER RECEIVABLES

	2022 £'000	2021 £'000
Trade receivables	**1,978**	2,951
Less: provision for impairment of receivables	**(277)**	(673)
	1,701	2,278
Other receivables and prepayments	**20,007**	3,033
	21,708	5,311

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.

Included within other debtors is £18,705,000 of cash that was temporarily held as collateral at the year end against the Company's debenture stock. This cash was released in July 2022 as disclosed in note 26.

Notes to the consolidated financial statements continued

16. TRADE AND OTHER RECEIVABLES CONTINUED

As at 30 June 2022, 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
2022	**1,701**	**1,701**	–	–	–
2021	2,278	2,278	–	–	–

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

	2022 £'000	2021 £'000
At the start of the year	**673**	1,766
Provision for receivables impairment	–	–
Receivables written off as uncollectible	**(347)**	(305)
Unused amounts reversed	**(49)**	(788)
At the end of the year	**277**	673

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
2022	**277**	–	–	**277**
2021	673	–	–	673

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

	2022 £'000	2021 £'000
Trade payables	**575**	193
Social security and other taxes	**408**	913
Other payables and accruals	**8,845**	10,393
	9,828	11,499

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.

	2022 £'000	2021 £'000
Current		
Bank borrowings	**32,999**	40,601
Lease liabilities	**1,656**	1,659
	34,655	42,260
Non-current		
Bank borrowings	**4,792**	6,170
Lease liabilities	**27,080**	28,273
5.375% First mortgage debenture stock	**95,995**	99,387
	127,867	133,830
Total borrowings	**162,522**	176,090

The movement in financial liabilities during the year can be summarised as follows:

	2022 £'000	2021 £'000
At the start of the year	**176,090**	216,575
Cash items		
Borrowings repaid	**(18,643)**	(44,091)
Borrowings drawn down	**6,399**	4,000
Arrangement fees paid	**(380)**	-
Total cash items	**(12,624)**	(40,091)
Non-cash items		
Amortisation of arrangement fees relating to banking facilities	**252**	212
Movement in other arrangement fees	**-**	39
Movement in finance leases	**(1,196)**	(645)
Total non-cash items	**(944)**	(394)
At the end of the year	**162,522**	176,090

The debenture, bank loans and overdrafts are secured by fixed charges on properties and restricted cash, valued at £268,785,000 (2021: £271,905,000) owned by the Company and its subsidiary undertakings.

Notes to the consolidated financial statements continued

18. FINANCIAL LIABILITIES CONTINUED

The gross cash and overdraft balances on the individual accounts are summarised as follows:

	2022 £'000	2021 £'000
Cash balances	**22,150**	21,670
Overdrawn balances	**(23,414)**	(21,113)
Cash and cash equivalents	**(1,264)**	557

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

	2022				
	Trade and other creditors £'000	Bank borrowings £'000	Debenture stock £'000	Lease liabilities £'000	Total £'000
Within one year	**575**	**34,208**	**5,165**	**1,656**	**41,604**
One to two years	–	**5,039**	**5,165**	**1,665**	**11,869**
Two to three years	–	–	**5,165**	**1,674**	**6,839**
Three to four years	–	–	**5,165**	**1,682**	**6,847**
Four to five years	–	–	**5,165**	**1,691**	**6,856**
Five to ten years	–	–	**118,825**	**8,595**	**127,420**
Ten to fifteen years	–	–	–	**8,845**	**8,845**
In more than fifteen years	–	–	–	**25,372**	**25,372**
	575	**39,247**	**144,650**	**51,180**	**235,652**

	2021				
	Trade and other creditors £'000	Bank borrowings £'000	Debenture stock £'000	Lease liabilities £'000	Total £'000
Within one year	114	41,416	5,348	1,667	48,545
One to two years	–	6,429	5,348	1,675	13,452
Two to three years	–	–	5,348	1,683	7,031
Three to four years	–	–	5,348	1,692	7,040
Four to five years	–	–	5,349	1,700	7,049
Five to ten years	–	–	128,381	8,637	137,018
Ten to fifteen years	–	–	–	8,882	8,882
In more than fifteen years	–	–	–	28,782	28,782
	114	47,845	155,122	54,718	257,799

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 borrowing remains unchanged until maturity.

