Town Centre Securities PLC

Shaping

tomorrow, today

Annual Report and Accounts 2023

MERRION CENTRE, LEEDS

Who we are

Town Centre Securities PLC ('TCS') is a property investment and development company with assets of over £300 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.

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tcs-plc.co.uk

STRATEGIC REPORT

Highlights

Financial

STATUTORY PROFIT/(LOSS) BEFORE TAX
(£29.5m)

2023	(£29.5m)
2022	£11.0m
2021	(£0.6m)
2020	(£24.1m)
2019	(£12.5m)

STATUTORY EARNINGS PER SHARE
(60.1p)

2023	(60.1p)
2022	20.9p
2021	(1.1p)
2020	(45.5p)
2019	(23.4p)

TOTAL DIVIDENDS PER SHARE
5.0p

2023	5.0p
2022	5.0p
2021	3.5p
2020	5.0p
2019	11.75p

EPRA EARNINGS BEFORE TAX[1]
£3.1m

2023	£3.1m
2022	£3.3m
2021	£0.3m
2020	£1.7m
2019	£6.4m

EPRA EARNINGS PER SHARE[1]
6.2p

2023	6.2p
2022	6.2p
2021	0.6p
2020	3.1p
2019	12.0p

IFRS AND EPRA NET ASSETS PER SHARE[1]
291p

2023	291p
2022	341p
2021	292p
2020	292p
2019	354p

TOTAL SHAREHOLDER RETURN[2]
(3.2)%

2023	(3.2)%
2022	(4.5%)
2021	55.8%
2020	(50.4%)
2019	(25.0%)

TOTAL PROPERTY RETURN[2]
(6.0%)

2023	(6.0)%
2022	8.7%
2021	4.3%
2020	(2.1%)
2019	1.3%

Resilient
underlying performance

1 Alternative performance measures are detailed, defined and reconciled within notes 11 and 21 and defined within the glossary of these financial statements.

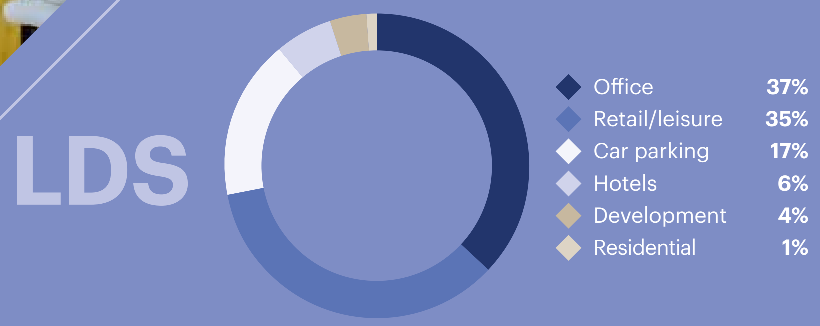
2 Alternative performance measures – See financial review and glossary for definition of these terms at the end of these financial statements.

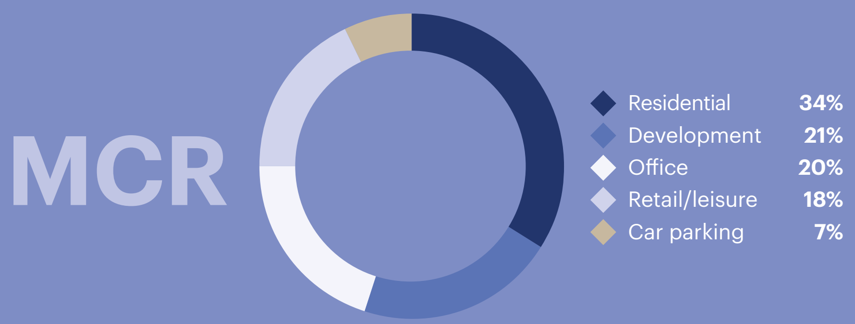
STRATEGIC REPORT

At a glance

DUCIE HOUSE, MANCHESTER

With a heritage of over 60 years, 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.





Our portfolio

Our portfolio covers a wide range of sectors:

Office
Over 360,000 sq ft of prime office space, let to long-standing tenants including Leeds City Council, StepChange and PureGym.
Portfolio share by value 32%

Retail
Focused on the more stable, essential-retailing sector including food, discount and convenience stores.
Portfolio share by value 18%

Leisure
Key tenants include PureGym, Costa and Tenpin, in addition to a growing number of resilient and reputable regional restaurant, café and bar operators.
Portfolio share by value 11%

Residential
Geographically spread over Leeds, Manchester, London and Glasgow with plans to develop more residential properties.
Portfolio share by value 12%

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 share by value 15%

Development
Currently progressing our development pipeline in both Leeds and Manchester, bringing forward mixed-use schemes incorporating commercial, residential and car parking elements in both locations.
Portfolio share by value 8%

Hotel
We manage one hotel in Leeds under the ibis Styles brand.
Portfolio share by value 4%

READ MORE PAGE 26

TCS Timeline

1959
- Arnold Ziff established TCS

1960
- TCS floated on London Stock Exchange

1964
- Merrion Centre officially opened in Leeds by Dr. Marjorie Ziff

1972
- Merrion House officially opened in Leeds

1974
- Acquisition of the Rochdale Canal Company including Piccadilly Basin, Manchester

1981
- Edward Ziff joined the Company

1988
- Acquisition of Whitehall Riverside, Leeds

2001
- Sale of Universal Parking to Q-Park

2014
- CitiPark (formally Town Centre Car Parks) incorporated

2015
- CitiPark Merrion Centre multi-storey car park refurbishment completed

2018
- Merrion House refurbishment officially opened in Leeds

2019
- Award-winning Burlington House (first PRS scheme) completed in Manchester

2021
- CitiCharge incorporated

2022
- Acquisition of 45 Weymouth Street, TCS's new London office

STRATEGIC REPORT
Our portfolio

Our locations

Town Centre Securities ('TCS') is a UK-based 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, where 89% of our portfolio by value is based.

LDS

Merrion Centre - Mixed-use scheme
Whitehall Riverside - Development site
Clarence Dock MSCP - Car Park

PORTFOLIO SHARE BY VALUE
63%

MCR

Piccadilly Basin - Development site
Burlington House - Residential
Urban Exchange - Retail

PORTFOLIO SHARE BY VALUE
27%

LDN

Weymouth Street - Office
Heath Street - Retail
7 multi-storey Car Parks

PORTFOLIO SHARE BY VALUE
9%

GLA

Bath Street - Residential

PORTFOLIO SHARE BY VALUE
1%

Our sectors

Office Space
Over 360,000 sq ft of prime office space, let to long-standing tenants including Leeds City Council, StepChange and Pure Gym.

PORTFOLIO SHARE BY VALUE
32%

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

PORTFOLIO SHARE BY VALUE
11%

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 SHARE BY VALUE
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Hotel
We manage one hotel in Leeds under the ibis Styles brand.

PORTFOLIO SHARE BY VALUE
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Retail
Focused on the more stable, essential-retailing sector including food, discount and convenience stores.

PORTFOLIO SHARE BY VALUE
18%

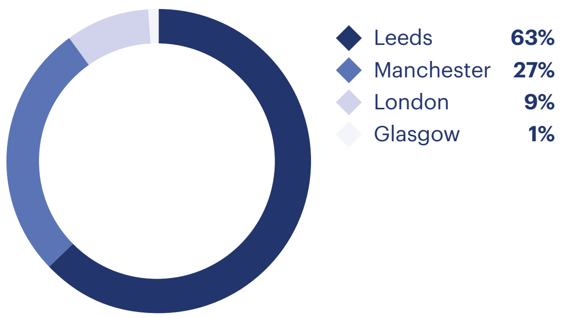
Residential
Geographically spread over Leeds, Manchester, London and Glasgow with plans to develop more residential properties.

PORTFOLIO SHARE BY VALUE
12%

Development
Currently progressing our development pipeline in both Leeds and Manchester, bringing forward mixed-use schemes incorporating commercial, residential and car parking elements in both locations.

PORTFOLIO SHARE BY VALUE
8%

PORTFOLIO VALUE BY LOCATION




TOWN CENTRE HOUSE, LEEDS

READ MORE PAGE 26

STRATEGIC REPORT

Our purpose-led approach

WHITEHALL RIVERSIDE DEVELOPMENT (CGI), LEEDS

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.

Creating

quality spaces

Designed for modern needs, but with flexibility front of mind to adapt to the changing demands made by workspace, residential, electric vehicles, and the visitor economy.

SEE OUR STRATEGY IN ACTION → PAGE 18 - 23

Delivering

Helping communities thrive

Actions

- Proud to be involved with a number of community-based programmes including Leeds Hospitals Charity, the Yorkshire Children's Charity and First Give.
- Promoting family events in the Merrion Centre during summer.
- We are setting up a staff charitable foundation with a view to colleagues suggesting the causes they want to support.

We believe how we do business is just as important as what we do. Our sustainability strategy sets out our ESG goals, aligned to our purpose and business model.

Good health and wellbeing
our charitable work with children (eg our work with the Ahead Partnership).

Affordable and clean energy
producing our own solar energy through the development of three solar farms in Leeds and Manchester.

Sustainable cities and communities and Responsible consumption and production
electric vehicle charging network, and newly-formed CitiCharge business. Also our five-year Merrion Centre sustainability plan.

Reduced inequalities and Partnerships for the goals
local charitable partnerships including Tempus Nova.

SEE ESG → PAGE 34 - 51

Generating value for stakeholders over the long term

for Investors
Reliable and long-term capital growth.

for Tenants
Creating spaces that help support businesses and provide safe environments for residential tenants.

for Employees
Committed to providing a safe and secure working environment.

for Communities
Striving to make a positive contribution that helps communities thrive and by supporting local initiatives and charities.

SEE OUR STAKEHOLDERS → PAGE 34 - 37

STRATEGIC REPORT

Chairman and Chief Executive's Statement

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 and Chief Executive

Sustainable development

123 ALBION STREET, LEEDS

Overview

The performance of the Company during the year has been resilient, particularly given the backdrop of macroeconomic challenges and an inflationary environment, and I want to begin by thanking my colleagues for their contributions to the success of the business.

In line with our strategy, we have almost halved our levels of debt over the last three years, with our strong balance sheet placing us in a good position to make selected acquisitions where we identify attractive opportunities. The interest rate for a significant proportion of our remaining debt is fixed, cushioning the business from the impact of rising interest rates. The divestments we have made to bring down gearing have reduced our income, but, given macroeconomic developments, we are enjoying the Company's secure financial position.

As I have mentioned previously, it is disappointing that employers, particularly in the public sector, are taking a nonchalant approach to encouraging their employees to return to office working, with the proportion of time spent working from home surely having a negative impact on productivity and morale. If city centres are to thrive, they need large numbers of commuters as well as shoppers and tourists. In that sense our business is still affected by the ongoing repercussions of the COVID-19 pandemic.

Operational performance

ASSET SALES

£33.4m

2022 | £37.9M
2021 | £48.0M

READ MORE PAGE 29

PROPORTION OF RETAIL AND LEISURE

29%

2022 | 31%
2021 | 29%

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NET ASSET VALUE PER SHARE

291p

2022 | 341P
2021 | 292P

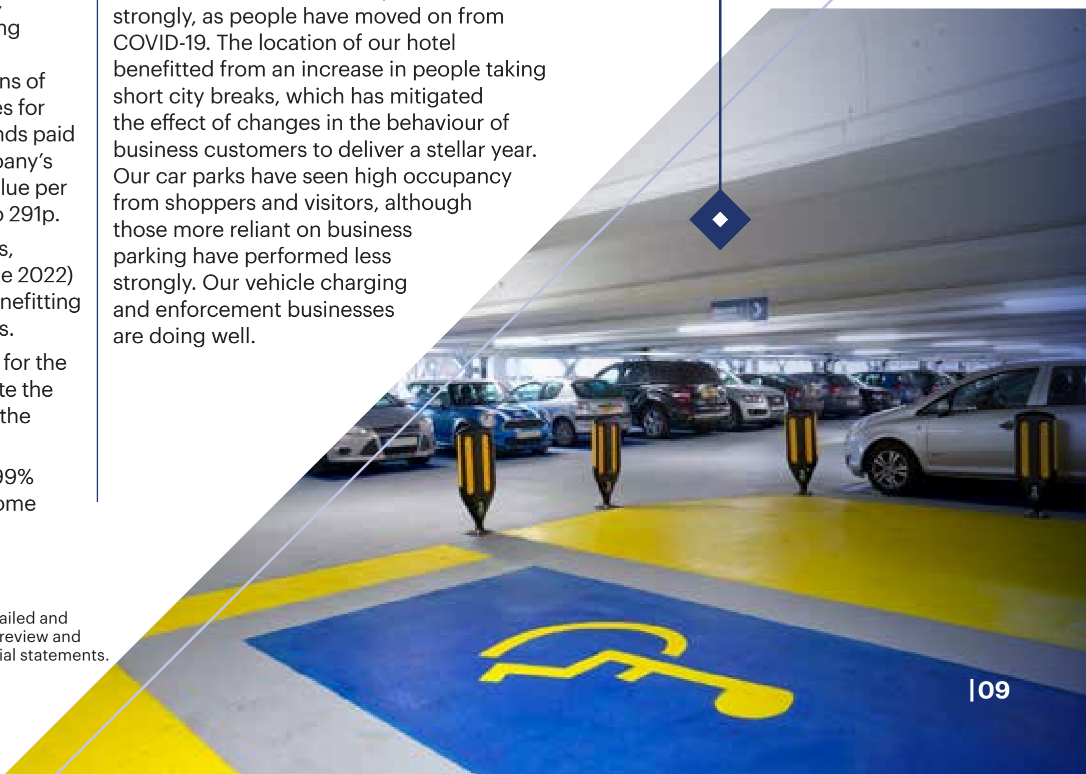
READ MORE PAGE 64

- Our statutory loss in the year of £29.5m is due primarily to the performance from our investment property portfolio, including revaluation losses of £26.0m partially offset by surpluses generated from strategic disposals of £4.1m, and impairments to our Car Parking business of £11.5m. Coupled with other comprehensive income gains of £1.6m, the cost of buying in shares for cancellation of £7.9m and dividends paid totalling £2.4m, moved the Company's balance sheet from a net asset value per share of 341p (at 30 June 2022) to 291p.
- Net debt, including lease liabilities, reduced from £163.8m (at 30 June 2022) to £129.9m, with all but £5.8m benefitting from long-term fixed interest rates.
- EPRA earnings per share are 6.2p for the year (2022: 6.2p), achieved despite the impact of asset disposals in both the current and previous year.
- Rent collection was strong, with 99% of all rent and service charge income invoiced in the year collected.
- £33.4m of disposals during the year, together with the YPS sale announced previously, contributed to a significant reduction in net debt.

CitiPark and our hotel have performed strongly, as people have moved on from COVID-19. The location of our hotel benefitted from an increase in people taking short city breaks, which has mitigated the effect of changes in the behaviour of business customers to deliver a stellar year. Our car parks have seen high occupancy from shoppers and visitors, although those more reliant on business parking have performed less strongly. Our vehicle charging and enforcement businesses are doing well.

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

CITIPARK MERRION CENTRE



STRATEGIC REPORT

Chairman and Chief Executive's Statement continued

Strategy

We have successfully executed our strategy to dispose of retail and leisure assets and reduce borrowing to give us the headroom for future growth, accelerated by the disposal of our stake in YPS. The pace of divestments is slowing as our focus on paying down debt is behind us and we are now back to exploring opportunities to re-establish our income model. Examples include mixed-use properties in Central London combining retail, commercial and residential units. We are also looking to grow our Car Parking business and are open to considering attractive assets in any location, as well as in complementary areas such as vehicle charging.

Retail is arguably at the bottom of the cycle, so we will also evaluate targeted acquisitions in that segment, identifying assets where we can put our property management expertise to greatest effect.

Although there is a sense of catching falling knives as valuations decline, that is our business, and we bring experience and expertise from our long heritage as well as our long-term approach. As we look to re-gear as appropriate, we were delighted that our tender offer for shares last September was over-subscribed, and we also bought back some of the debenture in the past year.

The Board has approved a final dividend of 2.5p, bringing the total for the full year to 5.0p (compared to a total of 5.0p last year).

READ MORE **PAGE 16 - 23**

People and culture

In a market where competition for talent is fierce, we are delighted to have such a strong team, without whose expertise and commitment the Company's positive performance wouldn't be possible.

There have been no changes to the Board, with the exception of promoting Craig Burrow to the main Board as Group Property Director, a reflection of his contribution to the Company.

ESG and communities

Philanthropy has always been at the heart of the Company's ethos, and we are proud to be involved with a number of philanthropic and community-based programmes including Leeds Hospitals Charity, the Yorkshire Children's Charity and First Give.

We directed a portion of the proceeds from the sale of YPS to set up a staff charitable foundation with a view to colleagues suggesting the causes they want to support. Sustainability is a priority for the Company in the assets we acquire and manage, as well as in our Car Parking business. 33.4% of our investment property portfolio has an EPC rating of B or above, and environmental credentials are at the forefront of the design of our developments at Whitehall Riverside.

READ MORE **PAGE 38 - 51**

Outlook

Looking ahead, we remain focused on optimising the performance of our estate and Car Parking business and are looking to capitalise on our secure financial position to acquire assets that meet our criteria. There is some hesitancy in the market, but our deep experience, agile approach and strong balance sheet make us well placed to seize attractive opportunities as they arise.

Edward Ziff OBE DL
Chairman and Chief Executive
17 October 2023

EV CHARGERS AT CITIPARK

Obituaries

During the last twelve months two individuals who both played key roles in the development of TCS sadly passed away.

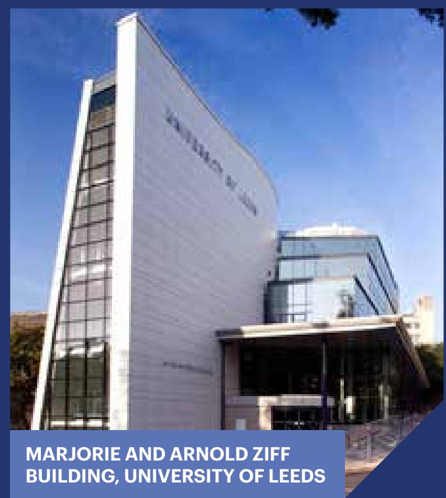
Dr Marjorie E Ziff MBE Hon RCM 'Mrs Arnold'

1930 - 2023

Dr Marjorie E Ziff MBE Hon RCM was the beloved wife of our founder, Mr Arnold Ziff OBE and mother of current TCS Chairman and Chief Executive, Edward Ziff OBE, non-Executive Director, Michael Ziff and their sister Ann Manning. 'Mrs Arnold' (as she was affectionately known) was pivotal in the creation of TCS alongside her husband and was well-known to many employees and shareholders of the Company.

Dr Ziff was awarded an MBE in the 2011 New Year's Honours list for her services to philanthropy and the community of Leeds for over 60 years of unwavering and dedicated devotion. She officially opened the Merrion Centre on her 35th birthday on 26th May 1964 and continued to be a fundamental part of the business, returning in 2019 for the Centre's 55th anniversary.

Her contribution and public service to the city and community of Leeds has been an inspiration and a quality that all members of the Ziff family endeavour to continue in her honour.



MARJORIE AND ARNOLD ZIFF BUILDING, UNIVERSITY OF LEEDS

Howard Stanton

1942 - 2023

Howard Stanton joined TCS in April 2009 as a Non-Executive Director, at the end of the global financial crisis, when TCS was facing some of the most challenging financial conditions the market had known. He was a continuing support to me and the rest of Board through those difficult times and up until he retired from the role in 2015.

He was also a an outstanding friend to our business and had a great passion for charitable work. He was involved in countless charities and community projects. He dedicated his time and energy to these and his family as much as his commercial interests, which in themselves were significant.

I was very saddened to hear of Howard's passing and I would like to offer our sincerest condolences to his wife Pat, his son David and his daughters Lara, Ilana and Sarah and the rest of his family. We wish them and the rest of his family long life.

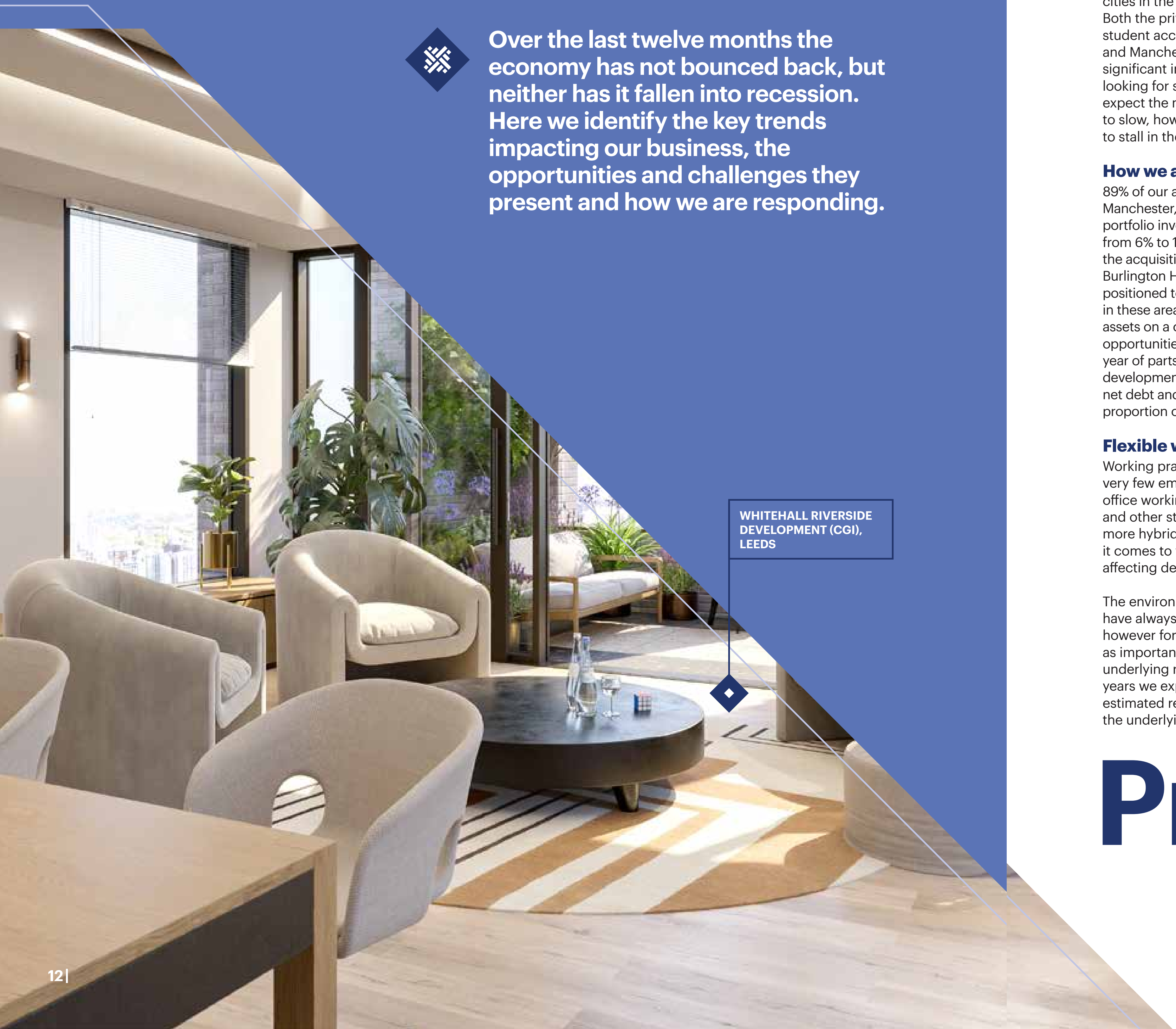
LEEDS HOSPITALS CHARITY BEAR HUNT AT THE MERRION CENTRE, LEEDS

STRATEGIC REPORT

Market overview

Our market

Over the last twelve months the economy has not bounced back, but neither has it fallen into recession. Here we identify the key trends impacting our business, the opportunities and challenges they present and how we are responding.



WHITEHALL RIVERSIDE DEVELOPMENT (CGI), LEEDS

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

Political attention has shifted from the pandemic and the war in Ukraine to the cost-of-living crisis and inflation, with the Bank of England continuing to raise interest rates. As mentioned last year, in the medium term we expect attention to refocus on rebalancing and growing the UK economy and the strengthening of major cities in the North West and North East. Both the private rental and purpose-built student accommodation sectors in Leeds and Manchester have continued to attract significant investment from large funds looking for stable income streams. We expect the momentum behind these sectors to slow, however we are not expecting them to stall in the foreseeable future.

How we are responding

89% of our assets are located in Leeds and Manchester, with the percentage of our portfolio invested in residential growing from 6% to 12% in the year following the acquisition of the remaining half of Burlington House, Manchester. 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. The disposals during the year of parts of our Manchester and Leeds development sites have helped reduce net debt and more importantly reduce the proportion of variable interest rate debt.

Flexible working and office space

Working practices have settled down, with very few employers mandating full-time office working. From talking to our tenants and other stakeholders we are seeing more hybrid and flexible approaches when it comes to working practices, which is affecting demand for office space.

The environmental credentials of a building have always been important to tenants, however for new prime offices these are as important - if not more so - than the underlying rental value. Over the coming years we expect this to affect both the estimated rental values achievable and the underlying investment yields for every property, whether new-build or an existing investment. Although not a material factor at the moment, the minimum energy efficiency standard of EPC B, which becomes mandatory in April 2030, is a key metric in where we invest and update our existing portfolio.

How we are responding

Office space currently accounts for 31% of our portfolio, with our focus on high-quality assets 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 attractive working environments.

Where it is not possible to create attractive office space, we are looking at alternative uses. For example, we plan to convert Wade House, an office building at the Merrion Centre, into new student accommodation.

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. Reduced requirements and smaller store sizes are now the norm, with town and city centres having to evolve their offering. This has resulted in further retail casualties during the year, however the operators that keep pace with changing customer needs and identify optimal in-store propositions should be able to thrive. For example, younger shoppers, despite being online more than any other group, show a preference for a hybrid, off- and online shopping experience. In contrast, older shoppers now fall broadly into two camps, with those continuing to visit physical shops and those that do the majority of their shopping online.

How we are responding

In line with our strategy of the last three years, we have diversified our portfolio and reduced our retail exposure. Pure retail now accounts for only 19% of our portfolio value, down from 60% seven 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 buildings are digitally efficient, developing sustainable and energy efficient solutions, as well as considering the health and wellbeing of employees, tenants and visitors. In the automotive sector, demand for electric cars is rising; the UK Government's plan to phase out the sale of new petrol and diesel cars by 2035 means that the infrastructure to charge them when consumers are on the move are now needed in greater numbers and more widely spread 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 as well as net zero carbon in the operation of our new developments. With wellbeing never 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 over 182,000 kWh of energy in the year (FY22: 187,000 kWh) and avoided over 115 tonnes of CO_2 (FY22: 109 tonnes). We continue to look at innovative ways to further reduce our environmental impact.

In our Car Parking division, we have continued our roll-out of EV charging points and rapid chargers across our car parks and alongside our buildings. We currently operate 51 chargers across CitiPark's Car Parking portfolio and a further 38 chargers with NHS and retail partners.

Progress

STRATEGIC REPORT

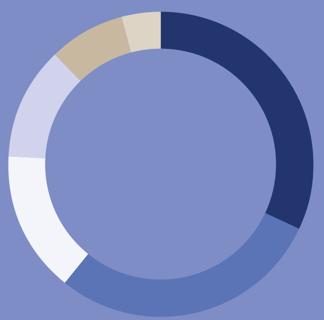
Our business model

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

What sets us apart – investment case

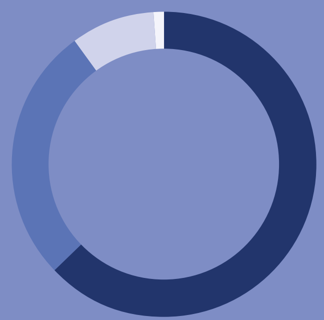
Our diversified portfolio spans a wide range of sectors across key regional locations.

PORTFOLIO VALUE BY SECTOR



Office	32%
Retail/Leisure	29%
Car Parking	15%
Residential	12%
Development	8%
Hotels	4%

PORTFOLIO VALUE BY LOCATION



Leeds	63%
Manchester	27%
London	9%
Glasgow	1%

Development pipeline of over £400m of high-quality assets
Our pipeline presents significant long-term growth opportunities.

