

9 March 2023

TOWN CENTRE SECURITIES PLC
('TCS' or the 'Company')

Half year results for the six months ended 31 December 2022

Resilient performance given macro-economic conditions

Town Centre Securities PLC, the Leeds, Manchester, Scotland, and London property investment, development, hotel and car parking company, today announces its results for the six months ended 31 December 2022.

Financial performance

- Net assets - resilient performance:
 - Like for like portfolio valuation down 7.0% from June 2022:
 - outperformance versus the MSCI/IPD All Property Capital Index which fell by 17.5% over the period
 - reduction primarily due to real estate investor and market sentiment around the macro-economic outlook
 - Statutory net assets of £152.2m or 314p per share (FY22: £179.3m, 341p). EPRA net tangible assets ('NTA')[§] measure at £148.4m or 306p per share (FY22 equivalent: £174.9.0m, 333p)
- Profit and earnings per share - impacted by valuation reduction:
 - Statutory loss before tax of £19.1m (HY22: profit of £10.5m) and statutory loss per share of 38.4p (HY22: earnings of 19.8p)
 - EPRA earnings[§] before tax of £1.7m (HY22: £2.6m)
 - EPRA earnings per share[§] of 3.5p (HY22: 5.0p)
- Loan to Value reduced in the period by 290bps to 43.5% following debt repayments and despite reduction in portfolio value
- Shareholder returns - enhanced by share buy backs and tender offer:
 - Maintained interim dividend of 2.5p (HY22: 2.5p) reflecting the relative stability in underlying earnings excluding valuation reduction
 - Earnings and NAV enhancing tender offer and subsequent share buy back in HY23 (4,075,000 shares bought back in total) following on from those undertaken in FY22

Protecting shareholder value whilst continuing to reset and reinvigorate the business for the future

We have continued to reset the business in the past six months with three further sales and one strategic acquisition. Progress delivered under the four key strategic initiatives is as follows:

Actively managing our assets

- The proportion of retail and leisure assets in the portfolio has stabilised at 29% (2016: 60%; 2020: 40%), following the sale of over £100m of assets since March 2020
- Pure retail now represents only 18% of the total portfolio with the resilient Merrion Estate representing 70% of this
- 10 new commercial lettings and lease renewals across the portfolio in the period
- No tenants entered into a CVA during the period reflecting our resilient tenant portfolio

Maximising available capital

- Three properties sold during the six months (in Glasgow, Uddingston and part of our Piccadilly Basin development site in Manchester) for a total of £20.3m
- The release in July 2022 of £18.7m of funds, originally generated from investment property sales, that had been locked into our debenture security pool
- Aggregate proceeds generated of £39.0m and crystallising a small loss on disposal of £0.2m
- Completion of the sale of our investment in YourParkingSpace Limited in July 2022, generating initial cash proceeds of £11.6m and further receipts between July 2023 and July 2024
- Loan to value headroom over our bank facilities of £32.7m based on 31 December 2022 borrowings and valuations, rising to £37m following the inclusion of the Weymouth Street, London property within the banking security pool
- Loan to value* reduced to 43.5% (FY22 equivalent 46.4%).
- Following the period end, we bought back for cancellation £13.7m of our £96.1m 2031 5.375% debenture stock for a total cash consideration of £13.3m including accrued interest:
 - Helps to reduce debt and to rebalance the profile of the Group's borrowings
 - Makes a total of £23.6m of the debenture bought back over last three years

Acquiring and improving investment assets to diversify our portfolio

- Sufficient headroom to progress development and investment across the entire portfolio having:
 - Acquired 45 Weymouth Street, London for £7.1m, a prime mixed-use property
 - Disposed of Port Street, Manchester surface car park for £12.95m
 - Expected sale in March 2023 of part of Whitehall Road, Leeds for £13.0m. As at the date of this announcement this sale is not unconditional.