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

	2022 £'000	2021 £'000
Expiring in one year or less	**26,933**	27,399
Expiring in more than one year	**20,000**	28,693
	46,933	56,092

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 facilities, 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 facilities, 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 ratio of rental income and net car park income must not be less than 175% of the interest charged under the three bank facilities 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.

Interest rate risk

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

	As at 30 June 2022			As at 30 June 2021		
	Nominal value £'000	Weighted average rate %	Weighted average period Years	Nominal value £'000	Weighted average rate %	Weighted average period Years
Debenture stock	**96,098**	**5.375**	**9**	99,501	5.375	10
Bank floating rate liabilities	**38,067**	**3.00**	**1**	46,908	1.78	1
Lease liabilities	**28,736**	**3.50**	**36**	29,932	3.5	37
	162,901			176,341		

The above amounts represent the monetary liabilities and are therefore different to the book values set out in note 18 as a result of unamortised arrangement fees at 30 June 2022 of £379,000 (2021: £251,000).

Floating rate financial liabilities bear interest at rates for term loans based on LIBOR plus an average margin of 1.75% 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 £443,000 (2021: £598,000).

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:

	2022	2021
Bank overdraft facility	**3.25%**	2.1%
Bank borrowings	**3.00%**	1.78%
Debenture loan	**5.375%**	5.375%
Lease liabilities	**3.5%**	3.5%

Notes to the consolidated financial statements continued

19. FINANCIAL INSTRUMENTS CONTINUED

Fair value of current borrowings

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

Fair value of non-current borrowings

	2022		2021	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Debenture stock	**95,995**	**94,694**	99,387	109,574
Non-current bank borrowings	**4,792**	**4,792**	6,170	6,170

The above debenture stock has been valued as at 30 June 2022 (and 30 June 2021 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 2022, the Group has a long leasehold interest in six (30 June 2021: seven) properties that are accounted for under IFRS16.

Future lease payments are as follows:

	2022			2021		
	Minimum lease payments £'000	Interest £'000	Present value £'000	Minimum lease payments £'000	Interest £'000	Present value £'000
Within one year	**1,656**	**947**	**709**	1,666	989	677
One to two years	**1,665**	**923**	**742**	1,675	965	710
Two to three years	**1,674**	**897**	**777**	1,683	940	743
Three to four years	**1,682**	**869**	**813**	1,692	914	778
Four to five years	**1,691**	**840**	**851**	1,700	886	814
Five to ten years	**8,595**	**3,721**	**4,874**	8,637	3,972	4,665
Ten to fifteen years	**8,845**	**2,779**	**6,066**	8,882	3,070	5,812
In more than fifteen years	**25,372**	**11,468**	**13,904**	28,782	13,050	15,732
	51,180	**22,444**	**28,736**	54,717	24,786	29,931

21. NET ASSET VALUE PER SHARE

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

	2022 £'000	2021 £'000
Net assets at 30 June	**179,304**	155,395
Shares in issue (000)	**52,531**	53,131
Basic and diluted net asset value per share	**341p**	292p

22. COMMITMENTS

The Group has no capital commitments (2021: £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:	2022 £'000	2021 £'000
Within one year	**9,569**	11,001
One to two years	**8,740**	10,080
Two to three years	**8,095**	8,876
Three to four years	**7,484**	8,015
Four to five years	**6,021**	7,251
Five to ten years	**21,840**	25,199
Ten to fifteen years	**10,956**	14,824
In more than fifteen years	**22,055**	24,519

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 (2021: 164,879,000) Ordinary Shares of 25p each. The nominal value of authorised share capital is £41,219,750 (2021: £41,219,750).