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 our 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
For commercial tenants we create spaces that help support businesses and meet their changing needs. We provide safe environments for our residential tenants, with modern city living a pre-requisite.

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.

MERRION CENTRE, LEEDS

STRATEGIC REPORT

Our strategy

We have clear plans to further enhance shareholder value

1

WHAT WE DO:

Actively manage assets to optimise income and capital growth

PROGRESS:

- The proportion of retail and leisure assets in the portfolio has now settled at 29%, down from 60% in 2016. Pure retail now represents only 18% of the total portfolio and of that, 66% is in the resilient Merrion Estate.
- We disposed of our retail investments in Gordon Street and Buchanan Street, Glasgow, an office scheme in Uddingston as well as parts of both of our Whitehall Riverside and Piccadilly Basin development sites.
- Two acquisitions were completed in the year. A new office building in London, one floor of which is now the new London office for the Company, and the remaining half of Burlington House, a 91-apartment build-to-rent ('BTR') scheme in the centre of Manchester.

PRIORITIES

- Future opportunities have been identified at Vicar Lane, Leeds and the Merrion Centre

2

WHAT WE DO:

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

PROGRESS:

- We sold four properties during the year for £33.4m, £4.1m above June 2022's valuation.
- Net borrowings (total borrowings of £131.5m less finance lease liabilities of £28.0m and net cash of £1.6m) consequently reduced 21% to £101.9m, with loan-to-value ('LTV')[1] reducing to 45.8% (FY22: 46.4%). Included in the reduction of net borrowings was the buy-back for cancellation of £13.7m of our £96.1m 2031 5.375% debenture.
- We renewed our existing Handelsbanken facility, which now expires in June 2026.
- Our existing Lloyds bank facility was renewed immediately after the year-end and now expires in June 2026 with the option for two further one-year extensions.
- Following the acquisition of the remaining 50% of Burlington House, the Group now consolidates the loan facility secured solely on that property. This loan, which expires in January 2029, has a fixed interest rate of 3.06%.

PRIORITIES

- We will continue to review our portfolio with an increased focus on bringing forward our development pipeline.
- Optimising our capital structure to reduce gearing and absolute borrowing levels whilst reducing the exposure to variable interest rates is an ongoing focus.

3

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 £400m, is a valuable and strategic point of difference for TCS which we continue to progress and improve.
- In May 2023 we secured planning consent for the next phases on the flagship mixed-use Whitehall Riverside development site in Leeds including two office buildings, a 478-space CitiPark car park and a hotel/aparthotel.
- Following submission earlier in the year of a pre-application presentation to Leeds City Council, we are continuing to work up student accommodation plans for the existing consented 100MC office building and Wade House. These plans will also cater for the evolution of the Merrion Estate as both shopping habits and the demographic of visitors to the Merrion Centre change.

PRIORITIES

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

4

WHAT WE DO:

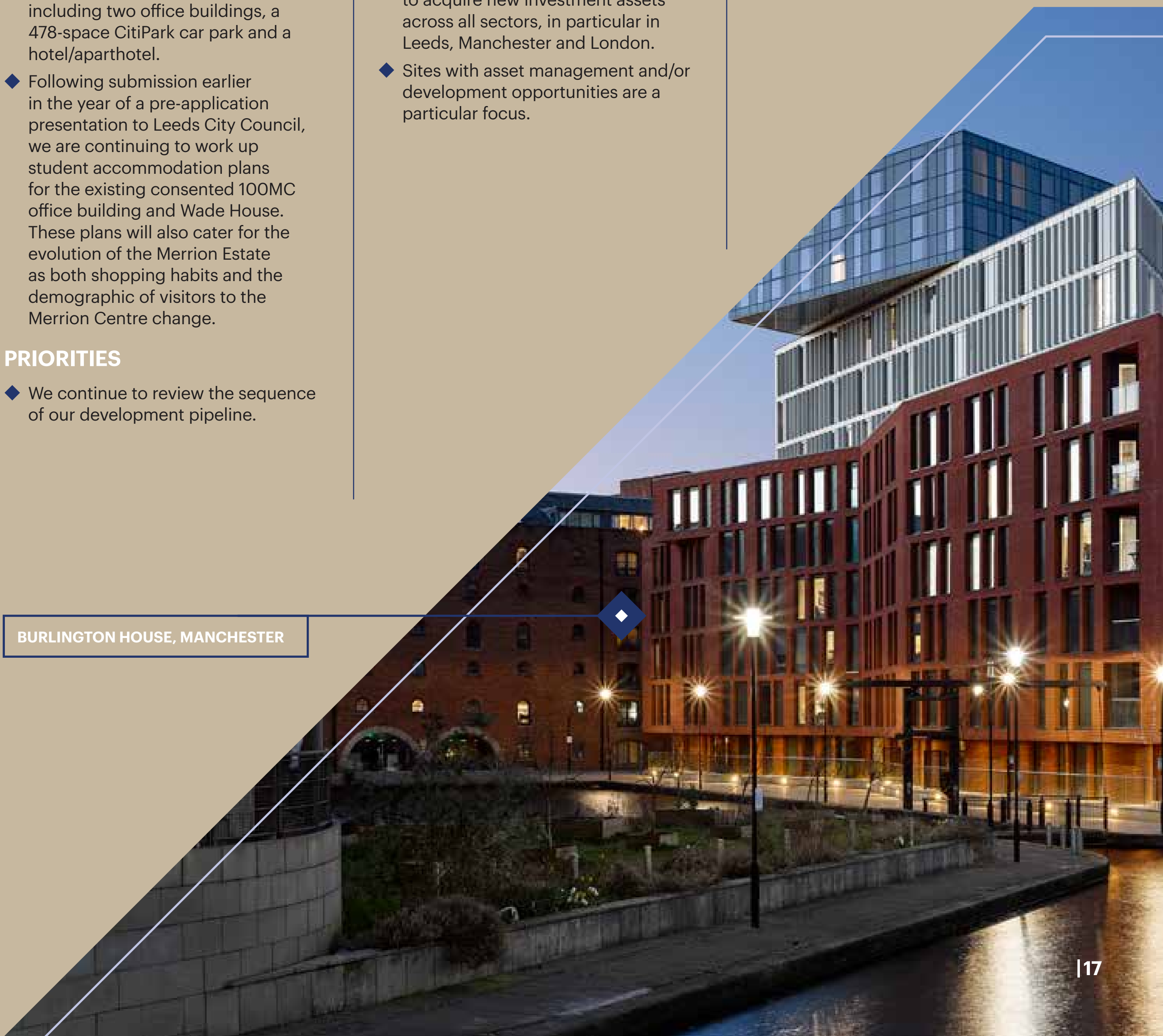
Acquire investment assets to diversify the portfolio across sectors, with a focus on Leeds, Manchester and London

PROGRESS:

- Completed the £7.5m acquisition of 45 Weymouth Street, London.
- Completed the £11.4m acquisition of the remaining 50% of Burlington House, Manchester.

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.



BURLINGTON HOUSE, MANCHESTER

Loan to Value 45.8% – The amount of financial liabilities of £131.5m less net cash of £1.6m as a percentage of total assets £306.8m less cash and cash equivalents of £23.3m.

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

STRATEGIC REPORT

Strategy in action

WHITEHALL RIVERSIDE DEVELOPMENT (CGI), LEEDS

Development

SEE OUR STRATEGY → PAGE 16

3

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

Overview

The Company has a development pipeline with a gross development value of over £400m split between Leeds and Manchester. All of the land is within the Company's ownership and has either detailed planning or strategic frameworks in place for the majority.

LDS

No.2 | No.5 Whitehall Riverside

Whitehall Riverside has been designed for modern needs, but with flexibility front of mind to adapt to the changing requirements of workspace, residential, electric vehicles, and the visitor economy. This will deliver a truly mixed-use scheme and a unique neighbourhood in the West End of the city which is now enjoying increased activity and development.

Actions:

- Completed the sale of part of the site to Glenbrook.
- Submitted a masterplan for the remainder of the site.
- Continue to operate a 'policy compliant' surface level car park on the site.

Outcomes

- Net receipt from Glenbrook enabled the Company to reduce debt.
- Secured a detailed planning consent for up to 235,000 sq ft of Grade A, smart and energy efficient office.
- Secured a detailed planning consent for a state-of-the-art multi storey CitiPark car park and travel hub with a renewable energy facility.
- Secured an outline planning consent for the remainder of the site.

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.
- Target BREEAM '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 benefit from:

- 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.

STRATEGIC REPORT

Strategy in action continued

MERRION CENTRE, LEEDS

SEE OUR STRATEGY → PAGE 16

3

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

LDS

Merrion Centre

Leeds is the 4th largest conurbation in the UK with significant growth in employment and city living forecast. In recent years over 3,500 student rooms have been completed around the Merrion Centre alone, with over 2,000 currently under construction and more in the pipeline. These will continue to drive footfall through the centre whilst also providing further opportunities for significant development, with permission for our 100MC tower already granted.

Actions:

- Progressing an new application for over 1,000 student rooms in the refurbished Wade House and the Separate 100MC Tower.
- Continuing to evaluate other development opportunities with the Centre.

MCR

Piccadilly Basin

We are currently working to update the existing strategic regeneration framework for Piccadilly Basin. This will include creating a sense of place, of community and hope to build complete advocacy to the area from the people who work, live and pass through Piccadilly Basin.

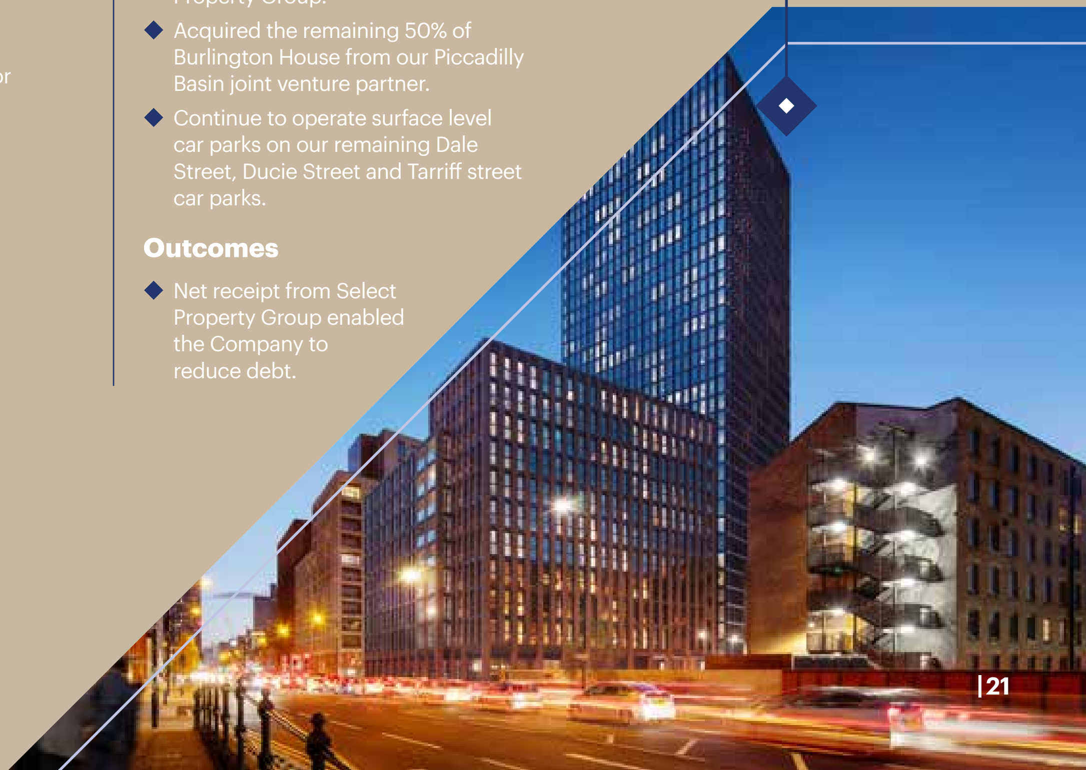
Actions:

- Completed the sale of our Port Street surface car parks to Select Property Group.
- Acquired the remaining 50% of Burlington House from our Piccadilly Basin joint venture partner.
- Continue to operate surface level car parks on our remaining Dale Street, Ducie Street and Tarriff street car parks.

Outcomes

- Net receipt from Select Property Group enabled the Company to reduce debt.

PORT STREET DEVELOPMENT (CGI), MANCHESTER:



STRATEGIC REPORT

Strategy in action continued

WEYMOUTH STREET, LONDON

Investment

SEE OUR STRATEGY → PAGE 17

4

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

Overview

Designed by award winning architects Manalo and White, the property is listed Grade II and has recently undergone a complete refurbishment.

Located on Weymouth Street in the centre of the world's most renowned medical district moments from London Clinic, Harley Street Clinic, Princess Grace Hospital and King Edward VII Hospital.

LDN

No.45 Weymouth Street

Actions:

- The acquisition of 45 Weymouth Street aligns with our core investment strategy of identifying assets with the potential to add long-term value.

Outcomes:

- The property was fully refurbished prior to our acquisition, with office space on the lower ground, ground, first and second floors and residential accommodation on the third floor. This has enabled TCS to create a new, London base for the business following the sale of our previous capital base in 2021. The remaining high-grade office space is now fully income-producing and let to two separate operators in the medical and healthcare sector.

LONDON AS A PERCENTAGE OF TOTAL

9%

2022 | 7%

RECENTLY REFURBISHED

4,760 sq ft

GRADE II LISTED PROPERTY

WEYMOUTH STREET, LONDON

STRATEGIC REPORT

Key performance indicators

Actively manage assets to optimise income and capital growth

KPIs:

Capital expenditure in FY23 on the existing portfolio

£32.7m

(FY22: £1.6m)

Void rate at 30 June 2023 stands at:

5.6%

(30 June 2022: 5.1%)

SEE OUR STRATEGY → PAGE 16

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

KPIs:

Loan to value[1] as at 30 June 2023

45.8%

(FY22: 46.4%)

LTV headroom over our bank facilities as at 30 June 2023

£30.0m

(FY22: £18.5m)

Generated from asset sales in the year ended 30 June 2023

£33.4m

(FY22: £37.9m)

Weighted average cost of net borrowings at 30 June 2023

5.1%

(FY22: 4.9%)

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

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

KPIs:

Development pipeline remains in place

£400m

(FY22: £740M)

Electric Vehicle charging bays across our portfolio

51

(FY22: 31)

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

KPIs:

Retail and leisure proportion of portfolio

29%

(FY22: 31%)

Percentage of portfolio now invested in residential

12%

(FY22: 6%)

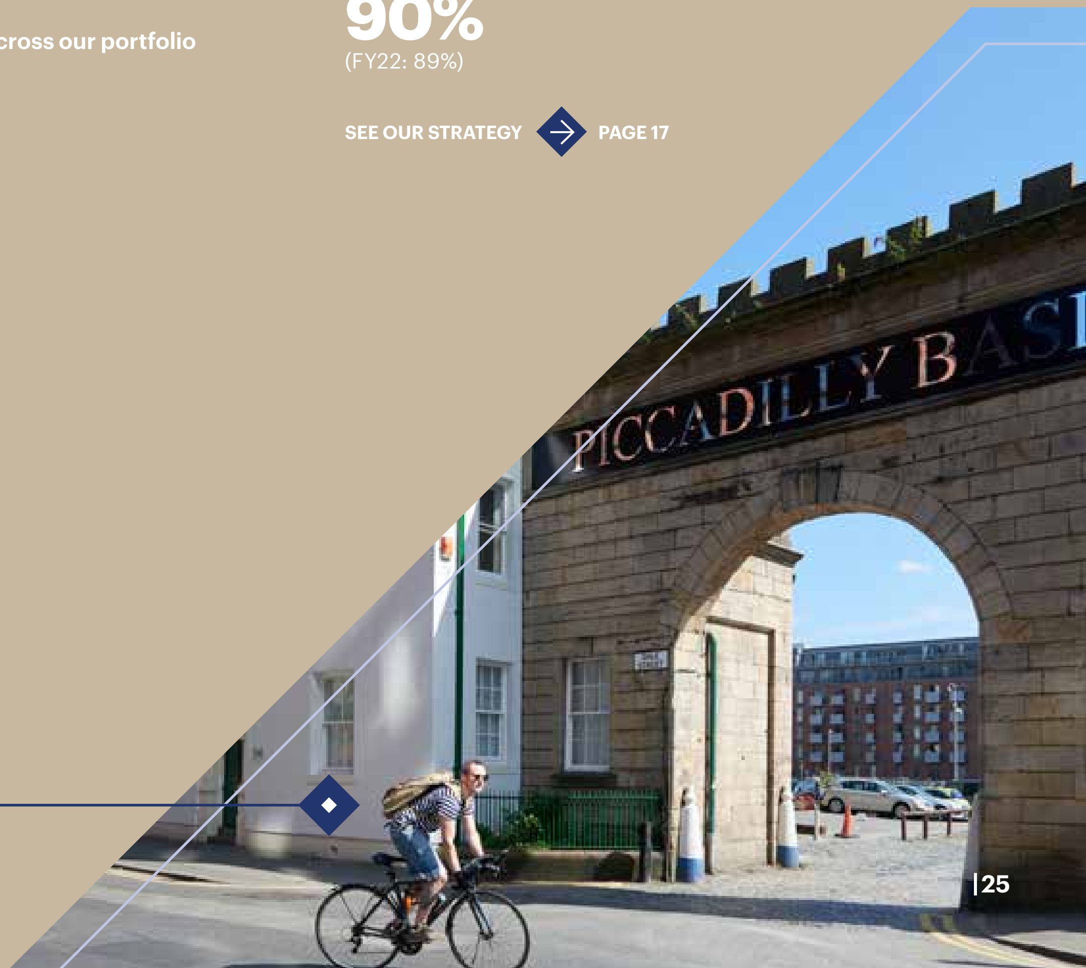
Percentage of the portfolio located in Leeds and Manchester

90%

(FY22: 89%)

SEE OUR STRATEGY → PAGE 17

TABULA RASA, VICAR LANE, LEEDS



PICCADILLY BASIN, MANCHESTER

STRATEGIC REPORT

Portfolio review

Diversified portfolio

Valuation summary

The like-for-like value of our portfolio decreased by 12.6% (£35.3m) after capital expenditure of £20.4m in the year. In addition, we recognised a further surplus of £4.1m resulting from the disposal of investment properties in the year.

Portfolio decrease

12.6%

2022 | 1.2% INCREASE

WHITEHALL ROAD DEVELOPMENT (CGI), LEEDS

WHITEHALL ROAD DEVELOPMENT (CGI), LEEDS

STRATEGIC REPORT

Portfolio review continued

Significant valuation losses have been recognised across our retail, leisure, office and car park portfolios.

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

Portfolio overview

	Passing rent £m	ERV £m	Value £m	% of portfolio	Valuation incr/(decr)	Initial yield	Reversionary yield
Retail & Leisure	1.0	1.3	14.5	5%	-4.1%	6.4%	8.4%
Merrion Centre (ex offices)	4.6	4.9	51.4	19%	-12.8%	8.5%	9.0%
Offices	4.8	6.6	83.7	32%	-17.0%	5.5%	7.5%
Hotel	0.8	0.8	9.5	4%	4.4%	8.1%	8.1%
Out-of-town retail	1.0	1.1	13.0	5%	-10.4%	7.3%	7.8%
Residential	1.4	1.5	31.1	12%	0.5%	4.2%	4.6%
	13.6	**16.2**	**203.2**	**77%**	**-11.8%**	**6.4%**	**7.6%**
Development property			20.8	8%	-7.6%		
Car parks			40.7	15%	-18.0%		
PORTFOLIO			**264.7**	**100%**	**-12.6%**		

Note: includes our share of Merrion House within Offices (£30.7m – see note 14 of the financial statements) and Car Park Goodwill of £3.0m (see note 13 of the financial statements) arising on individual car park assets, but specifically excluding goodwill arising from the current year car park operation acquisitions. None of the above is included in the table set out in note 12 of the financial statements.

Note: excludes IFRS 16 adjustments that relate to right-of-use car park assets (£23.1m) as the Directors do not believe it is appropriate to include in this analysis assets where there are fewer 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 the financial statements.

The table below reconciles the above table to that set out in note 12 of the financial statements:

	FY23 £m	FY22 £m
Portfolio as per note 12	254.1	282.4
50% share in Merrion House	30.7	35.7
50% share in Burlington House	–	11.5
Goodwill – Car Parks – Property-specific only	3.0	4.0
Less – IFRS 16 right-of-use car parks	(23.1)	(26.7)
AS PER THE TABLE ON THE LEFT	**264.7**	**306.9**

CARVERS WAREHOUSE, MANCHESTER

Sales and purchases

During the financial year ended 30 June 2023 we sold four properties above their 30 June 2022 book value, for gross proceeds of £33.4m.

Our continued commitment to asset recycling is clear. The table details the £168.2m of disposals since FY17 of which 71% 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%
FY23	33.4	21%	18.8	0%
	168.2	71%	56.5	26%

Percentage of Offices

32%

2022 | 30%

Percentage of Residential

12%

2022 | 6%

Retail and leisure

Retail has seen a perfect storm over the last few years with the pandemic accelerating changing shopping habits and the cost-of-living crisis affecting consumers' decision-making.

These factors and the wider macroeconomic outlook have negatively affected the retail sector and resulted in significant valuation reductions across our portfolio of retail properties. In particular, our Merrion Centre retail and leisure units have collectively seen a 12.8% valuation reduction in the year. This reduction is most prominent in our Morrisons supermarket investment, where the underlying value dropped by 19.4% over the 12 months, a trend that has been seen nationally across all foodstore investments.

Our leisure investments, particularly those facing the Leeds arena, fell in value by less than 1%, highlighting the benefits of having not only a portfolio diversified by sector, but also having diversity across significant assets.

Regional offices

As with retail, the office market is also facing significant macroeconomic challenges, and this is coupled with uncertainty around tenant requirements in terms of both size and location. With ESG requirements evolving, the environmental credentials of a building developed only five years ago are very different from those of a new build office. The flight to prime is being felt especially in the office market and the experience in regional offices is no different to that in central London.

Our office portfolio, located mainly in Leeds and Manchester, suffered a 17% reduction in value over the year, all of which related to market sentiment and the underlying investment yields.

Residential

Residential property values continued to grow, with supply constraints a factor, particularly in Manchester. Our residential property portfolio, increased through the acquisition in the year of the remaining half of Burlington House, performed well, with occupancy levels of 100% now the norm. This was reflected in a small valuation uplift of 0.5% in the year. As FY24 progresses we are expecting to see further valuation uplifts as the rental income earned should increase on a unit-by-unit basis.

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 amenities being a key deciding factor.

Car Parks

During the year, the Company's freehold and long leasehold car park assets fell in value from £49.6m to £40.7m, a drop of 18%. Occupancy levels across the portfolio did not change in the 12 months, however increased operating costs and rental charges negatively impacted the underlying values.

Other valuation movements

The value of the Company's development sites decreased marginally by £0.5m in the year, reflecting weakening office sentiment, despite capital investment in the year of £1.1m.

123 ALBION STREET, LEEDS

STRATEGIC REPORT
Divisional review

Overview
In line with our strategy to pay down debt, our work has focused largely on divestments and refreshing plans for the development pipeline. Having strengthened the balance sheet and recently concluded our strategic disposal programme, we have begun to make targeted purchases and are cautiously evaluating further opportunities.

The landscape has been challenging in terms of yields and valuations, and rising costs that are suppressing rents in some segments. Retail and leisure occupiers have been hit hard by high energy prices, and landlords have felt the impact, for example tenants looking to rebase rents at lease event dates, or consolidating the number of stores they have in a city, leading to voids. Similarly, some business tenants are rethinking whether they need the same amount of space as previously.

Despite this challenging environment and the various external factors impacting property, we have continued to invest to put our portfolio and business in a good position so we can move forward to realise our redevelopment ambitions, with our diverse portfolio in multiple sectors a source of resilience.

Disposals and acquisitions
Four disposals completed during the year, generating total proceeds of £33.4m. We made one office acquisition, 45 Weymouth Street in Marylebone, a small, Grade 2 listed freehold property that is now the location of the TCS London head office after the previous office on Duke Street was sold in 2021. TCS occupies part of the property, and the remainder was let quickly following the acquisition. In addition to Weymouth Street, we acquired from our JV partner the remaining 50% of Burlington House, a prime build-to-rent scheme in central Manchester.

Our divestments included Buchanan Street in Glasgow and Grove House in Uddingston, both of which completed in December. We also made some strategic disposals that had been agreed subject to planning for almost two years: in December we completed the sale of Port Street, part of the Manchester Piccadilly Basin scheme, to Select Property Group, who plan to develop 480 apartments on the site. In April 2023 we sold part of the Whitehall Riverside site in Leeds, with permission for 500 homes, to build-to-rent residential developers, Glenbrook.

Rent collection
Our rental collection performance has been very strong, with 99% collected or deferred. This exceeds levels seen before the pandemic, the circumstances of which contributed to closer relationships with tenants. We have also disposed of some assets that had been associated with more challenging rent collection.

Property

WHITEHALL RIVERSIDE DEVELOPMENT (CGI), LEEDS

Development pipeline highlights
The projects we are looking to bring forward demonstrate the diversity of our portfolio, including an office building, a car park, a residential building and some student buildings that we are in the process of planning, designing and moving towards development.

Piccadilly Basin
The sale of Port Street is enabling us to bring forward a refresh of the strategic regeneration framework ('SRF') for Piccadilly Basin. We're looking at a mixed-use development and have been working with Manchester City Council to update plans for the rest of the site. We had been at an advanced stage in the design of a residential building in Manchester but have paused that until the SRF refresh has been completed, after which the intention would be to bring forward that application.

Whitehall Riverside
Having divested part of the Whitehall Riverside site, we now have detailed consent for an energy-efficient office building and multi-storey car park. We are looking to bring forward those elements of the master plan and we intend to begin construction of the car park in Q1 2024. The office will be best-in-class for the city in terms of its ESG credentials, and we will be seeking a pre-let occupier to develop the building.

Wade House
We are in the process of designing a purpose-built student accommodation ('PBSA') scheme based on the redevelopment of Wade House, a 1960s office building, and the adjacent 100MC site. Together they would have capacity for around 1100 PBSA beds, adding to other student accommodation in the immediate vicinity of the Merrion Centre, which will further enhance the demand for and vibrancy of the retail and leisure outlets in the Centre.

Rent collected from March 2022

99.1%

2022 | 99.0%

Performance by segment
During the reporting period we experienced challenging market conditions that were exacerbated by the mini budget in September 2022, the impact of which is still being felt in certain sectors. Build-cost inflation and rising interest rates are creating a difficult environment for developers. Some schemes that were viable when plans were submitted may no longer be so by the time planning permissions are granted, leading to the need to update development appraisals. A further consideration is the need to update designs to keep up with the evolving ESG requirements of tenants.

Office
The office market is seeing values reducing for secondary regional office buildings, where there is a flight to ESG-compliant buildings. Differing company policies in relation to working from home are also having an impact on office occupancy and related trade for surrounding businesses as well as car-park utilisation. Whilst employees of some tenants are working five days per week in the office, others are in the office just two days per month, and employers are seeking to find a balance between the needs of their organisations and what suits their workforce. TCS's biggest tenant, Leeds City Council, is an example of an organisation whose office occupancy levels are very different to those before the pandemic.

Retail and leisure
We continue to evolve our retail and leisure offering, where demand is more for 'experiences' whether in shopping or in leisure destinations. We welcomed several new tenants to the Merrion Centre during the year, including Pret a Manger.

Residential
Our residential assets performed well, with demand outstripping supply in many cases. In Manchester, Leeds and Glasgow we've seen strong occupancy and rental growth although at the same time have felt the impact of inflation in energy prices and more widely, which is a challenge to manage.

Hotel
Our hotel has gone from strength to strength, seeing increasing occupancy levels throughout the year, and we are looking to invest in a refurbishment of the rooms, including new televisions and updated décor. The ground-floor restaurant space has now been let to an independent operator and this is now opening, serving breakfasts as well as evening dining.

Asset management
Leeds
We speculatively refurbished office space at 123 Albion Street in Leeds and are also in the early stages of refurbishing and repositioning Town Centre House, the location of our head office. We are working with our tenants to understand their long-term needs.

Having worked with Leeds City Council for some years to bring forward development on their George Street site, we are working with them to develop a new hotel and are close to securing a pre-let of a 143-bedroom hotel with a national operator.

Manchester
Occupancy levels at Ducie House and Carvers Warehouse have been very high and included new tenants.

