Town Centre Securities PLC
Annual report and accounts 2010
Registered number
623364 England

Delivering value from strong foundations

Corporate statement

Town Centre Securities PLC is a property investment and development company.

We aim to maximise shareholder returns over the long-term through the acquisition and active management of investments and developments, with secure and growing income in good and improving locations.

TCS has a portfolio of high quality properties throughout the UK

- **Edinburgh**
- **Glasgow**
- **Blackpool**
- **York**
- **Leeds**
- **Manchester**
- **Derby**
- **London**

To find out more about Town Centre Securities PLC visit **www tcs-plc co.uk**

Financial highlights

Underlying* profit before tax

£7.6m

(2009 £7 8m)

Statutory profit

£39.6m

(2009 loss £111 6m)

Underlying* earnings per share

14.8p

(2009 14 8p)

Basic earnings per share

74.6p

(2009 loss 210 3p)

Investment property portfolio valuation

£272.5m

Reflecting an 11 2% increase on a like for like basis

Revaluation surplus

£25.4m

(2009 deficit £107 7m)

Proposed final dividend per share

7.34p

(2009 5 4p)

Total dividend per share

10.36p

(2009 8 15p)

* See notes 13 and 14 for reconciliation to statutory profit

Net asset and share price performance

	2010	2009	Increase/ (decrease)
Net assets per share	**269p**	202p	33 1%
Triple net asset value per share	**306p**	264p	15 9%
Share price 13 September 2010/24 September 2009	**139p**	186p	(25 3%)
Discount to net assets	**48%**	8%	–
triple net assets	**55%**	30%	–

Operational highlights

- **Merrion Centre income grew for fifth consecutive year (increase of 3 8%)**
- **Total voids reduced to 6.8% (2009 8.4%)**
- **Significant management activity – 38 lettings and 31 lease renewals and extensions**
- **Car park expansion – over 4,000 spaces now under management control**
- **Disposal of assets raised proceeds of £22.8m**
- **Acquired two shops in London suburbs**

Chairman and chief executive's statement

"The results for the year demonstrate that Town Centre Securities has come out of the protracted downturn in the property market in a strong position. We have a strong and resilient business."

EDWARD ZIFF CHAIRMAN AND CHIEF EXECUTIVE

Results

The results for the year demonstrate that Town Centre Securities has come out of the protracted downturn in the property market in a strong position Underlying profit before tax (excluding property valuation, debenture profit and other one off movements) was £7 6m compared with £7 8m in the prior year

Our statutory profit after tax amounted to £39 6m, compared to a loss of £111 6m in 2009 This includes a revaluation surplus of £25 4m (2009 deficit £107 7m) and a gain of £9 0m arising from the repurchase of debenture stock in August 2009 Basic earnings per share amounted to 74 6p (2009 loss of 210 3p) Underlying earnings per share were 14 8p (2009 14 8p)

Net assets now stand at £142 9m (269p per share) at 30 June 2010, compared to £107 2m (202p per share) at 30 June 2009 Triple net asset value has increased to £162 9m (306p per share) from £140 5m at 30 June 2009 (264p per share)

Our property values have increased on a like for like basis by 11 2% compared to last year (2009 25 6% reduction) with a surplus on revaluation of £25 4m On a like for like basis our rental income has increased by 3% during this financial year Inevitably following the net disposals we have made since 2008 our overall portfolio is smaller, and thus our revenues have fallen by £4 3m from £27 3m to £23 0m

Underlying profit before tax

	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Rental income from investment properties	**18,211**	22,577
Income from car parks	**4,740**	4,709
	22,951	27,286
Property expenses	**(2,249)**	(1,736)
Car park expenses	**(2,016)**	(1,892)
Administrative expenses	**(4,505)**	(5,744)
	14,181	17,914
Joint venture income	**195**	122
Other income	**796**	501
Interest	**(7,553)**	(10,709)
Underlying profit before tax	**7,619**	7,828

We have achieved considerable savings in our underlying administrative costs which fell by 21% to £4 5m (2009 £5 7m) and will continue to fall as the full year effects of further savings comes through However property costs have increased as a consequence of considerable letting activity and the cost of void properties We anticipate that these will be lower in the coming year

During the year under review the Group agreed pension payments totalling £2 1m to Edward Ziff and Richard Lewis as compensation for sacrifice of pension benefits resulting from the termination of the Group s existing pension arrangement This resulted in a £1 4m charge to administrative expenses to supplement provisions made in prior years This removes the risk the Company had to significant fluctuation in future pension costs and reduces the level of future pension expense

During the year we acquired two properties in North London and made further property disposals which generated proceeds of £22 8m The latter gave rise to a small loss on disposal

Dividend

Your Board is recommending a final dividend of 7 34p (2009 5 4p) per ordinary share The total dividend is 10 36p (2009 8 15p) per ordinary share

Our great strength is our ability to manage our portfolio.

Right Tenant

Right Property

Right Rent

Under REIT rules 90% of the profits of our property rental business, after certain deductions must be distributed to shareholders as a Property Income Distribution (PID) Accordingly the final dividend is made up of a PID of 7 23p per share (2009 4 1p) and an ordinary dividend amounting to 0 11p per share (2009 1 3p)

The final ordinary dividend and the PID will be paid on 5 January 2011 to shareholders on the register on 10 December 2010

Funding

The Company has again reduced debt levels Net debt at 30 June 2010 was £141 3m (2009 £166 3m) The debt comprised £105 7m of 5 375% debenture stock maturing in 2031 and term loans and other bank borrowings of £35 6m

As reported this time last year, on 4 August 2009, RBS completed a tender offer at the Company's request, which resulted in the purchase by the Company of £43 8m of debenture stock for £34m (an average price of 77 6p) This reduced our overall debt and increased net assets by £9m A further £200,000 of debenture stock was purchased by private treaty in December 2009

The Group's borrowings are well within existing facilities and covenants and provide significant headroom for asset purchases and development within our existing portfolio Our gearing is now 99% compared to 155% a year ago and net borrowings are 48 6% of property assets

Strategy

We are, first and foremost, a property investment company which seeks to provide a return to shareholders through a strong income that results in a sustainable dividend policy Our great strength, which is clear from these results, is our ability to manage our portfolio, delivering income in line with our mantra of "Right Tenant, Right Property Right Rent" Consequently our low level of acquisitions in recent months has been as a result of our policy to seek value today rather than the promise of value tomorrow We seek secure and growing income, in good and improving locations

The dramatic change in property values provides an opportunity for us to invest in new property although we are convinced we will create a greater return from our existing portfolio at the current time

A further key element of our strategy is also to grow and improve our car parking business because it offers attractive income generating opportunities Apart from seeking to generate greater revenue from our existing car park portfolio on 1 July 2010 we took over the management of the Merrion Centre multi-storey car park

At this point in the economic cycle we do not intend to enter into significant development activity unless there is a high degree of certainty of return on new investment

"Income from the Merrion Centre has increased for the fifth consecutive year. The proposed Leeds Arena development will present opportunity for income growth."

EDWARD ZIFF CHAIRMAN AND CHIEF EXECUTIVE

Town Centre House is now fully let – a real success story in a difficult letting environment.

Strategy continued

Indeed we have now concluded an agreement with Hammerson PLC by which they have assumed total control of the Eastgate Quarters scheme in Leeds which we had been jointly developing with them Under the agreement we have no obligations to costs going forward and this allows us to focus on our core business We will continue to be involved in a local liaison role As stated above, our strongly held view is that the best short-term opportunities are likely to present themselves within our existing portfolio particularly in the Merrion Centre

The proposed Leeds Arena site which is due to open in 2013 is on our doorstep and will change the dynamic and nature of footfall and trade in this part of Leeds and in the Merrion Centre presenting further opportunity for retail and leisure units, as well as for the Merrion Centre Car Park In the short term we continue to benefit from car park income from our well located development sites in Leeds and Manchester where there is significant long-term development potential

During a period of great economic turbulence we have continued to adopt a prudent approach to our balance sheet We have successfully reduced debt and by adopting a proactive approach have benefited shareholders by avoiding recourse to equity markets

Property portfolio

Our property portfolio continues to be principally a mix of retail office car parking and out of town retail assets The portfolio remains concentrated in the North of England and Scotland and is largely based in the major cities of Leeds, Manchester, Edinburgh and Glasgow

We have a wide spread of tenants with only one tenant with four properties, two tenants with three properties and eight tenants with two The occupancy levels of our portfolio have increased and we now have 6 8% voids compared to 8 4% at 30 June 2009

Our single largest asset is the Merrion Centre in Leeds This asset has proved extremely resilient throughout the downturn and this is the fifth consecutive year in which Merrion income has grown The completely refurbished offices at Town Centre House (46,000 sq ft) have been let during the year – a real success story in a very difficult letting environment

In Manchester we have made some progress letting Urban Exchange at Piccadilly Basin which currently represents 4 4% of our total voids This property, (120,000 sq ft) formerly entirely let to ILVA which went into administration, has ALDI as a current tenant of part We are hopeful of shortly entering into an agreement to lease the entire first floor and we expect to let the remaining space by the end of 2011

Net assets per share have increased by 33% to 269p per share.

Town Centre Car Parks

Our car park business has performed well this year in the face of strong competition in its areas of operation, Leeds and Manchester We now have an operating portfolio with over 4,000 spaces We are developing a strong brand which enhances our reputation customer service experience and competitiveness We are seeking suitable acquisition and management opportunities nationwide

Board changes

In April 2010 we appointed Chris Kelly as Finance Director Chris was previously a senior audit partner with Ernst & Young

On 30 November 2009 Bob Bigley stepped down from the Board and left the Company Bob had been on the Board since 2005 when he joined as Corporate Development Director He also took over as Finance Director in October 2008 On behalf of the Company I would like to express our thanks to him for his contribution, support and advice and wish him well in his new role

Outlook

This year, in contrast to the previous year, has been much more stable for the property sector and for Town Centre Securities I am encouraged by the way in which we successfully negotiated the severe downturn and demonstrated the strength and resilience of our business

I believe there will be income and investment management opportunities for us to build on our solid foundations in the new financial year although the outlook for rental income and capital growth is relatively flat I am also hopeful that at the Merrion Centre we can add long-term value and growth to what has already proven to be an extremely resilient asset that underpins the quality of our income

Most importantly we manage our portfolio to generate a sustainable and progressive dividend for the benefit of our shareholders and will continue to deliver attractive returns

Finally, we could not have achieved all that we have without a strong and active team I would like to express my thanks to all of our staff at TCS who have provided great support to myself and the Board and enabled the business to maintain its strong foundations and income generation

E M ZIFF
Chairman and Chief Executive
14 September 2010

Our investment portfolio as at 30 June 2010 stands at £272.5m, a like for like increase of 11.2%.

We focussed this year on managing our portfolio.

- Like for like rentals increased by 3%
- Voids reduced from 8 4% to 6 8%
- 38 lettings completed
- Over 30 renewals and extensions

Property report
Portfolio performance
The independent valuation of our investment portfolio has been split between Jones Lang LaSalle and CB Richard Ellis The value of our investment portfolio as at 30 June 2010 stands at £272 5m, representing an increase in the year of 11 2% on a like for like basis The overall initial yield has improved to 7 3% from 7 9% and we have grown rental income by almost 3% on a like for like basis

The growth in income despite further rental pressures in the marketplace particularly in the retail sector, has been encouraging against a background of a further five tenant administrations and liquidations (2009 13) and 31 lease renewals and extensions

The Merrion Centre valuation grew 14 5% (including offices) from £96 7m to £110 7m When looked at as a whole (including £34 8m of office accommodation) the Merrion Centre comprises over 40% of our investment portfolio Out of town retail growth was also particularly strong

Acquisitions and disposals
We made two retail acquisitions in November 2009 totalling £1 8m in North London suburbs off initial yields of 7% Both have performed well seeing 33% capital growth in the period to June 2010

We made seven disposals in the period with proceeds totalling £22 8m disposing of properties where we were mainly concerned with future income stability

Portfolio review
Our clear focus has been on the management of our portfolio Void levels have been reduced from 8 4% (2009) to 6 8% We hope to exchange an agreement for lease on 55 000 sq ft at the Urban Exchange store in Manchester which will reduce voids further to 5 3% We completed the sale of the two remaining residential units at our Harrogate development and successfully let the extensively refurbished and extended Town Centre House (46,000 sq ft) in the Merrion Centre at an average rental of £13 00 per square foot per annum During the year we completed 38 lettings and over 30 lease renewals and extensions which further secured our income position going forward The portfolio includes a wide variety of tenants, with our top ten tenants in terms of passing rents being spread across a number of sectors

Our portfolio lease profile is spread reasonably evenly across four sectors In addition we have good security of income and a long lease profile

Portfolio performance

	Value £m	Proportion of portfolio %	Valuation movement %
Retail	85 1	31 2	9 2
Merrion Centre (excl offices)	75 9	27 9	13 4
Office	46 7	17 1	12 1
Car parking	13 3	4 9	3 9
Out of town retail	42 7	15 7	11 8
Residential	6 4	2 3	16 4
Properties owned all year	270 1	99 1	11 2
Acquisitions (retail)	2 4	0 9	33 3
Total investment portfolio	272 5	100 0	11 3

Note Merrion Centre offices are included in the office sector in this table

Geographical split by location

	£m	% by value
Yorkshire and North East (Merrion)	110 7	40 6
Scotland	71 7	26 3
North West	40 8	15 0
Yorkshire and North East (rest)	41 4	15 2
Midlands	4 8	1 8
London	3 1	1 1
	272 5	100 0

Top 10 Tenants

Passing rent £1m+	Leeds City Council
Between £500k–£1m	Wm Morrison Waitrose Homebase Matalan Pizza Hut/KFC
Between £250k–£500k	DSG Retail Austin Reed Luminar Browning Enterprises

33 7% of our leases by rental income expire within five years Almost 40% of leases have over ten years to expiry including 72% of the leases on our out of town retail sites and nearly 60% of our office leases

Merrion Centre, Leeds

With 1 000 000 sq ft (c six acres), this Island Site is mixed use with no over reliance on a single sector It is a major retail destination with annual footfall of c ten million visitors and plenty of car parking We have high visit frequency with a very even spread of age groups, demonstrating its widespread appeal The mixed use nature of the centre in the value sector of the market and our active in-house management has delivered good growth in the year As a whole including the office accommodation, Merrion Centre has generated income of over £8 8m in 2010 an increase of 3 8% over 2009 with more to come from new lettings and extensions Of this income 42% is retail and 12% is leisure Office accommodation represents 27%, of which Merrion House (140,000 sq ft) is let to Leeds City Council, producing £1 4m per annum and car parking a further 19% The Merrion Centre represents over 40% of our investment portfolio in capital and in rents received Retail voids have remained low at 2 6% and office voids are minimal

The retail offering in the Merrion Centre has excellent anchor tenants in Wm Morrison, Home Bargains and Peacocks and a good mix of value retailers We continue to be successful in replacing occupiers who vacated and have welcomed retailer BrightHouse as a new mini anchor to the main mall along with Grainger Games, GNC and Card Zone We have recently created four small retail units three of which are let, demonstrating our ability to seek ways of improving space utilisation and quality of income Our main office occupiers, Leeds City Council and the Foundation for Consumer Credit continue to offer

Lease profile

	Passing rent £m	Proportion of portfolio %	ERV £m	Initial yield %	Reversionary yield %
Retail	6 6	34 7	6 4	7 2	7 0
Merrion Centre (excl offices)	6 8	35 8	6 8	7 4	8 1
Office	3 6	19 0	3 4	7 3	7 1
Out of town retail	2 0	10 5	2 3	6 4	7 1
Let portfolio	19 0	100 0	18 9	7 3	7 0
Urban Exchange void			0 9		
Other voids			0 4		
Total portfolio			20 2		

* Reflects occupied element of Urban Exchange

Operating and financial review continued

Rent roll by lease expiry and voids

	Analysis by lease expiry			
	0–5 years %	5–10 years %	Over 10 years %	Voids %
Retail	39 6	31 1	29 3	1 8
Merrion Centre (excl offices)	47 5	25 9	26 6	2 6
Office	22 3	18 3	59 4	3 9
Out of town retail	0 0	28 2	71 8	29 6
Total portfolio	33 7	26 5	39 8	6 8

We took back management of the Merrion Centre car park on 1 July 2010 and now operate and manage over 4,000 car parking spaces.