Issued and fully paid up

	Number of shares 000	Nominal value £'000
At 30 June 2021	53,131	13,282
Purchase and cancellation of own shares	(600)	(150)
At 30 June 2022	**52,531**	**13,132**

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

	2022 £'000	2021 £'000
Profit/(loss) for the financial year	**11,012**	(576)
Adjustments for:		
Depreciation	**2,301**	2,191
Amortisation	**222**	37
(Profit)/loss on disposal of investment properties	**(4,563)**	2,320
Loss on sale of investments	**89**	-
Finance costs	**8,063**	8,145
Finance income	**(576)**	-
Share of post-tax profits from joint ventures	**(1,315)**	(2,461)
Movement in valuation of investment properties	**(3,489)**	(63)
Movement in lease incentives	**144**	(1,463)
Impairment of car parking assets	**384**	111
Decrease/(increase) in receivables	**1,083**	(2,675)
Decrease in payables	**(1,667)**	(922)
Cash generated from operations	**11,688**	4,644

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 77.

	2022 £'000	2021 £'000
Short-term employee benefits	**1,758**	1,697
Post-employment benefits	**52**	72
Dividends paid to the Ziff Concert Party	**1,161**	955
	2,971	2,724

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. POST BALANCE SHEET EVENTS

On 14 July 2022, the Company sold its equity investment in YPS for total cash consideration (net of fees and associated deal costs) of up to £20.7m.

The consideration for the sale comprises the following:

- Initial net cash consideration for the Company's equity shareholding of £9.6m.
- Unconditional deferred consideration of £7.5m in aggregate, due in two instalments: £4.4m 12 months after completion of the sale, and £3.1m after 24 months.
- A final contingent element of cash consideration, based on the trading performance of YPS in the 14-month period following completion of the sale, of up to £3.6m.

As disclosed in note 15, the Company's equity investment in YPS was valued at £18.4m at 30 June 2022.
In addition, the Company received repayment in full (including all accrued interest) of the amounts loaned to YPS, comprising a gross cash receipt of £1.95m.

On 15 July 2022, £18.7m of cash that was generated from the sale of two of the Company's investment properties, which was temporarily held as collateral under the Company's debenture, was released.

On 16 July 2022, the Company announced a tender offer to acquire up to 4,000,000 of its own shares for cancellation at 185p per shares. The tender offer closed on 8 August 2022 and was fully taken up. The tender offer reduced the issued Ordinary Share capital of the Company from 52,530,599 Ordinary Shares to 48,530,599 Ordinary Shares.

On 5 September 2022, the Company acquired a freehold investment property in London for £7.1m. This acquisition was funded entirely out of the cash reserves of the Company.

Company balance sheet
as at 30 June 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Investment properties	4	**105,146**	107,151
Property, plant and equipment	4	**592**	641
Investments	5	**269,433**	254,432
		375,171	362,224
Current assets			
Debtors	6	**116,544**	93,761
Cash		**14**	22
		116,558	93,783
Creditors: amounts falling due within one year			
Financial liabilities – borrowings	8	**(56,413)**	(56,520)
Other creditors	7	**(202,478)**	(175,762)
		(258,891)	(232,282)
Net current liabilities		**(142,333)**	(138,499)
Total assets less current liabilities		**232,838**	223,725
Financial liabilities – borrowings	8	**(100,787)**	(105,557)
Net assets		**132,051**	118,168
Equity attributable to the owners of the Parent			
Called up share capital	9	**13,132**	13,282
Share premium account		**200**	200
Capital redemption reserve		**717**	567
Other reserve		**63,313**	63,313
Retained earnings		**54,689**	40,806
Total shareholders' funds		**132,051**	118,168

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 £17,005,000 (2021: profit of £10,141,000).