Investing in our development pipeline

- Our development pipeline, with an estimated GDV of over £550m, is a valuable and strategic point of difference which we continue to progress and improve

Outlook

- Resilient trading performance has continued into the opening months of 2023:
 - Rent collections remain robust with over 99% of amounts invoiced in Q2 now collected
 - Car parks recovery momentum continues other than for those reliant on office workers
 - ibis Styles Leeds City Centre Arena hotel benefitting from recovery, events and staycations
 - One further disposal at Whitehall Road, Leeds expected to complete in coming weeks
 - Now looking at acquisitions and bringing forward sections of our development pipeline

Additional EPRA measures are described in greater detail further on in these half year results with EPRA earnings and earnings per shares detailed, defined and reconciled within note 5 of these half year results

** Loan to value is calculated as the amount of financial liabilities less cash and cash equivalents (including overdrafts) as a percentage of total assets less cash and cash equivalents*

Commenting on the results, Chairman and Chief Executive, Edward Ziff, said:

"It has been another six months where we have further strengthened TCS through our disposal programme, the resulting repayment and redeployment of borrowings, and a successful tender offer.

"We continue to see further trading recoveries in both our car park and hotel operations whilst the property disposals have as expected reduced the scale of the property rental business; at the same time we continue to navigate our way through the current challenging macro-economic conditions given its impact on our tenants, the valuation reduction of our property portfolio and impairments to our car park portfolio. With low levels of bank debt and reduced loan to value I am confident that we are in a strong position to face up to the challenges that may present themselves."

"The cost of living crisis, rising utility costs, interest rates increases and the ongoing Russia/Ukraine conflict are affecting all stakeholders and we remain committed to supporting them, in particular our dedicated employees. We continue to focus on maintaining good landlord-tenant relationships, with open dialogue and collaboration cornerstones of this approach."

"Having undertaken such a successful disposal programme, our attention is now turning to opportunities to selectively acquire assets and invest in our development programme, ever mindful of adding value whilst retaining robust finances."

-Ends-

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Chairman and Chief Executive's Statement

Resetting and reinvigorating the business for the future

We have continued to see a good recovery across all three operational segments of the business in the past six months, although the disposal programme of the last three years has reduced the absolute level of rental income. Our property and car park portfolio has reduced in value over the six months but at a less extreme rate than the relevant indices, benefitting from our relatively resilient portfolio; indeed we believe the reduction reflected worsening real estate investor and market sentiment around the UK's economic outlook, as opposed to any real concerns around our portfolio.

Our aim continues to be to create a business that:

- Has lower levels of absolute debt and leverage
- Is diversified with a much-reduced level of retail property
- Is diversified with a capital light, profitable car park business
- Has rebased and has significant growth opportunities as a result of our valuable development pipeline and asset management opportunities

Rent receipts within the property business have remained resilient, with rent collections as at 1 March 2023:

July 2022 to
February 2023* %

...

	£m	
Total billed	14.6	
Total collected	14.4	98.9%
Agreed to be deferred **	0.1	0.7%
Agreed total	<u>14.5</u>	<u>99.6%</u>

* English & Scottish quarters and monthly billings (collections from 1 July 2022 to date)

** Agreed to be deferred and still outstanding

The performance above mirrors the experience of the previous twelve months ended 30 June 2022, where 99.2% of all amounts billed had been received.

We have continued the execution of our detailed strategic and operational plan which includes:

- Our asset disposal programme and reducing the size of our retail portfolio. Since the start of the COVID-19 pandemic, we have now sold over £100m of assets, the majority of which have been retail
- Working closely with all our tenants to support wherever we can and doing our best to ensure that following the disruption of the last few years as many of our tenants as possible are able to bounce back strongly
- Supporting our employees and their families who have been impacted by the ongoing cost of living crisis

Results

The statutory loss for the six months ended 31 December 2022 was £19.1m (HY22: profit of £10.5m) giving a loss per share of 38.4p (HY22: earnings per share of 19.8p). The key drivers for this loss were the valuation decreases on investment properties of £14.2m and the impairment of car parking assets totalling £2.7m. The like for like portfolio decreased in value by 7.0% over the six months under review as a result of investor and market sentiment around the UK's economic outlook.