Property report continued
Merrion Centre, Leeds continued
long-term secure income and have now been joined by professional practice Hoare Lee and the Public and Commercial Services Union who have taken space in Town Centre House

We consider the balanced spread of income throughout the Centre together with a high percentage of quality tenants provides a stable base from which to add further value Seven tenents account for 54% of the income In taking over the day to day control of the multi-storey car park from Q-Park we now have further flexibility to maximise opportunities and increase footfall

Development
There has been no development activity in the last year We continue to monitor the occupational markets which are showing some signs of improvement Our principal development sites respectively in Leeds and Manchester provide good income as surface car parks and our retail site in Rochdale is attracting occupier interest

Town Centre Car Parks
Our car parks are operated under the Town Centre Car Parks ("TCCP") brand Total car park revenues during the year amounted to £4 7m (2009 £4 7m)

We have three multi-storey car park sites with a combined 2 980 spaces and over 1 000 spaces on surface car parks which we operate in Leeds and Manchester Our multi-storey car parks at Clarence Dock and the Merrion Centre in Leeds and Tariff Street in Manchester all operate under the ParkMark award for safe secure crime free car parks This is an important part of the TCCP offer and we know from customer feedback, that our customers appreciate the hands on, friendly and reliable service they receive from our staff

Our multi-storey sites have 24/7 opening hours and CCTV including off site monitoring We have state of the art facilities, which allow us to create a well run user friendly safe and convenient environment which makes car parking a comfortable experience

We have successfully continued to maintain the revenues we earn from Clarence Dock though the overall development scheme has not been as successful as was initially hoped We signed a ten year lease with Yorkshire Water to operate as their partner for car parking at Clarence Dock which has offset a decline in revenues from short-term parking caused by the difficult economic conditions The contract operates for a full year for the first time in 2010/11 and so we will see further growth in revenues Our car park at Tariff Street, Manchester is still in its development phase and we anticipate better revenues once we have further developed the site at Piccadilly Basin

Our surface car park operations are based at six sites in Leeds and Manchester These are run as efficiently as possible with our staff performing an important role in ensuring a consistent service at all times

We have maintained the level of our underlying profits and with significantly reduced debt levels and gearing, our financial position is strong.

Underlying profit before tax

£7.6m

(2009 £7 8m)

Statutory profit

£39.6m

(2009 loss £111 6m)

Financial review

Income statement

Our underlying profit before tax was £7 6m (2009 £7 8m) This result excludes all exceptional items and property disposal profits and losses A reduction in rental income of £4 3m arising from the disposal of property during the year has largely been offset by the resultant decrease in financing costs

The statutory profit after tax amounted to £39 6m (2009 loss £111 6m) The debenture buy-back profit amounted to £9 0m and the property revaluation gain amounted to £25 4m (2009 deficit £107 7m)

Underlying administrative expenses have reduced by £1 2m (21%) since last year as a result of efficiency measures instigated in 2009 and continued this year The main areas of savings have been in salaries and legal and professional fees As set out in the Chairman and Chief Executive's Statement a charge of £1 4m was incurred in terminating the Directors existing pension arrangement

Property expenses (excluding car parks) have increased by £0 5m to £2 2m as a consequence of the number of administrations previously suffered as well as a high level of lease renewals and extensions We also suffered additional running costs for Town Centre House until we had substantially completed the lettings process

Car parking property expenses amounted to £2 0m (2009 £2 0m) These have been tightly controlled during the year

Net interest costs substantially reduced from £10 7m to £7 6m Our debenture loan has reduced from £149 7m to £105 7m Our interest rate swap expired in October 2009 and our effective rate of interest on term loans reduced as we did not carry an interest rate hedge for the remainder of the year Interest cover was two times (2009 1 7 times)

Balance Sheet

Our Balance Sheet is considerably stronger than a year ago Net assets per share property values, gearing and loan to value have all improved significantly

Net assets at 30 June 2010 totalled £142 9m compared to £107 2m last year This gives net assets per share of 269p per share (2009 202p) Triple net asset value (after adjusting for the issue premium and mark to market of the debenture) amounted to 306p per share (2009 264p)

Our property portfolio (excluding property owned by joint ventures) is valued at £291 0m (2009 £284 6m) Of this amount £272 5m (2009 £265 9m) in aggregate was valued by Jones Lang LaSalle and CB Richard Ellis The remaining properties of £18 5m (2009 £18 7m) were valued by the Directors

Net borrowings at the year end were £141 3m (2009 £166 3m) This decrease of 15% resulted from the profit on the debenture buy-back and from the sale of properties Gross borrowings comprised

Operating and financial review continued

REIT balance of business tests
for the year ended 30 June 2010

	Tax exempt business £000	Residual business £000	Adjusted results £000
Adjusted profit before tax	5,239	746	5,986
75% profits test	**88%**	**12%**	
Adjusted total assets	275,718	36,246	311,964
75% assets test	**88%**	**12%**	

Proposed final dividend per share

7.34p
(2009 5 4p)

Total dividend per share

10.36p
(2009 8 15p)

Financial review continued
Balance Sheet continued
the debenture loan of £106 0m, term loans of £35m and overdraft and money market borrowings of £0 8m

At 30 June 2010 gearing had reduced to 99% from 155% and net borrowings were 48 6% of property assets compared to 58 4% a year ago Thus we have much increased headroom within our loan to value covenants and our unutilised committed facilities of £50m and undrawn overdraft and money market facilities of £14 2m provide funds for future growth

Cash Flow
The Cash Flow Statement shows a net increase in cash and cash equivalents of £7 9m in the year ended 30 June 2010 Cash generated from operations was £13 6m (2009 £14 9m)

During the year the debenture repurchase amounted to £35 0m of which £18 8m was released from being held as security against the debenture and the remainder was raised from the sale of property and the draw down of term loans During the year the sale of properties generated £22 8m (2009 £47 0m) and £5 0m was invested in new properties and the refurbishment of other properties (2009 £11 3m)

Dividend
Following a year of sound trading performance and the restructuring of our debt which generated a profit of £9 0m, the benefits to shareholders of our REIT status is demonstrated by a total dividend payment of 10 36p (2009 8 15p) The final dividend of 7 34p when added to the interim PID dividend of 3 02p, gives a total dividend for the year of 10 36p per share The PID element of the final dividend is 7 23p per share Our policy is to pay a sustainable and progressive dividend

Taxation and REIT
Our tax credit for the year amounted to £0 3m (2009 £1 0m) and related to the release of prior year provisions

We continue to pay our REIT entry charge in instalments and this amounted to £2 4m in 2010 We have further payments to make of £3 9m at the balance sheet date

Financial KPIs

	2010	2009
Underlying profit before tax (£m)	**7 6**	7 8
Underlying EPS	**14 8p**	14 8p
Total shareholder value (TSV) creation (p per share)	**75 4p**	(21 0p)
Total Shareholder Return (TSR)	**18 5%**	(56%)

Net borrowings

£141.3m

(2009 £166 3m)

Loan to value

48.6%

(2009 58 4%)

Future prospects
With significantly reduced debt levels, secured debenture finance and much improved headroom and covenant compliance our financial position is strong The improvements to our cost base will increase future cash generation We continue to benefit from low interest rates and are vigilant to signs that our interest costs will grow in the future We have the further benefit of significant unutilised committed facilities to enable us to grow the business over the coming years

Key performance indicators
Financial
The Board has set performance targets which are measured by key performance indicators ("KPIs") The preferred measure is underlying profit which excludes revaluation movements property disposals and other exceptional income The table above sets out the financial KPIs

The Board s internal measure of performance is the creation of total shareholder value ("TSV"), calculated as the increase in net asset value plus dividends per share For the year ended 30 June 2010 TSV increased by 75 4p (2009 fall of 21 0p) The board also reports total shareholder return ("TSR") calculated as the increase/(decrease) in share price plus dividends per share TSR in 2010 was an increase of 18 5% ranking TCS 28th out of 41 companies in the quoted real estate sector (2009 decrease of 56%) TSR over five years was a decrease of 50%, ranking TCS 38th out of 41 (2009 decrease of 50%)

Property
Our key day to day indicator is occupancy levels

We review remaining lease length, with reports highlighting forthcoming lease breaks and renewals and we monitor very closely the payment of rentals by our tenants We set a target of at least 95% of rentals to be received within a week of the quarter day During the last financial year, despite the economic climate our average collections in this target range were in excess of 95% We also monitor closely tenants which we consider to be at risk of failure and maintain an active dialogue with them

Car parking
We monitor income per space and average occupancy levels for the car parks and report our income and profitability compared to budget and the prior year

Operating and financial review continued

Risk management

This table sets out the Group's significant business risks The risks are reviewed regularly by the Board and particular attention is paid to the effectiveness of controls to mitigate the risks

	RISK	IMPACT	MITIGATION
Investment portfolio	• Major economic downturn • Sourcing opportunities to generate required returns • Sector or tenant dependency (in particular exposure to retail sector) • Letting and tenancy risks • Lack of investment in upkeep	• Fall in property values • Impact on shareholder return • Cyclical nature of the market may impact short-term returns • Impact on occupancy levels and rental income	• Diversification of activity e g development, office, residential and mixed use schemes • Active management of portfolio • Rigorous due diligence Review of acquisition performance • Experienced and skilled in-house managers • Review of tenant covenant • Strong credit control
Development risk	• Planning risk • Construction risk and poor control over the project • Letting risk	• Unable to progress developments to schedule and budget and/or abortive or cost overruns • Impact on project profitability and capital returns	• Skilled hands on project management team • Use of specialist contractors • Preparation and monitoring of appraisals
Financial risk	• Funding • Breach of covenants • Interest rate exposure • Breach of REIT conditions	• Unable to progress opportunities through insufficient funding or liquidity • Withdrawal of facilities • Adverse interest rate movements on net returns • Penalties or loss of REIT status	• Cash flows and funding requirements closely monitored • Borrowing and covenant headroom maintained • Fixed rate long-term borrowings or hedging used as appropriate • Review of compliance with REIT legislation and conditions
Reputation, health and safety and environmental risks	• Major incident at Merrion Centre • Liability arising from other events	• Adverse publicity leading to damage to reputation • Reduced footfall • Litigation • Impact on profitability	• Defined responsibilities policies and procedures • Business continuity planning • Regular reporting and communication of the above • Security provision at Merrion Centre • Appropriate insurance arrangements
Retention of key staff	• Loss of key people	• Loss of skills and experience • Lack of continuity and instability	• Career development and positive culture • Remuneration structure reviewed and benchmarked • Succession planning

Health, safety and environmental management

We are fully aware of the Health Safety and Environmental ("HSE) impacts associated with the property sector and all of these issues are formally debated internally within the organisation at both monthly and quarterly HSE meetings TCS continues to focus on continual improvement in the HSE sectors within the business and recognises its importance in our overall CSR strategy

The HSE implications for our properties are regularly reviewed and addressed and appropriate action taken HSE matters are reported at Board level and Richard Lewis continues as the Board member with responsibility supported by specialist external advisors

Although our development activity is on hold, on projects where design work is being undertaken or where we carry out repairs, refurbishment and upgrading of our existing portfolio we consider the impact these construction activities have on the environment and address them as necessary TCS continues to work closely with its consultants to deliver sustainable buildings at the lowest environmental and economic impact

Our environmental management framework continues to be developed and implemented and is fully integrated into our reporting system

In an effort to manage better our energy reduction strategy, we hold monthly meetings to review energy usage energy tariffs and minimisation initiatives We review data highlighting actual usage of utilities across our property portfolio and use this data to review future energy procurement and usage

We have assessed the participation criteria in relation to the Government Carbon Reduction Commitment legislation which is now renamed CRC Energy Efficiency Scheme and currently we are not required to participate

We have fulfilled our obligations set out in the EU's Energy Performance in Building Directive (EPBD) 2002/91/EC and have obtained Energy Performance Certificates for all our properties, where formal certification is required This certification process forms part of our due diligence to ensure compliance as property transactions are undertaken

Corporate social responsibility

Our charitable donations and sponsorship totalled £53,000 (2009 £258,000, including £125,000 to Leeds University) Our commitment at a time when the recession has impacted the less well off in our community has been well received by all who have benefited We feel a great degree of responsibility to ensure that during difficult times we continue to do all we can to make a difference

Our staff consistently gave their time to take part in events and to raise money for various charities In addition involvement in the Great Yorkshire Bike Ride Snowden Walk The Paris Marathon and many other events have raised significant sums for numerous causes

We also provide support to our nominated charities Leeds Jewish Welfare Board LionHeart the Variety Club and other local organisations

In the Merrion Centre, we have provided an environment for a number of local organisations to raise money for their chosen charities

Ten year record

Net assets
£000

01	02	03	04	05	06	07	08	09	10
153 292	160 987	170 251	203 667	205 321	268 915	244 786	223 011	107 202	**142,912**

Net assets per share
Pence

01	02	03	04	05	06	07	08	09	10
206	230	270	344	368	487	451	420	202	**269**

Properties
£000

01	02	03	04	05	06	07	08	09	10
287 460	315 147	324 271	351 296	392 366	503 515	504 379	438 128	272 924	**290,093**

Borrowings
£000

01	02	03	04	05	06	07	08	09	10
118 513	136 956	137 931	129 572	140 775	172 299	205 515	212 358	166 331	**141,321**

Gearing
%

01	02	03	04	05	06	07	08	09	10
77 3	85 1	81 0	63 6	69 0	64 0	84 1	95 2	155 2	**98 9**

Dividends per share
Pence

01	02	03	04	05	06	07	08	09	10
4 75	5 00	5 50	5 90	6 20/2 00	7 20/2 00	7 50/20 0	8 15	8 15	**10 36**

Underlying profit before tax
£000

01	02	03	04	05	06	07	08	09	10
7 871	8 279	7 817	8 026	8 178	8,519	8 622	7 025	7,828	**7,619**

Underlying earnings per share
Pence

01	02	03	04	05	06	07	08	09	10
7 1	8 1	8 6	9 8	11 1	14 1	13 2	13 5	14 8	**14 8**

Basic earnings per share
Pence

01	02	03	04	05	06	07	08	09	10
17 3	11 5	9 8	8 1	69 5	124 8	11 0	(21 0)	(210 3)	**74 6**

Notes

1 Underlying profit before tax and underlying earnings per share have been adjusted to exclude exceptional items profits or losses on disposal of investment properties joint venture tax adjustments and revaluation surpluses
2 The results for the year ended 30 June 2001 have been restated for FRS 19 "Deferred tax"
3 The results for the year ended 30 June 2003 have been restated for UITF 38 "Accounting for ESOP trusts"
4 The dividend per share for the year ended 30 June 2007 includes a 20p special dividend and the years ended 30 June 2005 and 2006 a 2 0p special dividend

Directors and management

Executive Directors

Edward Ziff(50) †
Chairman and Chief Executive
Edward Ziff joined the Company in 1981 He was appointed to the Board in 1985 and served as Managing Director from 1993 He was appointed as Chief Executive in February 2001 and Chairman in July 2004 He is a non-executive director of Two Years Limited He is the president of the Leeds Jewish Welfare Board chairman of the Leeds Jewish Blind Society and a governor of the Grammar School at Leeds

Richard Lewis (55) FRICS
Property Director
Richard Lewis joined the Company in April 2000 and was appointed to the Board in February 2001 In 2008 Richard became responsible for all property activities as Group Property Director Richard is chairman of the Piccadilly Partnership in Manchester and member of the West End Partnership in Leeds He is also a trustee of the LionHeart benevolent fund and chairman of its fundraising and marketing committee

Chris Kelly (48) BA ACA
Finance Director
Chris Kelly joined the Company and was appointed to the Board on 12 April 2010 He is a Chartered Accountant who qualified with Ernst & Young, becoming a partner in 1997 Whilst at Ernst & Young he advised a number of major Yorkshire public companies including a number of FTSE 100 businesses

Non-executive Directors

John Nettleton FRICS ACIArb (62) +†*
John Nettleton was appointed to the Board in July 2004 A chartered surveyor and arbitrator specialising in retail property and development he was senior partner of Donaldsons Chartered Surveyors from 1997 until his retirement in June 2004 He is the Senior Independent Director

Michael Ziff Hon DUniv (Brad) (57) †*
Michael Ziff was appointed a Director in July 2004 He is chief executive of Barratt Priceless Ltd

Howard Stanton FCCA (67) +*
Howard Stanton was appointed to the Board in April 2009 He is a Certified Accountant with extensive knowledge of the property sector He is a business property and financial consultant and serves on a number of boards as a non-executive director These include Two Years Limited O Twelve Estates Limited, an AIM listed company and Anglo Scottish Properties plc He was formerly the chairman and managing director of Allied London Properties PLC

+ Remuneration Committee

† Nominations Committee

* Audit Committee

Senior Management – Review Forum Team

David Donkin MRICS
Estates

Helen Beckett MRICS
Estates

Matthew Barlow
IT

Dan Riley BA ACA
Group Financial Controller

Ben Ziff
Director, TCCP

Valuers' reports

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

30 June 2010

Dear Sirs

Town Centre Securities PLC – Property Portfolio Valuation – 30 June 2010
In accordance with your written instructions we have inspected and valued the various leasehold and freehold properties held by Town Centre Securities PLC and its various subsidiary companies for accounts purposes as at 30 June 2010

The valuations have been prepared in accordance with the Practice Statements contained within the Royal Institution of Chartered Surveyors Valuation Standards (6th Edition) in our capacity as external valuers on the basis of Market Value No allowances have been made for expenses of realisation or for taxation that might arise in the event of a disposal, deemed or otherwise All rental and capital values stated are exclusive of Value Added Tax Each property has been considered as if free and clear of all mortgages or other charges which may have been secured thereon The interests have been valued subject to and with the benefit of any lettings which have been disclosed