The financial statements on pages 126 to 136 were approved by the Board of Directors on 13 October 2022 and signed on its behalf by

Edward Ziff OBE DL
Chairman & Chief Executive

Statement of changes in equity
for the year ended 30 June 2022

	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 2020	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**
Comprehensive income for the year							
Profit	-	-	-	-	-	17,005	17,005
Total comprehensive income for the year	-	-	-	-	-	17,005	17,005
Contributions by and distributions to owners							
Arising on purchase and cancellation of own shares	(150)	-	150	-	-	(885)	(885)
Final dividend relating to the year ended 30 June 2021	-	-	-	-	-	(924)	(924)
Interim dividend relating to the year ended 30 June 2022	-	-	-	-	-	(1,313)	(1,313)
Balance at 30 June 2022	**13,132**	**200**	**717**	**63,313**	-	**54,689**	**132,051**

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.

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; and
- 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 2012 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.

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 relate to the revaluation of the Company's investments.
- Retained earnings represents the cumulative profit or loss position less dividend distributions.

Notes to the Company financial statements continued

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

	2022 £'000	2021 £'000
Wages and salaries (including Directors' emoluments)	**3,434**	2,443
Social security costs	**422**	297
Other pension costs	**180**	91
	4,036	2,831

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

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

The aggregate remuneration of the Directors of the Company was £1,810,000 (2021: £1,769,000).

The average monthly number of staff employed during the year was 45 (2021: 45). Disclosures required by the Companies Act 2006 on Directors' remuneration, including salaries, share options, pension contributions and pension entitlement, are included on page 77 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 2022 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 2021	59,261	6,490	41,400	107,151
Additions	7,922	22	542	8,486
Disposals	(7,610)	(3,850)	-	(11,460)
Valuation movement	467	(22)	633	1,078
Movement in tenant lease incentives	(109)	-	-	(109)
Valuation at 30 June 2022	**59,931**	**2,640**	**42,575**	**105,146**

The above freehold and long leasehold properties have been independently externally valued as at 30 June 2022 and 30 June 2021 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 2021	2,250	1,609
Additions	42	-
Depreciation	-	91
Balance at 30 June 2022	**2,292**	**1,700**
Net book value at 30 June 2022		**592**
Net book value at 30 June 2021		641
Total tangible assets		
At 30 June 2022		**105,738**
At 30 June 2021		107,792

5. FIXED ASSET INVESTMENTS

	2022 £'000	2021 £'000
Shares in Group undertakings		
At 1 July	**239,351**	239,847
Impairment	-	(496)
At 30 June	**239,351**	239,351
Listed investments		
At 1 July	**5,801**	3,508
Disposals	**(61)**	-
Revaluation	**(1,644)**	2,293
	4,096	5,801
Other investments		
At 1 July	**3,415**	2,656
Additions	-	258
Loan interest	**413**	-
Revaluation	**15,833**	501
At 30 June	**19,661**	3,415
Interest in joint ventures		
At 1 July	**5,865**	5,299
Loans advanced	**326**	-
Share of profit after tax	**134**	566
At 30 June	**6,325**	5,865
Total fixed asset investments	**269,433**	254,432

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 £882,300 (2021: £889,130).

6. DEBTORS

	2022 £'000	2021 £'000
Trade debtors	**464**	1,079
Less: provision for impairment of debtors	**(288)**	(662)
	176	417
Amounts owed by subsidiary undertakings	**96,973**	91,659
Other debtors and prepayments	**19,395**	1,685
	116,544	93,761

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 2022 was £254,000 (2021: £377,000).

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

Notes to the Company financial statements continued

7. OTHER CREDITORS

	2022 £'000	2021 £'000
Trade payables	**179**	47
Taxation and social security	**-**	323
Amounts owed to subsidiary undertakings	**198,650**	171,275
Other payables and accruals	**3,649**	4,117
	202,478	175,762

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.