Glasgow
Following the sale of Buchanan Street and Grove House, our only remaining asset in Scotland is 38 Bath Street. We are in the process of bringing forward a full refurbishment of the site, which comprises 20 apartments above leisure and retail outlets on the ground floor and basement level. The strength of the residential market there has given us confidence to invest and hold the asset for the long term.

London
During the year we acquired a vacant investment property in London. The Company now occupies one floor of this building as its London headquarters whilst the remaining space has been fully let.

IBIS STYLES LEEDS CITY CENTRE ARENA HOTEL, LEEDS

STRATEGIC REPORT

Divisional review continued

Overview

With revenues of £13.1m (2022: £11.4m) and operating profit before valuation movements of £3.4m (2022: £3.5m) generated during the year, the CitiPark business remains on a path of recovery following the pandemic and is continuing to adapt to market conditions.

The carrying value of the CitiPark portfolio has been impaired during the year, however this impairment has been driven by changes to the underlying interest rate environment which has increased the weighted average cost of capital metric used by the Company in assessing impairments.

Although this varies by location, the business continues to feel the effects of the sea change in commuting patterns as the move to working from home during COVID-19 lockdowns has become the norm for many people. Rather than Monday to Friday that was the default until Spring 2020, core days for commuter traffic are now Tuesday, Wednesday and Thursday.

CITIPARK MERRION CENTRE, LEEDS

CitiPark

Performance

Performance has varied depending on the location and associated demographics of each branch. For example, the largest user group of our Merrion Centre car park is Leeds City Council workers, most of whom now only work from the office one day per month, which has had a significant impact on our Monday to Friday utilisation levels.

In contrast, other car parks are seeing utilisation in excess of pre-pandemic levels. For example our Whitehall Road location in Leeds, which has been restricted by a council-mandated operating model, is seeing high levels of utilisation, both during the week and also at weekends, helped by the car park's location adjacent to Leeds train station, the third-busiest station outside of London. We have planning permission to build a 500-space multi-storey car park on this site, for which we expect construction to begin in Q1 of 2024.

Our car parks in Manchester have also outperformed pre-COVID-19 levels, helped by their proximity to Manchester Piccadilly train station as well as the development of leisure, retail and hotel facilities in the area. We have explored alternative uses for some of our branches, for example the level of development in the city has provided an opportunity to lease off areas for use as construction site compounds. These, along with our more compact portfolio following the sale of assets such as Port Street, have allowed us to review tariffs and our offering to drive revenue, profitability and utilisation.

Our locations in London also traded well during the year and in line with pre-pandemic levels as large employers in those areas wanted their employees in the office. We have an investment programme planned for our London assets this year in relation to lighting, sustainability upgrades, CitiCharge's EV charging and infrastructure improvement to increase capacity.

In line with the rest of the economy, the business has faced inflationary pressures in utilities and other costs, although these were somewhat mitigated by one-off support received during the year through the UK Government COVID-19 Additional Relief Fund and reduced business rates for car parks.

Technology and innovation

As part of our ongoing work to invest, develop and innovate, we have recently undertaken an upgrade programme that included the installation of 35 EV chargers throughout our CitiPark portfolio to improve reliability and customer experience of our CitiCharge network, as well as enabling us to commercialise our chargers. An added benefit of the investment has been the greater utilisation of the car parks by people seeking out these high performance, DC rapid chargers.

Other innovation during the year included the relaunch of our upgraded CitiPark app to integrate new payment options including Apple Pay and Google Pay.

Although we sold our equity stake in YourParkingSpace ('YPS') at the beginning of the financial year for a total net consideration of £18.5m, we retain a commercial relationship with YPS and they continue to have a presence throughout our portfolio.

Outlook

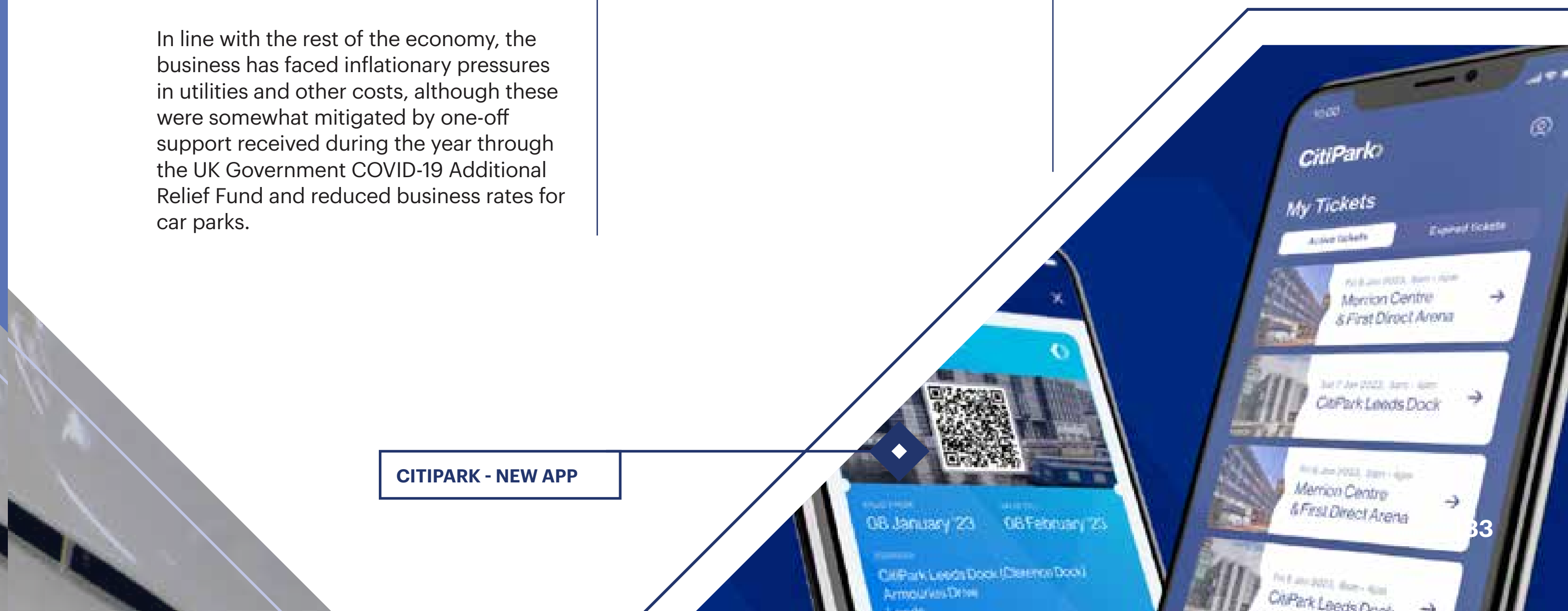
We are not standing still; with growth, innovation and our development pipeline all key priorities for the coming years. We are looking to develop our own parking management system and hardware to bring operational cost efficiencies and customer journey improvements. We are also continuing to explore alternative uses for our larger, longer-term assets to make better use of our branches and deliver more revenue. Our approach to diversification also includes evaluating management agreements for new sites as well as acquiring further assets of our own.

The outlook for the business is positive, and we are confident that our approach to adapting and innovating positions us well to move with the changing times.

Electric Vehicle charging bays at the year end

51

2022 | 31



CITIPARK - NEW APP

STRATEGIC REPORT

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 63 years and remain committed to pursuing our strategy for long-term value creation.

WHITEHALL ROAD DEVELOPMENT (CGI), LEEDS

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

Why invest in Town Centre Securities?
Clear demonstration of the value we provide to Shareholders

PAGES 14 - 15

Strategy
Clearly defined plans for the future of the business

PAGES 16 - 17

Responsible business
Demonstrating understanding of how our business impacts those around us

PAGES 36–41

How the Board factors its stakeholders into decision-making

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

OUR STAKEHOLDERS:	WHY THEY ARE IMPORTANT:	HOW WE ENGAGED DURING THE YEAR:
SHAREHOLDERS	Shareholders are key to ensuring we have the capital to continue doing what we do. They keep us accountable and provide direction and approval to future plans.	The primary 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 to meet informally after. In addition, the Chairman and Chief Executive, and Finance Director maintain a dialogue with institutional Shareholders and analysts immediately after the announcement of the half-year and full-year results, and at other times throughout the year; taking on board suggestions especially with regard to non-financial reporting, for example the EPC reporting now included in our investor presentations and on our website. 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 additional debt repayments, the tender offer completed in the year and other share and debenture buy-backs in the period. As part of this process the Board were provided with 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 four properties, including two development site sales, acquired one property outright, completed the acquisition of the remaining 50% of Burlington House, successfully completed a tender offer and share buy-backs to buy back in for cancellation 4,075,000 Ordinary Shares and £13.68m of debenture during the year.

STRATEGIC REPORT
Section 172 Statement continued

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, cycle to work and electric car initiatives; Westfield Health care for head office-based staff; a company pension scheme and access to a pension advisor; a share-save scheme allowing all staff to benefit from the HMRC scheme with TCS also contributing shares. The canteen and break-out spaces enable all employees and Directors to engage with each other outside of the pure work environment. May 2023 was Mental Health Awareness Month and to recognise this, all TCS head office staff were encouraged to take up to three hours, to do something for themselves, during office hours. Examples included exercise, going to an appointment, gardening or cooking. The only stipulation was that it was only for the individual's benefit. Members of the senior management team attend all Board Meetings, and regularly provide their own perspective on the health and wellbeing of all staff. The Company has also introduced a new flexible working policy. The employee handbook has been updated with the key changes around a specific working-from-home policy and enhancements to the maternity and paternity policies. The Board are also very conscious of the ongoing cost-of-living crisis and all 129 members of staff, in the September 2023 pay review, have been awarded bonuses in addition to salary increases. Although not necessarily a formal Board decision matter, the seriousness of the 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 41.
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 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. 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. 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 13.

OUR STAKEHOLDERS:	WHY THEY ARE IMPORTANT:	HOW WE ENGAGED DURING THE YEAR:
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 further reduced the quantum of one 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 the Merrion Centre has hosted weekly and more permanent events, primarily aimed at children and families – examples of which is the Leeds Bear Hunt (in aid of the Yorkshire Children's Charity) and the Leeds Piano Trail. Hosted by Leeds Hospitals Charity, the 7 Stories of MND exhibition can be found at the Merrion Centre, representing seven individuals who are living with Motor Neurone Disease ('MND') or have loved ones who have sadly died of the condition. Further details on our engagement with the community can be found on page 41.
ENVIRONMENT	The Board acknowledges that it has a responsibility to minimise its environmental impact.	Following completion of its five-year sustainability programme, we are now focusing on three key targets for the Merrion Centre: • Carbon neutrality • Biodiversity enhancement • Community engagement. 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 stipulate, with 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 43 to 49.

STRATEGIC REPORT

Responsible business

ESG

Introduction:

TCS has been committed to generating long-term sustainable success since its foundation over 63 years ago and still retains the ethos of its founder that business should make a positive contribution to the communities in which it operates.

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

We recognise the need to develop a more formal structure to support our activities and ambitions in this area and are continuing on the journey to create an ESG framework with clearly articulated targets and metrics to measure progress against our focus areas.

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 assets	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, 23	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 and utility costs for tenants
3 Head office with living walls and improved circulation space
4 Investment in EV charging infrastructure and growth in EV charging across CitiPark portfolio
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 storage
10 Burlington House value-added services including cleaning, deliveries and fitness
11 Piccadilly Basin - street art project, security improvements
12 Environmental targets for all future developments
13 Continued development of the CitiCharge and CitiPark apps
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 Ongoing 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
23 Electric vehicle salary sacrifice scheme available to all staff

STRATEGIC REPORT

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.

SUSTAINABLE DEVELOPMENT GOALS

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 (eg our work with the Ahead Partnership, First Give and the Yorkshire Children's Charity) together with our response to Mental Health Awareness Month in May where all members of staff were encouraged to take three hours away from work, but still paid, to do something for themselves.

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
The continued expansion of our EV charging network through our CitiCharge business. The engagement of a specialist energy management consultancy business looking at the entire Merrion Centre, including energy procurement for all tenants.

Goals 10 & 17 Reduced inequalities and Partnerships for the goals
Local charitable partnerships including Tempus Nova.

Responsible business continued

People and communities

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 documented 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.

Gender split

71%
MALE

29%
FEMALE

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, introducing a health insurance policy and a new electric vehicle salary sacrifice scheme.

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 71/29 male to female split across the whole business.

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:


TCS SPONSORSHIP OF LOCAL FOOTBALL TEAM

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.

Contributing to the community – Merrion Centre/PureGym
To celebrate mental health awareness month, we hosted, in partnership with PureGym, free fitness classes in the main mall of the centre

Contributing to the community – Merrion Centre
During summer weekly free events are being held in the Merrion Centre to encourage local families and children to visit the centre. Activities include: the Leeds Bear Hunt; story telling; face painting; stilt-walking and other interactive events.

Award – Green Apple World Ambassador Status
Following up from last year's Green Apple Environment Award for the sustainability work undertaken on the recycling facility in the centre, the Company's property management team have now been recognised as Green World Ambassadors. Primarily due to the implementation of a purpose-built, fully sustainable cycle and shower facility for tenants and staff at the Merrion Centre in Leeds. This facility used entirely recycled equipment, dressings, and furnishings.

SUPPORTING STAFF WITH FUNDRAISING AT RACE FOR LIFE LEEDS 2023

STRATEGIC REPORT

Responsible business continued

ENGAGE WITH OUR EXTERNAL STAKEHOLDERS

CitiPark LED 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 and blue), Candlelighters 'Pink It Up' campaign (pink), the Ukraine (blue and 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 visitors. 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 visitor 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 visiting the Merrion Centre to see our biggest dinosaur 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 of six and ten 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 displayed or transferred to the hospice kitchens to be used to create meals for patients, their families and the team.

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 73, TCS has worked closely as a Board to review the requirements of the Code and be clear where we believe compliance is necessary and right, and where it is appropriate to explain why we take a different approach.
- **Debenture holders, engagement** – TCS has in place a long-term debenture where most of our day-to-day contact is with the debenture trustee. 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'.

THE GREEN AT THE MERRION CENTRE - LEEDS

Environment

DELIVERING THE PROGRAMME

Minimise environmental impact environmental report

In alignment with our commitment to sustainability, this report emphasizes our progress towards achieving sustainable targets and highlights the initiatives implemented to mitigate our environmental impact. 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 own environmental footprint.

Key achievements:

1) Energy consumption and efficiency

Over the past year, our head office energy consumption has been 108,594kWh; we have successfully reduced our energy consumption by 2.11% compared to pre-pandemic consumption. The Merrion Centre energy savings can be attributed to the installation of additional energy-efficient LED lighting, further upgrading of supply distribution within the centre and a comprehensive energy management strategy. We completed the five-year PPM plan and have already started working on modernising some of our ageing equipment.

Following a stringent tender process, TCS have entered a relationship with Businesswise Solutions for total energy management solutions. Businesswise Solutions will act as a consultancy with regards to energy procurement, management and sustainability challenges, combining hardware, software and experience to create solutions for our business.

2) Waste management

Over the past 12 months we have continued to focus on recycling and waste reduction. The Merrion Centre produced on average 42.36 tonnes of waste per month, which is an increase of 2.61% over the previous period.

We continue to achieve our goal of zero waste to landfill with 51.6% of the total waste produced this year being recycled and 48.8% sent to an Energy Recovery Facility ('ERF'). £2,719 was raised this year from the recycling of cooking oil from our food and beverage tenants; this money is reinvested back into site initiatives.

The Merrion Centre continues to work in partnership with Refill. Refill works by connecting people with locations where they can eat, drink and shop with less waste. The Merrion Centre is a registered location for customers to refill their water bottles free of charge.

Collaborative partnerships with waste management companies have enabled us to achieve waste segregation systems over the past 12 months; reducing the amount of waste produced on site still remains a driving force behind our waste-reduction initiatives.

3) Water conservation

Water conservation initiatives, including the use of the Ecocap waterless urinal systems in Town Centre House, have resulted in a reduction of 324,000 litres in water usage.

4) Sustainable transportation

Our efforts to promote sustainable transportation options have yielded positive outcomes. TCS have been working closely with Leeds City Council on the roads around the perimeter of the site finding solutions to improve conditions for pedestrians, bike users and vehicles alike, especially on Arena nights when the congestion can be particularly heavy.

Whilst TCS recognise the importance of face-to-face meetings, we encourage our staff to also make use of virtual meetings reducing our environmental impact wherever possible.

5) Green building initiatives

The implementation of green building principles and materials in renovation projects has contributed to the overall sustainability of the shopping centre. Our efforts were also acknowledged at the Green Apple awards in 2022; TCS being awarded a gold award for the creation of the new cycle storage using upcycled materials.

6) Sustainable cleaning

TCS continue to use OdorBac Tec4 for cleaning our centre and offices. Odor Bac is a non-hazardous, non-irritant, non-carcinogenic, environmentally friendly product which comes in a fully biodegradable container. The product proved effective during the COVID-19 pandemic and continues to meet our sustainable goals whilst leaving a clean environment.

Following the Merrion Centre cleaning services being retendered with Churchill Group being the successful candidate, the cleaning team will be receiving their new sustainable uniform made from recycled plastic bottles.

STRATEGIC REPORT
Responsible business continued

Sustainable targets:
1) Carbon neutrality
We remain committed to achieving carbon neutrality. To achieve this goal, we are investing in enhancing energy efficiency measures, and promoting carbon offset programs within the shopping centre and the community.

2) Biodiversity enhancement
In collaboration with local environmental organisations, we are working to transform unused areas spaces into green areas that support local biodiversity. Our goal is to create a vibrant ecosystem within the shopping centre premises.

3) Community engagement
We recognise the importance of involving our community in our sustainability journey. Through workshops, awareness campaigns and partnerships with local interest groups, we aim to educate and empower the community to embrace environmentally friendly practices.

In the past 12 months there have been no incidents of environmental non-compliance and no environmental fines were received. TCS continue to pursue our ambitious sustainable targets; we are confident in our ability to drive positive change and serve as a model for responsible business practices within our industry.

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

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

The table below includes emissions for the consumption and combustion of fuel (Scope 1), 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 and for part of the current year, its recently opened London office. All of TCS's operations are in the UK, therefore all values below are both Group totals and UK totals.

	2023	2022	Unit
ENERGY CONSUMPTION (ALL UK-BASED)[1]			
Transport fuel	175,066	92,249	Kilowatt hours of energy used
Electricity	109,223	101,679	Kilowatt hours of energy used
TOTAL	**284,289**	**193,928**	Kilowatt hours of energy used

	2023	2022	Unit
CO_2E EMISSIONS (ALL UK-BASED)[1]			
Scope 1[2]	40.68	22,89	Tonnes of CO_2e
Scope 2[3]	23.40	26,15	Tonnes of CO_2e
Scope 3[4]	18.76	15,54	Tonnes of CO_2e
TOTAL	**82.84**	**64,58**	Tonnes of CO_2e

	2023	2022	Unit
CARBON INTENSITY			
Reference 1: Area[5]	671	604	Square metres (office area for Group)
Reference 2: Employee	30	27	Employees (FTE)
Reference 3: Gross Revenue (£'000)[6]	27,631	25,383	Gross Revenue (excl. service charge income)
CO_2e by area[1]	0.12	0.11	Tonnes CO_2e per m^2
CO_2e by employee[1]	2.76	2.39	Tonnes CO_2e per employee (FTE)
CO_2e by £'000 of Gross Revenue	0.0030	0.0025	Tonnes CO_2e per Gross Revenue (£000)

1) All of the Group's operations are UK-based, there are no non-UK-based operations. In previous years all CO_2 emissions were based on Kg of CO_2 as opposed to Tonnes of CO_2. All prior year comparatives have been restated to reflect Tonnes of CO_2.
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) Area in FY22 restated to correctly reflect area in square metres of head office space.
6) Gross Revenue in FY22 restated to correctly include Gross Revenue (excl. service charge income) arising in the year.

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. The Company was responsible for the internal management controls governing the data collection process and any estimations or extrapolations. An external consultant was responsible for the data aggregation, GHG calculations, and the emissions statements. GHG emissions were calculated according to the Greenhouse Gas Protocol Corporate Greenhouse Gas Accounting and Reporting Standard. 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 eg electricity or natural gas bills. Company vehicle mileage is based on the actual vehicle mileage for all of the Company's fleet and is used as the basis for calculating energy consumption and emissions from fuel and electric charging.


WHITEHALL RIVERSIDE DEVELOPMENT (CGI), LEEDS

STRATEGIC REPORT

Responsible business continued

TCFD

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.

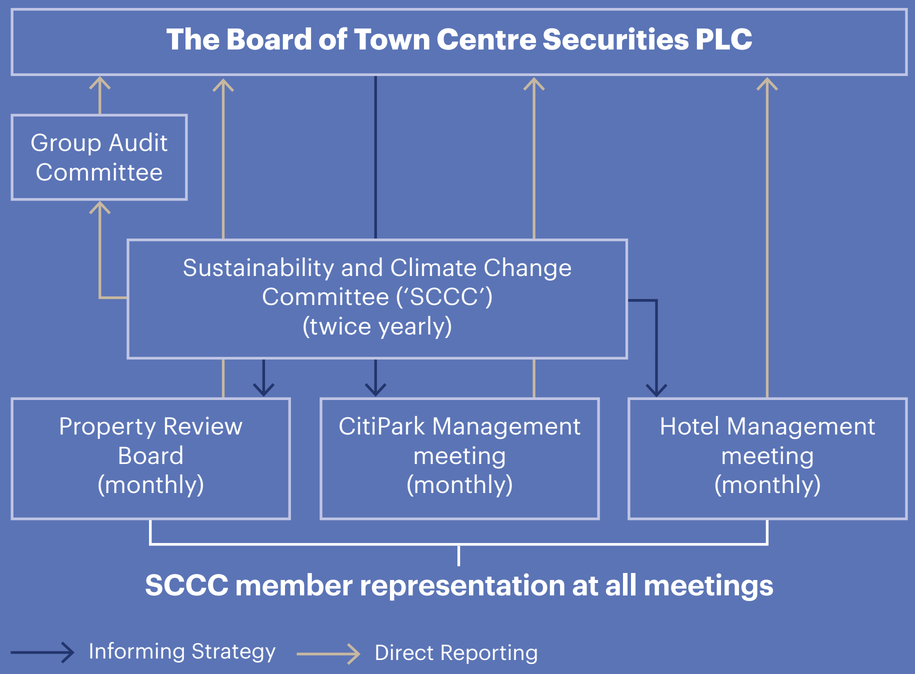
In accordance with LR 9.8.6(8) R we are required to report on our compliance with TCFD. We set out below our climate-related financial disclosures which covers all of the TCFD recommendations and recommended disclosures. We have concluded that we are in full compliance with Parts A and C of risk management and Parts A and B of metrics and targets. The remaining requirements are considered to be partial compliance. Further detail on the specific TCFD requirements and the actions being taken to ensure full compliance are provided in the TCFD recommended disclosures table on pages 50 to 51.

The disclosures have all been based on the TCFD framework of four pillars:

- Governance
- Strategy
- Risk management
- Metrics and targets

Governance

The Board is ultimately responsible for overseeing all activities, including those that relate to climate change and sustainability. The following diagram summarises the informing and reporting structure of the Company, with regards to climate-related matters:



The Sustainability and Climate Change Committee ('SCC Committee'), which was formed in 2022 includes three executive members of the Board and members of the senior management team and meet formally twice every year. The key aim of the committee is to continue to develop and then inform the different business segment management teams of the Company's sustainability strategy which includes both environmental and social risk management. In addition the committee is also responsible for reporting to the Group Audit Committee both climate-related risks (which are included in the Company's six-monthly risk report) and disclosures. These are then reviewed by the Audit Committee and approved by the Board. A summary of the risk report and the climate-related disclosures are included in the financial statements on pages 52 and 57.

Climate related issues and the cost implications relating to both the location and physical condition of a building are incorporated into all investment and development appraisals which are presented and discussed at both property review board meetings and Board meetings prior to any approvals.

Formal terms of reference of the SCC Committee are being documented and will be finalised in the next three months.

The TCFD framework is part of the remit of this committee, along with the implementation of our carbon neutrality plan. This plan has evolved in the last twelve months, with the engagement of a specialist energy management consultant who has firstly looked at the energy usage and systems in place within the Merrion Centre, where recommendations have been made for the benefit of both the Company and tenants. Over the next twelve months we are looking to recruit a specific energy and sustainability specialist to continue to develop our carbon neutrality plan, including an investigation into carbon offsetting.

The SCC Committee has considered the resilience of the Company's existing portfolio to different climate-related scenarios, including +1.5c, +2c and +4c scenarios, in particular with a view to the geographical locations of each site and the plant and machinery in situ. In considering these scenarios the SCC Committee has used UKCP probalistic projections prepared by the UK Government in conjunction with the Met Office and the Environment Agency, utilising their Representative Concentration Pathways.

Strategy

The following table provides a summary of the risks and opportunities identified by the SCC Committee and the Board. Due to the inherent uncertainty around these risks and opportunities they are monitored across multiple time horizons:

- **Short term** – up to thee years to identify any critical and immediate works required on our existing portfolio.
- **Medium term** – from three to ten years to accommodate development plans or any significant redevelopment works.
- **Long term** – beyond ten years to build into the Company's carbon neutrality plan.

CLIMATE-RELATED RISKS		DESCRIPTION	IMPACT AND MITIGATING FACTORS	SHORT TERM	MEDIUM TERM	LONG TERM
Physical	Flooding	Exposure to flood risk from extreme weather events.	Losses from assets located in high-risk zones, primarily cost of repairing assets and business interruption. Actual percentage of portfolio in Flood Risk Zone 2 or 3 – 2%.		◆	◆
	Temperature rises (+1.5ºC, +2ºC and +4ºC)	Change in tenant requirements regarding offices, especially if they are themselves committing to net zero targets.	Increased construction costs to mitigate significant one-off costs.		◆	◆
		Increased risk of 'breakdowns' to key elements of plant and machinery, for example, air conditioning units.	Cost of repairing assets and business interruption. Continual maintenance plan to mitigate significant one-off costs.		◆	◆
Transition	Regulations and Standards	Evolving policies designed to ensure that the UK meets its 2050 net zero carbon commitment.	Cost of upgrading assets to a minimum 'B' rating by 2030 – current estimate £19.3m – detailed review every six months.	◆	◆	◆
	Reputation	Targets and benchmarks are set that are either unrealistic or trivial.	Reputational risk if milestones are not met or the metrics do not show improving trends.		◆	◆
	Market	Increased operating costs in particular with regard to both energy and water costs. Energy costs are also volatile with unexpected and abrupt changes.	Increased costs to impact the business directly and the affordability of rent indirectly for tenants, leading to potential tenant defaults or lower ERVs.	◆	◆	◆
CLIMATE-RELATED OPPORTUNITIES						
Transition	Resource efficiency	Increasing awareness of climate-related issues is helping with the take-up of energy and water-efficient solutions, including LED lighting, retrofitting buildings and electric vehicles.	Ongoing cost reductions for both the business and its tenants.	◆	◆	◆
	Products and services	Expansion of both the CitiCharge APP and the number of EV charging stations across the Group's portfolio.	Helping to generate a more diverse set of income streams for the Car Parking business, whilst promoting electric vehicles nationwide.	◆	◆	◆
		Further technological innovation, with new barrierless and ANPR-based car park management system, reducing both the requirement for paper tickets but also reducing the idling time on entry and exit of the car parks.	Reduce the carbon footprint of our car parks and facilitating the reduction of emissions by our customers.	◆	◆	◆
		Developing 'best in class' new energy efficient buildings to generate more secure future income streams, whether this is an office building or a new multi-storey car park with the capability of 100% EV charging parking spaces.	Ability to generate a rental premium, especially for BREEAM 'Outstanding' space, and also faster rates of letting. Strengthening of the environmental credentials of our portfolio.		◆	◆
	Markets	New financing/green loans for energy-efficient buildings. Especially in light of the Company's development aspirations at both Whitehall Riverside and Piccadilly Basin.	Reduced finance costs.		◆	◆

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. One of the recent recommendations of the SCC Committee is to incorporate a traffic light system, where 'red' identifies the most material or urgent risk/opportunity. This approach is being included in the formal terms of reference of the Committee.