EPRA earnings for the six months ended 31 December 2022 were £1.7m (HY22: £2.6m) giving EPRA earnings per share of 3.5p (HY22: 5.0p). The reduction includes the continued recoveries seen in both our car park and hotel operations, coupled with the resilience of the rental collections but are offset by the award and payment of executive directors bonuses of £0.7m in the period as a result of completion of the YPS Investment sale and a reduction in other income. Other income typically includes surrender and dilapidations' payments which can be significant individual sums. In HY22 dilapidations receipts totalled £0.6m, whereas in the current six-month period only £6,000 have been received.

Statutory Net Assets of £152.2m (30 June 2022: £179.3m) decreased by 15.1% from the year end. Net assets per share decreased to 314p (30 June 2022: 341p), a reduction of only 8%, highlighting the accretive nature of both the tender offer and shares bought back in market for cancellation in the six months and prior financial year.

EPRA Net Tangible Assets (EPRA NTA); which in the case of TCS reduces statutory net assets by the £3.8m of reported Goodwill (FY22 comparable £4.4m), for the half year is £148.4m compared to £174.9m at FY22, down 15.1%. EPRA NTA per share is 306p (FY22 comparable 333p). The full breakdown of the EPRA net asset measures are detailed later.

Borrowings

Net borrowings, which includes lease liabilities, have reduced by 23% over the six months from £163.8m to £125.8m. Significant receipts in the period from property disposals, the release of the cash secured within the Company's debenture security pool and the initial consideration from the sale of our investment in YPS have all contributed to this reduction.

The decrease in borrowings, although partially offset by the reductions we have seen in our property portfolio values, have seen our loan to value level reduced by 290 bps from the June year end to 43.5%.

On 28 January 2023, the Company completed the buyback for cancellation of £13.7m of its £96.1m 2031 5.375% debenture stock. This will result in an additional one-off finance gain of £0.3m in the remaining six months of FY23.

Dividends

A maintained interim dividend of 2.5p per share (HY22 2.5p) will be paid on the 16 June 2023 to shareholders registered on 19 May 2023; a property income distribution amounting to £1.2m in total. The final dividend for 2022 of 2.5p was paid on the 6 January 2023. The ex-dividend date for the interim dividend will be 18 May 2023.

Although EPRA earnings in the current period are lower than the HY22 comparative, the maintenance of the interim dividend at 2.5p reflects the resilience of our core business and also the strengthening of the balance sheet following the assets sales completed - this dividend represents 71% of EPRA earnings.

A further benefit of the tender offer and buy backs is that the total cash cost of the dividend falls due to the reduced number of shares in issue, enabling a saving of £101,875 compared to last year.

Portfolio Performance

The value of investment properties, developments, joint ventures and car parks at the half-year stood at £274.4m (June 2022: £306.9m).

The following table provides an overview of the performance of the portfolio, including our share of joint venture assets, in the six months ended 31 December 2022 highlighting the balance of the Company's portfolio in light of our strategy of reducing exposure to retail and leisure and also the underlying value of our development pipeline.

	Passing rent £m	ERV £m	Value £m	% of portfolio	Valuation incr/(decr)	Initial yield	Reversionary yield
Retail & Leisure							
Merrion Centre (ex offices)	0.9	1.3	14.5	5%	-3.9%	6.0%	8.4%
Offices	4.9	5.2	52.6	19%	-10.5%	8.8%	9.3%
Hotels	4.6	6.7	88.7	33%	-11.1%	4.9%	7.1%
	0.7	0.7	9.1	3%	0.0%	7.4%	7.4%

Out of town retail	1.1	1.1	13.0	5%	-10.4%	7.9%	7.8%
Residential	0.9	1.0	19.2	7%	-0.5%	4.7%	4.7%
	13.1	16.0	197.1	72%	-8.9%	6.3%	7.6%
Development property			31.4	11%	4.7%		
Car parks			45.9	17%	-7.5%		
Portfolio			274.4	100%	-7.0%		

The following table reconciles the above analysis to that set out in Note 6.