	2022 £'000	2021 £'000
Non-current		
Bank borrowings	**4,792**	6,170
5.375% First mortgage debenture stock	**95,995**	99,387
	100,787	105,557
Current		
Bank borrowings	**56,413**	56,520
Total borrowings	**157,200**	162,077

The debenture, bank loans and overdrafts are secured by fixed charges on properties and restricted cash, valued at £268,785,000 (2021: £271,905,000) 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:

	2022 £'000	2021 £'000
Expiring in one year or less	**26,933**	27,399
Expiring in more than one year	**20,000**	28,693
	46,933	56,092

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 £22,150,000 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 2022			As at 30 June 2021		
	Nominal value £'000	Weighted average rate %	Weighted average period Years	Nominal value £'000	Weighted average rate %	Weighted average period Years
Debenture stock	**96,098**	**5.375**	**9**	99,501	5.375	10
Bank floating rate liabilities	**38,067**	**3.00**	**1**	62,789	1.78	1
	134,165			162,290		

The above amounts represent the monetary liabilities and are therefore different to the book value as set out in this note as a result of unamortised arrangement fees at 30 June 2022 of £379,000 (2021: £213,000).

Floating rate financial liabilities bear interest at rates for term loans based on LIBOR plus an average margin of 1.75% 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:

	2022	2021
Bank overdraft facility	**3.25%**	2.1%
Bank borrowings	**3.00%**	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.

Fair value of non-current borrowings

	2022		2021	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Debenture stock	**95,995**	**94,694**	99,387	109,574
Long-term bank borrowings	**4,792**	**4,792**	6,170	6,170

Notes to the Company financial statements continued

9. CALLED UP SHARE CAPITAL

Authorised

164,879,000 (2021: 164,879,000) Ordinary Shares of 25p each.

Issued and fully paid up

	Number of shares 000	Nominal value £'000
At 30 June 2021	53,131	13,282
Purchase and cancellation of own shares	(600)	(150)
At 30 June 2022	**52,531**	**13,132**

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

10. SUBSIDIARY COMPANIES

The Company's wholly owned active subsidiary undertakings at 30 June 2022, 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[1]	647309	Property investment
CitiPark plc[1]	8837214	Car park operations
TCS (Residential Conversions) Limited[1]	3946495	Property investment
TCS (Property Management) Limited[1]	5281225	Management company
TCS Trustees Limited[1]	3112933	Trustee for employee benefit plans
TCS Properties Limited[1]	2831154	Property investment
TCS (Whitehall Plaza) Limited	9922032	Property investment
TCS (9 Cheapside) Limited[1]	10139127	Property investment
TCS (Brownsfield Mill) Limited[1]	10291290	Property investment
TCS (Merrion Hotel) Limited[1]	10380988	Hotel operator
Bay Sentry Solutions Limited[1]	12133595	Car park operations
TCS (Tariff Street) Limited	09929851	Dormant
TCS Development Management (Merrion) Limited	8696141	Dormant
Citicharge Limited	13322988	Dormant
Apperley Bridge Limited	6879596	Dormant
TCS Park Row Limited	8077103	Dormant
CitiPark Management 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

	Company number	Activity
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
Citiflex 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[1]	6391627	Property investment
TCS (Merrion House JVC01) Limited[1]	8561354	Property investment
KBT Cornwall Limited[1]	8087077	Car park operations
Parking Ticketing Limited	7818341	Dormant
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

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

Notes to the Company financial statements continued

11. SUBSIDIARY COMPANIES CONTINUED

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 2022 Annual General Meeting (the 'AGM') of Town Centre Securities Plc (the 'Company') will be held at Town Centre House, The Merrion Centre on Tuesday, 22 November 2022 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 'Chairman 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 Friday, 18 November 2022.

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 2022.

Resolution 2: Directors' Remuneration Report

2. To approve the Directors' Remuneration Report set out on pages 76 to 81 of the Company's 2022 Annual Report for the year ended 30 June 2022 (excluding the Directors' Remuneration Policy included in the report).

Resolution 3: Directors' Remuneration Policy

3. To approve the Amended Directors' Remuneration Policy, which can be found on pages 75 and 76.

Resolution 4: Final dividend

4. To declare a final cash dividend recommended by the Board for the year ended 30 June 2022 of 2.5 pence per Ordinary Share, to be paid on 6 January 2023 to shareholders whose names appear on the register at close of business on 9 December 2022.