STRATEGIC REPORT

Responsible business continued

Strategy continued

The climate-related strategic objectives of the business, broken down into the three operational segments can be summarised as follows:

Property rental

- Designing and development 'best in class' energy-efficient buildings
- Increasing electric and hybrid vehicles in our fleet, whilst encouraging staff to convert to electric vehicles through our 'love electric' salary sacrifice scheme.
- Improving the lighting used within the estate including complete conversion to LED.
- Prioritising properties with EPC ratings of D or lower and developing and implementing individual 'energy efficiency plans' to improve these ratings.
- Expand Photo-voltaic generation through the installation of solar farms across the roofs and flat surfaces of our portfolio.

Car Park activities

- Installing barrierless parking equipment and ANPR cameras.
- Increasing electric and hybrid vehicles in our fleet.
- Increasing the usage of both the CitiPark and CitiCharge Apps.
- Expanding the network of EV chargers within our car parks and those that we have an existing arrangement with (for example provision of enforcement services).

Hotel operations

- Improving the lighting within the hotel.
- Improving energy efficiency, in particular with regard to incoming water and bacterial control.

Following the success of last year's Green Apple Environment Award for the sustainability work undertaken on the centre recycling facilities, the TCS property management team have now been awarded Green World Ambassador Status in the Green Apple Awards. This recognition was heavily influenced by the implementation of a purpose-built, fully sustainable cycle and shower facility for tenants and staff at the Merrion Centre. This facility used entirely recycled equipment, dressings, and furnishings, exemplifying the team's commitment to sustainability.

Risk management

Climate-related risks are specifically identified in 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. 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.

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 in London MSCPs 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 page 19 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 target

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.

At the start of the year the Sustainability and Climate Change Committee met to discuss and agree suitable metrics and targets; these are summarised below:

Energy consumption and efficiency:
Measure and report energy consumption across the Company's offices and car fleet. Implement energy-efficient technologies and practices to reduce consumption and track progress toward energy reduction targets. Targeting a 5% absolute reduction year-on-year

Greenhouse Gas ('GHG') Emissions:
Quantify and disclose Scope 1, 2 and 3 GHG emissions across the Company's offices and car fleet. Targeting a 5% reduction in intensity-based emissions year-on-year.

Waste management (Merrion Centre only):
Measure and disclose the amount of waste generated and diverted from landfill. Implement waste reduction and recycling initiatives. Targeting 100% diversion from landfill, with a 5% year-on-year improvement in recycling percentages.

Carbon footprint of new developments:
Calculate the carbon footprint of new developments. With a target of reducing the carbon intensity of new buildings over time.

Building efficiency:
Assess and improve the energy efficiency of buildings in our existing portfolio. Reporting on the average EPC rating of each building, targeting a 5% improvement year-on-year on the percentage rate either EPC A or B. Estimate the cost to bring all investment properties to EPC C or better and to estimate the cost for EPC B or better.

Sustainable transportation:
Measure and disclose the growth in electric vehicle charging infrastructure but also the number of electric vehicles operated by the Company and the number of employees that are taking part in our electric vehicle salary sacrifice scheme. Targeting a 25% increase year-on-year for electric vehicle charging points.

The following table summarises the performance of the Company in the year:

CATEGORY	METRIC	FY23	FY22	TARGET	ACTUAL	TARGET MET?
Energy consumption and Efficiency	Total kilowatt hours of energy used	284,289	193,928	5% reduction year-on-year	47% increase	No
GHG emissions	Tonnes CO_2 by £'000 of gross revenue	0.0030	0.0025	5% reduction year-on-year	18% increase	No
Waste management	Waste diverted from landfill	100%	100%	Maintain 100%	100%	Yes
	Percentage of waste recycled	52%	52%	5% increase year-on-year	0%	No
Carbon footprint of new developments	Embodied carbon footprint per sq ft	n/a[1]	n/a[1]	5% reduction year-on-year		
Building efficiency	Percentage of portfolio EPC A or B	33.4%	n/a[2]	5% increase year-on-year		
	Estimate of cost to bring portfolio to EPC B or better[3]	£19.3m	n/a[2]	n/a		
Sustainable transportation	Average number of EV charging bays in operation at the end of the year	51	31	25% increase year-on-year	65%	Yes
	Number of fully electric vehicles operated by the Company	4	4	n/a		
	Number of employees in EV salary sacrifice scheme	3	n/a[4]	n/a		
Physical risk	Percentage of portfolio in a Flood Risk Zone 3 area	2.2%	4.9%			

1 No new developments completed in the year.
2 Metric not measured in the previous year.
3 Specifically excludes listed buildings and properties held for redevelopment.
4 Salary sacrifice scheme new in FY22, but delays in delivery of vehicles results in take up only in FY23.

We have not met three of the targets set, the first two around emissions and the third with regards to the recycling of waste.

Of greatest concern are our emissions, which have shown significant increases in the year. As can be seen in our SECR reporting on page 44 the increase is in relation to transport fuels and is a direct result of business development and growing both the enforcement and electric vehicle charging arms of the Car Park business. The Tonnes CO_2 by £'000 of Gross Revenue metric has not grown as much as the pure emissions metric and we expect this trend to continue, with revenue expected to increase at a greater rate than emissions.

Over the next 12 months we expect to achieve our targets, including the emissions based ones, where a number of fleet vehicles have been replaced with electric and hybrid alternatives. Our pipeline of EV charging sites and the potential to significantly increase rooftop photo-voltaic systems will add to this.

At present TCFD metrics are not incorporated into the remuneration policy of either the Executive Directors or management.

STRATEGIC REPORT

Responsible business continued

TCFD's recommended disclosures

Governance

KEY
COMPLIANCE F Full P Partial

DISCLOSURE		COMPLIANCE
a) Describe the Board's oversight of climate-related risks and opportunities	P	The Company established a Sustainability and Climate Change Committee in 2022. The two key responsibilities of this committee are 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. An important part of the Board's oversight of climate-related risks and opportunities lie with the Sustainability and Climate Change Committee. The formal terms of reference that will guide the work of the Committee are in the process of being agreed and adopted. This is expected to occur within the next three months, at which point the Board expect to reconsider its compliance with the part of the TCFD disclosure requirements.
b) Describe management's role in assessing and managing climate-related risks and opportunities	P	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. As above, the adoption and communication of formal terms of reference will be key in the next three months to reassessing compliance with this part of the TCFD disclosure requirements.

Risk Management

DISCLOSURE		COMPLIANCE
a) Describe the organisation's processes for identifying and assessing and managing climate-related risks	F	The Company has formed a Sustainability and Climate Change Committee to identify, 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.
b) Describe the organisation's processes for managing climate-related risks	P	The Company considers and assesses climate-related risks and opportunities through the Sustainability and Climate Change Committee and the Board. It is expected that following the adoption and communication of formal terms of reference for the Committee, which will include a 'traffic light' system to highlight material and/or urgent risks, full compliance will be achieved.
c) Describe how processes for identifying, assessing and managing climate risks are integrated in to the Company's overall risk management	F	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.

Strategy

DISCLOSURE		COMPLIANCE
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	P	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; increasing revenue streams from EV charging and the possibility of securing more competitive financing. Further details of the risks and opportunities has been set out on the risks and opportunities table on page 47. The Board and SCC Committee have performed a review of the material climate related risks and opportunities and have assessed partial compliance with the requirements of the disclosures. The formal terms of reference of the SCC Committee will include a detailed review looking at each individual business segment, following completion of this review and reporting full compliance is expected to be achieved.
b) Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy and financial planning	P	Climate-related risks have been integrated within the Company's Principal Risks. Climate and energy performance have been fully integrated into both the development and asset management decision-making process, however with only one investment acquisition in the year and no significant developments undertaken, this process has not been fully tested. As a result the Board has assessed partial compliance with the requirements of the disclosure. Full compliance is expected to be achieved as the Company undertakes development in the coming years, where it is expected that these processes will inform the Company further on the impact of climate-related risks and opportunities on the business.
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2C or lower scenario	P	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 and the inherent uncertainty around the medium and long-term time frames; for this reason it is deemed to be partially compliant. 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. A more detailed review of each individual property and the resilience of the plant and machinery is being undertaken over the next twelve months. This will be reported back to the SCC Committee and ultimately the Board, at which point the Board expect to reconsider its compliance with this part of the TCFD disclosure requirements.

Metrics and Targets

DISCLOSURE		COMPLIANCE
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management processes	F	GHG emissions and energy consumption, are disclosed in a separate dedicated section of the Annual Report including Scopes 1, 2 & 3 and are aligned to the Greenhouse Gas Protocol Corporate Standard and DEFRA Environmental Reporting Guidelines. The other metrics used by the Company to assess climate-related risks and opportunities are disclosed in the table on page 49.
b) Describe Scope 1, Scope 2 and if appropriate, Scope 3 greenhouse gas ('GHG') emissions, and the related risks	F	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 on page 47.
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	P	We have begun to disclose the metrics and targets used by the Company, however a number of metrics do not have prior-year comparatives. Over the coming 12 months the Sustainability and Climate Change Committee will build up further data to enable them to analyse the underlying trends.

STRATEGIC REPORT
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 meetings –** undertakes a formal review of the risk register and mitigating action plans.
- **Quarterly IT & Data Governance Committee meeting** – 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 meetings** – a meeting of the Executive Board and senior Property and Finance management, tasked with 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 meetings** – 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 joint venture investment, Merrion House LLP.

Our Principal Risk Register is summarised as follows:

	RISK	LIKELIHOOD	IMPACT	CHANGE FROM FY22
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	No change
	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	No change
Financing	Capital & financial risk	Low	High	No change
	Cost of debt	High	Medium	No change
	Financial covenant compliance	Low	Low	No change

KEY

Likelihood	H High	M Medium	L Low
Impact	H High	M Medium	L Low
Change from FY2022	Improving	No change	Worsening

Macroeconomic risks

RISK	LIKELIHOOD	IMPACT	MITIGATION	TREND
ECONOMIC AND POLITICAL OUTLOOK A broad economic downturn, following Brexit, the lasting impact of COVID-19 and more recently the geopolitical unrest, 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 and will in all likelihood have lasting economic effect.	H	M	An economic downturn at some point in the cycle is inevitable. 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. • Revolving credit facilities ranging from 15 months to three years in length with significant headroom at the year-end. These are paired with two long-term fixed interest finance arrangements that account for 94.3% of our debt at the year-end (ignoring finance leases).	No change

Corporate risks

RISK	LIKELIHOOD	IMPACT	MITIGATION	TREND
STRATEGY The Company's strategy could be inappropriate for the current stage of the property cycle and the economic climate, resulting in lower profits and therefore a pressure on dividend and shareholder return. This risk has been exacerbated by the recent economic challenges affecting the entire country which will change people's and firms' attitudes towards property usage.	L	H	The Board undertakes regular reviews of the strategy and believe the following helps 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 29% 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.	No change
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. • A history of conservative financial management combined with the development opportunities of the business make the Company attractive to new recruits, highlighted by recent appointments.	No change

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 which 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-attacks 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. • IT/change management protocols – the change management process has been updated to include a formal log detailing all software upgrades, including the purpose and testing of all proposed updates. • Internal Audit function is engaged to perform two reviews per year, reporting directly back to the Audit Committee.	No change
GDPR Financial and reputational risk arising from a breach of GDPR regulations, potentially resulting in fines and damage to customer trust.	M	H	Given the nature of the business, we do not hold significant amounts of customer data, with the CitiPark business our highest risk area. That said, the Company has taken seriously the requirements of the legislation and has implemented a detailed action plan that has been reviewed at Board-level. Key aspects include: • An update of all privacy-related statements and policies. • Training of all staff on their and the Company's responsibilities. This is a rolling programme of two to three electronic training courses a year. • IT & Data Governance Committee is in place, meeting quarterly, to oversee all aspects of GDPR and wider cyber-security.	No change
REGULATORY AND TAX FRAMEWORK Non-compliance with tax, legal, or regulatory obligations could result in financial penalties, reputational damage, and higher levels of cost.	L	H	The Company takes its legal responsibilities seriously. Matters are reviewed regularly at Board and Audit Committee level, and the Company makes use of third-party professional services to ensure compliance. Actions include: • Regulatory and corporate compliance matters are typically referred to one or both of the Company's brokers and if necessary the Company's legal advisor. • PWC are engaged as the Company's tax advisors and are tasked with ensuring we remain compliant in all aspects of tax. • The Corporate and Criminal Offences legislation ('CCO') is a key consideration and a workshop has been held to ensure risks and mitigating actions are clearly understood.	No change

KEY

Likelihood	H High	M Medium	L Low
Impact	H High	M Medium	L Low
Change from FY2022	Improving	No change	Worsening

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'. At 30 June 2023 this percentage was 35.19%. 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 92,000 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 and the impact future investments and disposals will have on this status. The Ziff Concert Party is also completely aware of the potential impact any increase in shareholding would have on the Company's REIT status.	No change
MAJOR INCIDENT AND BUSINESS DISRUPTION Cost and business down-time as a result of a major incident. This risk is primarily associated with the Merrion Centre, due to its importance to the portfolio and as the location of Company's head office.	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 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. • 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.	No change

KEY

Likelihood	H High	M Medium	L Low
Impact	H High	M Medium	L Low
Change from FY2022	Improving	No change	Worsening

STRATEGIC REPORT

Risk Report continued

Property risks

RISK	LIKELIHOOD	IMPACT	MITIGATION	TREND
INVESTMENT RISK New investment opportunities cannot be sourced at economic prices.	M	M	The Company has clear plans in place to minimise the impact of this risk, including: • The Company typically targets assets of higher value than those 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.	No change
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 significance 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 (eg 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.	No change
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 transferring it to office lettings, with changing work habits as 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 due for repayment in the next two years are £1.5m, an amount that could be entirely refinanced with the Company's existing £15m Handelsbanken facility or £30m Lloyds facility – both of which do not fall for renewal until June 2026. • 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.	No change

RISK	LIKELIHOOD	IMPACT	MITIGATION	TREND
TENANT AND SECTOR RISK Individual tenant failures, or exposure to a specific sector. This risk was been heightened by the cost-of-living crisis, inflation and increased interest rates particularly on retail and office tenants. Increased costs to the tenants, whether utility or staff costs will affect 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 and leisure from 60% to 29% of value at June 2023. • Now a mixed-use asset, the Merrion Centre now depends upon Mall Retail for less than 25% of its income. • We have a diversified tenant base, and limited exposure to individual tenants. Our top tenants are Leeds City Council, Waitrose and Morrisons. • CitiPark income helps further mitigate the reliance on specific property tenants.	No change
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 requiring 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 is 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.	No change

STRATEGIC REPORT

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 this area of risk has increased, however the asset sale programme and repayment of borrowings has reduced this risk.	L	H	The majority of mitigating actions are contained within the Valuation risk category above. In addition: • The Board reviews cash balances, forecast cash flow, borrowing levels and headroom on a monthly basis. • The Company demonstrated during the last downturn the strength of its conservative approach and longstanding relationships with its banks. • The Company has recently renewed both its existing Lloyds and Handelsbanken facilities –these facilities expire at the end of June 2026. • Following the acquisition of the remaining half of the Belgravia Living Group, the Company now consolidates a 'ring-fenced' long-term facility that expires in January 2029. • The Company's policy of asset sales has enabled a reduction in absolute debt levels. As at 30 June 2023 the total third-party bank borrowing due for repayment in the next three years stood at £7.0m; as at today's date this balance is now £4.0m. However the Company's debenture has reduced from £96.1m at 30 June 2022 to £82.4m as at today's date.	
COST OF DEBT Rising debt costs.	H	M	The following actions help mitigate the risk to the Company: • At 30 June 2023 over 94% of debt is in the form of fixed interest, long-term borrowings. • 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.	M	L	The following actions help mitigate the risk to the Company: • The Company has a significant amount of income to interest headroom on all 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 £2.4m 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 £82.4m debenture which is due for repayment in 2031 and an asset specific facility of £13.8m which is due for repayment in 2029. In addition the business has three bilateral Revolving Credit Facilities ('RCF') totalling £70m which, as at the year-end, were due for repayment or renewal between July 2023 and June 2026. Each of the debt facilities is ring-fenced within security sub-pools of assets charged to the respective lender.

At 30 June 2023 one of the Group's RCFs was due for renewal immediately after the year-end. The facility was renewed on 4 July 2023 with a new renewal date of June 2026. This facility has two one-year extensions that the Company can ask for, which if exercised and approved by the lender will extend the repayment date to June 2028.

The Group has one bank facility falling due for repayment in September 2024, within the going concern period. This facility has two one-year extensions, which if exercised and approved by the lender will extend the repayment date to September 2026.

As at the date of this report, the Group has drawn in aggregate under all three RCFs total borrowings of £4.0m.

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 2023 was £30.0m (2022: £18.5m). Overall, the properties secured under the Group's debt facilities would need to fall 33.7% 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 £31.9m and 35.1% 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 and asset-specific loan. At the year-end the actual income cover levels ranged from 219% (for the 100% debenture covenant) up to 862% 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 2024. 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 expected. These scenarios include a base case, downside case and then a more extreme significant downside case to show the effect a more significant downturn in the Group's performance would have on its funding cash headroom and any of its financial covenants. In addition the Company has performed a reverse stress exercise whereby it has looked at each individual facility and at how much of a downturn (compared to the conservative base case cashflows prepared by the Company) there would need to be before any of the financial covenants are breached.

The Group's forecasts, including the various scenarios, show that both the cash headroom figure is resilient and the financial covenant tests are met. Under the base case the minimum cash headroom is expected to be £26.0m, which compares to a minimum of £14.9m under the downside scenario. The significant downside case applied a total discount of 12% 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 2026 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 Q3 of FY24 and last until Q1 of FY25 before the position then improves.

The Group is currently experiencing collection rates of over 99% of rent and service charge income invoiced, and for the first two months of FY24 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 2024. Based on the forecasts, including the mitigating options available to the Group in the event of the occurrence of the downside scenarios, the Directors consider it appropriate to prepare these financial statements on the going concern basis. Further details on these forecasts and the approach taken by the Directors is set out in the viability statement section on the next page.

STRATEGIC REPORT

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 the current economic downturn (cost-of-living crisis, inflation and increasing interest rates) 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 2026.
- A range of levels of car parking income affecting profitability up to the end of June 2026.
- A range of levels of hotel net income affecting profitability up to the end of June 2026.
- 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 last five years.

The results of the reverse stress test show that the sensitivities occur between Q3 of FY24 and Q1 of FY25 and are only temporary.

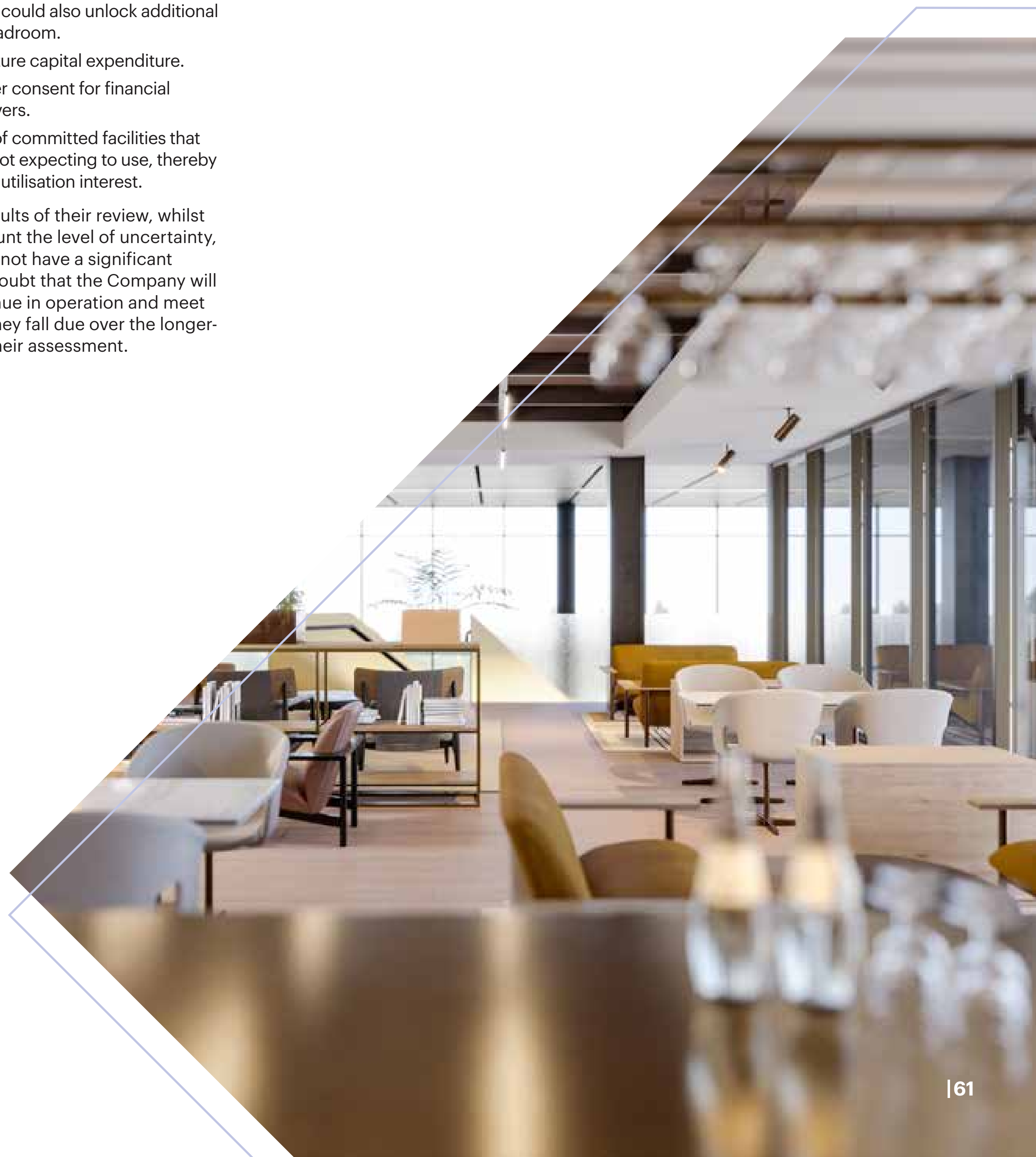
Aligned to our going concern statement, the greatest uncertainty and risk lies in relation to our asset valuations and the possibility of breaching bank and debenture covenants and to possible breaches of our income cover covenants. Clearly there is still a risk, however this has been significantly diminished with our disposal programme of the last three years, the repayment of borrowings and the fixed interest borrowings of the Group, which represent 93% of borrowings. 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 £2.5m 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.
- 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.

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.



STRATEGIC REPORT

Financial Review

Financial review

The financial performance of the Company during the year ended 30 June 2023 shows EPRA profits comparable to those of the previous period, however the statutory profit of the year is dominated by both reductions in investment property values and impairments to the Group Car Parking portfolio, with these reductions primarily due to real-estate investor and market sentiment around the macro-economic outlook."

The statutory loss for the year was £29.5m, compared to a profit of £11.0m in the previous year, with the current year heavily influenced by investment property losses of over £21.9m (£26.0m of revaluation losses, which includes £5.0m of valuation movements on joint venture properties and £4.1m of profits recognised on disposal).

EPRA Earnings* were a profit of £3.1m in the year, compared to a profit of £3.3m in the prior year, highlighting a resilient performance in the underlying business, despite the macroeconomic outlook. The profit for the current year included the cost to the Company of extraordinary YPS bonuses paid to the Executive Directors amounting to £0.8m; excluding these bonuses, the EPRA profit of the Company would have been £3.9m.

A final dividend of 2.5p per Ordinary Share has been approved by the Board, giving a full-year dividend of 5.0p, which is the same as in the previous year.

During the year the Company sold four separate investment property assets which generated £33.4m of gross proceeds. In July 2022 the Company received both the initial proceeds from the sale of its investment in YPS, which generated £11.6m of proceeds, and £18.7m of funds were released from the debenture security group. In aggregate the Company generated over £63m from these activities.

The funds generated have been deployed in a number of ways:

- £7.5m acquisition of 45 Weymouth Street, London
- £3.5m to fund the acquisition of the remaining 50% of our Burlington House joint venture
- £7.8m to fund a tender offer and also a small share buy-back programme in the first five months of the year
- £31.0m was used to part repay Group borrowings
- £13.3m was used to buy in for cancellation £13.6m of the Company's debenture stock

Net borrowings has reduced from £135.1m to £101.9m in the year. Net borrowings represent total financial borrowings of £131.5m less lease liabilities of £28.0m and net cash of £1.6m.

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

DUCIE HOUSE, MANCHESTER

INCOME STATEMENT

EPRA Earnings* for the year ended 30 June 2023 were £3.1m.

£000s	FY23	FY22	YOY
Gross revenue	30,363	28,141	7.9%
Impairment of debtors provision movement	0	49	(100.0%)
Property expenses	(15,551)	(13,666)	13.8%
Net revenue	14,812	14,524	2.0%
Other income/JV profit	1,764	2,497	(29.4%)
Other expenses	0	0	–
Administrative expenses	(6,780)	(6,531)	3.8%
OPERATING PROFIT	**9,796**	**10,490**	**(6.6%)**
Net finance costs	(6,733)	(7,215)	(6.7%)
EPRA EARNINGS	**3,063**	**3,275**	**(6.5%)**

SEGMENTAL	FY23	FY22	YOY
PROPERTY			
Net revenue	9,435	9,188	2.7%
Operating profit	5,911	6,437	(8.2%)
CITIPARK			
Net revenue	4,891	4,843	1.0%
Operating profit	3,360	3,525	(4.7%)
IBIS STYLES HOTEL			
Net revenue	486	493	(1.4%)
Operating profit	486	493	(1.4%)
INVESTMENTS			
Other income and operating profit	39	35	11.4%

STATUTORY PROFIT

On a statutory basis the reported loss for the year was £29.5m.

The statutory profit reflects the EPRA Earnings* of £3.1m less £36.3m of non-cash valuation and impairment movements plus the profit on disposal recognised of £3.3m on the four investment properties and investments sold in the year plus £0.4m of profit recognised on the repurchase of debenture stock in the year.

Gross revenue

Gross revenue was up £2.2m or 7.9% year-on-year, with key drivers being:

1. Property revenue during the year had a positive impact of £0.3m on the total gross revenue. The majority of property sales in the year related to development sites where temporary car park income was generated.
2. CitiPark revenues have continued to grow strongly in the year, with gross revenue across the portfolio increasing by 14% in the year from £11.4m to £13.1m , with total occupancy now at just under 90% of pre-COVID-19 levels.
3. Income for the ibis Styles hotel, has also continued to grow with revenue of £3.1m in the year, up £0.3m from £2.8m last year.

Property expense

Property expenses have increased in the year by 14.0%, reflecting both the increased trade experienced in both the Hotel and Car Park businesses but also inflationary pressures on both utility costs and index-linked car park leases.

Other/JV income

Total Other/JV income was down 29.4% or £0.7m 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 higher year-on-year; however in the current year exceptional bonuses awarded and paid to the Executive Directors resulting from the YPS sale cost the Company £0.8m. Excluding these costs, administrative costs were 9% lower than in the previous period.

Finance costs

Finance costs were 6.7% or £0.5m lower year-on-year as a result of the reduction in both the Company's bank borrowings and the buy-back of £13.6m of debenture stock.

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

STRATEGIC REPORT

Financial Review continued

BALANCE SHEET

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

£m	FY23	FY22	vs FY22
Freehold and right-to-use investment properties	162.9	158.5	2.8%
Development properties	20.9	42.6	(50.9%)
Car Park related assets, goodwill and investments*	74.4	97.9	(24.0%)
Hotel operations	9.5	9.1	4.4%
	267.7	308.1	(13.1%)
Joint ventures	7.1	18.0	(60.6%)
Listed investments	4.1	4.1	0.0%
Other non-current assets	1.3	1.0	30.0%
TOTAL NON-CURRENT ASSETS INCL. AVAILABLE FOR SALE	280.2	331.2	(15.4%)
Net borrowings	(129.9)	(163.8)	(20.7%)
Other assets/(liabilities)	(9.2)	11.9	(177.3%)
STATUTORY NAV	141.1	179.3	(21.3%)
STATUTORY NAV PER SHARE	291p	341p	(14.6%)
EPRA NET TANGIBLE ASSETS ('NTA')	137.7	174.9	(21.3%)
EPRA NTA PER SHARE	284p	333p	(14.6%)

* Includes assets held for sale in FY22 of £20.4m.