	£m
Portfolio - as per note 6	252.1
50% Share in Merrion House	33.3
50% Share in Burlington House	11.7
Goodwill - Car Parks	3.4
Less - Short Term Right-of-Use Car Parks	<u>(26.1)</u>
As per the table above	<u>274.4</u>

Note - the IFRS 16 Right-of-Use car parks (£26.1m) are excluded in the portfolio analysis above as the Directors do not believe it is appropriate to include these assets where there is less than 50 years remaining on their lease and the Group does not have full control over them.

On a like for like basis the whole portfolio decreased in value by 7.0% since June 2022 (FY22: 1.2% increase) accounting for a £19.5m like for like decrease in value (investment, development, car park and joint venture assets). This reduction has been driven by investor and market sentiment in particular within the retail, office and car parking sectors, where we have seen circa 10% like for like declines in value in the six months.

Our development pipeline value increased by £1.5m or 4.7% in the six months as we continue to bring this land forward within the planning frameworks.

Maximising available capital

In the past six months we have continued our asset disposal programme. Between July and December 2022, we sold three properties for a total consideration of £20.3m.

The properties disposed of are:

- Our Buchanan Street/Gordon Street retail investments in Glasgow;
- A 2-storey office building in Uddingston, Scotland; and
- Port Street surface car park, Manchester (part of our Piccadilly Basin development site).

The sales, after taking into account selling fees, crystallised a small loss on disposal in the period of £0.2m.

At 30 June 2022, the Company had £18.7m of funds secured within the debenture security pool, and as these funds were ring fenced and not immediately available to the Group they were included within Trade and other receivables. These funds, which originated from investment property disposals prior to 30 June 2022, were released from the security pool in July 2022 and became free cash.

In July 2022, the Company also received initial consideration from the sale of its investment in YourParkingSpace ('YPS') of £11.6m.

The funds generated from the disposals, the release of the debenture cash and the YPS sale were then used to repay borrowings, fund a tender offer to buy back shares in the Company and to acquire the new Weymouth Street property in London.

Net borrowings at 31 December 2022 were lower at £125.8m (30 June 2022: £163.8m). The Loan to value (LTV) ratio has reduced further and is 43.5% (30 June 2022: 46.4%). LTV is calculated as net borrowings as a percentage of total assets (less cash). Headroom at 31 December 2022 was £32.7m (FY22: £18.5m).

The total borrowings comprise of £96.0m (net of £0.1m unamortised lease incentives) of 5.375% First Mortgage Debenture Stock 2031, £5.8m of bank debt and £28.4m of lease liabilities. There were a further £79.2m of undrawn revolving credit facilities at the half-year.

As mentioned above, after the period end we agreed to buyback for cancellation £13.681m of our debenture stock, reducing the nominal value outstanding to £82.4m; this compares to its original nominal value of £106.0m, having bought back a total of £23.6m of stock in recent years. Buying back the debenture increases our financial flexibility and frees up funds for investment into our portfolio activities.

Actively managing our assets

We have completed or renewed 10 commercial leases in the period representing annual rental income of £0.3m in aggregate.

The proportion of retail and leisure assets within the portfolio has further reduced to 29% (FY22: 31%), down from 60% in June 2016, and of that, pure retail represents only 18% of the overall portfolio (FY22: 23%). The retail and leisure element of the Merrion Estate represents 66% of all retail and leisure.

Acquiring investment assets

45 Weymouth Street, London

We have acquired for £7.1m a recently refurbished, 4,760 sq.ft, Grade II listed property which currently comprises

residential accommodation on the third floor, with office space to lower ground, ground, first and second floors. Following the period end we have secured lettings on all floors with the exception of one floor which will be the London base for TCS following the sale of its property investment in Duke Street, London in 2021.