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 re-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 £50,000, 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 2023. 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.

Notice of Annual General Meeting continued

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 £4,044,216.50 (representing 16,176,866 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 £8,088,433.25 (representing 32,353,733 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 2023, or 22 February 2024, 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 £606,632.50,

    such power to apply until the end of the next Annual General Meeting to be held in 2023, or 22 February 2024, 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 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 £606,632.50; 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 2023, or 22 February 2024, 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 7,279,590;

   (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 22 February 2024, 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

Dr Edward Ziff OBE DL
Chairman & Chief Executive
13 October 2022

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

Notice of Annual General Meeting continued

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 2022 Annual Report and Financial Statements for the year ended 30 June 2022 (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 2022.

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 74 to 80 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 pages 75 and 76 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. The Company is proposing a single change to the existing remuneration policy at the 2023 Annual General Meeting. It is proposed that, for FY23 and onwards, the Remuneration Committee are able to award exceptional bonuses (on top of the approved annual bonus opportunity of up to 100% of base salary), that are no more than 10% of the profits generated from any significant transactions that are outside of the ordinary course of business for the Company, subject to a maximum of £3m in any one financial year. Attached to these exceptional bonuses will be a service condition that will enable the Company to recover these amounts if the Director were to leave within twelve months of receipt. The purpose of this is to encourage relatively small but ultimately value enhancing strategic and innovative technological investments that are complementary to the existing core businesses of TCS and to act as a long-term incentive scheme for the Executive Directors. Assuming this amendment to the policy is approved at the AGM, it is expected that the Remuneration Committee will consider the payment of exceptional bonuses to the Executive Directors in connection with the profits crystallised from the sale of the Company's investment in YourParkingSpace Limited. 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 2.5p per share in respect of the year ended 30 June 2022. If approved, the recommended final dividend will be paid on 6 January 2023 to all ordinary shareholders who are on the register of members on 9 December 2022.

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 page 65 to 68 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.

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 29 December 2021, which expires at the end of the 2022 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 £4,044,216.50 (representing 16,176,866 Ordinary Shares), which is equivalent to approximately one third of the total issued Ordinary Share capital of the Company as at 13 October 2022, 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 £8,088,433.25 representing approximately two thirds (66.67%) of the Company's existing issued Ordinary Share capital and calculated as at 13 October 2022 (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 2022 or 29 March 2023, whichever is earlier.

SPECIAL RESOLUTIONS

Resolution 16: Authority to disapply pre-emption rights

At the Annual General Meeting held on 29 December 2021, the Directors were given the authority to issue equity securities of the Company and sell treasury shares in exchange for cash until the 2022 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 £606,632.50 (representing 2,426,530 Ordinary Shares). This number represents approximately 5% of the issued share capital as at 13 October 2022 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 2023 or 22 February 2024, 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 2023, or 22 February 2024, 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 7,279,590 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.

Notice of Annual General Meeting continued

This authority shall expire at the Annual General Meeting to be held in 2023 or on 22 February 2024, 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 2022, 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 Friday, 18 November 2022 (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 on 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 you may photocopy the proxy form. You will need to state clearly on each proxy form the number of shares in relation to which the proxy is appointed. A failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the number of shares set out in the other proxy appointments is in excess of the number of shares held by the shareholder may result in the proxy appointment being invalid. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

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

4. 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 Friday, 18 November 2022 (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 Friday, 18 November 2022 (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 Friday, 18 November 2022. 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% 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 13 October 2022 (being the last practicable date prior to the publication of this notice) the Company's issued share capital consists of 48,530,599 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 13 October 2022 are 48,530,599.

Notice of Annual General Meeting continued

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 page 60 and 61 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: 2.5p per share paid on 24 June 2022 to shareholders on the register on 20 May 2022.

Final dividend: 2.5p per share to be paid on 6 January 2023 to shareholders on the register on 9 December 2022.

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
EPC	Energy Performance Certificate
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 (incl. overdrawn balances) 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

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