Having regard to the foregoing we are of the opinion that the aggregate Market Value of the freehold and leasehold interests owned by the Group, as at 30 June 2010, subject to and with the benefit of the tenancies currently subsisting is

Freehold	£145,870,000
Long leasehold	£13,510,000
Total	£159,380 000

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

Yours faithfully

P J HAGUE
Director
For and on behalf of Jones Lang LaSalle Limited

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

30 June 2010

Dear Sirs

Town Centre Securities PLC – 30 June 2010 valuations
In accordance with your written instructions we have inspected and valued The Merrion Centre, Leeds, 42a High Road Wood Green, London and 414 Holloway Road, Holloway, London, held by Town Centre Securities PLC and its various subsidiary companies for accounts purposes as at 30 June 2010

The valuations have been prepared in accordance with the Practice Statements contained within the Royal Institution of Chartered Surveyors' Valuation Standards (6th Edition), in our capacity as external valuers on the basis of Market Value No allowance has been made for expenses of realisation or for taxation that might arise in the event of a disposal deemed or otherwise The rental and capital values stated are exclusive of Value Added Tax The properties have been considered as if free and clear of all mortgages or other charges which may have been secured thereon The properties have been valued subject to and with the benefit of any lettings which have been disclosed

Having regard to the forgoing we are of the opinion that the Market Value of the freehold interests in The Merrion Centre 42a High Road and 414 Holloway Road owned by the Group as at 30 June 2010 subject to and with the benefit of the tenancies currently subsisting is

£113,080,000
(One Hundred and Thirteen Million Eighty Thousand Pounds)

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

Yours faithfully

M H BRODTMAN
Executive Director
For and on behalf of CB Richard Ellis Limited

Investment property portfolio: principal properties

Shopping Centres

	Tenure	Area sq ft	Value
Leeds The Merrion Centre	F/H	1,000,000	O

Situated in the northern quarter of Leeds City Centre on a six acre site, it comprises a covered shopping centre offices 1,100 space multi-storey car park and hotel Major retail tenants include Morrisons, Peacocks and Home Bargains with the principal office tenant being Leeds City Council

Retail Warehouses and Food Stores

	Tenure	Area sq ft	Value
Derby Kingsway Retail Park	F/H	20,000	Δ

The property comprises a prominent retail unit adjoining a food store and non-food retail park The property is occupied by Currys

	Tenure	Area sq ft	Value
Glasgow 363/381 Byres Road and 9/19 Grosvenor Lane	F/H	32,000	□

The premises form a supermarket and decked car park leased to Waitrose

	Tenure	Area sq ft	Value
Glasgow Main Street, Milngavie	F/H	38,000	Δ

This is a purpose built retail warehouse in an affluent suburb six miles north of Glasgow The property is let to Homebase

	Tenure	Area sq ft	Value
Rochdale Central Retail Park	F/H	75,000	□

The property forms a retail park leased to Matalan, Argos, Halfords and Poundstretcher The whole park benefits from an open A1 non-food planning consent

	Tenure	Area sq ft	Value
Manchester Great Ancoats Street	F/H	120 000	□

The property comprises a retail store constructed in 2006 on two floors with two level car parking The property has an open A1 with food planning consent This is partly occupied by ALDI

Offices

	Tenure	Area sq ft	Value
Glasgow 33 Bothwell Street	F/H	26 841	Δ

The property comprises a modern six storey office block with basement parking Tenants include Starbucks, Turner & Townsend, Bovis Lend Lease and Tods Murray Solicitors

	Tenure	Area sq ft	Value
Uddingston Tannochside Business Park	L/H	30,500	Δ

A modern two storey campus style office building with parking for 129 cars The property is partly let to Core Utility Solutions Dalkia plc and Morgan Est plc

	Tenure	Area sq ft	Value
Manchester 75 Dale Street, Carvers Warehouse	F/H	20,000	Δ

Refurbished and extended in 2008, this Grade 2* listed building is multi-let

High Street Shops

	Tenure	Area sq ft	Value
Blackpool 6/24 Abingdon Street and Abingdon Street Market	F/H	29,000	Δ

The property comprises three shop units with offices above and a long established covered market Tenants include Specsavers and Card Factory

	Tenure	Area sq ft	Value
Edinburgh 1/23 27/29, 35/47 and 63/65 Shandwick Place	F/H	30,000	Δ

The property comprises a parade of period buildings forming retail premises with offices above Tenants include C&J Clark Jessops and Jacobs and Secretary of State

	Tenure	Area sq ft	Value
Glasgow 101/109 Buchanan Street	F/H	11,500	Δ

The property provides retail accommodation on basement ground and first floors with ancillary accommodation above The principal tenants are Dune and Timpsons

Δ up to £10m
□ £10–£20m
O over £20m

High Street Shops continued

	Tenure	Area sq ft	Value
Glasgow 26–38 Bath Street and 111/115 West Nile Street	F/H	24 000	Δ

The property forms accommodation with retail at ground and lower ground floor levels and 20 serviced apartments above The retail tenant is Bridal Fashions

	Tenure	Area sq ft	Value
Glasgow Empire House 27/59 Sauchiehall Street and 108/112 Renfield Street	F/H	69 000	O

The property comprises an island site There are seven retail units with four floors of offices above Retail tenants include Starbucks, Body Shop Gold Group International In addition there are two self contained properties leased to Pizza Hut and KFC

	Tenure	Area sq ft	Value
Leeds 50/54 Albion Street and 35 Albion Place	F/H	18 000	Δ

The property forms a Grade 2 listed building currently occupied as three retail premises together with upper parts and a basement wine bar The retail tenants are Austin Reed Game Retail and Patisserie Valerie

	Tenure	Area sq ft	Value
Leeds 55/69 The Headrow and 38 Lands Lane	F/H	14,000	Δ

A three storey building with basement comprising seven shop units with two floors of residential above Tenants include Carphone Warehouse, Cooplands and Whittards

	Tenure	Area sq ft	Value
Leeds 76/82 Vicar Lane	F/H	39,000	Δ

The property comprises a five storey building principally used for retail purposes The main tenants are Flannels High and Mighty and Fired Earth

	Tenure	Area sq ft	Value
York 2/8 Pavement and 5/7 Piccadilly	F/H	14,000	Δ

The property comprises retail premises let to Lloyds TSB

High Street Shops continued

	Tenure	Area sq ft	Value
London 414 Holloway Road	F/H	3,500	Δ

A four storey retail shop let to Barratt Priceless

	Tenure	Area sq ft	Value
London 42A High Road Wood Green	F/H	3 600	Δ

A four storey property with retail shop and residential over, let to Barratt Priceless

Multi-storey Car Parks

	Tenure	Area sq ι	Value
Manchester Tariff Street	F/H	240 spaces	Δ

The car park is used by residents, as well as business retail and leisure visitors to Piccadilly Basin and will provide overflow parking to the Urban Exchange retail unit adjacent

	Tenure	Area sq ι	Value
Leeds Clarence Dock	L/H	1 650 spaces	▯

The car park specifically serves the Clarence Dock development, a mix of residential apartments offices hotel casino, conference centre and the Royal Armouries Museum

Δ up to £10m
▯ £10–£20m
O over £20m

Directors' report

The Directors have pleasure in presenting the Annual Report and Accounts for the year ended 30 June 2010

An operating and financial review of the performance of the Group and its results for the year is contained within pages 6 to 13, which should be read in conjunction with this report

Principal activities
The principal activities of the Group during the financial year remained those of property investment, development and trading

Results for the year and dividends
The results are set out in the Consolidated Income Statement on page 32

An interim dividend of 3 02p per share was paid on 25 March 2010 as a PID The Directors now recommend the payment of a final ordinary dividend of 7 34p per share comprising a PID of 7 23p per share and an ordinary dividend of 0 11p per share The proposed final dividend will be paid on 5 January 2011 to ordinary shareholders on the register at the close of business on 10 December 2010

Business review
The Operating and Financial Review within pages 6 to 13 which are incorporated in this report by reference, provide detailed information relating to the Group This includes the operation and development of the business future prospects and the results and financial position for the year ended 30 June 2010

Fixed assets
Details of movements in fixed assets are set out in Note 15 to the Consolidated Accounts

Investment properties are held at fair value and are revalued by Jones Lang LaSalle and CB Richard Ellis, as at 30 June 2010, on the basis of open market value, or are revalued by the Directors The key assumptions are set out in Note 15 to the Consolidated Accounts In arriving at the valuation, each property has been valued individually

Share capital
Details of changes in the Company s issued share capital during the year are set out in Note 26 to the Consolidated Accounts

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

At the forthcoming Annual General Meeting ("AGM") the Company will be seeking to renew its authority to purchase up to 14 9% of the ordinary shares in issue, assuming the remaining authority is fully utilised Authority was previously granted to acquire 7,919,198 ordinary shares at the AGM in November 2009 and remains unutilised Shares will only be purchased if the Board believes it can take advantage of stock market conditions to enhance returns for the remaining shareholders

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

Supplier payment policy
It is the Company and Group s policy to agree payment terms with suppliers when entering into each transaction or series of transactions to ensure that suppliers are made aware of these terms and abide by them Creditor days at the end of the year for the Group were 14 days (2009 7 days) and for the Company were nil days (2009 nil days)

Donations
Charitable donations during the year amounted to £53 000 (2009 £258,000) Details of charities supported by the Group are set out on page 13 The Group made no political contributions in either year

Taxation
The Company is not a close company

Substantial shareholdings

Excluding those of the Directors the Company had been notified of the following substantial interests in its share capital at 13 September 2010

	Number of shares	% of issued capital
A L Manning	6,124,936	11 52
M E Ziff	1,887 094	3 55
Legal and General PLC	1 853 127	3 48

Directors and Directors' interests

The Directors of the Company and their biographical details are shown on page 15 All of the Directors served for the whole of the year with the exception of C J Kelly who was appointed to the Board on 12 April 2010 and R H Bigley who resigned on 30 November 2009 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 26

Beneficial and non-beneficial interest of the Directors in the shares in the Company as at 30 June 2010 are disclosed in the Directors' Remuneration Report on page 26 Details of the interests of the Directors in share options and awards of shares can be found within the same report

No changes in the interests of the Directors have occurred between 30 June 2010 and 13 September 2010

In accordance with the Company's Articles of Association J A Nettleton and M A Ziff will retire by rotation at the Company s AGM on 18 November 2010 and, being eligible, offer themselves for re-election C J Kelly is standing for election in accordance with the Company's Articles of Association

Annual General Meeting

A Notice of Meeting can be found on pages 65 to 67 explaining the business to be considered at the AGM on 18 November 2010 This will include renewal of the Company s authority to purchase in the market its own shares allot shares for cash and for cash other than on a pre-emptive basis to existing shareholders

Disclosure of information to auditor

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 auditor is unaware and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Going concern

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

Independent auditor

The auditors, PricewaterhouseCoopers LLP ("PwC"), have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the AGM

By order of the Board

A E McGOOKIN
Secretary
14 September 2010

Corporate governance

This report is prepared in accordance with the Combined Code (2008) ("the Code") The Board is collectively responsible for the success of the Group and is committed to a high standard of governance The Group has complied throughout the year with the provisions set out in the Code except where noted below This statement, together with the Directors' Remuneration Report set out on pages 26 to 29, describes how the relevant principles of governance are applied to the Company

Share capital
The Company has one class of share, being ordinary shares with a nominal value of 25p each At 30 June 2010 the issued share capital of the Company was 53,160,512 ordinary shares with a nominal value of £13 290 128 The Company held no shares in Treasury Further details are provided in Note 26 to the Consolidated Accounts

Shares may be issued with such preferred deferred or other rights or restrictions, whether in regard to dividend return of capital voting or otherwise, as the Company may from time to time by ordinary resolution determine (or failing such determination as the Directors may decide), subject to the provisions of the Companies Act 2006 and other shareholders rights

Unissued shares are under the control of the Directors who may allot grant options over or otherwise dispose of them to such persons (including the Directors themselves) at such times and on such terms as the Directors may think proper subject to the Articles, the Companies Act 2006 and shareholders rights

Substantial shareholdings
Substantial shareholdings are detailed on page 21 of the Director's Report

Transfer of shares
Any member may transfer their shares in writing in any usual or common form or in any other form acceptable to the Directors and permitted by the Companies Act 2006 and the United Kingdom Listing Authority

Board of Directors
Details of the Board of Directors are given on page 15 of this report At the end of the year the Board comprised three Non-executive Directors and three Executive Directors including the Chief Executive whose role is combined with that of Chairman During the year under review R H Bigley resigned as Finance Director on 30 November 2009 and C J Kelly was appointed on 12 April 2010

The Code asks the Board to identify each Non-executive Director it considers to be independent Of the three Non-executive Directors on the Board, it considers J A Nettleton and H T Stanton to be fully independent

The Code seeks an explanation for the determination of independence in certain circumstances including if a Non-executive Director holds cross-directorships with other Directors H T Stanton was appointed a Non-executive Director in April 2009 whilst holding and continuing to hold, other non-executive directorships of companies in common with M A Ziff and E M Ziff The Board is satisfied that H T Stanton will maintain an independent approach whilst bringing a wealth of knowledge and experience of the property and financial sector to the Board

The Board does not believe that M A Ziff can be deemed to be independent under the Code, due to his significant shareholding and close family ties However, the Board believes that M A Ziff brings considerable business experience and makes valuable contributions to the work of the Board

The Senior Independent Non-executive Director is J A Nettleton who throughout the period under review chaired the Remuneration and Nominations Committees H T Stanton was appointed Chairman of the Audit Committee on 3 September 2009

No Independent Non-executive Director

- has been an employee of the Group within the last five years,
- has, or has had within the last three years a material business relationship with the Group either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the Group,
- has received or receives additional remuneration from the Group apart from a Director's fee, participates in the Company's share option schemes or a performance-related pay scheme, or is a member of the Company's pension arrangements,
- has close family ties with any of the Group's advisors, Directors or senior employees, or
- represents a significant shareholder

The full Board met seven times in the year and annually reviews the strategic direction of the Group The record of Directors attendance at Board meetings is set out below

	Number of meetings	Number attended
E M Ziff	7	7
R H Bigley (resigned 30 November 2009)	3	3
R A Lewis	7	7
J A Nettleton	7	7
M A Ziff	7	7
H T Stanton	7	7
C J Kelly (appointed 12 April 2010)	2	2

Board of Directors continued

The Board manages overall control of the Group's affairs by the schedule of matters reserved for its decision These include the approval of Financial Statements, business plans, all major acquisitions and disposals, risk management strategy and treasury decisions

The Board has established a Review Forum which comprises Executive Directors and senior managers who meet eight times during the year The Board has delegated responsibility to the Review Forum 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 take part in an induction programme whereby they receive information about the Group's operations, the role of the Board the Group s corporate governance policies and the latest financial information about the Group Training and briefings are available to all Directors on appointment and subsequent training is also undertaken as appropriate

The Group has had a policy for a number of years whereby employees may contact management about any concerns relating to fraud questionable accounting practice breaches or weaknesses in internal controls or accounting matters and any other concerns that employees have in regard to the operation of the Company This policy is commonly referred to as the whistle blowing procedure Concerns that are raised are investigated at the earliest opportunity and the employee's anonymity is preserved The Audit Committee reviewed and approved this procedure when implemented and remains satisfied with the procedure

The Company Secretary would minute any unresolved concerns expressed by any Director Were a Director to resign over an unresolved issue, the Chairman and Chief Executive would bring the issue to the attention of the Board There have been no such instances in the year

The Chairman and Chief Executive meets with the Non-executive Directors at least once a year without the other Executive Directors present to discuss the performance of the Board The Non-executive Directors chaired by the Senior Non-executive Independent Director meet without the Chairman and Chief Executive at least annually to appraise the Chairman and Chief Executive s performance

Performance evaluation of the Board

The process to evaluate the effectiveness of the Board, its committees and Directors, was progressed during the year Given the size of the Board and nature of the business the Directors performed a self-evaluation

Areas identified for evaluation include

- full and common understanding of the roles and responsibilities of the Board and of its committees
- common understanding within the Board of the structure of the Group, including succession planning in key areas of the business,
- full and common understanding of the Group s activities resulting in a relevant and realistic strategic plan
- structure of the Board meetings to effectively monitor and evaluate progress towards strategic goals,
- composition of the Board and involvement of each Director in the business of the Group, and
- overall effectiveness of the Board in the provision of the necessary experience required to direct the business efficiently

The process of evaluation of the Board is through bi-annual discussion by the Board followed by individual feedback to the Senior Independent Director or the Chairman and Chief Executive Should areas of concern be raised the Senior Independent Director or Chairman and Chief Executive would request the Company Secretary to document the matter and corrective action or action to improve the situation would be taken with feedback to the individual and the Board as a whole During the year under review no action has been required as a result of evaluation