Non-current assets:

Our total non-current assets (including investments in JVs) of £280.2m (2022: £331.2m) have reduced by £51.0m during the year, this movement is made up of the following:

- Disposals, including YPS receipts of £(39.7m)
- Depreciation charge of £(2.3m)
- Capital expenditure of £26.3m
- Revaluation uplift/reversal of impairments totalling £(36.1m)
- Operating profits generated and retained in JV entities and other movements of £0.8m

Borrowings:

During the year our net borrowings have reduced by £33.9m, from £163.8m as at 30 June 2022 to £129.9m. This was primarily as a direct consequence of the disposals made throughout the year. As part of this we bought back £13.6m of our £96.1m 2031 5.375% debenture stock with the remaining reduction spread across our bank facilities.

The acquisition of the remaining half of Burlington House, has resulted in the full consolidation of the Belgravia Living Group. The Company's investment in the Belgravia Living Group was previously categorised as a joint venture investment. As part of this consolidation a further 'ring-fenced' facility has been consolidated into the results and balance sheet of the Group. This facility expires in January 2029.

We had two of our three revolving credit facilities expiring in June 2023. Our Lloyds Bank facility was refinanced immediately after the year-end and is therefore classed as current liabilities in the balance sheet. . This facility has been reduced to a £30m revolving credit facility with a further £5m overdraft facility and expires in June 2026 (with two one-year optional extensions).

During the year we refinanced our £25m facility with Handelsbanken, for a further three years albeit at lower facility limit of £15m, this facility will expire in June 2026.

Loan-to-value has been reduced to 45.8%, down from 46.4% 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 Net Tangible Assets ('NTA') and EPRA Net Disposal Value ('NDV'). The EPRA NRV scenario, aims to represent the value required to rebuild the entity and assumes that no selling of assets takes place. The EPRA NTA is focused on reflecting a company's tangible assets. EPRA NDV aims to represent the shareholders' value under an orderly sale of business, where, for example, financial instruments are calculated to the full extent of their liability. All three NAV metrics share the same starting point, namely IFRS Equity attributable to Shareholders.

£m	FY23	FY22	FY23 p per share	FY22 p per share
IFRS REPORTED NAV	141.1	179.3	291	341
Purchasers' costs[1]	19.3	19.1		
EPRA NET REINSTATEMENT VALUE	160.4	198.4	331	378
Remove purchasers' costs	(19.3)	(19.1)		
Remove goodwill[2]	(3.4)	(4.4)		
EPRA NET TANGIBLE ASSETS	137.7	174.9	284	333
Fair value of fixed interest rate debt[3]	14.2	1.3		
EPRA NET DISPOSAL VALUE	151.9	176.2	313	335

1 Estimated purchasers' costs including fees and stamp duty and related taxes.
2 Removal of goodwill as per the IFRS Balance Sheet – relates predominantly to goodwill paid to acquire two long-term car park leaseholds in London.
3 Represents the adjustment to fair value (market price) of the 2031 5.375% debenture.

FUTURE FINANCIAL CONSIDERATIONS

Future P&L pressure

As highlighted elsewhere in this report, our recent disposal programme and the wider economy has had a material impact on profitability in the year ended 30 June 2023, 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 office investments 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.

CITIPARK AO ARENA, MANCHESTER

STRATEGIC REPORT

Financial Review continued

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 2023 was £30.0m (2022: £18.5m), 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 33.7% in value before this headroom number was breached.

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

TOTAL SHAREHOLDER RETURN AND TOTAL PROPERTY RETURN

Total shareholder return of minus 3.2% (2022: minus 4.5%) was calculated as the total of dividends paid during the financial year of 5.0p (2022: 5.0p) and the movement in the share price between 30 June 2022 (133.5p) and 30 June 2023 (125.0p), assuming reinvestment of dividends. This compares with the FTSE All Share REIT index at minus 22.1% (2022: minus 5.2%) 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	(3.2%)	0.3%	3.4%
FTSE All Share REIT index	(22.1%)	2.4%	1.8%

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 minus 6.0% (2022: 8.7%). This compared to the MSCI/IPD market return of minus 15.3% (2022: 19.3%).

Stewart MacNeill
Group Finance Director

This Strategic Report and the information referred to herein was approved on behalf of the Board on 17 October 2023.

Edward Ziff OBE DL
Chairman & Chief Executive
17 October 2023

CARVERS WAREHOUSE, MANCHESTER

Corporate Governance

WHITEHALL RIVERSIDE DEVELOPMENT (CGI), LEEDS

02 | CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Introduction from the Chairman

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

Edward Ziff OBE DL
Chairman and Chief Executive

WHITEHALL RIVERSIDE DEVELOPMENT (CGI), LEEDS

Introduction

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 this year has been on the difficult economic conditions resulting from inflation, rising interest rates, the cost-of-living crisis and the conflict in Ukraine with the goal of ultimately protecting shareholder value. These conditions have significantly influenced the Board and the long-term strategy of the Company, with the reduction of borrowings a key priority.

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 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 facilitates 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 half the Board are independent (as required by the Code). However, given my combined role as Chair/CEO, the Board agreed that including wider management representation during Board meetings, for example the CitiPark Managing Director, 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
17 October 2023

Our Section 172 statement demonstrates how Directors have discharged their duties to the Company's stakeholders. This statement can be found on pages 34 to 37.

CORPORATE GOVERNANCE

Board of Directors

EXECUTIVE BOARD

Edward Ziff | OBE DL
Chairman & Chief Executive

APPOINTED: 08/1985

INDEPENDENT: No

A N R S

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 succeeding his Father and Founder of the Company as Chairman in 2004. Edward is a life-long supporter of the city of Leeds 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 him leading this proudly Leeds-based business.

EXTERNAL APPOINTMENTS

He is 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. He was previously Chair and Trustee of Leeds Hospitals Charity.

Stewart MacNeill | FCA
Group Finance Director

APPOINTED: 06/2021

INDEPENDENT: No

A N R S

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 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 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
Managing Director CitiPark TCS Energy and Technology

APPOINTED: 09/2015

INDEPENDENT: No

A N R S

SKILLS AND EXPERIENCE

Ben's long and close contribution to 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 the Property, Energy and Parking subsidiaries 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.

EXTERNAL APPOINTMENTS

He is a mentor at the Creative Destruction Lab, part of the Said Business School at the University of Oxford.

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 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 to add to our existing portfolio of solar farm installations. 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, which TCS successfully exited in July 2022.

Craig Burrow
Group Property Director

APPOINTED: 01/2023

INDEPENDENT: No

A N R S

SKILLS AND EXPERIENCE

Craig is a chartered surveyor with over 20 years' experience in the Leeds and Manchester office market. He is well known throughout the region's business community for his long-standing positions on boards, committees and steering groups.

EXTERNAL APPOINTMENTS

He is Chair of the Yorkshire Property Charitable Trust, a member of the committee of the Crypt Factor and Yorkshire Property Charity Football and a steering group member at LeedsBID; a not-for-profit, non-political organisation set up to improve Leeds city centre for all.

PREVIOUS EXPERIENCE

Craig joined the Company in October 2020 as Development Director becoming Group Property Director in January 2023. He has significant experience in the property industry having started as a commercial agent at Weatherall Green & Smith and then DTZ Debenham Tie Leung before moving to Bruntwood, where for most of his 13 years he was the Director of Leeds responsible for overseeing all aspects of managing the Leeds portfolio including asset management, acquisitions, disposals, investments and redevelopments including Platform, Hepworth Point and Sovereign Square.

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

APPOINTED: 07/2004

INDEPENDENT: No

A N R S

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 | OBE MA FRICS
Non-Executive Director

APPOINTED: 01/2015

INDEPENDENT: Yes

A N R S

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 Chair 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 Advisor to Eastdil Secured, the Chair of Shurgard Self Storage SA, Senior Advisor to Elysian Residences, Advisor to Work.Life, and a senior advisor to Anschutz Entertainment Group. Ian is also a Non-Executive Director of Future Places, a regeneration subsidiary of BCP Council and a visiting Professor at Aberdeen University.

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, a past President of the British Property Federation, past Chair of the Investment Property Forum and former President of Cambridge University Land Society.

Paul Huberman | FCA CTA
Non-Executive Director

APPOINTED: 01/2015

INDEPENDENT: Yes

A N R S

SKILLS AND EXPERIENCE

Paul Huberman was appointed a Director in January 2015. He brings over 36 years' experience in the property and finance sectors.

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 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, a Non Executive Director at LiFE At Ltd, a multi branch London-based residential estate agency and a Non-Executive Director at JCRA Group Ltd, the holding company of JC Rathbone Associates Ltd, the independent advisors on interest rate risk management, debt finance and foreign exchange exposure.

Jeremy Collins
Non-Executive Director

APPOINTED: 02/2018

INDEPENDENT: Yes

A N R S

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

During the year Jeremy was 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.

CORPORATE GOVERNANCE

Board of Directors continued

Details of the Board of Directors are given on pages 70 to 71 of this report. At the end of the year the Board comprised four Non-Executive Directors, three of whom are independent and four Executive Directors, including the Chairman and Chief Executive.

The key roles and responsibilities are as follows:

Edward Ziff | OBE DL
Chairman & CEO

- 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.

Ian Marcus | FRICS
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.

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 Parking-related technology investments.

Craig Burrow
Group Property Director

- Oversee the asset management of the Company's property portfolio.
- Identify and propose commercial acquisitions and/or disposals.
- Manage the development programme.
- Propose major projects and bids.
- Manage commercial expenditure.

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

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

- have not been an employee of the Company or Group during the prior five years;
- have not had any material business relationship with the Company or been a Director or a senior employee of a body which has had such a relationship with the Company;
- have not received or receive remuneration from the Company other than Directors' fees, nor do they participate in any Company Share Plan, nor are a member of the Company's pension scheme;
- do not have close family ties with the Company's advisors, Directors, or senior employees;
- have no cross 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 Paul Huberman has stood as our Senior Independent Director and therefore, from the date of this report until the next, the position will be rotated to Ian Marcus.

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. This year the Board met twice specifically to review the strategic direction of the Group. The Board manages overall control of the Group's affairs in accordance with the schedule of matters reserved for its decision. These include the approval of financial statements, business plans, all major acquisitions and disposals, risk management strategy and treasury decisions.

The Board has established two divisional Boards, the Property Review Board (eight meetings in the year) and CitiPark Board (eight meetings in the year), which comprise Executive Directors and senior management. The Board has delegated responsibility to the divisional Boards for assisting the Executive Directors on measures relating to the Board's strategies and policies, operational management and the implementation of the systems of internal control, within agreed parameters.

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

On appointment, the Directors are provided with information about the Group's operations, the role of the Board, the Group's corporate governance policies and the latest financial information. Additionally, upon appointment, Directors are provided with induction including training in respect of all their responsibilities in accordance with the UK regulatory regime. Subsequent training is also undertaken as appropriate.

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

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

2018 UK Corporate Governance Code (the 'Code')

As part of the Company's commitment to good corporate governance a review of compliance with the 2018 code was undertaken and areas of non-compliance identified. The Board has undertaken several changes to comply with the 2018 code and several other actions remain ongoing. Detail on compliance with the Code is provided on pages 76 to 77.

CORPORATE GOVERNANCE

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.	Not applicable
Details of any non pre-emptive issues of equity for cash.	No such share allotments
Details of any non pre-emptive issues of equity for cash by any unlisted major subsidiary undertaking.	No such share allotments
Details of parent participation in a placing by a listed subsidiary.	Not applicable
Details of any contract of significance in which a Director is or was materially interested.	No such contract
Details of any contract of significance between the Company (or one of its subsidiaries) and a controlling Shareholder.	No such contract
Details of waiver of dividends by a Shareholder.	No such waiver
Board statement in respect of relationship agreement with the controlling Shareholder.	Directors' Report, page 92

Performance of the Board

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

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

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

The evaluation of the performance of individual Directors was undertaken by the Chairman and Chief Executive and the performance of the Chairman and Chief Executive was evaluated by the Non-Executive Directors led by the Senior Non-Executive Director, considering the views of the Executive Directors. The independent Non-Executive Directors met at least once during the year without the Chairman and Non-Independent Directors.

Committees of the Board

NOMINATION COMMITTEE
Edward Ziff (Chair)
Ian Marcus
Paul Huberman
Jeremy Collins
Michael Ziff

AUDIT COMMITTEE
Paul Huberman (Chair)
Ian Marcus
Jeremy Collins

REMUNERATION COMMITTEE
Ian Marcus (Chair)
Paul Huberman
Jeremy Collins

ATTENDANCE AT BOARD MEETINGS (OF 8)	
Edward Ziff	8
Ben Ziff	8
Stewart MacNeill	8
Craig Burrow	8 (incl. 4 prior to his formal appointment)
Michael Ziff	8
Ian Marcus	8
Paul Huberman	8
Jeremy Collins	8

ATTENDANCE AT AUDIT COMMITTEE MEETINGS (OF 2)	
Paul Huberman	2
Ian Marcus	2
Jeremy Collins	2

TOWN CENTRE HOUSE, LEEDS

CORPORATE GOVERNANCE

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, to 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	MITIGATION 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 as Chairman in 2004. The Board unanimously agreed that, for a number of reasons, including cost efficiency, that taking on both roles would be in the Company's best interests. The Board is focused on the commercial success of the Company and believes that continuing the combined position of Chairman and Chief Executive is the best way to achieve this. Furthermore, the Board noted the contributions which have been made by Edward Ziff in delivering the strategy of the Company, whilst utilising his position to act as an ambassador for the Company. As mentioned previously, the Company took the step to include wider management representation at Board level as a measure to give the Non-Executive Directors greater access and further avenues to scrutinise the business. This ensures an appropriate level of robust challenge and is an ongoing focus for the Non-Executive Directors. The Independent Directors meet at least annually in a private session chaired by the Senior Independent Director to consider the governance of the Company including the division of responsibilities for the Chairman and CEO. Edward Ziff will stand for re-election at all future Annual General Meetings in accordance with the 2018 Code requirements.
PROVISION 19	Chair not to remain in post for more than 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 89% of the Group's property portfolio. His invaluable knowledge of the Group's largest single asset, the Merrion Centre, Leeds would be very difficult to replicate. Edward Ziff has significant contacts within the local area in which the business operates (for example the local authorities, Leeds University and the Leeds Hospitals Charity). The Board believes that the valuable experience provided by Edward Ziff continues to benefit the Company.
PROVISION 39	Notice or contract periods should be set at one year or less.	The Chairman and Chief Executive has a service contract with a notice period greater than one year. Given the role and experience of the Chairman and Chief Executive, and his deep knowledge of the Company, the Board believes the longer notice period continues to be appropriate.
PROVISION 11	At least half the Board, excluding the Chairman to be independent.	The Board noted that less than half of the Board is considered to be independent. The composition of the Board is regularly reviewed to ensure that there in an appropriate balance of skills and experience. The Board currently comprises four Non-Executive Directors. Again, without the unusual wider management representation on the Board, the Company would meet the required ratio of Independent Directors.

2. Going concern

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

The Directors are satisfied that the Group has adequate resources to continue to be operational as a going concern for the foreseeable future and therefore have adopted the going concern basis in preparing the Group's 2023 financial statements. More details can be found in the Risk Report on page 59 and the Directors' Report on page 91.

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 2026. Our Viability Statement can be found in the Risk Report on page 60.

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 52.

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 82.

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 82 and the Statement of Director's Responsibilities on page 93.

Relations with Shareholders

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

The principal communication with private Shareholders is through the Annual Report and Accounts, the half-year release and the Annual General Meeting ('AGM'). The Notice of AGM and related papers are communicated to Shareholders at least 20 working days before the meeting to give Shareholders sufficient time to consider the business of the meeting. All Directors attend the AGM in person (or by teleconference) and Shareholders are given the opportunity to ask questions of the Board and meet all the Directors informally after the meeting.

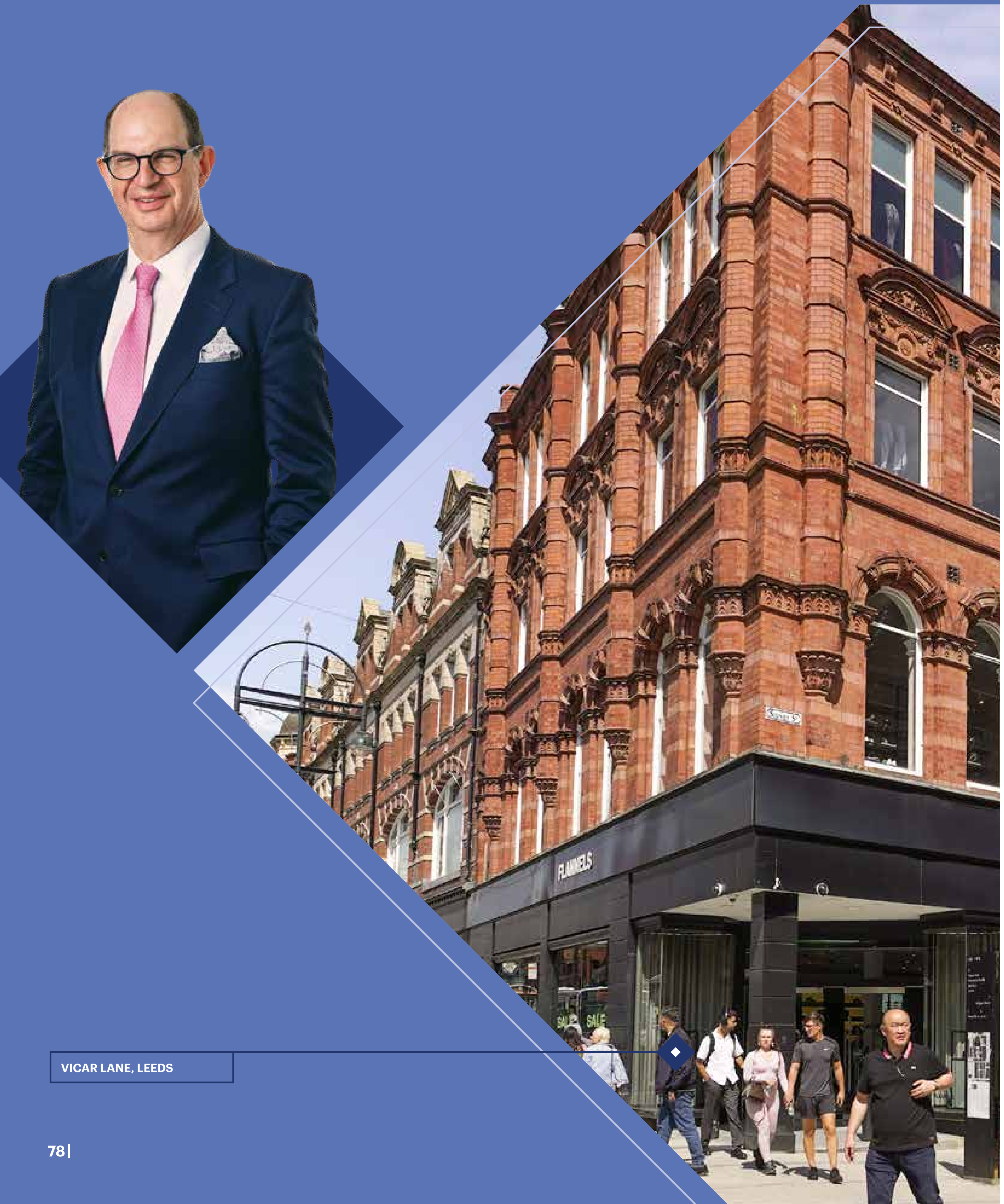
Separate resolutions are proposed for each item of business and the proxy votes for, against and withheld are announced. An announcement confirming resolutions passed at the AGM is made through the London Stock Exchange immediately after the meeting. The Senior Independent Director is available to Shareholders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

The Group has a comprehensive website on which up-to-date information is available to all Shareholders and potential investors (www.tcs-plc.co.uk).

Dr. Edward Ziff OBE DL
Chairman & Chief Executive
17 October 2023

CORPORATE GOVERNANCE

Nomination Committee Report



VICAR LANE, LEEDS

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 and Chief Executive

Responsibilities of the Nomination Committee

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

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

Work of the Committee during the year

The effectiveness of the Board, its Committees and Directors was reviewed as part of the September Board proceedings. More detail can be found in the Directors' Report on page 91. 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 Board appointed Craig Burrow to the Board as Group Property Director with effect from 1 January 2023. Prior to this date, he was Development Director at the Company with overall responsibility for progressing the Company's development pipeline.

The Committee recognises that the Chair 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 69.

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 70 to 71.

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, 14 of the Company's 30 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 does not meet any of the targets on board diversity as set out in Listing Rule 9.8.6(9). As a relatively small Plc based in Leeds, the Company has always recruited Board and executive management members primarily for their skills and experience. The experience of the Company is that potential pool of candidates does not allow it to fulfil any of the diversity and inclusivity targets in the listing rules. In assessing the members of the executive management team, the Company has included all heads of departments and the key members of the individual business segment meetings. The composition of the Board and at executive management level as at both 30 June 2023 and at the date of this report is as follows:

Gender identity	Number of Board members	Percentage of the Board	Number of senior positions on the Board	Number in executive management	Percentage of executive management
Men	8	100%	3	5	62.5%
Women	0	0%	0	3	37.5%
Not specified/prefer not to say	0	0%	0	0	0%
Ethnic background					
White British or other white	8	100%	3	8	100%
Mixed/Multiple ethnic groups	0	0%	0	0	0%
Black/African/Caribbean/ Black British	0	0%	0	0	0%
Other ethnic group, including Arab	0	0%	0	0	0%
Not specified/prefer not to say	0	0%	0	0	0%

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.

Edward Ziff OBE DL
Chairman of Nomination Committee
17 October 2023

CORPORATE GOVERNANCE

Audit Committee Report

CITIPARK NEW JACKSON, MANCHESTER

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 2023."

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 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 two times and discharged its responsibilities by:

- Reviewing the Group's draft Annual Report and financial statements and its interim results statement prior to discussion and approval by the Board.
- Reviewing the continuing appropriateness of the Group's accounting policies.
- Reviewing BDO's plan for the 2023 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 2023 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-term viability of the business and its going concern status.

CORPORATE GOVERNANCE

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 Chair and other members of the Committee attended the valuation review meetings with management, BDO and CBRE and then JLL.
- Treatment of property sales and investment acquisitions in the year.
- The sale of the Company's investment in YourParkingSpace.co.uk ('YPS'), and the valuation of the deferred and contingent elements of consideration at the year-end.
- Going concern and covenant compliance – the Committee reviewed and approved the going-concern analysis.
- Viability Statement and appropriateness of period of the statement – the Committee reviewed and agreed the longer-term viability analysis and recommended timeframe. As part of this process a number of stress scenarios were provided to the Committee. The assumptions behind those scenarios were robustly examined.
- Treatment of outstanding rental income due from tenants as at the year-end that was more than three months overdue, the Committee agreed that it was appropriate to provide for non-payment of the amounts due unless there was reasonable certainty of the recoverability of specific balances.
- Accounting for IFRS16 – the Committee reviewed and approved the application of IFRS16 within the accounts, reviewing the effects of the standard.
- 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 59, 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.
- 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 2023 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 remained unchanged in the year. The macroeconomic environment in the UK has worsened over the year however the Company has mitigated this with the robustness of the Group's property portfolio, its tenant mix, the underlying trade in both the Group's Car Parking and Hotel businesses and the reduction in borrowings over the year.

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 2023 audit was the second 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:

	£000's
Audit of year end consolidated financial statements	205
Audit of Company subsidiaries pursuant to legislation	10
Other Audit related services	38
TOTAL AUDIT SERVICES	**253**
Other non-audit services	–
TOTAL AUDITOR'S REMUNERATION	**253**

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

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

In the year ended 30 June 2023 the Committee has not asked the auditors to look at any specific areas not already covered by the audit plan.

Auditor reappointment

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

Internal audit

The Group has recently appointed an external accountancy firm, independent of the auditors, to provide an internal audit service. This service will typically provide two reviews per annum – each review on a specific targeted activity of the Group. The activity chosen will be agreed between the internal auditors and the audit committee.

Whistleblowing

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

Committee evaluation

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

Paul Huberman
Chairman of Audit Committee
17 October 2023

CORPORATE GOVERNANCE

Directors' Remuneration Report

The report is divided into two sections:

- **This Annual Statement for the year ended 30 June 2023, which summarises remuneration outcomes and how the Remuneration Policy will operate for the year ending 30 June 2024.**
- **The Annual Report on Remuneration which explains how the Remuneration Policy was implemented in the year ended 30 June 2023, and how the Remuneration Policy will be implemented for the year ended 30 June 2024.**

DUCIE HOUSE, MANCHESTER

On behalf of the Board I am pleased to present the Directors' Remuneration Report of the Remuneration Committee (the 'Committee'). "

Ian Marcus
Chairman of Remuneration Committee

There are no proposed changes to the Remuneration Policy from that which was approved by Shareholders last year. Only the Annual Statement and Annual Report on Remuneration will be subject to a vote at the forthcoming 2023 AGM.

Pay and performance during 2023

In determining the bonus award levels for the year ended 30 June 2023 the Remuneration Committee have taken full account of the progress made by the Company in the past year. As there were no specific benchmarks set for these bonuses, they were entirely at the discretion of the Remuneration Committee.

Bonus award for the year ended 30 June 2023

Following a change to the Remuneration Policy at the Company's AGM in 2022 we are able to award exceptional bonuses in relation to significant transactions that are outside of the ordinary course of business for the Company. These bonuses are on top of the annual bonus opportunity of up to a maximum of 100% of base salary.

During the year the Committee approved extraordinary bonuses in relation to the initial consideration received from the sale of the Company's investment in YourParkingSpace Ltd ('YPS').

The financial performance assessment considered the following achievements:

- The EPRA profit for the year of £3.1m (£3.9m if you add back the extraordinary bonus award relating to the sale of YPS), £3.3m in FY22.
- EPRA Net Tangible Assets per share at the year end of 284p, FY22: 333p.
- Net debt (including finance leases) reducing 20.7% in the year, from £163.8m to £129.9m.
- Group loan-to-value reducing from 46.4% to 45.8% in the year.

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

- The oversubscribed tender offer which successfully resulted in the Company acquiring in for cancellation 4,000,000 of its own shares and returning to Shareholders £1.85 per Ordinary Share.
- The successful purchase in for cancellation of £13,681,000 nominal value of the Company's debenture stock.
- The acquisition of the remaining 50% of Burlington House, Manchester.
- The renewal of two revolving credit facilities, both of which expired in June 2023, which have expiry dates of no later than June 2026.
- Bringing forward the Group's development pipeline, in particular the sales of part of Whitehall Riverside, Leeds and our Port Street car parks in Manchester.

Having considered the overall performance of the Company, the Committee has approved awards in connection with the annual bonus opportunity of 15% of base salary for 2023; this award was debated and agreed in a meeting of the Committee in September 2023 and is not included in the results of the Company for the year ended 30 June 2023.

During the year Company paid bonuses to Craig Burrow totalling £9,500 following completion of the two development site sales in the year.

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 remuneration 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 a maximum of 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 6% 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 2023

- There will be cost of living increases of 4% for all four of the Executive Directors.
- In addition there will be a further 9% increase to the salary of Stewart MacNeill to reflect his individual performance in promoting the overall strategy of the business and managing the debt exposure of the Company.
- Actual cash bonuses of 15% have been awarded following discussion at the September 2023 meeting of the Remuneration Committee. These bonuses will be paid during the year ending 30 June 2024.
- Exceptional bonuses have been paid during the year to three of the Executive Directors in connection with the profits crystallised and initial consideration received from the sale of the Company's investment in YourParkingSpace Limited.

CORPORATE GOVERNANCE

Directors' Remuneration Report continued

Implementation of the remuneration policy in 2023 continued

- The Remuneration Committee continue to discuss 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 2022.

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

Remuneration policy

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

Fixed remuneration

The fixed element of Directors' remuneration comprises Base Salary, Benefits and Pension (see below for the pension). This element seeks to ensure that the Group attracts and retains appropriately talented individuals and provides a framework for them to save for retirement. The Committee considers the overall balance between the elements. Salaries are determined with regard to individual and Group performance and to market rates and comparable roles at comparable companies. Benefits principally comprise company cars or a salary alternative although this is being phased out, permanent health and medical insurance premiums. For the period up to 31 December 2022 the Chairman and Chief Executive received reimbursement of the costs of maintaining a flat in London which was regularly used for Company meetings. Following his move to London these London-based costs ceased and from 1 January 2023, the Chairman and Chief Executive receives reimbursement of the costs of maintaining a flat in Leeds. The value of the benefit is not pensionable. The Company makes no pension contributions in respect of Edward Ziff. The Group makes payments to a defined contribution scheme for Stewart MacNeill, Ben Ziff and Craig Burrow 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, Ben Ziff and Craig Burrow are in alignment with contributions made on behalf of other members of the senior management team.