The building is located in the centre of the world's most renowned medical district, moments from London and Harley Street clinics, as well as the Princess Grace and King Edward VII Hospitals.

This strategic purchase forms part of our ongoing strategy to continue to diversify our portfolio and generate long term capital growth.

Investing in our development pipeline

TCS owns a significant development pipeline which gives the Company a clear and material opportunity for future growth. The current pipeline, following the sale of the Port Street surface car park in December 2022, has an estimated gross development value (GDV) of over £550m, with the majority of the developments already being part of the relevant local government approved strategic planning frameworks or actually in possession of detailed planning permission.

We take a conservative approach to development to ensure we never over-commit ourselves. Alongside this, the Company has a successful track record in obtaining planning and delivering strategic developments.

The key components of the development pipeline include:

- Piccadilly Basin, Manchester. Mixed residential, commercial, and car-parking with a total estimated GDV of circa £170m
- Whitehall Riverside, Leeds. Office, car-parking, and potentially leisure provision with a total estimated GDV of over £290m
- Merrion Estate, Leeds. Office and residential towers with a total estimated GDV of over £90m

Piccadilly Basin

We sold our Port Street surface car park, a part of our Piccadilly Basin development site, to the Select Property Group in December 2022.

Our Dale and Burlington Street surface car parks are key components of the Piccadilly Basin Strategic Regeneration Framework ('SRF'). Over the coming six months we will be looking to refresh this SRF to bring it up to date and relevant to unlock the potential of this truly unique part of the city centre.

Whitehall Riverside

We continue to work with Glenbrook to bring forward a new masterplan which will provide a mixed-use riverside scheme in one of the city's most strategic locations just four minutes' walk from Leeds train station.

Glenbrook's plans for up to 500 apartments across two buildings of 15 and 18 stories with ground floor commercial units was approved at the December 2022 planning committee, subject to the agreement and completion of a Section 106 of the Town and County Planning Act 1990 agreement with the local authority. This agreement was completed in February 2023. In addition Glenbrook are still to finalise their funding agreement in connection with this purchase. Assuming all outstanding conditions are met, the sale of part of Whitehall Riverside to Glenbrook is expected to complete in March 2023.

Separately we are bringing forward an application for a development comprising up to 235,000 sq ft of Grade A office space across three buildings, a 478 space CitiPark multi-storey car park and travel hub, and a 108 key aparthotel.

New landscaping and public realm will improve connectivity to, and further complement the existing riverside environment with a series of interlinked pedestrian and cycling routes to support health and well-being whilst also attracting new residents and visitors to the scheme.

The new Whitehall Riverside proposals offer a revitalised masterplan relevant for the demand of today designed with flexibility in mind to adapt to the changing requirements of workspace, residential, electric vehicles and visitor economy.

Merrion Estate

The Arena Quarter, where the Merrion Estate is located, has been transformed with the development of the first direct Arena and substantial investment by Leeds' two largest universities, the Leeds City Council head office and further investment in hotels, leisure units and over 8,000 new residential and student residential units. These new developments, on and adjacent to the Merrion Estate, include the tallest building in Leeds (IQ Altus). The momentum behind development has not stopped with a further 4,000 new residential and student units in the pipeline in the immediate vicinity of the Merrion Estate.

This now presents the Company with an opportunity to redevelop and reposition its Wade House property on the back of this continuing demand. Wade House represents the last of the three main office buildings that form part of the Merrion Estate, and one that is now most in need of investment, TCS having already redeveloped Town Centre House and Merrion House. Improving the environmental credentials of this building will be at the forefront of the redevelopment.

CitiPark recovering well, capital light growth continuing with a further acquisition

Car park occupancy levels have continued to recover well with all key sites now back to pre Covid-19 occupancy levels with the exception of our two Leeds based multi storey car parks at the Merrion Centre and Leeds dock which are more reliant on office workers.