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

Audit Committee

The Board s Audit Committee is composed solely of Non-executive Directors and is chaired by H T Stanton The Committee meets with the external auditor twice a year and its duties include the monitoring of the Group's financial controls, the detailed review of the Annual Report and Accounts and Interim Statement before submission to the full Board and the review of the Group's accounting policies The Executive Board members are usually invited to attend at least part of these meetings Attendance at Audit Committee meetings is disclosed in the table below

	Number of meetings	Number attended
H T Stanton (appointed as Chairman 3 September 2009)	2	2
J A Nettleton	2	2
M A Ziff (resigned as Chairman 3 September 2009)	1	1

Corporate governance continued

Audit Committee continued
The Audit Committee reviews arrangements by which staff of the Company may in confidence raise concerns about possible improprieties in matters of financial reporting or other matters and the procedures for proportionate and independent investigation of such matters and for appropriate follow-up action

The Audit Committee and Board place great emphasis on the objectivity of the Group's auditor PwC, in its reporting to shareholders

The PwC audit partner and manager are present at all Audit Committee meetings to ensure full communication of matters relating to the audit

The Audit Committee's responsibilities include making recommendations to the Board in relation to the appointment of the external auditor and approving the remuneration and the terms of engagement of the external auditor

The overall performance of the auditor is reviewed annually by the Audit Committee They assess the auditor's independence, objectivity and effectiveness taking into account the views of management and feedback is provided to senior members of PwC unrelated to the audit This activity also forms part of PwC s own system of quality control

The scope of the forthcoming year's audit is discussed in advance by the Audit Committee Audit fees are reviewed by the Committee and then referred to the Board for approval Rotation of audit partners' responsibilities within PwC is required by their profession's ethical standards, is actively encouraged and has taken place

Assignments awarded to PwC have been and are subject to controls by management that have been agreed by the Committee so that audit independence is not compromised A summary of the auditors' remuneration for non-audit services is provided in Note 7 to the Consolidated Accounts

These controls provide the Committee with adequate confidence in the independence of PwC in its reporting on the audit of the Group

Remuneration Committee
Details of the Remuneration Committee are given in the Directors Remuneration Report on pages 26 to 29

Nominations Committee
The Nominations Committee comprises J A Nettleton (Chairman), E M Ziff and M A Ziff and is responsible for the selection and approval of candidates for appointment to the Board One meeting was held during the year and was attended by all members of the Nominations Committee In recruiting a new Finance Director, the Committee employed the services of a search consultant A number of interviews were conducted with candidates, prior to selection including a meeting with the entire Board

Internal control
The Code Provision C 2 1 requires that the Directors review, at least annually all controls including operational, compliance and risk management as well as financial controls and report to shareholders that they have done so The Board of Directors is responsible for ensuring that adequate internal controls are in place to safeguard the assets and interests of the Group and considerable importance is placed on maintaining a strong control environment However, any such control system can only give reasonable and not absolute assurance against material misstatement or loss

The processes and procedures for identifying and managing the risks faced by the Group have been operating fully throughout the year and up to the date of this report No significant failings or weaknesses were identified during the year under review The key control procedures which the Directors have established with a view to providing effective internal control are as follows

- an annual review (in accordance with Turnbull guidance) of all significant business risks by the Board and the Review Forum, which also identifies procedures to manage and mitigate such risks,
- a clearly defined organisational structure with appropriate levels of authority and segregation of duties
- a comprehensive system of financial reporting to the Board and Senior Executives based upon an annual budget in line with strategic objectives Performance is monitored and relevant action is taken throughout the year through reporting of variances from budget and updated profit forecasts,
- active participation by the Board in treasury management matters Cash flow projections are prepared monthly on a rolling two year basis,
- capital expenditure and disposal proposals are appraised and monitored by the Review Forum on a project by project basis Significant acquisitions and disposals are ratified by the Board and
- the Group does not currently have an internal audit function because given the size of the Group, it is not considered necessary but the need for one is considered by the Audit Committee annually

Relations with shareholders
The Board is committed to maintaining good communications with shareholders The Chairman and Chief Executive Property Director and the 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 Interim Report and the AGM The Notice of AGM and any related papers are communicated to shareholders at least 20 working days before the meeting to give shareholders sufficient time to consider the business of the meeting All Directors attend the AGM and shareholders are given the opportunity to ask questions of the Board and meet all the Directors informally after the meeting Separate resolutions are proposed for each item of business and the proxy votes for, against and withheld are announced An announcement confirming resolutions passed at the AGM is made through the London Stock Exchange immediately after the meeting The Senior Independent Director is available to shareholders at all times if they have concerns they wish to raise

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

Statement of compliance with the Code

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

- E M Ziff combines the roles of Chairman and Chief Executive Code Provision A 2 1 requires that a justification for the combination of roles is required As Chairman and Chief Executive, E M Ziff is responsible for the Board and the Group's business In view of the current size and complexity of the Group the Directors believe that the benefits of splitting the roles would be outweighed by the cost
- Code Provision A 2 2 requires that the Chairman is determined independent under the Code at the date of appointment E M Ziff was previously Chief Executive and therefore was not independent at the date of appointment
- under the Articles it is not currently a requirement for the Chairman and Chief Executive and the Executive Directors to retire by rotation as recommended by Code Provision A 7 1 The Chairman and Chief Executive and the Executive Directors voluntarily offer themselves for retirement by rotation Details of the re-elections are given in the Notice of the AGM
- in view of the size of the Board it has not been considered appropriate to establish a Nominations Committee comprising solely Independent Non-executive Directors as recommended by Code Provision A 4 1, and
- the Chairman and Chief Executive has a service contract with a notice period greater than one year which is the recommended limit in Code Provision B 1 6

Statement of Directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- state whether IFRSs as adopted by the European Union and applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and Parent Company Financial Statements respectively

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

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

Directors' responsibility statement

Each of the Directors, whose names and functions are listed on page 15 confirm that, to the best of their knowledge

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

E M ZIFF	**C J KELLY**
Chairman and Chief Executive	**Finance Director**

By order of the Board

A E McGOOKIN
Secretary
14 September 2010

Directors' remuneration report

The Directors present the Directors' Remuneration Report for the year ended 30 June 2010 A resolution to approve the Directors' Remuneration Report will be proposed at the Company's AGM

The auditor is required to report to the shareholders on the "auditable part" of the Directors' Remuneration Report and to state whether in their opinion the "auditable part" has been properly prepared in accordance with the Companies Act 2006 The report therefore has separate sections containing unaudited and audited information

Unaudited information
Remuneration Committee
The Remuneration Committee consists wholly of Non-executive Directors The following Independent Non-executive Directors served as members of the Remuneration Committee during the year

J A Nettleton (Chairman)

H T Stanton

The Remuneration Committee makes recommendations to the Board, within agreed terms of reference, concerning the Company s framework of Executive remuneration The Remuneration Committee determines the remuneration and benefits packages of the Chairman and Chief Executive and Executive Directors, considers their service contracts salaries and other benefits including bonuses and participation in the Company's share option plans and other terms and conditions of employment including any compensation payments on termination of office

Two meetings were held during the year and were attended by all members of the Remuneration Committee

The Chairman and Chief Executive is invited to attend meetings where appropriate to provide advice to the Remuneration Committee However, no Executive Directors are present when matters affecting their own remuneration are discussed by the Remuneration Committee

Remuneration policy
The remuneration of Non-executive Directors is determined by the Board The remuneration policy is that the remuneration package of the Executive Directors should be sufficiently competitive to attract, retain and motivate Directors to achieve the Group's objectives In determining the remuneration policy the Group aims to attract and retain Directors to manage the Group successfully without making excessive payments

There are five main elements to the remuneration packages of the Executive Directors

- basic salary and benefits,
- annual bonus awards
- share options
- pensions, and
- long-term, performance-related incentives

Basic salary and benefits
Directors basic salaries and benefits are reviewed annually The Committee takes into account individual performance the recommendations of the Chairman and Chief Executive published remuneration information on comparable companies and the salary policy within the Group, in making its recommendations to the Board Benefits include the provision of Company cars or a salary alternative permanent health and medical insurance premiums The value of benefits, or the salary alternative, is not pensionable The value of each element of the salary, pension and benefits package is set out in the table and the notes on page 28 No pay increases were awarded to any Director during the year under review which was a policy reflected across the Group applying to all Directors and employees

Annual bonus awards
All employees are eligible to participate in the Group's discretionary Annual Bonus Scheme under which a percentage of salary is awarded based on a combination of individual and Group performance in terms of profit and the growth in shareholder value (based on the increase in net asset value per share and dividends paid) The annual award is made at the discretion of the Board on the recommendation of the Remuneration Committee up to a maximum of 60% of salary The bonus awards are not pensionable

Share options
Share option schemes are seen as an effective way of aligning the long-term interests of employees with those of the shareholders The Company operates the following equity-settled share option schemes in respect of ordinary shares

- an Executive Share Option Scheme (1997 Approved Scheme) which was approved by shareholders in 1997 and is subject to Inland Revenue rules Executive Directors and certain employees are eligible to participate in the scheme There are no performance criteria attached to the exercise of these share options which must be exercised between three and ten years from the date of grant The right to exercise options terminates if the employee ceases to be employed with the Group subject to certain exceptions and the discretion of the Board The 1997 Approved Scheme has now terminated with only unexercised options remaining

Unaudited information continued
Remuneration Committee continued

Share options continued

- the shareholders approved a new Executive Share Option Scheme (2007 Approved Scheme) on 21 November 2007 The rules of this scheme are similar to that of the 1997 Approved Scheme No options have yet been issued under the 2007 Approved Scheme, and
- a Share Incentive Plan, which was approved by shareholders in December 2003 and is open to all eligible employees including Executive Directors The plan is subject to Inland Revenue rules that allow employees to acquire partnership matching free and dividend shares through a combination of investment and Company grant Under certain circumstances the free and matching shares granted are subject to forfeiture should the employee cease to be employed within the first three years of the plan The plan allows the Company to award differing grants of shares in these elements in different financial periods Combining all the elements of the plan, the maximum value that may be awarded to any individual in any one year is £7,500

Pensions

During the year under review the Group ceased the defined contribution pension arrangement with a target of providing a pension of two thirds of salary for E M Ziff and R A Lewis £1,250 000 and £864 779 is to be paid to Mr Ziff and Mr Lewis respectively as compensation for the pension benefits foregone R H Bigley had a Defined Contributory Pension Scheme to which the Company made regular contributions The arrangements also provided a lump sum death in service benefit

From 1 July 2010 the Group has agreed to make contributions to Defined Contribution Schemes for R A Lewis and since 12 April 2010, for C J Kelly based on a fixed percentage of salary

Long-term incentives

The Unapproved Executive Share Option Scheme (2007 Unapproved Scheme), was approved by shareholders in 2007 and is not subject to Inland Revenue rules The scheme is subject to the satisfaction of specific performance targets based on comparison of the Group's Total Shareholder Return ("TSR") (measured by a combination of change in share price and dividends paid) against that of the FTSE Real Estate Index over a rolling three year period Executive Directors and certain employees are eligible to participate in the scheme but no options are in place at the time of this report

Service contracts and external appointments

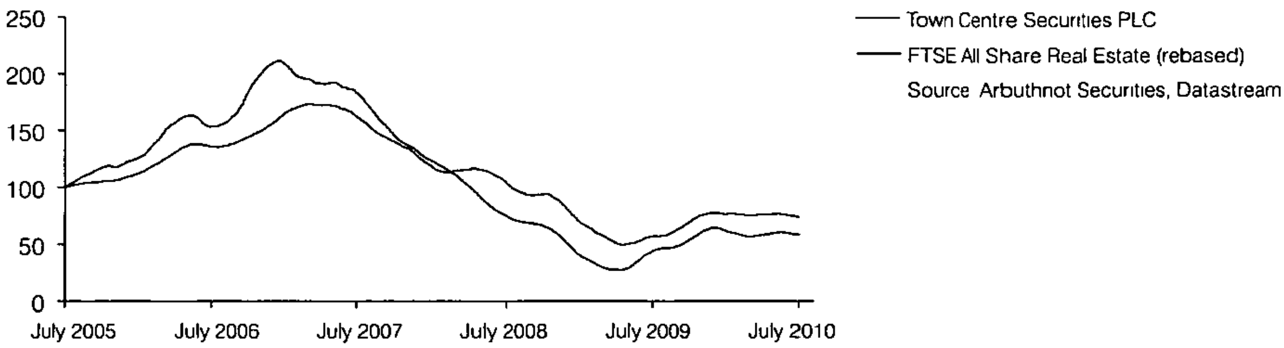
The Non-executive Directors do not have service contracts and the other Executive Directors who held office at 30 June 2010 have rolling service contracts which provide for retirement at 60 For historical reasons the Chairman and Chief Executive E M Ziff has a service contract that is subject to not less than two years notice All other Executives have service contracts under which they are entitled to one year s notice The Company 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 subject to the deduction of tax and National Insurance If the Company terminates employment without giving notice and/or makes a payment in lieu of any damages to which the Executive might be entitled, the payment is to be calculated in accordance with common law principles including those relating to mitigation of loss and accelerated receipt

Executive Directors are permitted to accept Non-executive appointments by prior arrangement It is normal practice for Executive Directors to retain fees provided for Non-executive appointments E M Ziff has served as a Non-executive Director of Two Years Limited since 19 February 2009 His retained remuneration for these services for the year ended 30 June 2010 was £36 667 (2009 £38,750)

Performance graph

The following graph shows the Company's TSR performance, compared with the FTSE All Share Real Estate Index, measured in the same way, over the five years ended 30 June 2010 The FTSE All Share Real Estate Index has been selected because the Company believes that the constituent companies comprising the Index are the most appropriate for this comparison as they are affected by similar commercial and economic factors

TSR performance 1 July 2005 – 30 June 2010 (three month rolling average)



Source Arbuthnot Securities, Datastream

Directors' remuneration report continued

Audited information
Share Incentive Plan ("SIP")

On 7 June 2010 E M Ziff and R A Lewis accepted an invitation to participate in the SIP by each purchasing shares to the value of £1,500 paid between June 2010 and November 2010 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 2010 For illustration, based on the share price as at 30 June 2010, this would equate to each Director receiving 1,064 partnership shares and 1,064 matching shares The total number of partnership and matching SIP shares beneficially held at 30 June were

	2010 No of shares	2009 No of shares
E M Ziff	**5,048**	4,722
R A Lewis	**5,048**	4 722

Details of movements in Directors' shareholdings are set out on page 29 of this report There have been no movements in Directors shareholdings between 1 July and 13 September 2010

Directors' remuneration

	Salaries and fees		Bonuses		Taxable benefits		Total		Pension contributions		Other remuneration		Total	
	2010 £000	2009 £000	**2010 £000**	2009 £000	**2010 £000**	2009 £000	**2010 £000**	2009 £000	**2010 £000**	2009 £000	**2010 £000**	2009 £000	**2010 £000**	2009 £000
Executive Chairman and Chief Executive														
E M Ziff	**525**	518	**—**	—	**2**	8	**527**	526	**950**	—	**—**	—	**1,477**	526
Executive Directors														
R H Bigley[a]	**135**	280	**—**	—	**11**	32	**146**	312	**—**	198	**230**	—	**376**	510
R A Lewis	**284**	280	**—**	—	**22**	32	**306**	312	**716**	235	**—**	—	**1,022**	547
C J Kelly[b]	**36**	—	**—**	—	**—**	—	**36**	—	**3**	—	**—**	—	**39**	—
	980	1 078	**—**	—	**35**	72	**1,015**	1,150	**1,669**	433	**230**	—	**2,914**	1,583
Non-executive Directors														
J A Nettleton	**44**	44	**—**	—	**—**	—	**44**	44	**—**	—	**—**	—	**44**	44
M A Ziff	**44**	44	**—**	—	**—**	—	**44**	44	**—**	—	**—**	—	**44**	44
H T Stanton[c]	**44**	11	**—**	—	**—**	—	**44**	11	**—**	—	**—**	—	**44**	11
	132	99	**—**	—	**—**	—	**132**	99	**—**	—	**—**	—	**132**	99
	1,112	1,177	**—**	—	**35**	72	**1,147**	1,249	**1,669**	433	**230**	—	**3,046**	1,682

Notes
(a) Part year to date of resignation on 30 November 2009
(b) Part year from date of appointment on 12 April 2010
(c) Part year from date of appointment on 23 April 2009

Audited information continued

Directors' interest in shares

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

		30 June 2010 Number	30 June 2009 Number
E M Ziff	Beneficial	**5,817,644**	5,915,296
	Non-beneficial	**19,570,718**	19,355,718
R A Lewis	Beneficial	**315,059**	352,459
J A Nettleton	Beneficial	**36,000**	36 634
M A Ziff	Beneficial	**3,347,312**	3 447 946
	Non-beneficial	**13,430,000**	13 230 782
H T Stanton	Beneficial	**5,000**	2,500
C J Kelly	Beneficial	**10,000**	—