Variable remuneration

The Group operates two bonus plans, the first is 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 movement in net asset value per share and dividends paid as well as any movement 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, in particular the gearing level, absolute level of external debt and ultimately the capital structure of the business. The maximum award under this plan is 100% of base salary.

In addition to the above plan the Committee are able to award exceptional bonuses 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. 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.

These bonuses are not pensionable. It is Group policy to reward exceptional growth or performance. The Directors participate annually in the Share Incentive Plan (All Employee Incentive Plan), which was approved by Shareholders in December 2003. The current investment limit is £1,800 per annum with a share-matching element equal to 100% of the investment made subject to forfeiture should the individual cease to be employed during the first three years of the plan.

Service agreements and external appointments

Edward Ziff has a service contract that is subject to not less than two years notice. Ben Ziff, Stewart MacNeill and Craig Burrow have service contracts with one year's, six months' 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

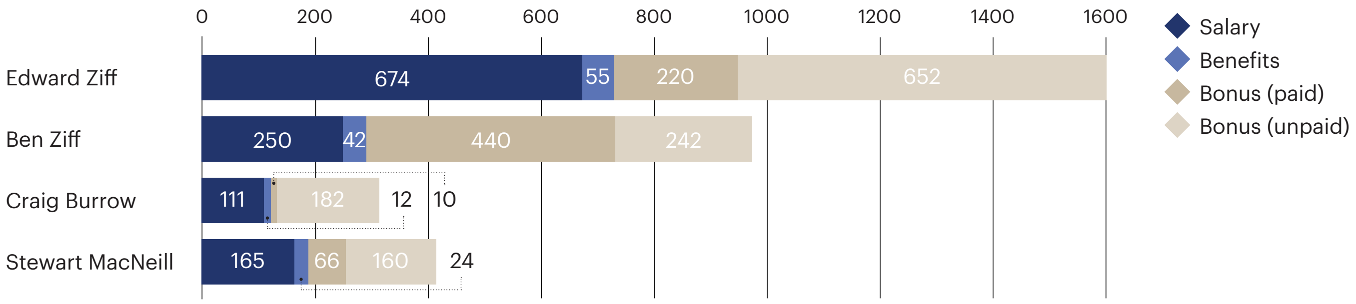
The Non-Executive Directors do not have service contracts. They are appointed for an initial three-year period and are now up for re-election on an annual basis. The Non-Executive Directors are not entitled to participate in bonus, or share-based payment schemes and any other benefits.

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.

Board remuneration including theoretical maximum bonuses

Year ended 30 June 2023. £000s



Note: The unpaid element of the bonus represents the difference between the maximum possible bonus award of 100% of salary and the actual amount received in the year.

Annual Report on Remuneration

Single total figure of remuneration for each Director (audited)

The following table sets out the total single figure of remuneration for each Director for the years ended 30 June 2023 and 30 June 2022.

	Fixed						Variable					
	Salaries and fees		Taxable benefits[1]		Pensions contributions[3]		Bonuses		SIP shares[2]		TOTAL	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000	**2023 £'000**	2022 £'000	**2023 £'000**	2022 £'000	**2023 £'000**	2022 £'000	**2023 £'000**	2022 £'000
EXECUTIVE CHAIRMAN & CHIEF EXECUTIVE												
E M Ziff	**674**	648	**53**	43	**–**	–	**220**	293	**2**	2	**949**	986
EXECUTIVE DIRECTORS												
C B A Ziff	**250**	240	**7**	4	**33**	31	**440**	109	**2**	2	**732**	386
C Burrow[4]	**111**	–	**1**	–	**11**	–	**10**	–	**–**	–	**133**	–
S MacNeill	**165**	160	**1**	1	**21**	21	**66**	48	**2**	–	**255**	230
	1,200	1,048	**62**	48	**65**	52	**736**	450	**6**	4	**2,069**	1,602
NON-EXECUTIVE DIRECTORS												
M A Ziff	**53**	50	**–**	–	**–**	–	**–**	–	**–**	–	**53**	50
P Huberman	**57**	54	**–**	–	**–**	–	**–**	–	**–**	–	**57**	54
I Marcus	**57**	54	**–**	–	**–**	–	**–**	–	**–**	–	**57**	54
J Collins	**53**	50	**–**	–	**–**	–	**–**	–	**–**	–	**53**	50
	220	208	**–**	–	**–**	–	**–**	–	**–**	–	**220**	208
	1,420	1,256	**62**	48	**65**	52	**736**	450	**6**	4	**2,289**	1,810

Note:

1 Taxable benefits include cash and non-cash benefits principally company cars or a cash alternative, permanent health and medical insurance premiums. Until 31 December 2022, Edward Ziff received reimbursement of the costs of maintaining a flat in London which was regularly used for Company meetings. From 1 January 2023, following his move to London, the Company reimburses Edward Ziff the costs of maintaining a flat in Leeds. The value of the benefits is 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 Ben Ziff, Stewart MacNeill and Craig Burrow (all at 13% of base salary).

4 Craig Burrow joined the Board in January 2023.

CORPORATE GOVERNANCE

Directors' Remuneration Report continued

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 2023, the Executive Directors did not receive an annual bonus award, however:

- A bonus to all Executive Directors of 15% of base salary relating to the performance of the Company in the year ended 30 June 2023 will be paid in the year ending 30 June 2024. The decision to award these bonuses was deferred until after the year-end; once the draft results of the Company were better known, in particular the valuation movements on the Company's investment property portfolio and impairments on the Company's car park assets.
- Exceptional bonuses were paid to Edward Ziff, Ben Ziff and Stewart MacNeill during the year of £220,000, £440,000 and £66,000 respectively following receipt of the initial consideration from the YourParkingSpace investment sale.
- During the year the Company paid bonuses to Craig Burrow totalling £9,500 following completion of the two development site sales in the year.

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 2023 all four 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 2023 and November 2023. 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 2023. For illustration, based on the share price as at 30 June 2023, this would equate to each Director receiving 1,440 partnership shares and 1,440 matching shares. In November 2022 Edward Ziff, Ben Ziff, Stewart MacNeill and Craig Burrow received 1,379 partnership shares and 1,379 matching shares in respect of the 2022 Share Incentive Plan.

The total number of partnership and matching SIP shares beneficially held at 30 June 2023 is shown below.

Executive	Holding of partnership and matching SIP Shares (30 June 2023)
Edward Ziff	12,362
Ben Ziff	12,362
Stewart Macneill	2,758
Craig Burrow	5,356

Directors' Shareholdings (audited)

The table below sets out the shares held by the Directors as at 30 June 2023:

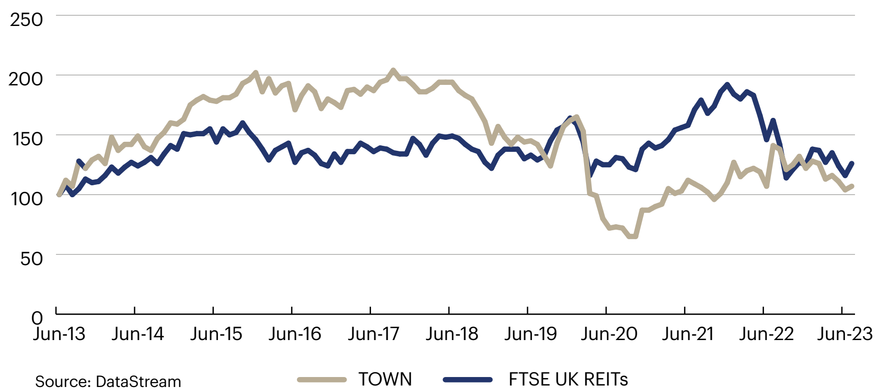
	Beneficial	Non-beneficial
Edward Ziff	5,493,346	13,403,427
Ben Ziff	775,520	–
Stewart MacNeill	2,758	–
Craig Burrow	15,707	–
Michael Ziff	2,515,731	7,443,445

The non-beneficial interest disclosures include 649,278 Ordinary Shares held by the estate of Dr Marjorie Ziff, an estate to which Edward and Michael Ziff are executors, and 5,959,982 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, Stewart MacNeill 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 2023, TCS Trustees Limited held 35,237 Ordinary Shares (2022: 55,239) on behalf of all participants including those share awards of Executive Directors shown above.

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 2023. 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 3.4% versus the FTSE All Share REIT at 1.8%. On a 10-year basis TCS TSR was 0.3% behind the FTSE All Share REIT at 2.4%.

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

	Single total figure of remuneration (£000s)	Annual bonus pay-out (% of maximum)
2022/23	949	0%
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%

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, from 2021 to 2022 and from 2022 to 2023.

Salary change	2019 to 2020	2020 to 2021	2021 to 2022	2022 to 2023
Edward Ziff	(1.6%)	0.8%	7.3%	4.0%
Ben Ziff	10.3%	3.6%	8.0%	4.0%
Stewart MacNeill	n/a	n/a	0.0%	3.3%
Craig Burrow	n/a	n/a	n/a	n/a
Michael Ziff	(0.8%)	0.8%	4.8%	7.5%
Ian Marcus	(0.8%)	0.8%	4.8%	7.5%
Paul Huberman	(0.8%)	0.8%	4.8%	7.5%
Jeremy Collins	(0.8%)	0.8%	4.8%	7.5%
Average employee[1]	**5.5%**	**6.9%**	**5.4%**	**13%**

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

Taxable benefits change	2019 to 2020	2020 to 2021	2021 to 2022	2022 to 2023
Edward Ziff	0.0%	(38.9%)	(2.3%)	23.6%
Ben Ziff	28.6%	(92.6%)	100.0%	69.9%
Stewart MacNeill	n/a	n/a	0.0%	7.6%
Craig Burrow	n/a	n/a	n/a	n/a
Michael Ziff	0.0%	0.0%	0.0%	0.0%
Ian Marcus	0.0%	0.0%	0.0%	0.0%
Paul Huberman	0.0%	0.0%	0.0%	0.0%
Jeremy Collins	0.0%	0.0%	0.0%	0.0%
Average employee	**21.9%**	**0.0%**	**0.0%**	**0.0%**

Directors' Remuneration Report continued

Percentage change in remuneration of the Directors continued

Bonus change	2019 to 2020	2020 to 2021	2021 to 2022	2022 to 2023
Edward Ziff	0.0%	0.0%	n/a	(24.9%)
Ben Ziff	0.0%	0.0%	n/a	303.7%
Stewart MacNeill	n/a	n/a	n/a	37.5%
Craig Burrow	n/a	n/a	n/a	n/a
Michael Ziff	0.0%	0.0%	0.0%	0.0%
Ian Marcus	0.0%	0.0%	0.0%	0.0%
Paul Huberman	0.0%	0.0%	0.0%	0.0%
Jeremy Collins	0.0%	0.0%	0.0%	0.0%
Average Employee	**0.0%**	**0.0%**	**n/a**	**(100.0%)**

Relative importance of spend on pay

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

	2022 (£000)	2023 (£000)	% change
Staff remuneration costs	5,807	7,000	12.1%
Dividends to Shareholders	2,237	2,423	8.3%

External appointments

Stewart MacNeill was a Non-Executive Director of a small family-owned property group and received a salary of £24,000 per annum, he resigned from this position with effect from 31 March 2023. None of the other Executive Directors have other external appointments for which they are paid. During the year Edward Ziff was the unpaid Chair and Trustee of Leeds Hospitals Charity.

Implementation of the remuneration policy for 2024

The following table outlines how TCS intends to implement the remuneration policy in the year ending 30 June 2024.

Component	Implementation for 2024
Base salary	The Committee usually agrees base salary increases effective from October. This year the Committee has agreed that there will be a 4.0% cost-of-living increase to the Executive Directors. In addition Stewart MacNeill will receive a further 9.0% increase.
Benefits	Benefits provisions will be as per 2023, to include cash and non-cash benefits principally company cars or a cash alternative, permanent health and medical insurance premiums. The Chairman and Chief Executive receives reimbursement of the costs of maintaining a flat in Leeds.
Pension	Edward Ziff does not receive a contribution. The Group makes payments to a Defined Contribution scheme for Stewart MacNeill, Ben Ziff and Craig Burrow of 13% of base salary.
Annual bonus	The Remuneration Committee are able to award two types of bonus: An annual bonus with a maximum opportunity of up to 100% of base salary. Exceptional bonuses 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. 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. 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 4.0% with effect from October 2023.

Consideration by the Directors of matters relating to Directors' remuneration

The Remuneration Committee formally met twice during the year and following Directors were members of the Committee during 2023:

- Ian Marcus
- Paul Huberman
- Jeremy Collins

The key activities of the Committee during the year were:

- Whilst no bonus was approved during the year 2023, a bonus of 15% of base salary was approved after the year-end which will be included in the results of the Company for the year ending 30 June 2023.
- Approving exceptional bonuses awarded to Edward Ziff, Ben Ziff and Stewart MacNeill arising from receipt of the initial consideration from the sale of the Company's investment in YourParkSpace Limited.
- Approving the salaries for 2023 (cost-of-living increases for all the Executive Directors plus a further 9.0% increase for Stewart MacNeill).
- Setting the bonus targets for 2024.
- Reviewing Service Contracts for continued appropriateness.
- Discussing structures for any potential future LTIP scheme.
- Reviewing the Terms of Reference
- Reviewing changes to Corporate Governance and the Committee's approach to these changes.

Statement of voting in relation to the 2022 AGM

	Annual Report on Remuneration
Votes for	99.05%
Votes against	0.95%

This report was approved by the Board on 17 October 2023 and signed on its behalf by

Ian Marcus
Chairman of the Remuneration Committee
17 October 2023

Directors' Report

The Directors present their report for the year ended 30 June 2023.

The corporate governance statement on pages 68 to 90 form part of this report.

Principal activities

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

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 102.

An interim dividend of 2.5p per share was paid on 16 June 2023 as a 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 Annual General Meeting ('AGM'). The proposed final dividend will be paid on 4 January 2024 to ordinary Shareholders on the register at the close of business on 15 December 2023. The ex-dividend date will be 14 December 2023.

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 2023, 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 130 to 131.

Share capital

The changes in the Company's issued share capital during the year are as set out below in the Purchase of own shares section. At 30 June 2023, there were 48,455,599 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 4,000,000 of its own ordinary shares for cancellation as part of a tender offer announced on 15 July 2022 and a further 75,000 as part of a share buy-back programme which commenced on 3 November 2022. The aggregate consideration including associated costs for the tender offer was £7,765,225 and for the share buy-back programme was £123,032.

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 2023.

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

Political donations

The Group made no political contributions in the financial year (2022: 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 70 to 71. 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 86.

Beneficial and non-beneficial interests of the Directors in the shares of the Company as at 30 June 2023 are disclosed in the Directors' Remuneration Report on page 88. 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 1 December 2023 and offer themselves for re-election.

Service agreements of Executive Directors and terms of conditions of Non-Executive Directors are available for inspection at the 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 41.

Emission reporting

The Group's Greenhouse Gas Emissions Statement is included within the Strategic Report on page 44.

Power of Directors

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

Directors' indemnity insurance

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

2023 Annual General Meeting

A Notice of Meeting can be found on pages 146 to 152 explaining the business to be considered at the AGM on 1 December 2023 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 59 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.

CORPORATE GOVERNANCE
Directors' Report continued

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.

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 54.8% of the Company's voting rights.

The Board confirms that, since the entry into the relationship agreement until 17 October 2023, 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 17 October 2023, 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	26,534,400	54.8%
New Fortress Finance Holdings Limited	4,834,769	9.98%

Post-balance sheet events
Post-balance sheet events since 30 June 2023 are detailed in note 26.

By order of the Board

Edward Ziff OBE DL
Chairman and Chief Executive
17 October 2023

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 UK adopted international accounting standards 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 UK adopted international 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; and
- 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.

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, 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 2023 was approved by the Board on 17 October 2023.

For and on behalf of the Board

Edward Ziff OBE DL
Chairman and Chief Executive
17 October 2023

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 2023 and of the Group's loss 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 Kingdon Generally Accepted Accounting Practice; 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 2023 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 the preparation of the Group financial statements 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 by the Directors for the year ended 30 June 2016. We were reappointed by the Members on 23 November 2022 to audit the financial statements for the year ended 30 June 2023 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 8 years, covering the years ended 30 June 2016 to 30 June 2023. 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 2024, 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 Directors' 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. At the 30 June 2023 the Group had three Revolving Credit Facilities ("RCFs") with total facilities available of £70m, of which £7m had been drawn. We obtained evidence to corroborate the post year end extension of one of the Group's RCFs to June 2026. We also confirmed that one of the RCFs due for repayment in September 2024 can be extended by an additional two years at the option of the Parent Company if exercised and approved by the lender;
- 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.

FINANCIAL STATEMENTS

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% (2022: 100%) of Group profit before tax* *100% (2022: 100%) of Group revenue* *100% (2022: 100%) of Group total assets*

KEY AUDIT MATTERS		2023	2022
	Valuation of property interests	✓	✓

MATERIALITY	*Group financial statements as a whole* £2.8m (2022: £3.1m) based on 1% (2022: 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 20 active components in the Group, 5 were considered significant. The financial information relating to the Parent Company and all other significant components of the Group were subject to full scope audits by the Group audit team. Our audit procedures for non-significant components were 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.

Climate change

Our work on the assessment of potential impacts on climate-related risks on the Town Centre Securities Plc operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector;
- Review of the minutes of Board and Audit Committee meeting and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment as set out in pages 46 to 51 may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in management's going concern assessment and viability assessment. We also assessed the consistency of managements disclosures included as 'Other Information' on page 99 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks.

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. This matter was 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 this matter.

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 108 to 109) 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 £218.4m (2022: £239.4m) and interests in joint ventures being the Group's share of the fair value of investment and development properties within these joint ventures totalling £30.7m (2022 £48.2m). 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 (2022: £51,000) 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. The hotel property, which is classified as property, plant and equipment and carried at fair value is valued using a discounted cash flow model.	**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, on a sample basis, 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.

FINANCIAL STATEMENTS

Independent auditor's report continued

to the members of Town Centre Securities Plc

Key audit matter		How the scope of our audit addressed the key audit matter
	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 and hence we considered this to be a key audit matter.	**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.

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	
	2023 £m	2022 £m	2023 £m	2022 £m
Materiality	2.8	3.1	1.0	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 investment property assets.	
Performance materiality	1.96	2.015	0.7	0.72
Basis for determining performance materiality	70% of materiality	65% of materiality	70% of materiality	65% of materiality
Rationale for the percentage applied for performance materiality	In determining 70% performance materiality we have considered our risk assessment, including our assessment of the Group's overall control environment and the level of misstatements in previous years.	In determining 65% performance materiality we have considered our risk assessment, including our assessment of the Group's overall control environment and the level of misstatements in previous years.	In determining 70% performance materiality we have considered our risk assessment, including our assessment of the Group's overall control environment and the level of misstatements in previous years.	In determining 65% performance materiality we have considered our risk assessment, including our assessment of the Group's overall control environment and the level of misstatements in previous years.

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.

We determined specific materiality for these items to be £225,000 (2022: £225,000). This is based on 7.4% (2022: 7%) of European Public Real Estate Association ("EPRA") earnings. EPRA earnings excludes the impact of the net surplus or deficit on the revaluation of, and profit or loss on disposal of, investment properties and financial instruments. We further applied a performance materiality level of 70% (2022: 65%) of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Parent Company specific materiality was set at £140,000 (2022: £120,000) which equates to 1.0% (2022: 1.5%) of EPRA earnings excluding accrued interest.

Component materiality

We set financial statement materiality for each significant component of the Group on the same basis as Group materiality, being 2% (2022: 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 £150,000 to £1,994,000 (2022: £40,000 to £1,210,000). In the audit of each component, we further applied performance materiality levels of 70% (2022: 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 £8,000 to £140,000 (2022: £6,080 to £120,000). For each specific materiality set, we applied a performance materiality level of 70% (2022: 65%).

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £11,000 (2022: £11,250). 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 set out on page 77; and • The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 59
OTHER CODE PROVISIONS	• Directors' statement on fair, balanced and understandable set out on page 77; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 52; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 82; and • The section describing the work of the audit committee set out on page 81

FINANCIAL STATEMENTS

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.
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:

Non-compliance with laws and regulations

Based on:
- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance, which included the Audit Committee; and
- Obtaining and understanding the Group's policies and procedures regarding compliance with laws and regulations.

we considered the significant laws and regulations to be the Companies Act 2006, applicable accounting standards, the UK Listing Rules and the UK Real Estate Investment Trust ("REIT") regime.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be UK VAT regulations.

Our procedures in respect of the above included:
- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:
- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the area's most susceptible to fraud to be the valuation of the Group's property interests, management bias and override of controls and the potential manipulation of revenue through the assessment of lease terms over which to spread lease incentives.

Our procedures in respect of the above included:
- Testing a sample of journal entries throughout the year, which met a defined risk criterion, by agreeing to supporting documentation;
- Involvement of forensic specialists within the audit to assess the susceptibility of the financial statements to material fraud;
- To address the fraud risk in relation to the assessment of lease terms over which to spread lease incentives, we agreed all critical inputs to the calculations to lease agreements and performed a recalculation of the adjustment to rental income, investigating any variances;
- Assessing significant estimates made by management for bias, which included the valuation of the Group's property interests as mentioned under the key audit matters; and
- Testing of the consolidation including a sample of manual adjustments at the consolidation level to supporting documentation.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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
17 October 2023

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

FINANCIAL STATEMENTS

Consolidated income statement

for the year ended 30 June 2023

	Notes	2023 £'000	2022 £'000
Gross revenue (excl service charge income)	3	**27,631**	25,383
Service charge income	3	**2,732**	2,758
Gross revenue	3	**30,363**	28,141
Release of provision for impairment of debtors	3	**–**	49
Service charge expenses	3	**(3,991)**	(3,666)
Property expenses	3	**(11,560)**	(10,000)
NET REVENUE		**14,812**	14,524
Administrative expenses	4	**(6,780)**	(6,531)
Other income	7	**880**	1,612
Valuation movement on investment properties	12	**(21,033)**	3,489
Impairment of Car Parking assets	12	**(10,467)**	(384)
Impairment of goodwill	13	**(991)**	–
Loss on disposal of investments		**(777)**	(89)
Valuation movement on investments	15	**1,162**	–
Profit on disposal of investment properties		**4,123**	4,563
Share of post-tax (losses)/profits from joint ventures	14	**(4,066)**	1,315
OPERATING (LOSS)/PROFIT		**(23,137)**	18,499
Finance costs	8	**(6,948)**	(8,063)
Finance income	8	**594**	576
(LOSS)/PROFIT BEFORE TAXATION		**(29,491)**	11,012
Taxation	9	**–**	–
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		**(29,491)**	11,012
EARNINGS PER SHARE			
Basic and diluted	11	**(60.1p)**	20.9p
EPRA (non-GAAP measure)	11	**6.2p**	6.2p
DIVIDENDS PER SHARE			
Paid during the year	10	**5.0p**	4.25p
Proposed	10	**2.5p**	2.5p

Consolidated statement of comprehensive income

for the year ended 30 June 2023

	Notes	2023 £'000	2022 £'000
(Loss)/profit for the year		**(29,491)**	11,012
ITEMS THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS			
Revaluation gains on Car Parking assets	12	**929**	–
Revaluation gains on hotel assets	12	**642**	713
Revaluation gains on other investments	15	**16**	15,306
Total other comprehensive income		**1,587**	16,019
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(27,904)**	27,031

All profit and total comprehensive income for the year is attributable to owners of the Parent. The notes on pages 106 to 133 are an integral part of these consolidated financial statements.

Consolidated balance sheet

as at 30 June 2023

	Notes	2023 £'000	2022 £'000
NON-CURRENT ASSETS			
PROPERTY RENTAL			
Investment properties	12	**183,801**	201,106
Investments in joint ventures	14	**7,123**	18,016
		190,924	219,122
CAR PARK ACTIVITIES			
Freehold and leasehold properties	12	**60,791**	72,226
Goodwill and intangible assets	13	**3,674**	4,912
		64,465	77,138
HOTEL OPERATIONS			
Freehold and leasehold properties	12	**9,500**	9,100
		9,500	9,100
Fixtures, equipment and motor vehicles	12	**1,269**	976
Investments	15	**7,503**	4,506
TOTAL NON-CURRENT ASSETS		**273,661**	310,842
CURRENT ASSETS			
Trade and other receivables	16	**3,264**	21,708
Cash and cash equivalents		**23,320**	22,150
Investments	15	**6,436**	–
		33,020	43,858
Assets held for sale	15	**–**	20,368
TOTAL CURRENT ASSETS		**33,020**	64,226
TOTAL ASSETS		**306,681**	375,068
CURRENT LIABILITIES			
Trade and other payables	17	**(12,387)**	(9,828)
Bank overdrafts		**(21,700)**	(23,414)
Financial liabilities	18	**(4,665)**	(34,655)
TOTAL CURRENT LIABILITIES		**(38,752)**	(67,897)
NON-CURRENT LIABILITIES			
Financial liabilities	18	**(126,841)**	(127,867)
TOTAL LIABILITIES		**(165,593)**	(195,764)
NET ASSETS		**141,088**	179,304
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT			
Called up share capital	23	**12,113**	13,132
Share premium account		**200**	200
Capital redemption reserve		**1,736**	717
Revaluation reserve		**2,784**	1,213
Retained earnings		**124,255**	164,042
TOTAL EQUITY		**141,088**	179,304
NET ASSET VALUE PER SHARE	21	**291p**	341p

Company number: 00623364
The financial statements on pages 102 to 133 were approved by the Board of Directors on 17 October 2023 and signed on its behalf by

E M Ziff
Chairman and Chief Executive

FINANCIAL STATEMENTS

Consolidated statement of changes in equity

for the year ended 30 June 2023

	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 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 income 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
Comprehensive income for the year						
Loss for the year	–	–	–	–	(29,491)	(29,491)
Other comprehensive income	–	–	–	1,571	16	1,587
Total comprehensive loss for the year	–	–	–	1,571	(29,475)	(27,904)
Contributions by and distributions to owners						
Arising on purchase and cancellation of own shares	(1,019)	–	1,019	–	(7,888)	(7,888)
Final dividend relating to the year ended 30 June 2022	–	–	–	–	(1,212)	(1,212)
Interim dividend relating to the year ended 30 June 2023	–	–	–	–	(1,212)	(1,212)
BALANCE AT 30 JUNE 2023	**12,113**	**200**	**1,736**	**2,784**	**124,255**	**141,088**

Consolidated cash flow statement

for the year ended 30 June 2023

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	24	**13,769**		11,688	
Interest received		**415**		–	
Interest paid		**(6,149)**		(6,839)	
Net cash generated from operating activities			**8,035**		4,849
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase and construction of investment properties		**(7,526)**		(7,433)	
Refurbishment of investment properties		**(1,145)**		(1,617)	
Purchases of fixtures, equipment and motor vehicles		**(576)**		(283)	
Proceeds from sale of investment properties		**51,723**		20,608	
Proceeds from sale of investments		**11,195**		68	
Payments for business acquisitions		**–**		(293)	
Investments in joint ventures		**(3,500)**		(326)	
Purchase of subsidiary, net of cash acquired		**887**		–	
Net cash generated from investing activities			**51,058**		10,724
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from non-current borrowings		**16,000**		6,399	
Repayment of non-current borrowings		**(60,241)**		(18,643)	
Arrangement fees paid		**–**		(380)	
Principal element of lease payments		**(1,657)**		(1,648)	
Dividends paid to Shareholders		**(2,423)**		(2,237)	
Purchase of own shares		**(7,888)**		(885)	
Net cash used in financing activities			**(56,209)**		(17,394)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			**2,884**		(1,821)
Cash and cash equivalents at beginning of the year			**(1,264)**		557
CASH AND CASH EQUIVALENTS AT END OF THE YEAR			**1,620**		(1,264)

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

	2023 £'000	2022 £'000
Cash balances	**23,320**	22,150
Overdrawn balances	**(21,700)**	(23,414)
	1,620	(1,264)

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

FINANCIAL STATEMENTS

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 2023 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 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.

Disclosure of accounting policies

Amendments to IAS 1, which change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy information is likely to be considered material.

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.

Definition of accounting estimates

Amendments to IAS 8, which added the definition of 'accounting estimates' in IAS 8. The amendments also clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior-period errors.