Our CitiCharge division continues to grow and now has 68 EV chargers with a further 20 installs in the pipeline across the Group's car park portfolio.

ESG and business responsibility

Building on the success of previous initiatives, including the interaction with local communities, the solar farms and the roll-out of EV charging facilities, the Company continues to look at ways to improve the overall responsibility of the business. We have maintained our key partnerships with First Give (helping local schools to inspire young people to make a change in society) and the Leeds Hospitals Charity both in the form of donations but also in helping with fundraising events. This summer the Leeds Hospitals Charity are promoting the Leeds Bear Hunt; a large-scale public art trail across Leeds, which will include the Merrion Centre.

During the period we rolled out an employee wide electric vehicle salary sacrifice scheme to further encourage the take up of electric cars

Following its inception in 2022 the Sustainability and Climate Change committee have been working to develop and

implement the sustainability strategy of the Company. In addition to working with the Carbon Trust the Committee has been exploring the possibility of sustainable debt funding, either through green loans or other structured finance products.

Share buy back programmes

We launched a tender offer for the Company's shares in July 2022 which successfully bought in for cancellation 4m shares in the Company at 185p per share. The transaction costs in connection with this tender, which was on top of the 185p per share, amounted to £365,000 or 9.1p per share bought in for cancellation. This reflected the Board's belief that share buybacks are an appropriate means of returning value, whilst maximising sustainable long term growth for shareholders, given the enhancement to NAV and earnings per share that results from reducing the number of shares in issue. This is particularly the case given the significant discount that this price was relative to reported net asset value.

In addition to the tender offer, during the period a total of 75,000 shares were purchased as part of a separate on-market share buy back programme, returning a total of £122,000 to shareholders. The transaction costs in connection with the share buy back programme amounted to £2,000. This share buy back programme was restricted to 75,000 so as not to impinge on the REIT status of the Company.

Outlook

The trading performance seen in the six months ended 31 December 2022 is continuing into the opening months of 2023. Rent collections remain robust with over 99% of the amounts invoiced at the last quarter date now collected. Our programme of disposals has slowed, with one further disposal expected to complete in the coming weeks once the final conditions of sale are met. Reflecting our much improved financial flexibility, we are now looking at investment acquisitions and bringing forward sections of our development pipeline.

The momentum in our car parks recovery has continued through 2022 however for those car parks that are particularly reliant on office workers, this recovery remains slow.

The ibis Styles Leeds City Centre Arena hotel has now fully recovered and continues to benefit from 'staycations', the return of the corporate mid-week market and the full programme of events at the nearby Leeds Arena.

Overall, we remain committed to delivering on our accelerated four pillar strategy of: actively managing our assets, maximising available capital, investing in our development pipeline and acquiring and improving investment assets to diversify our portfolio.

EPRA Net Asset reporting

The below table reconciles IFRS net assets to Net Tangible Assets (NTA), and the other EPRA measures.

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

£m	HY23	FY22	HY23 p per share	FY22 p per share
IFRS reported NAV	152.2	179.3	314	341
Purchasers Costs ¹	17.0	19.1		
EPRA Net Reinstatement Value	169.2	198.4	349	378
Remove Purchasers Costs	(17.0)	(19.1)		
Remove Goodwill ²	(3.8)	(4.4)		
EPRA Net Tangible Assets	148.4	174.9	306	333
Fair value of fixed interest rate debt ³	12.2	1.3		
EPRA Net Disposal Value	160.6	176.2	331	335

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

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

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

Responsibility statement of the directors

The directors confirm that, to the best of their knowledge, these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as adopted by the European Union. The interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months of the financial year and any material changes in the related party transactions described in the last Annual Report and Accounts.

A list of current directors is maintained on the Town Centre Securities PLC Group website: www.tcs-plc.co.uk.