The above non-beneficial interest disclosures include 1 887 094 ordinary shares over which a power of attorney has been granted by M E Ziff jointly to E M Ziff and M A Ziff for personal estate management reasons and 3,030,307 ordinary shares over which a power of attorney has been granted by A L Manning to E M Ziff for personal estate management reasons Non-beneficial holdings include shares held in Trust and under powers of attorney

E M Ziff R A Lewis, J A Nettleton, M A Ziff and H T Stanton are directors of TCS Trustees Limited, Trustee for the shares that are required for the All Employee Share Incentive Plan At 30 June 2010, TCS Trustees Limited held 99 833 ordinary shares (2009 90,432) on behalf of all participants including those share awards of Executive Directors shown above

E M Ziff – granted security over 1,985,000 ordinary shares

M A Ziff – granted security over 2,160 000 ordinary shares

Executive Share Option Schemes

The Executive Directors have no outstanding share options

Options that lapsed in the year under the 1997 Approved Scheme amounted to 9,009 shares and under the 2007 Unapproved Scheme 144,000 shares

By order of the Board

A E McGOOKIN
Secretary
14 September 2010

Independent auditor's report

to the members of Town Centre Securities PLC

We have audited the consolidated financial statements of Town Centre Securities PLC for the year ended 30 June 2010 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union

Respective responsibilities of directors and auditors

As explained more fully in the Directors Responsibilities Statement, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the group financial statements in accordance with applicable law and International Standards on Auditing (United Kingdom and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the group financial statements

- give a true and fair view of the state of the group's affairs as at 30 June 2010 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

- the information given in the Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements, and
- the information given in the Corporate Governance Statement with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following

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

- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- a corporate governance statement has not been prepared by the parent company

Under the Listing Rules we are required to review

- the directors' statement, in relation to going concern, and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review

Other matter

We have reported separately on the parent company financial statements of Town Centre Securities PLC for the year ended 30 June 2010 and on the information in the Directors Remuneration Report that is described as having been audited

S DENISON (SENIOR STATUTORY AUDITOR)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
14 September 2010

Consolidated income statement

for the year ended 30 June 2010

	Notes	2010 £000	2009 £000
Gross revenue	4	**22,951**	27 286
Property expenses	5	**(4,265)**	(3 707)
Net revenue		**18,686**	23,579
Administrative expenses	6	**(6,098)**	(5,744)
Other income	9	**796**	501
Loss on disposal of investment properties		**(338)**	(9,178)
Profit on disposal of other fixed assets		**3**	21
Profit on repurchase of debenture stock		**8,956**	—
Profit on disposal of shares in joint venture		**—**	860
Loss on disposal of listed investments		**—**	(3 374)
Valuation movement on investment properties	15	**25,441**	(106,113)
Impairment loss on development properties	15	**(45)**	(1,620)
Operating profit/(loss)		**47,401**	(101 068)
Finance income	10	**62**	303
Finance costs	10	**(7,615)**	(11,012)
Share of post tax losses from joint ventures	16	**(553)**	(835)
Profit/(loss) before taxation		**39,295**	(112,612)
Taxation credit	11	**273**	1 048
Profit/(loss) for the year attributable to equity holders of the Company		**39,568**	(111,564)
Earnings/(loss) per ordinary share of 25p each	14		
Basic		**74.6p**	(210 3p)
Diluted		**74.6p**	(210 2p)
Underlying (non-GAAP measures)		**14.8p**	14 8p
Dividends per ordinary share	12		
Paid during the period		**8.42p**	8 15p
Proposed		**7.34p**	5 40p

Consolidated statement of comprehensive income

for the year ended 30 June 2010

	Notes	2010 £000	2009 £000
Profit/(loss) for the financial period		**39,568**	(111,564)
Other comprehensive income/(expense)			
Revaluation gains/(losses) on cash flow hedges		**548**	(780)
Revaluation gains/(losses) on other investments	17	**50**	(2,269)
Total comprehensive income/(expense) for the year		**40,166**	(114 613)

All recognised income/(expense) for the year is attributable to equity shareholders The Notes on pages 36 to 54 are an integral part of these Group Financial Statements

Consolidated balance sheet

as at 30 June 2010

	Notes	2010 £000	2009 £000
Non-current assets			
Investment properties	15	**276,760**	258 535
Development properties	15	**13,333**	14,389
Fixtures equipment and motor vehicles	15	**670**	635
Investments in joint ventures	16	**2,495**	2,562
Unamortised tenant lease incentives		**1,514**	1,276
Total non-current assets		**294,772**	277 397
Current assets			
Investments	17	**559**	509
Non-current assets held for sale		**892**	11,700
Trade and other receivables	18	**4,207**	3,354
Restricted cash	19	**—**	18,825
Total current assets		**5,658**	34 388
Total assets		**300,430**	311,785
Current liabilities			
Financial liabilities – borrowings	21	**(784)**	(8 681)
Trade and other payables	20	**(11,643)**	(11 693)
Fair value of derivative	22	**(74)**	(622)
Current tax liabilities		**(3,162)**	(3,205)
Total current liabilities		**(15,663)**	(24 201)
Net current (liabilities)/assets		**(10,005)**	10 187
Non-current liabilities			
Non-current tax liabilities		**(1,318)**	(3 907)
Financial liabilities – borrowings	21	**(140,537)**	(176 475)
Total non-current liabilities		**(141,855)**	(180,382)
Total liabilities		**(157,518)**	(204,583)
Net assets		**142,912**	107,202
Shareholders' equity			
Called up share capital	26	**13,290**	13,287
Share premium account		**198**	185
Other reserves		**485**	(63)
Retained earnings		**128,939**	93,793
Total equity		**142,912**	107,202
Net assets per share		**269p**	202p

Approved by the Board

E M ZIFF
Chairman and Chief Executive
14 September 2010

C J KELLY
Finance Director
14 September 2010

Consolidated statement of changes in equity

as at 30 June 2010

	Share capital £'000	Share premium account £'000	Hedging reserve[1] £'000	Capital redemption reserve[1] £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2008	13,287	185	158	559	208,822	223,011
Loss for the year	—	—	—	—	(111,564)	(111,564)
Other comprehensive expense						
Revaluation losses on cash flow hedge	—	—	(780)	—	—	(780)
Revaluation losses on other investments	—	—	—	—	(2,269)	(2,269)
Total comprehensive expense for the year ended 30 June 2009	—	—	(780)	—	(113,833)	(114 613)
Other adjustments	—	—	—	—	6	6
Reversal of historic loss on revaluation of investments recognised in loss for year	—	—	—	—	3,130	3,130
Final dividend relating to the year ended 30 June 2008 paid in December 2008	—	—	—	—	(2 870)	(2 870)
Interim dividend relating to the year ended 30 June 2009 paid in June 2009	—	—	—	—	(1 462)	(1 462)
	—	—	—	—	(1,196)	(1 196)
Balance at 30 June 2009	13 287	185	(622)	559	93,793	107,202
Balance at 1 July 2009	13 287	185	(622)	559	93,793	107,202
Profit for the year	—	—	—	—	39 568	39,568
Other comprehensive income						
Revaluation gains on cash flow hedge	—	—	548	—	—	548
Revaluation gains on other investments	—	—	—	—	50	50
Total comprehensive income for the period ended 30 June 2010	—	—	548	—	39,618	40,166
Issued on take up of share options	3	13	—	—	—	16
Other adjustments	—	—	—	—	3	3
Final dividend relating to the year ended 30 June 2009 paid in December 2009	—	—	—	—	(2 870)	(2,870)
Interim dividend relating to the year ended 30 June 2010 paid in March 2010	—	—	—	—	(1,605)	(1 605)
	3	13	—	—	(4,472)	(4,456)
Balance at 30 June 2010	**13,290**	**198**	**(74)**	**559**	**128,939**	**142,912**

[1] Other reserves on the Balance Sheet consist of hedging reserve and capital redemption reserve in the table above

Consolidated cash flow statement

for the year ended 30 June 2010

	Notes	2010 £000	2010 £000	2009 restated £000	2009 restated £000
Cash flows from operating activities					
Cash generated from operations	27		**13,575**		14 918
Interest paid			**(7,782)**		(11 023)
Interest received			**9**		64
Tax received			**—**		13
Net cash generated from operating activities			**5,802**		3,972
Cash flows from investing activities					
Purchases and refurbishment of investment properties		**(4,919)**		(10,614)	
Property development		**(105)**		(647)	
Purchases of plant and equipment		**(196)**		(412)	
REIT entry charge instalment payment		**(2,359)**		(2,656)	
Proceeds from sale of investment properties		**22,657**		47,023	
Proceeds from sale of shares in joint venture		**—**		3,366	
Proceeds from sale of development property		**161**		—	
Proceeds from sale of machinery, plant and equipment		**19**		197	
Proceeds from sale of investments		**—**		716	
Dividends received from joint venture		**100**		100	
(Increased)/repayment of loan to joint ventures		**(586)**		9,153	
Net cash generated from investing activities			**14,772**		46 226
Cash flows from financing activities					
Proceeds from issue of share capital		**16**		—	
Proceeds from other non-current borrowings		**8,000**		—	
Repayment of other non-current borrowings		**—**		(31 000)	
Release/(restriction) of cash held against debenture	19	**18,825**		(18 825)	
Re-purchase of debenture stock		**(35,043)**		—	
Dividends paid to shareholders		**(4,475)**		(4 334)	
Net cash used in financing activities			**(12,677)**		(54 159)
Net increase/(decrease) in cash and cash equivalents			**7,897**		(3,961)
Cash and cash equivalents at 1 July			**(8,681)**		(4 720)
Cash and cash equivalents at 30 June	21		**(784)**		(8,681)

The Cash Flow Statement should be read in conjunction with Note 27

Notes to the consolidated accounts

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 2010 comprise the Company and its subsidiaries (together referred to as the 'Group) The address of its registered office is Town Centre House The Merrion Centre Leeds LS2 8LY

Basis of preparation

Statement of compliance

The Consolidated Financial Statements of Town Centre Securities PLC have been prepared in accordance with International Financial Reporting Standards ('IFRSs") as issued by the International Accounting Standards Board ("IASB")

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 investment property

The preparation of financial statements in conformity with IFRSs 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 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

At the date of authorisation of these Consolidated Financial Statements, the following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2009 but they have not had a significant impact on the Group or Company

- IAS 1 (revised) 'Presentation of Financial Statements',
- IFRS 2 (amendment) 'Share-based Payment'
- IFRS 3 (revised) 'Business Combinations and consequential amendments to IAS 27 'Consolidated and Separate Financial Statements', IAS 28 Investments in Associates', IAS 31 'Interests in Joint Ventures' and IAS 38 (amendment) 'Intangible Assets
- IFRS 7 'Financial Instruments – Disclosures' (amendment),
- IFRS 8 'Operating Segments', and
- IAS 23 (revised) 'Borrowing Costs

The following new interpretations are mandatory for the first time for the financial year beginning 1 July 2009 but are not currently relevant to the Group or Company

- IFRIC 13 'Customer Loyalty Programmes',
- IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction',
- IFRIC 15 'Agreements for the Construction of Real Estate',
- IFRIC 16 'Hedges of a Net Investment in a Foreign Operation'
- IFRIC 17 'Distributions of Non-Cash Assets to Owners , and
- IFRIC 18 'Transfers of Assets from Customers'

The following new standards and amendments have been issued but are not effective for the financial year beginning 1 July 2009 have not been adopted early and are not expected to have a material impact on the Group or Company's financial statements

- IAS 1 (amendment) Presentation of Financial Statements',
- IAS 24 (amendment) Related Party Disclosures',
- IAS 32 (amendment) 'Financial Instruments Presentation on Classification or Rights Issues'
- IFRS 2 (amendments) 'Group Cash-settled Share-based Payment Transaction and
- IFRS 5 (amendment) 'Non-current Assets Held for Sale and Discontinued Operations'

1 Accounting policies continued

Basis of preparation continued

Preparation of the Consolidated Financial Statements continued

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

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

The Board considers that it has adequate financial resources (as set out in Note 21) tenants with appropriate leases and covenants and properties of sufficient quality to enable it to conclude that it is well placed to manage its business risks in the current economic climate The Directors have therefore concluded that the Company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the Annual Financial Statements

Consolidation

(a) Subsidiaries

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

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

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

(b) Joint ventures

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

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

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

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

Segment reporting

A business 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

A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments

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

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

Foreign currency translation

Functional and presentation currency

Items included in the Consolidated Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency) The Consolidated Financial Statements are presented in Sterling which is the Group's functional and presentational currency

Investment properties

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

Notes to the consolidated accounts continued

1 Accounting policies continued
Investment properties continued
After initial recognition investment property is carried at fair value, based on market values It is then determined annually by independent external valuers or held at Directors valuation if appropriate The surplus or deficit arising from these valuations is included in the Income Statement When an existing investment property is redeveloped for continued future use as an investment property, it remains an investment property whilst in development

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

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

Property that is being constructed or developed for future use as an investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified at fair value and subsequently accounted for as investment 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 at the beginning of the period and is recognised in the Income Statement of the period during which the sale becomes unconditional In circumstances where the exchange of contracts and the completion of the disposal fall on either side of the balance sheet date, the asset is re-classified as a current asset in the Balance Sheet

Property, plant and equipment
(a) Development property
Development properties are stated at cost Cost includes expenditure that is directly attributable to the acquisition of the assets

Subsequent expenditure is included in the asset's carrying amount or recognised as a separate asset, as appropriate, 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 Other repair and maintenance expenditures are charged to the Income Statement during the financial period in which they are incurred

Interest incurred on development projects is only capitalised on all qualifying assets that are large new build developments and major refurbishments to the extent that they are capital in nature A property ceases to be treated as being in the course of development when substantially all the activities that are necessary to prepare the property for use are complete

Once a development property becomes income generating it is transferred at fair value, to investment properties

Freehold land held for development is not depreciated

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

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

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

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

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

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories They are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date

Purchases and sales of investments are recognised on the trade date which is the date the Group commits to purchase or sell the asset Investments are initially recognised at fair value plus transaction costs Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership Available-for-sale financial assets are subsequently carried at fair value The fair values of listed investments are based on current bid prices Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity When securities classified as available-for-sale are sold the accumulated fair value adjustments are included in the Income Statement as gains and losses from investment securities

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

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

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

(b) A Group company is the lessor
Properties leased to third parties under operating leases are included in investment property in the Balance Sheet

Unamortised tenant lease incentives
Leasehold incentives given to tenants on entering property leases are currently recognised as unamortised lease incentives on the Balance Sheet and are amortised to the Income Statement over the term of the lease

Trade receivables
Trade receivables are recognised initially at fair value and are subsequently measured 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 Income Statement

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

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

Cash and cash equivalents
Cash and cash equivalents are carried in the 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

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

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

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

Derivative financial instruments (derivatives) and hedge accounting
The Group uses interest rate swaps to help manage its interest rate risk In accordance with its treasury policy, the Group does not hold or issue derivatives for trading purposes

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

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

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

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

1. Accounting policies continued

Taxation

The tax charge in the Income Statement comprises tax currently payable

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

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

(a) Deferred income tax

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

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

(b) Current tax

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

Employee benefits

(a) Pension arrangements

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 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

(b) Share-based compensation

Share options granted before 7 November 2002

In accordance with IFRS 2 no expense is recognised in respect of these options The shares are recognised when the options are exercised and the proceeds received are allocated between share capital and share premium

Share options granted after 7 November 2002 and vested after 1 July 2004

The Group operates equity-settled, share-based compensation plans The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the Income Statement over the vesting period of the options

The fair value of employee share option plans is calculated using the Black-Scholes pricing model At each balance sheet date, the Group revises its estimate of the number of options that are expected to become exercisable It recognises the impact of the revision of original estimates, if any in the Income Statement with a corresponding adjustment to equity

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised

Non-recurring items

Significant transactions which occur outside the normal scope of business are classified as non-recurring items

Revenue recognition

(a) Rental income

Revenue comprises the fair value of rental income and management charges from properties (net of value added tax)

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

(b) Car park income

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

(c) Interest income

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

(d) Other income

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

1. Accounting policies continued

Revenue recognition continued

(e) Service charge income

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

Dividend distribution

Dividend distribution to the Company's shareholders is recognised in the Group s Financial Statements in the period in which the dividends are paid

Financial risk management

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

(a) Credit risk

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

(b) Liquidity risk

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

(c) Cash flow and fair value interest rate risk

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

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows Interest costs may increase as a result of such changes They may reduce 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

The Group's interest rate swap fixing £40m of borrowings at 6 44% inclusive of margin, expired on 18 October 2009 The hedge was deemed highly effective based on a calculation applying the interest rate change to the variable rate borrowings net of interest rate swaps periodically throughout the year