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:

The IASB has proposed further amendments in an exposure draft that was issued in November 2021 and further amended in October 2022, as part of these further amendments the effective date is proposed to be deferred to 1 January 2024. 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.

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 £82.4m debenture which is due for repayment in 2031 and an asset-specific facility of £13.8m which is due for repayment in 2029. In addition the business has three bilateral Revolving Credit Facilities ('RCF') totalling £70m which, as at the year-end, were due for repayment or renewal between July 2023 and June 2026. Each of the debt facilities is ring-fenced within security sub pools of assets charged to the respective lender.

At 30 June 2023 one of the Group's RCFs was due for renewal immediately after the year-end. The facility was renewed on 4 July 2023 with a new renewal date of June 2026. This facility has two one-year extensions, which if exercised and approved by the lender will extend the repayment date to June 2028.

The Group has one bank facility falling due for repayment in September 2024, within the going concern period. This facility has two one year extensions, which if exercised and approved by the lender will extend the repayment date to September 2026.

As at the date of this report, the Group has drawn in aggregate under all three RCFs total borrowings of £4.0m.

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 2023 was £30.0m (2022: £18.5m). Overall, the properties secured under the Group's debt facilities would need to fall 33.7% 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 £31.9m and 35.1% 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 and the asset-specific loan. At the year-end the actual income cover levels ranged from 219% (for the 100% debenture covenant) up to 862% 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 2024. These forecasts reflect management's view of a worst-case scenario including assumptions that rent receipts are materially lower than normally experienced and that the Car Park and Hotel Businesses recovers over the forecast period to a materially lower level than expected. 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 both the cash headroom figure is resilient and the financial covenant tests are met. Under the base case the minimum cash headroom is expected to be £26.0m, which compares to a minimum of £14.9m under the downside scenario. The significant downside case applied a total discount of 12% 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 2026 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 Q3 of FY24 and last until Q1 of FY25 before the position then improves.

The Group is currently experiencing collection rates of over 99% of rent and service charge income invoiced, and for the first two months of FY24 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 2024. 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.

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. Inter-Company transactions and balances between Group Companies are therefore eliminated in full.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements continued

1. Accounting policies continued

Consolidation continued

(a) Subsidiaries continued

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.

A company purchase that does not meet the definition of a business is treated as an asset acquisition (e.g., this may be the case if a property is acquired in a corporate wrapper). The asset(s) (and any associated acquired liabilities) acquired are recognised at fair value of the consideration paid on the date that control is obtained.

Where the company increases its stake in a previously held joint venture (JV) that does not constitute a business and thereby obtains control, an accumulated cost approach is used. The carrying value of the equity accounted JV at the date of obtaining control is considered to form part of the consideration paid, in additional to the fair value of any additional consideration paid to acquire the additional stake. The assets acquired (and any associated liabilities) are recognised based on the combined accumulated cost.

(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 four business segments comprising Property rental, car park operations, hotel operations and in Investments. 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 derecognised 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 as asset's fair value less costs of disposal and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. Any impairment recognised is charged to the Consolidated Income Statement. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the Consolidated Income Statement on the acquisition date.

Intangible assets – car park activities

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

FINANCIAL STATEMENTS

Notes to the consolidated financial statements continued

1. Accounting policies continued

Investments – investments in shares

The Group's investments comprise of investments in quoted and unquoted equity investments. 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 and the Company's investment in YourParkingSpace Limited.

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

Investments – deferred and contingent consideration

The Group's investments in loan notes, both deferred and contingent consideration elements, are classified as financial assets within the balance sheet of the Company. The Company is holding these investments solely to receive future cashflows in accordance with the terms of the different loan note instruments.

The deferred consideration loan notes will ultimately result in the payment of both 100% of the principal and an interest charge – there are no other cashflows and are accounted for using the 'Amortised Cost' basis.

The contingent consideration loan notes will ultimately result in the payment of Principal with no Interest, with the quantum of the actual payment contingent and based on the net revenue of YPS earned post completion. Due to the variable nature of this ultimate receipt they are accounted for using the 'Fair Value through profit or loss' ('FVTPL') basis.

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 the Consolidated Income Statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

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

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

Cash and cash equivalents

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

Share capital

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

Borrowings

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

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

Bank overdrafts

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 2023 (and 30 June 2022 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.

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.

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; and

FINANCIAL STATEMENTS

Notes to the consolidated financial statements continued

1. Accounting policies continued

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

- 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. If the Directors consider an unrecognised amount is collectible subsequent to its due date, then the receivable is recognised at that date.

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

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

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

i) fixed rental income is recognised on a straight-line basis over the term of the lease;
ii) turnover rents are based on underlying turnover and are recognised in the period to which the turnover relates;
iii) rent reviews are recognised in the period to which they relate providing they have been agreed or otherwise on agreement; and
iv) where rent concessions have been granted that reduce the payments due under a lease in future periods the total revised consideration (plus any prepaid or accrued lease payments) is spread over the remaining lease term from the date the concession is granted.

(b) Car Park income

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

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.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements continued

1. Accounting policies continued

Financial risk management continued

(a) Credit risk continued

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

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

- Cash and cash equivalents (£23,320,000 at 30 June 2023 and £22,150,000 at 30 June 2022) – all cash and cash equivalents are held with high quality financial institutions for which there is considered to be no significant credit risk; as such any ECL in respect of this balance is immaterial.
- Trade receivables (£1,345,000 at 30 June 2023 and £1,701,000 at 30 June 2022) – 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.
- Deferred Consideration Loan Notes (£4,493,000 in current assets and £3,025,000 in non-current assets at 30 June 2023, £nil at 30 June 2022) – all deferred consideration loan notes are ultimately due from significant US-based financial institutions for which there is considered to be no significant credit risk, as such any ECL in respect of these balances are immaterial.

(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 2023, 93.4% (2022: 71.6%) 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 judgments

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. Asset acquisition – the judgement that the Group's acquisition of the remaining 50% of the Belgravia Living Group Ltd joint venture was not a business combination but actually to facilitate the acquisition outright of a single investment property.
iii. Loan note investments – contingent consideration – the estimate of the fair value of these assets has been based on information provided by the management team of YourParkingSpace and extrapolated over the entire contingent consideration 'earnout' period.
iv. Impairments have been applied to the Group's Right-of-Use Car Park assets and goodwill as set out in notes 12 and 13 – these have been based on an assessment of the net present value of the future cashflows of each individual car park related asset. These calculations have been based on the individual forecasts prepared by the Company for each car park and used an assessment of the Group's weighted average cost of capital and suitable discount rates.

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

	2023 £'000	2022 £'000
Property rental	**212,249**	263,598
Car park activities	**64,993**	77,496
Hotel operations	**9,500**	9,100
Investments	**19,939**	24,874
	306,681	375,068

(B) Segmental results

	2023					2022				
	Property rental £'000	Car park activities £'000	Hotel operations £'000	Investments £'000	Total £'000	Property rental £'000	Car park activities £'000	Hotel operations £'000	Investments £'000	Total £'000
Gross revenue (excl service charge income)	**11,445**	**13,066**	**3,120**	**–**	**27,631**	11,138	11,417	2,828	–	25,383
Service charge income	**2,732**	**–**	**–**	**–**	**2,732**	2,758	–	–	–	2,758
Gross revenue	**14,177**	**13,066**	**3,120**	**–**	**30,363**	13,896	11,417	2,828	–	28,141
Release of provision for impairment of debtors	**–**	**–**	**–**	**–**	**–**	49	–	–	–	49
Service charge expenses	**(3,991)**	**–**	**–**	**–**	**(3,991)**	(3,666)	–	–	–	(3,666)
Property expenses	**(751)**	**(8,175)**	**(2,634)**	**–**	**(11,560)**	(1,091)	(6,574)	(2,335)	–	(10,000)
NET REVENUE	**9,435**	**4,891**	**486**	**–**	**14,812**	9,188	4,843	493	–	14,524
Administrative expenses	**(5,242)**	**(1,538)**	**–**	**–**	**(6,780)**	(5,213)	(1,318)	–	–	(6,531)
Other income	**834**	**7**	**–**	**39**	**880**	1,577	–	–	35	1,612
Share of post-tax profits from joint ventures	**884**	**–**	**–**	**–**	**884**	885	–	–	–	885
OPERATING PROFIT BEFORE VALUATION MOVEMENTS	**5,911**	**3,360**	**486**	**39**	**9,796**	6,437	3,525	493	35	10,490
Valuation movement on investment properties	**(21,033)**	**–**	**–**	**–**	**(21,033)**	3,489	–	–	–	3,489
Impairment of car park assets	**–**	**(10,467)**	**–**	**–**	**(10,467)**	–	(384)	–	–	(384)
Impairment of goodwill	**–**	**(991)**	**–**	**–**	**(991)**	–	–	–	–	–
Loss on disposal of investments	**–**	**–**	**–**	**(777)**	**(777)**	–	–	–	(89)	(89)
Valuation movement on investments	**–**	**–**	**–**	**1,162**	**1,162**	–	–	–	–	–
Profit on disposal of investment properties	**4,123**	**–**	**–**	**–**	**4,123**	4,563	–	–	–	4,563
Valuation movement on joint venture properties	**(4,950)**	**–**	**–**	**–**	**(4,950)**	430	–	–	–	430
OPERATING (LOSS)/PROFIT	**(15,949)**	**(8,098)**	**486**	**424**	**(23,137)**	14,919	3,141	493	(54)	18,499
Finance costs					**(6,948)**					(8,063)
Finance income	**–**	**–**	**–**	**–**	**594**	–	–	–	–	576
(LOSS)/PROFIT BEFORE TAXATION	**–**	**–**	**–**	**–**	**(29,491)**	–	–	–	–	11,012
Taxation	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
(LOSS)/PROFIT FOR THE YEAR	**–**	**–**	**–**	**–**	**(29,491)**	–	–	–	–	11,012

FINANCIAL STATEMENTS

Notes to the consolidated financial statements continued

3. Segmental information continued

(B) Segmental results continued

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

The Car Parking 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 2023, arising from car park operations, was £2,014,000. After allowing for an allocation of administrative expenses, the operating profit at these sites was £1,386,000.

Revenue received within the Car Parking 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

	2023 £'000	2022 £'000
Employee benefits	**4,344**	4,281
Depreciation	**124**	129
Charitable donations	**60**	35
Other	**2,252**	2,086
	6,780	6,531

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 Parking 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:

	2023 £'000	2022 £'000
Audit services:		
– Fees payable to the Group auditors' for the audit of the consolidated financial statements	**205**	145
– Audit of the Company's subsidiaries pursuant to legislation	**10**	10
– Other audit-related services	**38**	28
Total audit services	**253**	183
Non-audit services:		
– Other non-audit services	**–**	3
TOTAL OTHER SERVICES	**–**	3
TOTAL AUDITORS' REMUNERATION	**253**	186

6. Employee benefits

	2023 £'000	2022 £'000
Wages and salaries (including Directors' emoluments)	**6,080**	5,029
Social security costs	**705**	556
Other pension costs	**215**	222
	7,000	5,807

Disclosures required by the Companies Act 2006 on Directors' remuneration, including salaries, share options, pension contributions and pension entitlement are included on pages 86 to 87 in the Directors' Remuneration Report and form part of these consolidated financial statements.

The average monthly number of staff employed during the year was 129 (2022: 124).

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.

7. Other income and expenses

Other income	2023 £'000	2022 £'000
Commission received	**154**	139
Dividends received	**39**	35
Management fees receivable	**260**	235
Dilapidations receipts and income relating to surrender premiums	**312**	1,145
Other	**115**	58
	880	1,612

8. Finance costs

	2023 £'000	2022 £'000
Interest payable on debenture loan stock	**4,819**	5,303
Loss on repurchase of debenture stock	**(379)**	272
Interest payable on bank borrowings	**1,330**	1,265
Amortisation of arrangement fees	**230**	252
Interest expense on lease liabilities	**948**	971
Total finance costs	**6,948**	8,063
Interest receivable on loans to joint ventures	**(245)**	(163)
Other interest receivable	**(349)**	(413)
TOTAL FINANCE INCOME	**(594)**	(576)
NET FINANCE COSTS	**6,354**	7,487

9. Taxation

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

Taxation for the year is higher (2022: lower) than the standard rate of corporation tax in the United Kingdom of 19% (2022: 19%). The differences are explained below:

	2023 £'000	2022 £'000
(Loss)/profit before taxation	**(29,491)**	11,012
(Loss)/profit on ordinary activities multiplied by rate of corporation tax in the United Kingdom of 19% (2022: 19%)	**(5,603)**	2,092
Effects of:		
– Utilisation of brought forward trading losses	**–**	(36)
– United Kingdom REIT tax exemption on net income before revaluations	**(582)**	(471)
– United Kingdom REIT tax exemption on revaluations	**6,185**	(1,585)
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.

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Notes to the consolidated financial statements continued

9. Taxation continued

Factors affecting current and future tax charges continued

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 £3.2m (2022: £3.3m). 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

	2023 £'000	2022 £'000
2021 final paid: 1.75p per share	–	924
2022 interim paid: 2.5p per share	–	1,313
2022 final paid: 2.5p per share	**1,212**	–
2023 interim paid: 2.5p per share	**1,212**	–
	2,424	2,237

An interim dividend in respect of the year ended 30 June 2023 of 2.5p per share was paid to Shareholders on 16 June 2023. This dividend was paid entirely as a Property Income Distribution ('PID').

A final dividend in respect of the year ended 30 June 2023 of 2.5p per share is proposed. This dividend, based on the shares in issue at 17 October 2023, amounts to £1.2m which has not been reflected in these accounts and will be paid on 4 January 2024 to Shareholders on the register on 15 December 2023. 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 49,075,785 (2022: 52,755,750).

	2023		2022	
	Earnings £'000	**Earnings per share p**	Earnings £'000	Earnings per share p
(LOSS)/PROFIT FOR THE YEAR AND EARNINGS PER SHARE	**(29,491)**	**(60.1)**	11,012	20.9
Valuation movement on investment properties	**21,033**	**42.9**	(3,489)	(6.6)
Impairment of Car Parking assets	**10,467**	**21.3**	384	0.7
Impairment of goodwill	**991**	**2.0**	–	–
Valuation movement on properties held in joint ventures	**4,950**	**10.1**	(430)	(0.8)
Profit on disposal of investment and development properties	**(4,123)**	**(8.4)**	(4,563)	(8.7)
Loss on disposal of investments	**777**	**1.6**	89	0.2
Valuation movement on investments	**(1,162)**	**(2.4)**	–	–
(Gain)/loss on repurchase of debenture stock	**(379)**	**(0.8)**	272	0.5
EPRA EARNINGS AND EARNINGS PER SHARE	**3,063**	**6.2**	3,275	6.2

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

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

12. Non-current assets

(A) Investment properties

	Freehold £'000	Right-of-use asset £'000	Development £'000	Total £'000
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
Additions at cost	7,526	–	–	7,526
Held in subsidiaries acquired	23,400	–	706	24,106
Other capital expenditure	735	31	395	1,161
Disposals	(7,645)	–	(21,250)	(28,895)
Valuation movement	(19,376)	(31)	(1,626)	(21,033)
Movement in tenant lease incentives	(170)	–	–	(170)
VALUATION AT 30 JUNE 2023	**160,700**	**2,250**	**20,851**	**183,801**

At 30 June 2023, investment property valued at £181,340,000 (2022: £198,630,000) was held as security against the Group's borrowings.

During the year the Group acquired an investment property that it had previously owned 50% of, through the Group's joint venture investment in Belgravia Living Group Limited ('BLG'). The property acquisition was facilitated by the acquisition by the Group of the remaining 50% interest in BLG.

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

The Company occupies an office suite in part of the Merrion Centre and one floor of an investment property in London. The Directors do not consider these elements to be material.

(B) Freehold and leasehold properties – car park activities

	Freehold £'000	Right-of-use asset £'000	Development £'000
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
Additions	6	–	6
IFRS 16 adjustment	–	(95)	(95)
Depreciation	(312)	(1,496)	(1,808)
Valuation movement	929	–	929
Impairment	(4,713)	(5,754)	(10,467)
VALUATION AT 30 JUNE 2023	**25,110**	**35,681**	**60,791**

The historical cost of freehold properties and right-of-use assets relating to car park activities is £30,153,000 (2022: £30,153,000).

At 30 June 2023, freehold properties and right-of-use assets relating to car park activities, held as security against the Group's borrowings are held at £35,610,000 (2022: £42,170,000).

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Notes to the consolidated financial statements continued

12. Non-current assets continued

(C) Freehold and leasehold properties – hotel operations

	Freehold £'000
Valuation at 30 June 2022	9,100
Depreciation	(242)
Valuation movement	642
VALUATION AT 30 JUNE 2023	**9,500**

At 30 June 2023, freehold and leasehold property relating to hotel operations valued at £9,500,000 (2022: £9,100,000) was held as security against the Group's borrowings.

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 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 2023 in the table below.

	Passing rent £'000	ERV £'000	Value £'000	Initial yield %	Reversionary yield %
Retail and leisure	984	1,292	14,510	6.4%	8.4%
Merrion Centre (excluding offices)	4,610	4,919	51,414	8.5%	9.0%
Offices	3,040	4,953	52,966	5.4%	8.8%
Hotels	816	816	9,500	8.1%	8.1%
Out-of-town retail	1,006	1,070	13,000	7.3%	7.8%
Residential	1,392	1,526	31,060	4.2%	4.6%
	11,848	**14,576**	**172,450**	**6.5%**	**8.0%**
Development property			20,851		
Car Parks			37,644		
IFRS 16 Adjustment – Right-of-use assets held within investment property			23,147		
			254,092		

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 held within investment property			26,699		
			282,432		

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 £172.5m of applying a different weighted average yield and a different weighted average ERV would be as follows:

Valuation in the consolidated financial statements at an initial yield of 5.5% – £203.8m, Valuation at 7.5% – £149.4m.

Valuation in the consolidated financial statements at a reversionary yield of 7.0% – £197.1m, Valuation at 9.0% – £153.3m.

Investment properties (development properties)

The key unobservable inputs in the valuation of one of the Group's development properties of £14.8m 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 – £15.5m, 5% decrease in the per acre or per unit value – £14.1m.

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 £25.1m in applying a different yield/discount rate and a different assumed rental value/net income would be as follows:

Valuation in the consolidated financial statements based on a 1% decrease in the yield/discount rate – £29.6m, 1% increase in the yield/discount rate – £21.8m.

Valuation in the consolidated financial statements based on a 5% increase in the assumed rental value/net income – £26.4m, 5% decrease in the assumed rental value/net income – £23.8m.

Right-of-Use car park activities

The effect on the total valuation of the Group's Right-of-Use car park properties of £35.7m in applying a different discount rate and a different assumed net income would be as follows:

Valuation in the consolidated financial statements based on a discount rate of 8% – £37.2m, Valuation at 9% – £34.2m.

Valuation in the consolidated financial statements assuming net revenue 10% above anticipated – £38.2m, Valuation at 10% below anticipated – £33.1m.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements continued

12. Non-current assets continued

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

	Investment Properties £'000	Freehold and leasehold Properties £'000	Hotel Operations £'000	Total £'000
Externally valued by CBRE	96,740	19,260	9,500	125,500
Externally valued by Jones Lang LaSalle	87,010	5,850	–	92,860
Investment properties valued by the Directors	51	–	–	51
Properties held at valuation	183,801	25,110	9,500	218,411
IFRS 16 right-of-use assets held at depreciated cost	–	35,681	–	35,681
	183,801	**60,791**	**9,500**	**254,092**

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 (ie 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.

(D) Fixtures, equipment and motor vehicles

	Cost £'000	Accumulated depreciation £'000
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
At 1 July 2022	4,994	4,018
Additions	576	–
Depreciation	–	283
AT 30 JUNE 2023	**5,570**	**4,301**
NET BOOK VALUE AT 30 JUNE 2023		**1,269**

13. Goodwill and intangible assets

	2023 £'000	2022 £'000
GOODWILL		
At the start of the year	**4,436**	4,436
Impairment	**(991)**	–
AT THE END OF THE YEAR	**3,445**	4,436
INTANGIBLE ASSETS		
At the start of the year	**476**	405
On acquisition of subsidiaries	–	293
Amortisation	**(247)**	(222)
AT THE END OF THE YEAR	**229**	476
TOTAL GOODWILL AND INTANGIBLE ASSETS	**3,674**	4,912

Goodwill represents the difference between the fair value of the consideration paid on the acquisitions of Car Park businesses and the fair value of the assets and liabilities acquired as part of these business combinations. The transactions prior to 30 June 2020 relate to businesses that held car parks under leases with a net asset value of £nil and amounted to consideration (before any impairment) of £4,024,000. Goodwill therefore represents the full consideration of these acquisitions.

A review of the year-end carrying value has been performed to identify any potential impairment 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. 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% (2022: 1%) and a discount rate of 8.5% (2022: 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, with the key underlying reasons for the impairment being the increase in discount rate applied to the cash flow forecasts and an increase in the underlying cost base of the car parks (staff costs and utility costs). The recoverable amount of Goodwill has been determined on the basis of value-in-use.

The effect on the value of goodwill at the year end of £3.4m of applying a different discount rate would be as follows:

Valuation in the consolidated financial statements assuming a discount rate of 8% – £3.6m, Valuation at 9% – £3.3m.

Goodwill amounting to £3,033,000 at 30 June 2023 (£4,024,000: 30 June 2022) relate to assets with definite useful lives based on the unexpired duration of certain car park leases. The balance of goodwill and intangible assets are not significant and relate to assets with indefinite useful lives.

14. Investments in joint ventures

	2023 £'000	2022 £'000
At the start of the year	**18,016**	16,212
Investments in joint ventures	**3,500**	326
Loan interest	**245**	163
Valuation movement on investment properties	**(4,950)**	430
Share of profits after tax	**884**	885
Amounts eliminated on consolidation of subsidiary	**(10,572)**	–
AT THE END OF THE YEAR	**7,123**	18,016

Investments in joint ventures are broken down as follows:

	2023 £'000	2022 £'000
Equity	**7,123**	11,691
Loans	–	6,325
	7,123	18,016

Investments in joint ventures as at 30 June 2022 primarily related to the Group's interest in the partnership capital of Merrion House LLP and share capital of Belgravia Living Group Limited. Also within Investments in joint ventures exist loan balances due from joint ventures as they are considered to form part of the net investment in the JV. On 14 April 2023, the Group acquired the remaining 50% of the share capital of Belgravia Living Group Limited and therefore no longer accounts for this as a joint venture. This acquisition did not meet the definition of a business and it is treated as an asset acquisition. The carrying value of the equity accounted joint venture on the date of acquisition has formed part of the consideration paid for the investment property. The consideration for the acquisition was £1, with the key asset acquired being a £23.4m investment property and an associated bank loan of £14.4m.

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.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements continued

14. Investments in joint ventures continued

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

	2023 £'000	2022 £'000
Non-current assets	**61,450**	71,850
Cash and cash equivalents	**767**	278
Debtors and prepayments	**–**	295
Trade and other payables	**(700)**	(616)
Current financial liabilities	**(1,717)**	(1,659)
Non-current financial liabilities	**(45,554)**	(47,270)
NET ASSETS	**14,246**	22,878

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

	2023 £'000	2022 £'000
Revenue	**3,460**	3,328
Expenses	**(23)**	(2)
Finance costs	**(1,669)**	(1,725)
Valuation movement on investment properties	**(10,400)**	200
NET (LOSS)/PROFIT	**(8,632)**	1,801

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 (2022: £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 (as at 30 June 2023 and 30 June 2022)	50	Property investment
Belgravia Living Group Limited (as at 30 June 2022 only)	50	Property investment
Bay Sentry Limited (as at 30 June 2023 and 30 June 2022)	50	Software Development

15. Investments

	2023 £'000	2022 £'000
CURRENT ASSETS		
Loan notes – deferred consideration	**4,493**	–
Loan notes – contingent consideration	**1,943**	–
	6,436	–
NON-CURRENT ASSETS		
Listed investments	**4,068**	4,096
Non-listed investments	**410**	410
Loan notes – deferred consideration	**3,025**	–
	7,503	4,506
TOTAL ASSETS	**13,939**	4,506

Listed investments

	2023 £'000	2022 £'000
At start of the year	**4,096**	5,802
Disposals	**(44)**	(62)
Increase/(decrease) in value of investments	**16**	(1,644)
AT THE END OF THE YEAR	**4,068**	4,096

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 £875,000 (2022: £882,300).

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

	2023 £'000	2022 £'000
At the start of the year	**410**	3,415
Loan interest	**–**	413
Increase in value of investments	**–**	16,950
Transferred to assets held for sale	**–**	(20,368)
AT THE END OF THE YEAR	**410**	410

In the prior year, non-listed investments primarily related to an equity shareholding and loans advanced to YourParkingSpace Limited ('YPS'), a privately owned company incorporated in the United Kingdom. The investment in YPS was transferred to assets held for sale in the year ending 30 June 2022.

In July 2022, the Company sold its entire equity interest in YPS, in exchange for upfront cash consideration of £9.6m, plus a deferred and contingent element of consideration in the form of loan notes. In addition to the equity consideration the Company also received in July 2022 full repayment of its loan to YPS which, including rolled-up interest, totalled £1.95m.

The non-listed investments 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.

Loan notes – deferred consideration

	2023 £'000	2022 £'000
CURRENT ASSETS		
At the start of the year	**–**	–
Loan notes issued to the Company in the period	**4,287**	–
Loan interest	**206**	–
	4,493	–
NON-CURRENT ASSETS		
At the start of the year	**–**	–
Loan notes issued to the Company in the period	**2,888**	–
Loan interest	**137**	–
	3,025	–

The interest earned on the deferred consideration loan notes is 5% per annum. The current element of deferred consideration was received by the Company in July 2023, the non-current element of deferred consideration is due in July 2024.

The deferred consideration loan notes are accounted for using the amortised cost basis and are assessed for impairment under the IFRS 9 expected credit loss model.

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Notes to the consolidated financial statements continued

15. Investments continued

Loan notes – contingent consideration

Assets held for sale are broken down as follows:

	2023 £'000	2022 £'000
At the start of the year	–	–
Loan notes issued to the Company in the period	743	–
Unwind of discount applied to contingent consideration	38	–
Valuation movement	1,162	–
	1,943	–

The contingent consideration loan notes were initially recognised at fair value, based on the estimated performance of YPS in the 14-month period ended October 2023. This is an estimate prepared by the Company. The contingent consideration loan notes are then accounted for using the fair value through profit and loss basis. Following completion of the sale of its investment in YPS, the Company does not have access to regular YPS management information, however it does receive ad hoc updates. The valuation of the contingent consideration has been based on the performance of YPS for the period ended 30 June 2023 and assumes no further growth in the remaining four months of the earnout period. The Directors of the Company believe this to be the most reasonable approach, based on their knowledge of the car parking market, but also in relation to the current macroeconomic environment where revenue growth is being seen, but it is very much geographically specific.

These loan note 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 effect on the value of the contingent consideration at the year end of £1.9m of applying a different level of revenue for the period to October 2023:

Valuation in the consolidated financial statements assuming net revenue 10% above anticipated – £2.3m, Valuation at 10% below anticipated – £1.4m. The maximum amount due to the Company under the terms of the contingent consideration loan notes is £3.8m.

Non-listed investments – assets held for sale

Assets held for sale are broken down as follows:

	2023 £'000	2022 £'000
Equity investments	–	18,420
Loans	–	1,948
	–	20,368

Assets held for sale at 30 June 2022 relate to an equity shareholding and loans advanced to YourParkingSpace Limited (`YPS'), a privately owned company incorporated in the United Kingdom. The Company completed the sale of these assets in July 2022.

16. Trade and other receivables

	2023 £'000	2022 £'000
Trade receivables	1,698	1,978
Less: provision for impairment of receivables	(353)	(277)
	1,345	1,701
Other receivables and prepayments	1,919	20,007
	3,264	21,708

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 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.

Included within other debtors as at 30 June 2022 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 at 30 June 2023, 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
2023	1,345	1,345	–	–	–
2022	1,701	1,701	–	–	–

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

	2023 £'000	2022 £'000
At the start of the year	277	673
Provision for receivables impairment	304	–
Receivables written off as uncollectible	(149)	(347)
Unused amounts reversed	(79)	(49)
AT THE END OF THE YEAR	353	277

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
2023	353	–	–	353
2022	277	–	–	277

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

	2023 £'000	2022 £'000
Trade payables	603	575
Social security and other taxes	3,252	408
Other payables and accruals	8,532	8,845
	12,387	9,828

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Notes to the consolidated financial statements continued

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.