Principal risks and uncertainties

The group set out on page 42 of its annual report and accounts 2022 the principal risks and uncertainties that could impact its performance; these remain largely unchanged since the annual report was published. The group operates a structured risk management process, which identifies and evaluates risks and uncertainties and reviews mitigation

activity.

The key underlying property risks facing the business continue to relate to tenant strength, particularly in the retail arena, portfolio valuation and the related funding headroom which is driven by portfolio valuation.

Systems risk related to the increasing level of cyber security threats and GDPR risk and the need to carefully control the use of personal data continue to demand vigilance from all staff.

TCS continues to operate in a conservative manner with processes and procedures in place to ensure risk management is central to all business planning and decision making. These processes and procedures remain as detailed in the 2022 annual report.

In terms of tax risk, as a UK REIT, a failure to comply with certain UK REIT conditions resulting in the loss of this status could result in property income and asset sales being subject to UK corporation tax. This risk is associated with both the recent programme of asset sales the Company has embarked on and the requirement of the Company to have at least 35% of its share capital held 'beneficially by the public'.

At 31 December 2022 this percentage was 35.19%. New Fortress Capital Limited, which is assumed to be a close company and not held 'beneficially by the public' or the Ziff Concert Party would need to acquire a further 92,000 shares in the Company from the public to take the percentage below 35%. This would cause the Company to automatically lose its status as a REIT with effect from the beginning of the accounting period in which the 35% threshold was crossed.

The Board review the 'beneficially by the public' percentage on a monthly basis as part of the Company's board meetings. In the period since 31 December 2022 to the date of this announcement this percentage has remained at 35.19%. The Ziff Concert Party are aware of the potential impact any increase in shareholding would have on the Company's REIT status.

Forward-looking statements

Certain statements in this half year report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

The group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Edward Ziff OBE DL

Stewart MacNeill

Chairman and Chief Executive

Group Finance Director

8 March 2023

Consolidated condensed income statement

for the six months ended 31 December 2022

	Six months ended	Six months ended	Year ended
	31 December 2022	31 December 2021	30 June 2022
	Unaudited	Unaudited	Audited
	Notes	£'000	£'000
Gross revenue (excl. service charge income)		14,282	12,939
Service charge income		1,404	1,415
Gross revenue		15,686	14,354
Provision for impairment of debtors		80	392
Service charge expenses		(1,924)	(2,154)
Property expenses		(5,911)	(4,929)
Net revenue		7,931	7,663
Administrative expenses		(3,624)	(2,953)
Other income		519	1,302
Impairment of car parking assets	6(b)	(2,659)	(340)
Impairment of goodwill	7	(624)	-
Reversal of impairment of hotel assets	6(c)	-	121
Valuation movement on investment properties	6(a)	(14,192)	6,433
(Loss)/profit on disposal of investment properties		(182)	1,194
Loss on disposal of investments		(803)	-
Share of post tax (losses)/profits from joint ventures	8	(1,927)	924
Operating (loss)/profit		(15,561)	14,344
Finance costs	3	(3,821)	(3,880)
			(8,063)
Finance income	3	304	-
(Loss)/profit before taxation		(19,078)	10,464
Taxation		-	-
(Loss)/profit for the period		(19,078)	10,464
All losses for the period are attributable to equity shareholders.			
Earnings per share	5		
Basic and Diluted		(38.4p)	19.8p
EPRA (non-GAAP measure)		3.5p	5.0p
			20.9p
			6.2p

Consolidated condensed statement of comprehensive income

for the six months ended 31 December 2022

	Six months ended	Six months ended	Year ended
	31 December 2022	31 December 2021	30 June 2022

	£'000	£'000	£'000
	Unaudited	Unaudited	Audited
(Loss)/profit for the period	(19,078)	10,464	11,012
Items that will not be subsequently reclassified to profit or loss			
Revaluation gains on hotel assets	121	400	713
Revaluation gains on other investments	997	213	15,306
Total other comprehensive income	1,118	613	16,019
Total comprehensive (loss)/income for the period	(17,960)	11,077	27,031