At 30 June 2010 75 6% (2009 100%) of the Group s borrowings were protected against the future interest rate volatility either through fixed rate borrowings or by using interest rate swaps to protect floating rate borrowings

(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

2 Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future The resulting accounting estimates will by definition seldom equal the related actual results The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below

Fair value of investment properties

Investment properties are revalued at fair value by independent external valuers Jones Lang LaSalle and CB Richard Ellis each year at 30 June Other investment properties are revalued at fair value by the Directors

The valuations are based on the application of RICS Practice Statements and take into account evidence of market values of similar properties and the lettings obtained on the properties

Income taxes

Some of the Group's operations are subject to income taxes in the United Kingdom Significant estimates are required in determining the provision for income taxes There are some transactions and calculations for which the ultimate tax determination is uncertain The Group recognises liabilities for anticipated queries by the tax authorities based on estimates of whether additional taxes will be due Where the final tax outcome of these matters is different for the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made

Notes to the consolidated accounts continued

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

Segment assets

	2010 £000	2009 £000
Property rental	**286,510**	298,427
Car park operations	**13,920**	13 358
	300,430	311,785

Segment liabilities

	2010 £000	2009 £000
Property rental	**160,455**	205,762
Car park operations*	**(2,937)**	(1 179)
	157,518	204,583

*The car park business had positive cash balances which reduced Group bank borrowings to the Consolidated Balance Sheet figure

Segmental results

	2010			2009		
	Property rental £000	**Car park operations £000**	**Total £000**	Property rental £000	Car park operations £000	Total £000
Gross revenue	**18,211**	**4,740**	**22,951**	22,577	4,709	27 286
Property expenses	**(2,249)**	**(2,016)**	**(4,265)**	(1,713)	(1,994)	(3 707)
Net revenue	**15,962**	**2,724**	**18,686**	20,864	2,715	23,579
Administrative expenses	**(5,928)**	**(170)**	**(6,098)**	(5,686)	(58)	(5 744)
Other income	**796**	**—**	**796**	501	—	501
Property valuation movement	**24,896**	**500**	**25,396**	(104 995)	(2,738)	(107,733)
Profit on disposal of shares in joint venture	**—**	**—**	**—**	—	860	860
Other exceptional items	**8,621**	**—**	**8,621**	(12,531)	—	(12,531)
Operating profit/(loss)	**44,347**	**3,054**	**47,401**	(101 847)	779	(101,068)
Finance income	**62**	**—**	**62**	234	69	303
Finance costs	**(7,615)**	**—**	**(7,615)**	(11 012)	—	(11 012)
Share of post tax (losses)/profits from joint ventures	**(553)**	**—**	**(553)**	(850)	15	(835)
Profit/(loss) before taxation	**36,241**	**3,054**	**39,295**	(113,475)	863	(112 612)
Taxation credit/(charge)	**153**	**120**	**273**	1 097	(49)	1,048
Profit/(loss) for the year	**36,394**	**3,174**	**39,568**	(112,378)	814	(111,564)

4. Gross revenue

	2010 £000	2009 £000
Rental income from investment properties	**18,211**	22,577
Income from car park activities	**4,740**	4,709
	22,951	27 286

5 Property expenses

	2010 £000	2009 £000
Car park expenses	**1,970**	1 892
Depreciation	**46**	102
Other	**2,249**	1 634
Non-recurring items		
– Exceptional lease premiums paid	**—**	353
– Release of provision for void costs arising from tenant administration	**—**	(274)
	4,265	3 707

6 Administrative expenses

	2010 £000	2009 £000
Remuneration	**3,143**	3 824
Depreciation	**92**	137
Charitable donations	**53**	258
Other	**1,217**	1,525
Non-recurring items		
– Exceptional pension contribution	**1,365**	—
– Staff severance costs	**228**	—
	6,098	5,744

The Income Statement charge for share-based payments in accordance with IFRS 2 is not material

7 Services provided by the Group's external auditor

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

	2010 £000	2009 £000
Audit services		
– Fees payable to the Group auditor for the audit of the Consolidated Financial Statements (Company – 2010 £22,000, 2009 £24,500)	**35**	42
Fees payable to the Group's auditor and its associates for other services		
Audit of the Company s subsidiaries pursuant to legislation	**5**	7
Other services relating to taxation		
– Compliance	**51**	51
– Advisory	**54**	133
– Adjustment relating to prior years	**(53)**	—
All other services	**—**	2
Total other services	**57**	193
Total auditor's remuneration	**92**	235

In addition to the above services the Group's auditor acted as auditor to the staff pension plan The aggregate fees paid to the Group's auditor for audit services to the pension scheme during the year was £3 350 (2009 £3 000)

8 Employee benefits

	2010 £000	2009 £000
Wages and salaries (including Directors' emoluments and severance costs)	**2,866**	2 798
Social security costs	**268**	378
Other pension costs	**1,602**	648
	4,736	3 824

Employee benefits detailed above are charged to the Income Statement through administrative expenses and include equity-based remuneration as disclosed in Note 6 to these Accounts

Disclosures required by the Companies Act 2006 on Directors' remuneration, including salaries, share options, pension contributions and pension entitlement are included on pages 26 to 29 in the Directors Remuneration Report and form part of these Consolidated Financial Statements

The average monthly number of administration staff employed during the year was 98 (2009 104)

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

Included in other pension costs is an exceptional charge of £1 4m in respect of the agreement with certain of the Directors to end the Company's defined contribution arrangement which had targeted a pension of two thirds of final salary The Company will now contribute a fixed percentage of salary for all eligible Directors

Notes to the consolidated accounts continued

9 Other Income

	2010 £000	2009 £000
Commission received	**130**	123
Dividends received	**16**	35
Management fees receivable	**228**	162
Dilapidations receipts and income relating to lease premiums	**325**	72
Other	**97**	109
	796	501

10 Finance costs/(income)

	2010 £000	2009 £000
Interest expense		
Interest and amortisation of debenture loan stock	**5,966**	8 078
Interest payable on bank borrowings	**1,370**	3,281
Interest capitalised (2009 6 625%)	**—**	(677)
Interest payable on corporation tax	**56**	79
Other finance costs	**223**	251
Total finance costs	**7,615**	11,012
Interest income		
Interest income on loan to joint venture	**(53)**	(239)
Other interest receivable	**(9)**	(64)
Total finance income	**(62)**	(303)

11. Taxation

	2010 £000	2009 £000
Analysis of tax credit in period		
Current tax		
– Current year	**—**	170
– Adjustment in respect of previous years	**(273)**	(1,218)*
Total taxation	**(273)**	(1,048)

* Of the total 2009 adjustment, £1,012,000 relates to the release of tax provisions made in previous years

Taxation for the period is lower (2009 higher) than the standard rate of corporation tax in the United Kingdom of 28% The differences are explained below

	2010 £000	2009 £000
Profit/(loss) on ordinary activities before tax	**39,295**	(112,612)
Profit/(loss) on ordinary activities multiplied by rate of corporation tax in the United Kingdom of 28% (2009 28%)	**11,003**	(31 531)
Effects of		
Adjustments to tax in respect of prior year	**(273)**	(1,218)
Losses not utilised in year	**—**	670
Utilisation of brought forward losses	**(1,854)**	—
United Kingdom REIT tax exemption on net income before revaluations	**(2,193)**	628
United Kingdom REIT tax exemption on revaluations	**(7,111)**	30 165
Profit on joint ventures already taxed/losses not utilised	**155**	238
Total taxation	**(273)**	(1 048)

11 Taxation continued

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 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

12 Dividends

	2010 £000	2009 £000
2008 final paid 5 4p per 25p share	—	2,870
2009 interim paid 2 75p per 25p share	—	1,462
2009 final paid 5 4p per 25p share	**2,870**	—
2010 interim paid 3 02p per 25p share	**1,605**	—
	4,475	4 332

The Directors are proposing a final dividend in respect of the financial year ended 30 June 2010 of 7 34p per share, which will absorb an estimated £3 902 000 of shareholders' funds This dividend will comprise an ordinary dividend of 0 11p per share and a Property Income Distribution ("PID") of 7 23p per share and will be paid on 5 January 2011 to shareholders who are on the Register of Members on 10 December 2010

13 Underlying profit

To assist shareholders in understanding the underlying results and compare to those results in previous accounting periods, adjustments made to profit/(loss) before taxation are

	2010 £000	2009 £000
Profit/(loss) before taxation	**39,295**	(112,612)
Less valuation movement on investment properties	**(25,441)**	106,113
Less profit on repurchase of debenture stock	**(8,956)**	—
Less profit on disposal of other fixed assets	**(3)**	(21)
Less profit on disposal of shares in joint venture	—	(860)
Less release of provision for tenant administration	—	(274)
Add exceptional pension contribution	**1,365**	—
Add revaluation deficit – joint ventures	**726**	927
Add loss on disposal of investment properties	**338**	9 178
Add staff severance costs	**228**	—
Add impairment loss on valuation of development property	**45**	1 620
Add tax on joint ventures	**22**	30
Add loss on disposal of listed investments	—	3,374
Add exceptional surrender premium	—	353
Underlying profit	**7,619**	7,828

14 Earnings per share ("EPS")

	2010			2009		
	Earnings £000	**Weighted average number of shares 000**	**Earnings per share Pence**	(Loss)/ earnings £000	Weighted average number of shares 000	(Loss)/ earnings per share Pence
Basic EPS						
Earnings/(loss) and earnings/(loss) per share	**39,568**	**53,055**	**74 6**	(111 564)	53,062	(210 3)
Effect of dilutive securities						
Options	**—**	**6**	**—**	—	4	—
Diluted EPS	**39,568**	**53,061**	**74.6**	(111,564)	53 066	(210 2)
Basic EPS	**39,568**	**53,055**	**74 6**	(111,564)	53,062	(210 3)
Release of exceptional tax provision relating to prior years	**—**	**—**	**—**	(1,012)	—	(1 9)
Loss on disposal of properties	**338**	**—**	**0.6**	9 178	—	17 3
Loss on disposal of listed investments	**—**	**—**	**—**	3,374	—	6 4
Profit on repurchase of debenture stock	**(8,956)**	**—**	**(16.9)**	—	—	—
Exceptional pension contribution	**1,365**	**—**	**2 6**	—	—	—
Profit on disposal of shares in joint venture	**—**	**—**	**—**	(860)	—	(1 6)
Valuation movement on investment properties	**(25,441)**	**—**	**(48 0)**	106 113	—	200 0
Impairment loss on development properties	**45**	**—**	**0 1**	1 620	—	3 0
Revaluation movement on investment properties in joint ventures	**726**	**—**	**1 4**	927	—	1 7
Exceptional surrender premium	**—**	**—**	**—**	353	—	0 7
Release of provision for tenant administration	**—**	**—**	**—**	(274)	—	(0 5)
Staff severance costs	**228**	**—**	**0.4**	—	—	—
Underlying EPS	**7,873**	**53,055**	**14.8**	7,855	53 062	14 8
Diluted EPS	**39,568**	**53,061**	**74 6**	(111 564)	53,066	(210 2)
Release of exceptional tax provision relating to prior years	**—**	**—**	**—**	(1 012)	—	(1 9)
Loss on disposal of properties	**338**	**—**	**0 6**	9,178	—	17 3
Loss on disposal of listed investments	**—**	**—**	**—**	3,374	—	6 3
Profit on repurchase of debenture stock	**(8,956)**	**—**	**(16 9)**	—	—	—
Exceptional pension contribution	**1,365**	**—**	**2.6**	—	—	—
Profit on disposal of shares in joint venture	**—**	**—**	**—**	(860)	—	(1 6)
Valuation movement on investment properties	**(25,441)**	**—**	**(47.9)**	106,113	—	200 0
Impairment loss on development properties	**45**	**—**	**0 1**	1 620	—	3 0
Revaluation movement on investment properties in joint ventures	**726**	**—**	**1 4**	927	—	1 7
Exceptional surrender premium	**—**	**—**	**—**	353	—	0 7
Release of provision for tenant administration	**—**	**—**	**—**	(274)	—	(0 5)
Staff severance costs	**228**	**—**	**0 4**	—	—	—
Diluted underlying EPS	**7,873**	**53,061**	**14.8**	7,855	53,066	14 8

Underlying earnings and earnings per share have been disclosed in order that the effects of disposal losses, revaluation movements and non-recurring items can be fully appreciated

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding those held in the employee share trust which are treated as cancelled

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares The Group has three classes of dilutive potential ordinary shares those under the Executive Share Option Plan, the Share Incentive Plan and the Save As You Earn Scheme

15. Tangible fixed assets
(a) Investment properties

	Freehold £000	Long leasehold £000	Total £000
Valuation at 1 July 2008	402 716	19 697	422,413
Investment property refurbishment	9,966	169	10,135
Disposals	(55,345)	(856)	(56,201)
Decrease in value on revaluation	(102 622)	(3,490)	(106 112)
Transfer to non-current assets held for sale	(11 700)	—	(11 700)
Valuation at 30 June 2009	243 015	15,520	258,535
Valuation at 1 July 2009	243 015	15 520	258,535
Investment property refurbishment	2 247	—	2,247
Additions	1,832	—	1 832
Disposals	(11,295)	—	(11 295)
Increase/(decrease) in value on revaluation	25 991	(550)	25,441
Valuation at 30 June 2010	**261,790**	**14,970**	**276,760**

Certain investment properties including operational car parks have been revalued as at 30 June 2010 on the basis of open market value by Jones Lang LaSalle and CB Richard Ellis at £272 460,000 (2009 £265,905,000) in accordance with the Royal Institution of Chartered Surveyors Appraisal and Investment Manual Certain other freehold properties have been valued at £4,300,000 by the Directors (2009 £4 330,000)

The Directors' valuation of residential property acquired for potential development and industrial property is supported by market evidence available as at 30 June 2010

Investment properties are analysed as follows

	2010 £000	2009 £000
Investment property (externally valued)	**272,460**	265,905
Less externally valued properties transferred to current assets	**—**	(11 700)
Residential property acquired for potential development	**3,804**	3 804
Industrial property	**496**	526
	276,760	258,535

(b) Development properties

	£000
Cost at 1 July 2008	15 715
Additions	294
Impairment	(1 620)
Cost at 30 June 2009	14,389
Cost at 1 July 2009	14 389
Additions	42
Disposals	(161)
Impairment	(45)
Transfer to non-current assets held for sale	(892)
Cost at 30 June 2010	**13,333**

The Directors have considered the valuation of development properties in light of current market conditions and have taken an impairment where market value is considered lower than cost

15 Tangible fixed assets continued
(c) Fixtures, equipment and motor vehicles

	Cost £000	Accumulated depreciation £000
At 1 July 2008	2,455	1,812
Additions	412	—
Disposals	(431)	(255)
Depreciation	—	244
At 30 June 2009	2,436	1 801
Net book value at 30 June 2009		635
At 1 July 2009	2,436	1 801
Additions	196	—
Disposals	(45)	(30)
Depreciation	—	146
At 30 June 2010	**2,587**	**1,917**
Net book value at 30 June 2010		**670**

The net book value of property plant and equipment includes £nil (2009 £0 7m) in respect of borrowing costs capitalised during the year (Note 10)

16. Investments in joint ventures

	2010 £000	2009 £000
Interest in joint ventures		
Opening balance		
Net assets	**659**	4,100
Loans	**1,903**	11 056
	2,562	15,156
Shares disposed of in year	**—**	(2,506)
Share of losses after tax	**(553)**	(835)
Dividend paid in year	**(100)**	(100)
Loan movement in year	**586**	(9 153)
At 30 June 2010		
Total investment	**2,495**	2 562

The Group's share of the joint ventures' net assets are as stated below

	2010 £000	2009 £000
Long-term assets	**8,189**	5,482
Current assets	**560**	306
Current liabilities	**(3,103)**	(1 276)
Long-term liabilities	**(3,151)**	(1 950)
Group's share of joint ventures' net assets	**2,495**	2,562

The Group's share of the joint ventures' post tax losses are as stated below

	2010 £000	2009 £000
Income	**1,164**	422
Expenses	**(970)**	(300)
Tax	**(22)**	(30)
	172	92
Decrease in revaluation of investment properties	**(725)**	(927)
Share of post tax losses from joint ventures	**(553)**	(835)

The results of the joint ventures have been included in the Group accounts based on the Financial Statements drawn up for the year ended 30 June 2010

16 Investments in joint ventures continued

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

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

	Proportion of ordinary shares held %	Activity
Dundonald Property Developments Limited	50	Property investment
Dundonald Property Investments Limited	50	Property investment
Dundonald (Cumbernauld) Limited	50	Property investment
Buckley Properties (Leeds) Limited	50	Property investment

17. Current asset investments

	2010 £000	2009 £000
At 1 July 2009	**509**	3 730
Disposals	**—**	(952)
Increase/(decrease) in value of investments	**50**	(2 269)
At 30 June 2010	**559**	509

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 £1,058,536 (2009 £1,058,536)