	2023 £'000	2022 £'000
CURRENT		
Bank borrowings – revolving credit facilities	**3,000**	32,999
Lease liabilities	**1,665**	1,656
	4,665	34,655
NON-CURRENT		
Bank borrowings – revolving credit facilities	**3,841**	4,792
Bank borrowings – single asset facility	**14,313**	–
Lease liabilities	**26,362**	27,080
5.375% First mortgage debenture stock	**82,325**	95,995
	126,841	127,867
TOTAL BORROWINGS	**131,506**	162,522

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

	2023 £'000	2022 £'000
At the start of the year	**162,522**	176,090
CASH ITEMS		
Borrowings repaid (incl cancellation of debenture stock)	**(60,750)**	(18,643)
Borrowings drawn down	**16,000**	6,399
Principal element of finance lease payments	**(1,657)**	(1,648)
Arrangement fees paid	**(100)**	(380)
TOTAL CASH ITEMS	**(46,507)**	(14,272)
NON-CASH ITEMS		
Amortisation of arrangement fees relating to banking facilities	**230**	252
Held within subsidiaries acquired	**14,313**	–
Movement in finance leases	**948**	452
TOTAL NON-CASH ITEMS	**15,491**	704
AT THE END OF THE YEAR	**131,506**	162,522

The debenture, bank loans and overdrafts are secured by fixed charges on properties and restricted cash, valued at £226,450,000 (2022: £268,785,000) owned by the Company and its subsidiary undertakings.

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

	2023 £'000	2022 £'000
Cash balances	**23,320**	22,150
Overdrawn balances	**(21,700)**	(23,414)
CASH AND CASH EQUIVALENTS	**1,620**	(1,264)

Included within cash balances are restricted cash balances of £693,000 at 30 June 2023 (2022: £nil).

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

	2023					
	Trade and other creditors £'000	**Bank borrowings – RCFs £'000**	**Debenture stock £'000**	**Bank borrowings – single asset facility £'000**	**Lease liabilities £'000**	**Total £'000**
Within one year	**603**	**3,267**	**4,430**	**417**	**1,665**	**10,382**
One to two years	**–**	**2,638**	**4,430**	**417**	**1,674**	**9,159**
Two to three years	**–**	**1,595**	**4,430**	**417**	**1,682**	**8,124**
Three to four years	**–**	**–**	**4,430**	**417**	**1,691**	**6,538**
Four to five years	**–**	**–**	**4,430**	**417**	**1,700**	**6,547**
Five to ten years	**–**	**–**	**97,479**	**14,008**	**8,643**	**120,130**
Ten to fifteen years	**–**	**–**	**–**	**–**	**8,897**	**8,897**
In more than fifteen years	**–**	**–**	**–**	**–**	**23,571**	**23,571**
	603	**7,500**	**119,629**	**16,093**	**49,523**	**193,348**

	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

The debenture stock is net of issue costs. These costs are amortised on a straight-line basis over the life of the debt agreement.

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

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

	2023 £'000	2022 £'000
Expiring in one year or less	**27,000**	26,933
Expiring in more than one year	**36,000**	20,000
	63,000	46,933

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.

On 4 July 2023, the undrawn facility amount of £27,000,000 expiring in one year or less was refinanced and, along with all other undrawn facilities, now expires in more than one year.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements continued

19. Financial instruments

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

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;
- on the Group's single asset facility the Loan-to-value percentage must not exceed 75%;
- 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 percentage 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 2023			As at 30 June 2022		
	Nominal value £'000	Weighted average rate %	Weighted average period Years	Nominal value £'000	Weighted average rate %	Weighted average period Years
Debenture stock	82,417	5.375	8	96,098	5.375	9
Bank floating rate liabilities	7,000	6.63	1	38,067	3.00	1
Bank fixed rate liabilities	13,800	3.02	6	–	–	–
Lease liabilities	28,028	3.5	33	28,736	3.75	36
	131,245			162,901		

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 2023 of £222,000 (2022: £379,000).

Floating rate financial liabilities bear interest at rates for term loans based on SONIA plus an average margin of 1.8% 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 SONIA by one percentage point would have reduced profit for the year by approximately £344,000 (2022: £443,000).

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.

Interest rates

The interest rates (Effective interest rate ('EIR') or Incremental borrowing rate ('IBR') at the balance sheet date were as follows:

		2023 £'000	2022 £'000
Bank overdraft facility	EIR	7.00%	3.25%
Bank borrowings – revolving credit facilities	EIR	6.63%	3.00%
Debenture loan	EIR	5.375%	5.375%
Lease liabilities	EIR	3.5%	3.5%

Fair value of current borrowings

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

Fair value of non-current borrowings

	2023		2022	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Debenture stock	82,325	68,169	95,995	94,694
Non-current bank borrowings – revolving credit facilities	3,788	3,788	4,792	4,792
Non-current bank borrowings – single asset facility	14,313	14,313	–	–

The above debenture stock has been valued as at 30 June 2023 (and 30 June 2022 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 2023 the Group has a long leasehold interest in six (30 June 2022: six) properties that are accounted for under IFRS16.

Future lease payments are as follows:

	2023			2022		
	Minimum lease payments £'000	Interest £'000	Present value £'000	Minimum lease payments £'000	Interest £'000	Present value £'000
Within one year	1,665	923	742	1,656	947	709
One to two years	1,674	897	777	1,665	923	742
Two to three years	1,682	869	813	1,674	897	777
Three to four years	1,691	840	851	1,682	869	813
Four to five years	1,700	810	890	1,691	840	851
Five to ten years	8,643	3,721	4,922	8,595	3,721	4,874
Ten to fifteen years	8,897	2,779	6,118	8,845	2,779	6,066
In more than fifteen years	23,571	11,045	12,526	25,372	11,468	13,904
	49,523	21,884	27,639	51,180	22,444	28,736

21. Net asset value per share

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

	2023 £'000	2022 £'000
Net assets at 30 June	141,088	179,304
Shares in issue (000)	48,456	52,531
Basic and diluted net asset value per share	291p	341p

FINANCIAL STATEMENTS

Notes to the consolidated financial statements continued

22. Commitments

The Group has no capital commitments (2022: £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:	2023 £'000	2022 £'000
Within one year	10,586	9,569
One to two years	10,031	8,740
Two to three years	9,326	8,095
Three to four years	7,828	7,484
Four to five years	7,104	6,021
Five to ten years	24,824	21,840
Ten to fifteen years	10,133	10,956
In more than fifteen years	6,343	22,055

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 (2022: 164,879,000) Ordinary Shares of 25p each. The nominal value of authorised share capital is £41,219,750 (2022: £41,219,750).

Issued and fully paid-up

	Number of shares 000	Nominal value £'000
At 30 June 2022	52,531	13,132
Purchase and cancellation of own shares	(4,075)	(1,019)
AT 30 JUNE 2023	48,456	12,113

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 7,279,590 Ordinary Shares.

24. Cash flows from operating activities

	2023 £'000	2022 £'000
(Loss)/profit for the financial year	(29,491)	11,012
Adjustments for:		
Depreciation	2,333	2,301
Amortisation	247	222
Profit on disposal of fixed assets	(48)	–
Profit on disposal of investment properties	(4,123)	(4,563)
Loss on sale of investments	795	89
Movement in valuation of investments	(1,162)	–
Finance costs	6,948	8,063
Finance income	(594)	(576)
Share of post-tax losses/(profits) from joint ventures	4,066	(1,315)
Movement in valuation of investment properties	21,033	(3,489)
Movement in lease incentives	170	144
Impairment of car parking assets	10,467	384
Impairment of goodwill	991	–
(Increase)/decrease in receivables	(218)	1,083
Increase/(decrease) in payables	2,355	(1,667)
Cash generated from operations	13,769	11,688

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 87.

	2023 £'000	2022 £'000
Short-term employee benefits	2,590	1,758
Post-employment benefits	65	52
Dividends paid to the Ziff Concert Party	1,327	1,161
	3,982	2,971

During the year the Company received rental income of £21,703 (FY22: £nil) from Dr Marjorie Ziff in relation to a flat in London owned by the Company. The Ziff Concert Party includes Edward Ziff, Ben Ziff (Executive Directors) and Michael Ziff (Non Executive Director) together with their immediate family members, the estate of Edward Ziff and Michael Ziff's late mother, their 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 4 July 2023 the Company renewed its revolving credit facility that was due for repayment. The renewed facility has an expiry date of June 2026.

On 14 July 2023 the Company received the first element of deferred consideration arising from the sale of its investment in YourParkingSpace Limited. The proceeds of £4.4m (which were net of selling costs of £0.1m) were applied in part to repaying £3.0m of bank borrowings with the balance added to the cash funds held within the Group.

FINANCIAL STATEMENTS

Company balance sheet

as at 30 June 2023

	Notes	2023 £'000	2022 £'000
FIXED ASSETS			
Investment properties	4	**82,040**	105,146
Property, plant and equipment	4	**712**	592
Investments	5	**247,238**	269,433
		329,990	375,171
CURRENT ASSETS			
Debtors	6	**113,984**	116,544
Cash		**14**	14
		113,998	116,558
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Financial liabilities – borrowings	8	**(24,116)**	(56,413)
Other creditors	7	**(217,768)**	(202,478)
		(241,884)	(258,891)
NET CURRENT LIABILITIES		**(127,886)**	(142,333)
TOTAL ASSETS LESS CURRENT LIABILITIES		**202,104**	232,838
Financial liabilities – borrowings	8	**(86,750)**	(100,787)
NET ASSETS		**115,354**	132,051
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT			
Called-up share capital	9	**12,113**	13,132
Share premium account		**200**	200
Capital redemption reserve		**1,736**	717
Other reserve		**57,524**	63,313
Retained earnings		**43,781**	54,689
TOTAL SHAREHOLDERS' FUNDS		**115,354**	132,051

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 £6,385,000 (2022: profit of £17,005,000).

The financial statements on pages 134 to 144 were approved by the Board of Directors on 17 October 2023 and signed on its behalf by

E M Ziff
Chairman and Chief Executive

Statement of changes in equity

for the year ended 30 June 2023

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
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**
Comprehensive income for the year						
Loss	–	–	–	–	(6,385)	(6,385)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	–	–	–	–	(6,385)	(6,385)
Reserve transfer – impairment of investment in subsidiaries	–	–	–	(5,789)	5,789	–
Contributions by and distributions to owners						
Arising on purchase and cancellation of own shares	(1,019)	–	1,019	–	(7,888)	(7,888)
Final dividend relating to the year ended 30 June 2022	–	–	–	–	(1,212)	(1,212)
Interim dividend relating to the year ended 30 June 2023	–	–	–	–	(1,212)	(1,212)
BALANCE AT 30 JUNE 2023	**12,113**	**200**	**1,736**	**57,524**	**43,781**	**115,354**

FINANCIAL STATEMENTS

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;
- 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 11.42, 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 2023 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 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 relates to the revaluation of the company's investments.
- Retained earnings represents the cumulative profit or loss position less dividend distributions.

FINANCIAL STATEMENTS

Notes to the Company financial statements continued

2. Judgments 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

	2023 £'000	2022 £'000
Wages and salaries (including Directors' emoluments)	**4,204**	3,434
Social security costs	**541**	422
Other pension costs	**166**	180
	4,911	4,036

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 £2,554,000 (2022: £1,810,000).

The average monthly number of staff employed during the year was 46 (2022: 45). Disclosures required by the Companies Act 2006 on Directors' remuneration, including salaries, share options, pension contributions and pension entitlement, are included on pages 86 to 87 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 2023 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 2022	59,931	2,640	42,575	105,146
Additions	8,067	31	1,101	9,199
Disposals	–	–	(21,250)	(21,250)
Valuation movement	(9,355)	(31)	(1,626)	(11,012)
Movement in tenant lease incentives	(43)	–	–	(43)
VALUATION AT 30 JUNE 2023	**58,600**	**2,640**	**20,800**	**82,040**

The above freehold and long leasehold properties have been independently externally valued as at 30 June 2023 and 30 June 2022 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 2022	2,292	1,700
Additions	227	–
Depreciation	–	107
BALANCE AT 30 JUNE 2023	**2,519**	**1,807**
NET BOOK VALUE AT 30 JUNE 2023		**712**
Net book value at 30 June 2022		592
TOTAL TANGIBLE ASSETS		
AT 30 JUNE 2023		**82,752**
At 30 June 2022		105,738

5. Fixed asset investments

	2023 £'000	2022 £'000
SHARES IN GROUP UNDERTAKINGS		
At 1 July	**239,351**	239,351
Impairment	**(5,789)**	–
AT 30 JUNE	**233,562**	239,351
LISTED INVESTMENTS		
At 1 July	**4,096**	5,801
Disposals	**(44)**	(61)
Revaluation	**16**	(1,644)
AT 30 JUNE	**4,068**	4,096
OTHER INVESTMENTS		
At 1 July	**19,661**	3,415
Additions	**–**	–
Loan interest	**347**	413
Revaluation	**1,166**	15,833
Disposals	**(11,566)**	–
AT 30 JUNE	**9,608**	19,661
INTEREST IN JOINT VENTURES		
At 1 July	**6,325**	5,865
Loans advanced	**3,500**	326
Share of profit after tax	**245**	134
Disposals	**(10,070)**	–
AT 30 JUNE	**–**	6,325
TOTAL FIXED ASSET INVESTMENTS	**247,238**	269,433

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 £875,000 (2022: £882,300).

Other investments are stated at market value in the table above and have a historic cost of £915,000 (2022: £3,415,000).

6. Debtors

	2023 £'000	2022 £'000
Trade debtors	**411**	464
Less: provision for impairment of debtors	**(299)**	(288)
	112	176
Amounts owed by subsidiary undertakings	**113,245**	96,973
Other debtors and prepayments	**627**	19,395
	113,984	116,544

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 financial position of tenants.

FINANCIAL STATEMENTS

Notes to the Company financial statements continued

6. Debtors continued

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 2023 was £177,000 (2022: £254,000).

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

7. Other creditors

	2023 £'000	2022 £'000
Trade payables	**117**	179
Taxation and social security	**2,505**	–
Amounts owed to subsidiary undertakings	**211,761**	198,650
Other payables and accruals	**3,385**	3,649
	217,768	202,478

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.

	2023 £'000	2022 £'000
NON-CURRENT		
Bank borrowings	**4,425**	4,792
5.375% First mortgage debenture stock	**82,325**	95,995
	86,750	100,787
CURRENT		
Bank borrowings	**24,116**	56,413
TOTAL BORROWINGS	**110,866**	157,200

The debenture, bank loans and overdrafts are secured by fixed charges on properties and restricted cash, valued at £226,450,000 (2022: £268,785,000) 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:

	2023 £'000	2022 £'000
Expiring in one year or less	**27,000**	26,933
Expiring in more than one year	**36,000**	20,000
	63,000	46,933

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 £22,902,000 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 2023			As at 30 June 2022		
	Nominal value £'000	Weighted average rate %	Weighted average period Years	Nominal value £'000	Weighted average rate %	Weighted average period Years
Debenture stock	**82,417**	**5.375**	**8**	96,098	5.375	9
Lease liabilities	**7,000**	**6.63**	**1**	38,067	3.00	1
	89,417			134,165		

The above amounts represent the monetary liabilities and are therefore different to the book values set out in as a result of unamortised arrangement fees at 30 June 2023 of £222,000 (2022: £379,000).

Floating rate financial liabilities bear interest at rates for term loans based on LIBOR plus an average margin of 1.65% and for the overdraft of 2.00% above base rate.

Financial instruments held for trading purposes

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

Foreign currency exposure

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

Effective interest rates

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

	2023	2022
Bank overdraft facility	**7.00%**	3.25%
Bank borrowings	**6.63%**	3.00%
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

	2023		2022	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Debenture stock	**82,417**	**68,169**	95,995	94,694
Long-term bank borrowings	**4,425**	**4,425**	4,792	4,792

FINANCIAL STATEMENTS

Notes to the Company financial statements continued

9. Called up share capital

Authorised

164,879,000 (2022: 164,879,000) ordinary shares of 25p each.

Issued and fully paid up

	Number of shares 000	Nominal value £'000
At 30 June 2022	52,531	13,132
Purchase and cancellation of own shares	(4,075)	(1,019)
AT 30 JUNE 2023	**48,456**	**12,113**

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 2023, 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
Buckley Properties (Leeds) Limited*	647309	Property investment
Citipark plc*	8837214	Car park operations
TCS (Residential Conversions) Limited*	3946495	Property investment
TCS Property Management Limited*	5281225	Management company
TCS Trustees Limited*	3112933	Trustee for employee benefit plans
TCS Properties Limited*	2831154	Property investment
TCS (Brownsfield Mill) Limited*	10291290	Property investment
TCS (Merrion Hotel) Limited*	10380988	Hotel operator
Bay Sentry Solutions Limited*	12133595	Car park operations
Belgravia Living Group Limited*	09554878	Property investment
TCS (Whitehall Plaza) Limited	9922032	Dormant
Dundonald Property Investments Limited	3672365	Dormant
TCS (9 Cheapside) Limited	10139127	Dormant
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 JVC02) Limited	8561356	Dormant
Tassgander Limited	4077297	Dormant
Blackpool Markets Limited	2740190	Dormant
Emett Exhibitions Limited	1544918	Dormant
Milngavie East Limited	SC464805	Dormant
No 29 Management Co (Eastgate) Limited	3873683	Dormant

	Company number	Activity
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*	6391627	Property investment
TCS (Merrion House JVC01) Limited*	8561354	Property investment
KBT Cornwall Limited*	8087077	Car park operations
Belgravia Living (Burlington House) Limited*	9948722	Property investment
BLG (Burlington House) Limited	11284761	Property investment
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

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

FINANCIAL STATEMENTS

Notes to the Company financial statements continued

10. Subsidiary Companies continued

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
Bay Sentry Limited	50	Software Development

The Company also has an indirect 50% interest in Merrion House LLP.

The registered office of subsidiaries and joint ventures is as follows:

KBT Cornwall Limited
20-22 Wenlock Road
London
N1 7GU

Parking Ticketing Limited
The Cube
Albion Street
Leeds
LS2 8ER

All other subsidiaries and joint ventures
Town Centre House
The Merrion Centre
Leeds
LS2 8LY

Shareholder Information

04 | SHAREHOLDER INFORMATION

MERRION CENTRE, LEEDS

SHAREHOLDER INFORMATION

Notice of Annual General Meeting

Notice is hereby given that the 2023 annual general meeting (the 'Meeting') of Town Centre Securities Plc (the 'Company') will be held at Town Centre House, The Merrion Centre on Friday 1 December 2023 at 10:00am.

You will be asked to consider and, if thought fit, pass the Resolutions below. Resolutions 1 to 15 will be proposed as ordinary resolutions. For an ordinary resolution to be passed, a simple majority of the votes cast must vote in favour of the resolution. Resolutions 16 to 19 will be proposed as special resolutions. For a special resolution to be passed, at least 75% of the votes cast must vote in favour of the resolution.

Shareholders will be able to attend the AGM in person this year.

We encourage all Shareholders to vote via proxy in advance of the AGM. Your vote is important, and you are encouraged to use it. Shareholders should vote by way of proxy in advance of the Meeting. To ensure your vote is counted, you should appoint the 'Chair of the Meeting' as your proxy.

This notice includes the resolutions ('Resolutions') to be discussed at the AGM. You are requested to complete and submit a Form of Proxy as soon as possible whether you intend to attend the AGM or not. In any event, the Proxy instruction should reach the Company's Registrar by 10.00am on Wednesday, 29 November 2023.

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 2023.

Resolution 2: Directors' Remuneration Report

2. To approve the Directors' Remuneration Report set out on pages 84 to 90 of the Company's 2023 Annual Report for the year ended 30 June 2023 (excluding the Directors' remuneration policy included in the report).

Resolution 3: Final dividend

3. To declare a final cash dividend recommended by the Board for the year ended 30 June 2023 of 2.5 pence per ordinary share, to be paid on 4 January 2024 to Shareholders whose names appear on the register at close of business on 15 December 2023.

Resolution 4 to 11: Re-election and election of Directors' Resolutions 5 to 11: Re-election of Directors

4. To re-elect Michael Ziff as a Non-Executive Director of the Company.
5. To re-elect Ian Marcus as a Non-Executive Director of the Company.
6. To re-elect Paul Huberman as a Non-Executive Director of the Company.
7. To re-elect Jeremy Collins as a Non-Executive Director of the Company.
8. To re-elect Edward Ziff as an Executive Director of the Company.
9. To re-elect Benjamin Ziff as an Executive Director of the Company.
10. To re-elect Stewart MacNeill as an Executive Director of the Company.
11. To elect Craig Burrow 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 2024. Upon the passing of this resolution, all existing authorisations and approvals relating to political donations or expenditure under Part 14 of the Act shall be revoked without prejudice to any donation made, or expenditure incurred, prior to the passing of this resolution pursuant to such authorisation or approval. For the purpose of this resolution, the terms 'political donation', 'political parties', 'independent election candidates', 'political organisation' and 'political expenditure' shall have the meanings given by sections 363 to 365 of the Act.

Resolution 15: Authority to allot Ordinary Shares

15. To generally and unconditionally authorise the Board, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date of the passing of this resolution, pursuant to and in accordance with Section 551 of the Act to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company:
    (a) up to an aggregate nominal amount of £4,037,966.50 (representing 16,151,866 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 £8,075,933.25 (representing 32,303,733 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 2024, or 1 March 2025, 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 £605,695.00,

    such power to apply until the end of the next Annual General Meeting to be held in 2024, or 1 March 2025, 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 £605,695.00; 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 2024, or 1 March 2025, 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.

SHAREHOLDER INFORMATION

Notice of Annual General Meeting continued

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 7,268,340;
    (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 1 March 2025, 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
17 October 2023

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

EXPLANATORY NOTES ORDINARY RESOLUTIONS

Resolution 1: To receive the Annual Financial Statements and Directors' Report

Under the Company's Act 2006, the Directors are required to present the Strategic Report, Directors' report, auditor's report and Annual financial statements of the Company to the Meeting. These are contained in the Company's 2023 Annual Report and financial statements for the year ended 30 June 2023 (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 2023.

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 84 to 90 of the Annual Report. Resolution 2 is an advisory vote only and the Directors' entitlement to remuneration is not conditional on it.

Resolution 3: Final dividend

The Board proposes a final dividend of 2.5 pence per share in respect of the year ended 30 June 2023 If approved, the recommended final dividend will be paid on 4 January 2024 to all Ordinary Shareholders who are on the register of members on 15 December 2023.

Resolutions 4 – 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 70 to 71 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 14 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 22 November 2022, which expires at the end of the 2023 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 £4,037,966.50 (representing 16,151,866 ordinary shares), which is equivalent to approximately one third of the total issued ordinary share capital of the Company as at 17 October 2023, 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 £8,075,933.25 representing approximately two thirds (66.67%) of the Company's existing issued ordinary share capital and calculated as at 17 October 2023 (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 2024 or 1 March 2025, whichever is earlier.

SPECIAL RESOLUTIONS

Resolution 16: Authority to disapply pre-emption rights

At the annual general meeting held on 22 November 2022, the Directors were given the authority to issue equity securities of the Company and sell treasury shares in exchange for cash until the 2023 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 £605,695.00 (representing 2,422,780 ordinary shares). This number represents approximately 5% of the issued share capital as at 17 October 2023 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 2024 or 1 March 2025, 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.

SHAREHOLDER INFORMATION

Notice of Annual General Meeting continued

SPECIAL RESOLUTIONS continued

Resolution 17: Additional authority to disapply pre-emption rights for purposes of acquisitions or capital investments continued

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 2024, or 1 March 2025, 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 7,268,340 Ordinary Shares, representing 15% of the Ordinary Shares in issue as at the date of the Notice.

The Directors have no present intention to exercise the authority granted by this resolution, but the authority provides the flexibility to allow them to do so in future. The Directors would not exercise the authority unless they believed that the expected effect would promote the success of the Company for the benefit of its Shareholders as a whole. Any shares bought back will either be cancelled or placed into treasury at the determination of the Directors.

The maximum price which may be paid for each ordinary share must not be more than the higher of (i) 105% above the average of the mid-market values of the ordinary shares for the five business days before the purchase is made or (ii) the higher of the price of the last independent trade and the highest current independent bid for the ordinary shares. The minimum price which may be paid for each ordinary share is £0.25.

This authority shall expire at the Annual General Meeting to be held in 2024 or on 1 March 2025, 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 146 to 152 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 2023, 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 Wednesday 29 November 2023 (or, in the event that the meeting is adjourned, in the register of members at close of business on the date which is two days before the date of any adjourned meeting) shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the meeting.
2. In order to gain admittance to the meeting, members maybe asked to prove their identity.
3. A Shareholder is entitled to appoint one or more persons as proxies to exercise all or any of his or her rights to attend, speak and vote at the meeting. A proxy need not be a Shareholder of the Company. A Shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him/her. To appoint more than one proxy, you will need to complete a separate Form of Proxy in relation to each appointment. Additional proxy forms may be obtained by contacting the Company's registrar at Link Group, PXS, Central Square, 29 Wellington Street, Leeds, LS1 4DL or you may photocopy the proxy form. You will need to state clearly on each proxy form the number of shares in relation to which the proxy is appointed. A failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the number of shares set out in the other proxy appointments is in excess of the number of shares held by the Shareholder may result in the proxy appointment being invalid. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

   The appointment of a proxy will not preclude a member from attending and voting in person at the meeting if he or she so wishes.
4. You can vote either:
   - by logging on to www.signalshares.com where full instructions can be found;
   - through the LinkVote+ app (see notes below);
   - by requesting a hard copy form of proxy directly from the registrar, Link Group, by emailing shareholderenquiries@linkgroup.co.uk or calling 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; or
   - if you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io (see notes 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 Wednesday 29 November 2023 (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 Wednesday 29 November 2023 (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. Unless otherwise indicated on the Form of Proxy, CREST, Proxymity or any other electronic voting instruction, the proxy will vote as they think fit or, at their discretion, withhold from voting.
7. Link Group, the Company's registrar, has launched a Shareholder app: LinkVote+. It's free to download and use and gives Shareholders the ability to access their shareholding record at any time and allows users to submit a proxy appointment quickly and easily online rather than through the post. The app is available to download on both the Apple App Store and Google Play, or by scanning the relevant QR code below.

   Apple App Store **Google Play**
8. 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). 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.
9. 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 & International 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 10:00am on Wednesday 29 November 2023. 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.
10. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & International 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.

SHAREHOLDER INFORMATION

Notice of Annual General Meeting continued

11. If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 10:00am on 29 November 2023 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.
12. 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 14 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:

    12.1 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;

    12.2 comply with the requirements set out in note 7 below; and

    12.3 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:

    12.4 it may not require the Shareholder(s) making the request to pay any expenses incurred by the Company in complying with the request;

    12.5 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 the statement may be dealt with as part of the business of the meeting.
13. Any request by a Shareholder or Shareholders to require the Company to publish audit concerns as set out in note 6 above:

    13.1 may be made either:

    13.1.1 in hard copy, by sending it to the Company Secretary, Town Centre House, The Merrion Centre, Leeds, LS2 8LY; or

    13.1.2 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);

    13.2 must state the full name(s) and address(es) of the Shareholder(s); and

    13.3 (where the request is made in hard copy from or by fax) must be signed by the Shareholder(s).
14. As at 17 October 2023 (being the last practicable date prior to the publication of this notice) the Company's issued share capital consists of 48,455,599 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 17 October 2023 are 48,455,599.
15. 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:

    15.1 to do so would interfere unduly with the preparation for the meeting or would involve the disclosure of confidential information;

    15.2 the answer has already been given on a website in the form of an answer to a question; or

    15.3 it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
16. 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'):

    16.1 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

    16.2 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.
17. Biographical details of all those Directors who are offering themselves for appointment or re-appointment at the meeting are set out on page 70 and 71 of the Annual Report and Accounts.
18. 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.
19. 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.

    19.1 copies of the service contracts of the Executive Directors; and

    19.2 copies of the letters of appointment of the Non-Executive Directors.
20. 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 16 June 2023 to Shareholders on the register on 19 May 2023.

Final dividend: 2.5p per share to be paid on 4 January 2024 to Shareholders on the register on 15 December 2023.

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

SHAREHOLDER INFORMATION

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
Void rate	The percentage of the portfolio (based on rental and estimated rental value) of units that are not subject to a lease or an agreement for lease. This measure excludes units that are specifically held for redevelopment
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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