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

18. Trade and other receivables

	2010 £000	2009 £000
Trade receivables	**3,412**	4 081
Less provision for impairment of receivables	**(588)**	(1 588)
Trade receivables – net	**2,824**	2 493
Other receivables and prepayments	**1,383**	861
	4,207	3 354

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

As at 30 June 2010, net trade receivables can be analysed as follows

			Outside credit terms but not impaired		
	Total £000	Within credit terms £000	Less than one month £000	One to two months £000	Older than two months £000
2010	**2,824**	**2,590**	**123**	**109**	**2**
2009	2,493	2 227	89	77	100

18. Trade and other receivables continued
Movements in the Group provision for impairment of trade receivables are as follows

	2010 £000	2009 £000
At 1 July 2009	**1,588**	491
Provision for receivables impairment	**159**	1,259
Receivables written off as uncollectible	**(1,121)**	(145)
Unused amounts reversed	**(38)**	(17)
At 30 June 2010	**588**	1 588

The creation and release of the provision for impaired receivables have been included in gross revenue in the Income Statement

The ageing of the provision is as follows

	Total £000	Less than one month £000	One to two months £000	Older than two months £000
2010	**588**	**11**	**24**	**553**
2009	1,588	111	108	1 369

The decrease compared to the prior year relates predominantly to writing off the debt of a tenant in administration As at 30 June 2009 the provision against this particular debt was £1 1m

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 consideration of appropriate economic market indicators

19. Restricted cash
At 30 June 2009 £18 8m cash was held as security against the debenture, following the disposal of certain charged properties Following the debenture stock re-purchase in August 2009 the funds were no longer restricted

20 Trade and other payables – current

	2010 £000	2009 £000
Trade payables	**598**	424
Social security and other taxes	**2,735**	1 120
Other payables and accruals	**8,310**	10,149
	11,643	11 693

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

	2010 £000	2009 £000
Non-current		
Bank borrowings	**34,867**	26,821
5 375% First mortgage debenture stock	**105,670**	149 654
	140,537	176,475
Current		
Overdraft and money market facility	**784**	8 681
Total borrowings	**141,321**	185,156

The debenture, bank loans and overdrafts are secured by fixed charges on properties, valued at £284,510,000 (2009 £262,395,000) owned by the Company and its subsidiary undertakings

During the year the Company repurchased £43 8m of debenture stock for cancellation

21 Financial liabilities – borrowings continued

The maturity profile of the Group's financial liabilities is set out below

	2010			2009		
	Bank borrowings £000	**Debenture stock £000**	**Total £000**	Bank borrowings £000	Debenture stock £000	Total £000
In one year or less or on demand	**784**	**—**	**784**	8 681	—	8 681
In more than one year but not more than five years	**37,078**	**—**	**37,078**	28,250	—	28,250
In more than five years	**—**	**227,960**	**227,960**	—	330,644	330,644
	37,862	**227,960**	**265,822**	36 931	330 644	367 575
Term loan arrangement fee allocated to future periods	**(133)**	**—**	**(133)**	(179)	—	(179)
Debenture issue premium allocated to future periods	**—**	**(331)**	**(331)**	—	(346)	(346)
Gross financial liabilities	**37,729**	**227,629**	**265,358**	36 752	330,298	367 050

The debenture issue premium is net of issue costs and is amortised over the life of the debt agreement During the year £15 000 was debited to the profit and loss account (2009 £15 000) As at 30 June 2010 the unamortised element of the debenture issue discount amounted to £331,000 (2009 £346,000) The term loan arrangement fee is amortised over the term of the agreement During the year £46,000 was debited to the profit and loss account (2009 £46,000)

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

The Group has undrawn committed floating rate bank borrowing facilities as set out below

	2010 £000	2009 £000
Expiring in one year or less	**14,216**	6 319
Expiring in more than one year	**50,000**	75,000
	64,216	81 319

22 Financial instruments

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

Interest rate risk

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

	As at 30 June 2010			As at 30 June 2009		
	Nominal value £000	**Weighted average rate %**	**Weighted average period Years**	Nominal value £000	Weighted average rate %	Weighted average period Years
Debenture stock	**106,001**	**5 375**	**21.40**	150,000	5 375	22 40
Bank floating rate liabilities	**35,784**			35,681		
	141,785			185,681		

Floating rate financial liabilities bear interest at rates for term loans based on LIBOR plus an average margin of 1 33% and for the overdraft of 1 00% above base rate

Facilities provided by banks and other investors are a mixture of fixed rates and floating rate funding Floating rate borrowings are exposed to the risk of rising interest rates which the Group manages by the use of appropriate financial hedging instruments, primarily interest rate swaps Since 18 October 2009 the Group has taken advantage of low market rates of interest and has not used interest rate swaps

An increase in LIBOR by one percentage point would have reduced profit for the year by approximately £250,000 (2009 no material impact)

Notes to the consolidated accounts continued

22 Financial instruments continued

Financial instruments held for trading purposes

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

Foreign currency exposure

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

Effective interest rates

The effective interest rates at the balance sheet dates were as follows

	2010 %	2009 %
Bank overdraft and money market facility	**1 56**	1 55
Bank borrowings	**1 90**	6 44
Debenture loan	**5 375**	5 375

Fair values of current borrowings

The carrying amounts of current borrowings approximate to book value

Fair value of non-current borrowings

	2010		2009	
	Book value £000	**Fair value £000**	Book value £000	Fair value £000
Debenture stock	**105,670**	**85,704**	149 654	116 333
Long-term bank borrowings	**34,867**	**34,867**	26 821	26 821

The above debenture stock has been valued as at 30 June 2010 on the basis of open market value by J C Rathbone Associates The fair value of the interest rate swap (£600 000 expiring in 2013) has been calculated at £74 000 (deficit)

23. "Triple" net asset value per share

To assist shareholders in understanding the results, the table below shows how the "triple" net asset value was arrived at

	2010 £000	2009 £000
Closing net assets	**142,912**	107,202
Less debenture issue premium	**(331)**	(346)
Add debenture mark to market (after tax at nil%, 2009 nil%)	**20,297**	33 667
	162,878	140,523
Shares in issue (000)	**53,161**	53 149
"Triple" net asset value per share	**306p**	264p

24 Contingencies

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

25 Commitments

The Group has capital commitments of £60 000 (2009 £426 000) in respect of capital expenditure contracted for at the balance sheet date but not yet incurred, for investment and development property

26 Share capital

Authorised

164,879,000 (2009 164 879,000) ordinary shares of 25p each Nominal value of authorised share capital is £41,219,750 (2009 £41 219 750)

Issued and fully paid

Ordinary shares of 25p each	Number of shares 000	Nominal value £000
At 1 July 2008	53,149	13,287
At 30 June 2009	53 149	13 287
At 1 July 2009	53,149	13 287
Issued on take-up of options	12	3
At 30 June 2010	**53,161**	**13,290**

The Company operates three share option schemes in respect of ordinary shares Details are disclosed in the Directors Remuneration Report on page 26 and 27 which shows that most options were issued prior to 7 November 2002 The fair value of the options issued post 7 November 2002 is immaterial

The exercise of all options outstanding at 30 June 2010 would result in the issue of a further 5,533 ordinary shares analysed as follows

	Options outstanding at 30 June 2010 Number	Options outstanding at 30 June 2009 Number	Exercise dates	Exercise price Pence
1997 Executive Share Option Scheme	**5,533**	14,542	Apr 1 – Sep 12	66 5 – 545 5
Save As You Earn Schemes 1995–2002	—	11,533	Jul 1 – Aug 10	64 5 – 138 5
2007 Unapproved Executive Share Option Scheme	—	144,000	Dec 10 – Dec 17	365 0
	5,533	170,075		

27 Cash flow from operating activities

	2010 £000	2009 Restated £000
Profit/(loss) for the financial year	**39,568**	(111,564)
Adjustments for		
Tax credit	**(273)**	(1 048)
Depreciation	**146**	244
Loss on disposal of investment properties	**338**	9,178
Profit on repurchase of debenture stock	**(8,956)**	—
Profit on disposal of investment in joint venture	**—**	(860)
Profit on disposal of other fixed assets	**(3)**	(21)
Realised losses on disposal of listed investments	**—**	3,374
Finance income	**(62)**	(303)
Finance expense	**7,615**	11,012
Share of joint venture losses after tax	**553**	835
Movement in revaluation of investment properties	**(25,396)**	107,733
Increase in receivables	**(1,044)**	(52)
Increase/(decrease) in payables	**1,089**	(3 610)
Cash generated from operations	**13,575**	14,918

28 Related party transactions

Transactions between the Company and its subsidiaries which are related parties, have been eliminated on consolidation and are not disclosed in this note

M A Ziff is an executive director and E M Ziff and H T Stanton are non-executive directors of Two Years Ltd During the year the Group received rentals of £158 199 (2009 £36,881) for a property in The Merrion Centre and two properties in London At 30 June 2010 Town Centre Securities PLC was owed £1,325 (2009 £1,366)

Remuneration of key management personnel

The remuneration of the Directors who are the key management personnel of the Group is set out below in aggregate for each of the applicable categories specified in IAS 24 'Related party disclosures' Further information about the remuneration of individual Directors is provided in the audited part of the Directors Remuneration Report on pages 26 to 29

	2010 £000	2009 £000
Short-term employee benefits	**1,015**	1,328
Post-employment benefits	**1,669**	463
Compensation for loss of office	**230**	90
	2,914	1 881

The comparative includes £298 000 paid to directors who did not serve as directors in this financial year

Independent auditor's report

to the members of Town Centre Securities PLC

We have audited the parent company financial statements of Town Centre Securities PLC for the year ended 30 June 2010 which comprise the Parent Company Balance Sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the parent company financial statements in accordance with applicable law and International Standards on Auditing (United Kingdom and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the parent company financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2010,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Directors' Report for the financial year for which the parent company financial statements are prepared is consistent with the parent company financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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

Other matter

We have reported separately on the group financial statements of Town Centre Securities PLC for the year ended 30 June 2010

S DENISON (SENIOR STATUTORY AUDITOR)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
14 September 2010

Company balance sheet

as at 30 June 2010

	Notes	2010 £000	2009 £000
Fixed assets			
Tangible assets	4	**55,736**	58,433
Investments	5, 6	**253,915**	323,258
		309,651	381,691
Current assets			
Fixed assets held for sale		**—**	10,000
Debtors	7	**108,064**	91,340
Restricted cash	8	—	18,825
		108,064	120 165
Creditors amounts falling due within one year			
Financial liabilities – borrowings	10	**(17,223)**	(18 632)
Other creditors	9	**(115,029)**	(103 819)
		(132,252)	(122 451)
Net current liabilities		**(24,188)**	(2,286)
Total assets less current liabilities		**285,463**	379 405
Creditors amounts falling due after more than one year			
Financial liabilities – borrowings	10	**(140,537)**	(176 475)
Net assets		**144,926**	202 930
Shareholders' funds			
Called uo share capital	11	**13,290**	13 287
Share premium account	12	**198**	185
Capital redemption reserve	12	**559**	559
Property revaluation reserve	12	**(9,002)**	(13 607)
Other reserves	12	**89,298**	157 988
Profit and loss account	12	**50,583**	44 518
Total shareholders' funds	13	**144,926**	202,930

Approved by the Board

E M ZIFF
Chairman and Chief Executive
14 September 2010

C J KELLY
Finance Director
14 September 2010

Notes to the company accounts

1 Accounting policies

Basis of preparation

The accounts have been prepared on the going concern basis under United Kingdom Generally Accepted Accounting Policies (United Kingdom GAAP), the historical cost convention as modified by the revaluation of investment properties and fixed asset investments and in accordance with the Companies Act 2006 and applicable accounting standards

The principal accounting policies which have been applied consistently are as set out below

Profit available for dividend

Surpluses arising on revaluations of properties are not regarded as being available for dividend and are therefore transferred to non-distributable reserves

Deferred taxation

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 qualifying rental business in the United Kingdom provided it meets certain conditions Non-qualifying profits and gains of the Group continue to be subject to corporation tax as normal On entering the REIT regime an entry charge equal to 2% of the aggregate market value of the properties associated with the qualifying rental business was payable Deferred tax accrued at the date of conversion in respect of the assets and liabilities of the qualifying rental business was released to the Income Statement as the relevant temporary differences are no longer taxable on reversal

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

Investments

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

Depreciation

In accordance with SSAP 19 'Accounting for investment properties no depreciation or amortisation is provided in respect of freehold and long leasehold investment properties, including fixed plant, which is included in properties The requirement of the Companies Act 2006 to depreciate all properties but that requirement conflicts with the generally accepted accounting principle set out in SSAP 19 The Directors consider that this accounting policy is necessary for the accounts to give a true and fair view Depreciation or amortisation is only one of the factors reflected in the accounts' valuation and the amount attributable to this factor cannot be separately identified or quantified If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation

Investment income

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

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated in the Balance Sheet of the Company at valuation All subsidiaries are valued by the Directors on an annual basis, such that investments are included at the Company s share of net tangible assets This method of valuation is used by the Directors to give a better indication of the value to the Company of its subsidiary undertakings

Cash flow statement

The results and cash flows of the Company are included in the Consolidated Financial Statements Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement as permitted by FRS 1 (revised 1996)

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

2 Profit and loss account

As permitted by Section 406 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 £15 780 000 (2009 £13,938,000)

3 Operating profit

	2010 £000	2009 £000
Wages and salaries (including Directors' emoluments)	**2,737**	2,796
Social security costs	**268**	378
Other pension costs	**1,600**	648
	4,605	3,822

Employee benefits are charged to the Income Statement through administrative expenses

The aggregate remuneration of the Directors of the Company was £3,046 000 (2009 £2 065,000)

The average monthly number of administration staff employed during the year was 78 (2009 85) Disclosures required by the Companies Act 2006 on Directors remuneration including salaries, share options, pension contributions and pension entitlement are included on pages 26 to 29 in the Directors' Remuneration Report and form part of the Consolidated Financial Statements The employee benefits detailed above include equity-based remuneration as disclosed in Note 6 to the Consolidated Accounts

The remuneration paid to the Parent Company auditor in respect of the audit of the Parent Company Financial Statements for the year ended 30 June 2010 is set out in Note 7 to the Consolidated Accounts

4 Tangible fixed assets

Investment properties

	Freehold £000	Long leasehold £000	Total £000
Valuation at 1 July 2009	40,001	4,578	44,579
Additions	3 235	—	3,235
Disposals	(6 063)	—	(6,063)
(Decrease)/increase in value on revaluation	(667)	802	135
Valuation at 30 June 2010	**36,506**	**5,380**	**41,886**

The above freehold and long leasehold investment properties have been revalued as at 30 June 2010 on the basis of open market value by Jones Lang LaSalle and CB Richard Ellis at £41,886 000 (2009 £44 579,000) in accordance with the Royal Institution of Chartered Surveyors Appraisal and Investment Manual

Development properties

	£000
Cost at 1 July 2009	13,325
Additions	39
Impairment	(45)
Cost at 30 June 2010	**13,319**

Fixtures, equipment and motor vehicles

	Cost £000	Accumulated depreciation £000
Balance at 1 July 2009	1,967	1 438
Additions	97	—
Disposals	(23)	(17)
Depreciation	—	89
Balance at 30 June 2010	**2,041**	**1,510**
Net book value at 30 June 2010		**531**
Net book value at 30 June 2009		529

Total tangible assets

At 30 June 2010	**55,736**
At 30 June 2009	58,433

Notes to the company accounts continued

5 Fixed asset investments

	2010 £000	2009 £000
Shares in Group undertakings		
At 1 July	**322,090**	330,091
Decrease on revaluation	**(68,740)**	(8,001)
At 30 June	**253,350**	322 090
Interest in joint ventures		
At 1 July		
Net assets	**659**	1,609
Movement in year	**(653)**	(950)
At 30 June	**6**	659
Total fixed asset investments	**253,356**	322,749

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

6 Listed investments

	2010 £000	2009 £000
At 1 July	**509**	3,730
Disposals	**—**	(952)
Increase/(decrease) in value of investments	**50**	(2,269)
At 30 June	**559**	509

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 £1,058,536 (2009 £1,058,536)

7 Debtors

	2010 £000	2009 £000
Trade debtors – gross	**331**	1 592
Less provision for impairment of debtors	**(79)**	(1,109)
Trade debtors – net	**252**	483
Amounts owed by subsidiary undertakings	**91,723**	77 373
Amounts owed by joint ventures	**2,489**	1,903
Corporation tax	**12,625**	11,183
Other debtors and prepayments	**975**	398
	108,064	91,340

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

8. Restricted cash

At 30 June 2009, £18 8m cash was held as security against the debenture, following the disposal of certain charged properties As a result of the debenture stock re-purchase, the funds have been released

9. Other creditors

	2010 £000	2009 £000
Trade creditors and accruals	**2,799**	4 274
Other taxation and social security	**2,124**	474
Amounts owed to subsidiary undertakings	**110,106**	99,071
	115,029	103 819

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

10 Financial Instruments

The Company's borrowings are at floating and fixed rates of interest The Company 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 or decrease as a result of such changes

	2010 £000	2009 £000
Non-current		
Bank borrowings	**34,867**	26,821
5 375% First mortgage debenture stock	**105,670**	149,654
	140,537	176 475
Current		
Bank borrowings	**17,223**	18,632
	17,223	18 632
Total borrowings	**157,760**	195 107

The debenture bank loans and overdrafts are secured by fixed charges on properties valued at £284 510 000 (2009 £262,395,000) owned by the Company and its subsidiary undertakings

The maturity profile of the Company's financial liabilities is set out below

	2010			2009		
	Bank borrowings £000	Debenture stock £000	Total £000	Bank borrowings £000	Debenture stock £000	Total £000
In one year or less or on demand	**17,223**	**—**	**17,223**	18,632	—	18 632
In more than one year but not more than five years	**37,078**	**—**	**37,078**	28 250	—	28 250
In more than five years	**—**	**227,960**	**227,960**	—	330 644	330 644
	54,301	**227,960**	**282,261**	46,882	330,644	377 526
Term loan arrangement fee allocated to future periods	**(133)**	**—**	**(133)**	(179)	—	(179)
Debenture issue premium allocated to future periods	**—**	**(331)**	**(331)**	—	(346)	(346)
Gross financial liabilities	**54,168**	**227,629**	**281,797**	46 703	330 298	377 001

The debenture issue premium is net of issue costs and is amortised over the life of the debt agreement During the year £15,000 was debited to the profit and loss account (2009 £15 000) As at 30 June 2010, the unamortised element of the debenture issue discount amounted to £331 000 (2009 £346,000) The term loan arrangement fee is amortised over the term of the agreement During the year £46,000 was debited to the profit and loss account (2009 £46,000)

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

The Company has undrawn committed floating rate bank borrowing facilities as set out below

	2010 £000	2009 £000
Expiring in one year or less	**14,216**	6 319
Expiring in more than one year	**50,000**	75 000
	64,216	81,319

The facilities expiring in one year or less are overdraft facilities subject to annual review 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 on page 51 Additional disclosures are set out in the accounting policies relating to financial risk management

All financial liabilities are denominated in Sterling

Notes to the company accounts continued

10 Financial instruments continued

Interest rate risk

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

	2010			2009		
	Nominal value £000	**Weighted average rate %**	**Weighted average period Years**	Nominal value £000	Weighted average rate %	Weighted average period Years
Debenture stock	**106,001**	**5 375**	**21 40**	150 000	5 375	22 40
Bank floating rate liabilities	**35,000**			27 000		
	141,001			177,000		

Floating rate financial liabilities bear interest at rates for term loans based on LIBOR plus an average margin of 1 33% and for the overdraft at 1 0% over base rate

To manage interest rate exposure the Company entered an interest rate swap on 19 October 2007, fixing £40m of borrowings at 5 78% plus margin (6 44% inclusive) until 18 October 2009 The effectiveness of the hedge has been calculated by applying the interest rate change to the variable rate borrowings, net of interest rate swaps, at the year end The Company has not hedged its interest rate exposure since 19 October 2009

Financial instruments held for trading purposes

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

Foreign currency exposure

The Company 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 dates were as follows

	2010 %	2009 %
Bank overdraft and money market facility	**1 56**	1 55
Bank borrowings	**1 90**	6 44
Debenture loan	**5 375**	5 375

Fair values of financial liabilities

Where market values are not available fair values of financial assets and financial 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

	2010		2009	
	Book value £000	**Fair value £000**	Book value £000	Fair value £000
Debenture stock	**105,670**	**85,704**	149,654	116 333
Long-term bank borrowings	**34,867**	**34,867**	26,821	26 821

11. Share capital

Authorised

164 879 000 (2009 164,879 000) ordinary shares of 25p each

Issued and fully paid

Ordinary shares of 25p each	Number of shares 000	Nominal value £000
At 1 July 2009	53,149	13,287
Issued on take up of share options	12	3
At 30 June 2010	**53,161**	**13,290**

12 Reserves

	Capital redemption reserve £000	Share premium account £000	Property revaluation reserve £000	Other reserve[1] £000	Profit and loss account £000
At 1 July 2009	559	185	(13,607)	157,988	44,518
Retained profit for the year	—	—	—	—	11,305
Take up of share options	—	13	—	—	—
Revaluation of fixed asset investments	—	—	—	50	—
Revaluation of investments in subsidiary undertakings	—	—	—	(68 740)	—
Deficit on revaluation of properties	—	—	(636)	—	—
Disposal of investment properties	—	—	5,241	—	(5,241)
Other adjustments	—	—	—	—	1
At 30 June 2010	**559**	**198**	**(9,002)**	**89,298**	**50,583**

[1] Other reserve relates to the revaluation of the Company's investments

13 Reconciliation of movements in shareholders' funds

	2010 £000	2009 £000
Profit for year	**15,780**	13 938
Dividends payable	**(4,475)**	(4,332)
	11,305	9,606
New share capital subscribed	**16**	—
Deficit on property revaluation	**(636)**	(21,583)
Revaluation of investments in subsidiary undertakings	**(68,740)**	(8 001)
Surplus/(deficit) on revaluation of fixed asset investments	**50**	(2,269)
Other adjustments	**1**	8
Net decrease in shareholders' funds	**(58,004)**	(22,239)
Opening equity shareholders funds	**202,930**	225,169
Closing equity shareholders' funds	**144,926**	202,930

14 Capital and other commitments

The Company has capital commitments of £nil (2009 £146 000) in respect of capital expenditure contracted for at the balance sheet date but not yet incurred for investment and development properties

15 Guarantees

The Company together with its fellow subsidiary companies has entered into an unlimited joint and several guarantee securing the indebtedness of Town Centre Securities PLC and subsidiary companies to two of the Group s bankers The Town Centre Securities PLC Group had indebtedness at 30 June 2010 amounting to £35 784,000 (2009 £35 681 000) in relation to this arrangement

16 Related party transactions

The Company has taken advantage of the exception available under FRS 8 from disclosing related party transactions with other entities included in the Consolidated Accounts of Town Centre Securities PLC

M A Ziff is an executive director and E M Ziff and H T Stanton are non-executive directors of Two Years Ltd During the year the Company received rentals of £118 679 (2009 £nil) for two properties in London At 30 June 2010 Town Centre Securities PLC was owed £nil (2009 £nil)

Notes to the company accounts continued

17. Additional information – subsidiaries

The Company's wholly owned active subsidiary undertakings at 30 June 2010, registered in England and operating in the United Kingdom are as follows

Name	Activity
TCS (Bothwell Street) Limited	Property investment
TCS Freehold Investments Limited	Property investment
TCS (Greenhithe) Limited	Property investment
TCS (Isleworth) Limited	Property investment
TCS Holdings Limited	Property investment
TCS Leasehold Investments Limited	Property investment
TCS (Mill Hill) Limited	Property investment
TCS Parliament Street (1) Limited	Property investment
TCS Parliament Street (2) Limited	Property investment
TCS Properties Limited	Property investment
TCS (Residential) Limited	Property investment
Tassgander Limited	Property investment
Town Centre Securities (Developments) Limited	Property investment
TCS Whitehall Riverside Limited	Property investment
TCS (Milngavie) Limited	Property investment
TCS Trustees Limited	Trustee for employee benefit plans
TCS Residential Conversions Limited	Management company
TCS (Property Management) Limited	Management company
Town Centre Car Parks Limited	Car park operations
TCCP (Clarence Dock) Limited	Car park operations

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

	Proportion of ordinary shares held %	Activity
Dundonald Property Developments Limited	50	Property investment
Dundonald Property Investments Limited	50	Property investment
Dundonald (Cumbernauld) Limited	50	Property investment
Buckley Properties (Leeds) Limited	50	Property investment

Notice of annual general meeting

Notice is given that the fiftieth Annual General Meeting of Town Centre Securities PLC ("the Company") will be held at The Marjorie & Arnold Ziff Community Centre 311 Stonegate Road, Leeds LS17 6AZ on Thursday 18 November 2010 at 10 30am for the following purposes

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions

1 To receive the Company's Annual Accounts and Directors and Auditor s Reports for the year ended 30 June 2010

2 To approve the Directors' Remuneration Report for the year ended 30 June 2010

3 To declare a final dividend for the year ended 30 June 2010 of 7 34p per ordinary share in the capital of the Company, to be paid on 5 January 2011 to shareholders whose names appear on the register at the close of business on 10 December 2010

4 To re-appoint Christopher Kelly who has been appointed by the Board since the last Annual General Meeting, as a Director of the Company

5 To re-appoint John Nettleton, who retires by rotation, as a Director of the Company

6 To re-appoint Michael Ziff, who retires by rotation, as a Director of the Company

7 To re-appoint PricewaterhouseCoopers LLP as auditor of the Company

8 To authorise the Directors to fix the remuneration of the auditor

9 That, pursuant to Section 551 of the Companies Act 2006 ("the Act") the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company or to grant any rights to subscribe for or to convert any securities into shares in the Company up to an aggregate nominal amount of £4,430,042, provided that (unless previously revoked varied or renewed) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on 31 December 2011 (whichever is the earlier) save that the Company may make an offer or agreement before the expiry of this authority which would or might require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after such expiry and the Directors may allot shares or grant such rights pursuant to any such offer or agreement as if the authority conferred by this resolution had not expired

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

To consider and, if thought fit, to pass the following resolutions as special resolutions

10 That, subject to the passing of resolution 9, pursuant to Section 570 of the Act the Directors be and are generally empowered to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by resolution 9 as if Section 561(1) of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities

10 1 in connection with an offer of equity securities (whether by way of a rights issue, open offer or otherwise)

10 1 1 to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them and

10 1 2 to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange, and

10 2 otherwise than pursuant to paragraph 10 1 of this resolution, up to an aggregate nominal amount of £664 506,

and (unless previously revoked, varied or renewed) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or 31 December 2011 (whichever is earlier), save that the Company may make an offer or agreement before the expiry of this power which would or might require equity securities to be allotted for cash after such expiry and the Directors may allot equity securities for cash pursuant to any such offer or agreement as if the power conferred by this resolution had not expired

This power is in substitution for all existing powers under Section 570 of the Act (which, to the extent unused at the date of this resolution are revoked with immediate effect)

11 That, pursuant to Section 701 of the Act, the Company be and is generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of 25p each in the capital of the Company ("Shares") provided that

11 1 the maximum aggregate number of Shares which may be purchased is 7,920 916

11 2 the minimum price (exclusive of expenses) which may be paid for a Share is 25p and

11 3 the maximum price (exclusive of expenses) which may be paid for a Share is the higher of

11 3 1 an amount equal to 105% of the average of the middle market quotations for a Share as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the day on which the purchase is made, and

Notice of annual general meeting continued

11 continued

11 3 2 an amount equal to the higher of the price of the last independent trade of a Share and the highest current independent bid for a Share on the trading venue where the purchase is carried out

and (unless previously revoked, varied or renewed) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on 31 December 2011 (whichever is the earlier), save that the Company may enter into a contract to purchase Shares before the expiry of this authority under which such purchase will or may be completed or executed wholly or partly after such expiry and may make a purchase of Shares pursuant to any such contract as if the authority conferred by this resolution had not expired

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

By order of the board

A E McGOOKIN
Secretary
14 September 2010
Registered office
Town Centre House
The Merrion Centre
Leeds LS2 8LY

Notes

1 The right to vote at the meeting is determined by reference to the register of members Only those shareholders registered in the register of members of the Company as at 6 00pm on Tuesday 16 November 2010 or, in the event that the meeting is adjourned, in the register of members at 6 00pm on the date which is two working 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 A shareholder is entitled to appoint one or more persons as proxies to exercise all or any of his rights to attend, speak and vote at the meeting A proxy need not be a shareholder of the Company A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him/her To appoint more than one proxy, you will need to complete a separate Form of Proxy in relation to each appointment Additional proxy forms may be obtained by contacting the Company's registrar at PXS 34 Beckenham Road, Beckenham Kent BR3 4TU or you may photocopy the proxy form You will need to state clearly on each proxy form the number of shares in relation to which the proxy is appointed A failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the number of shares set out in the other proxy appointments is in excess of the number of shares held by the shareholder may result in the proxy appointment being invalid You can only appoint a form of proxy using the procedures set out in these notes and the notes to the proxy form The right of a member under Section 324 of the Companies Act 2006 ('the Act') to appoint a proxy does not apply to a person nominated to enjoy information rights under Section 146 of the Act

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

3 A Form of Proxy is enclosed To be valid it must be completed, signed and sent to the offices of the Company's registrars, Capita Registrars, PXS PO Box 25 34 Beckenham Road Beckenham, Kent BR3 4TU, so as to arrive no later than 3 30pm on 16 November 2010 (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)

4 As an alternative to completing the hard copy Form of Proxy, a shareholder can appoint proxies electronically with Capita Registrars by logging onto www capitashareportal com where full instructions are given For an electronic proxy appointment to be valid, the appointment must be received by the Company's registrar by no later than 3 30pm on 16 November 2010 (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 you of the rejected communication

5 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 7) or at least 100 shareholders having a right to vote at the meeting and holding on average at least £100 of paid up share capital may require the Company to publish on its website a statement setting out any matter that such shareholders propose to raise at the Annual General 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 Annual General 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

Notes continued

5 continued

5 1 Any such request must

5 1 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 identify the statement which is being supported

5 1 2 comply with the requirements set out in Note 7 below, and

5 1 3 be received by the Company at least one week before the meeting

5 2 Where the Company is required to publish such a statement on its website

5 2 1 it may not require the shareholders making the request to pay any expenses incurred by the Company in complying with the request

5 2 1 1 it must forward the statement to the Company's auditor no later than the time when it makes the statement available on the website, and

5 2 1 2 the statement may be dealt with as part of the business of the meeting

6 Any request by a shareholder or shareholders requiring the Company to publish audit concerns as set out in Note 6

6 1 may be made either

6 1 1 in hard copy by sending it to the Company Secretary or

6 1 2 in electronic form by sending it to info@tcs-plc co uk marked for the attention of the Company Secretary (please state "TCS AGM in the subject line of the email),

6 2 must state the full name(s) and address(es) of the shareholder(s), and

6 3 (where the request is made in hard copy form or by fax) must be signed by the shareholder(s)

7 As at 13 September 2010 (being the last practicable date prior to the publication of this notice) the Company's issued share capital consists of ordinary shares of £0 25 each carrying one vote each The Company does not hold any ordinary shares in treasury Therefore, the total voting rights in the Company as at 13 September 2010 are 53,160,512

8 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

8 1 to do so would interfere unduly with the preparation for the meeting or would involve the disclosure of confidential information

8 2 the answer has already been given on a website in the form of an answer to a question, or

8 3 it is undesirable in the interests of the Company or the good order of the meeting that the question be answered

9 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")

9 1 the Nominee may have a right under an agreement between the Nominee and the shareholder by whom he was appointed to be appointed or to have someone else appointed as a proxy for the meeting or

9 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

10 Biographical details of all those Directors who are offering themselves for appointment or re-appointment at the meeting are set out on page 15

11 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

12 The following documents will be available for inspection during normal business hours at the registered office of the Company from the date of this notice until the time of the meeting They will also be available for inspection at the place of the meeting from at least 15 minutes before the meeting until it ends

12 1 copies of the service contracts of the Executive Directors and

12 2 copies of the letters of appointment of the Non-executive Directors

13 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 the Registered office of the Company

Investor information

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

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0GA

Telephone 0871 664 0300

(Calls cost 10p per minute plus network extras Lines are open from 8 30am – 5 30pm, Monday to Friday)

Telephone outside United Kingdom +44 (0) 208 639 3399

Facsimile +44 (0) 1484 600 911

Email shareholder services@capitaregistrars com

Website www capitaregistrars com

Dividends
Interim dividend 3 02p per share paid 25 March 2010 to shareholders on the register on 5 March 2010

Final dividend 7 34p per share to be paid 5 January 2011 to shareholders on the register on 10 December 2010

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

Auditor
PricewaterhouseCoopers LLP

Financial advisors
Credit Suisse

Brokers
Arbuthnot Securities

Bankers
Lloyds Banking Group plc
The Royal Bank of Scotland plc

Solicitors
DLA Piper UK LLP

Valuers
Jones Lang LaSalle
CB Richard Ellis

Corporate public relations
Hogarth

Contact information

Registered office
Town Centre House
The Merrion Centre
Leeds LS2 8LY

Registered number
623364 England

Email
info@tcs-plc co uk

Website
www tcs-plc co uk

Registrar and transfer office
Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0GA

Trustees to mortgage debenture holders
Capita IRG Trustees
7th Floor
Phoenix House
18 King William Street
London EC47 HEE

Town Centre Securities commitment to environmental issues is reflected in this Annual Report which has been printed on Revive Silk a recycled paper stock which contains 75% recovered fibre and 25% virgin

Town Centre Securities PLC

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