All recognised income for the period is attributable to equity shareholders.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Consolidated condensed balance sheet

as at 31 December 2022

	Notes	31 December 2022 Unaudited £'000	31 December 2021 Unaudited £'000	30 June 2022 Audited £'000
Non-current assets				
Property rental				
Investment properties	6	174,361	203,870	201,106
Investments in joint ventures	8	16,225	17,136	18,016
		190,586	221,006	219,122
Car park activities				
Freehold and right of use properties	6	68,607	73,213	72,226
Goodwill and intangible assets	7	4,165	4,996	4,912
		72,772	78,209	77,138
Hotel operations				
Freehold properties	6	9,100	9,030	9,100
		9,100	9,030	9,100
Fixtures, equipment and motor vehicles	6	1,007	928	976
Investments	9	8,427	9,367	4,506
		281,892	318,540	310,842
Current assets				
Investments	9	5,148	-	-
Trade and other receivables		2,190	22,343	21,708
Cash and cash equivalents		15,188	18,157	22,150
		22,526	40,500	43,858
Assets held for sale		-	11,515	20,368
		22,526	52,015	64,226
Total current assets		304,418	370,555	375,068
Current liabilities				
Trade and other payables		(11,197)	(11,247)	(9,828)
Bank overdrafts		(10,801)	(18,539)	(23,414)
Financial liabilities		(5,131)	(36,605)	
10				(34,655)
Total current liabilities		(27,129)	(66,391)	(67,897)
Non-current liabilities				
Financial liabilities		(125,045)	(139,112)	
10				(127,867)
Total liabilities		(152,174)	(205,503)	(195,764)
Net assets		152,244	165,052	179,304
Equity attributable to owners of the Parent				
Called up share capital	11	12,113	13,193	13,132
Share premium account		200	200	200
Capital redemption reserve		1,736	656	717
Revaluation reserve		1,334	500	1,213
Retained earnings		136,861	150,503	164,042
Total equity		152,244	165,052	179,304
Net asset value per share	13	314p	313p	341p

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Consolidated condensed statement of changes in equity

for the six months ended 31 December 2022

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Revaluation Reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2021	13,282	200	567	500	140,846	155,395
<i>Comprehensive income/(loss) for the year</i>						
Profit for the period	-	-	-	-	10,464	10,464
Other comprehensive income	-	-	-	-	613	613

Total comprehensive income for the period	-	-	-	-	11,077	11,077
<i>Contributions by and distributions to owners</i>						
Arising on purchase and cancellation of own shares	(89)	-	89	-	(496)	(496)
Dividends relating to the year ended 30 June 2021	-	-	-	-	(924)	(924)
Balance at 31 December 2021	13,193	200	656	500	150,503	165,052
Balance at 1 July 2022	13,132	200	717	1,213	164,042	179,304
<i>Comprehensive income for the year</i>						
Loss for the period	-	-	-	-	(19,078)	(19,078)
Other comprehensive income	-	-	-	-	121	997
Total comprehensive loss for the period	-	-	-	-	121	(18,081)
<i>Contributions by and distributions to owners</i>						
Arising on purchase and cancellation of own shares	(1,019)	-	1,019	-	(7,889)	(7,889)
Dividends relating to the year ended 30 June 2022	-	-	-	-	(1,211)	(1,211)
Balance at 31 December 2022	12,113	200	1,736	1,334	136,861	152,244

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Consolidated condensed cash flow statement

for the six months ended 31 December 2022

Notes	Six months ended 31 December 2022 Unaudited		Six months ended 31 December 2021 Unaudited		Year ended 30 June 2022 Audited	
	£000	£000	£000	£000	£000	£000
Cash flows from operating activities						
Cash generated from operations	12	7,108	6,551		11,688	
Interest paid		(3,232)	(3,274)		(6,839)	
Net cash generated from operating activities		3,876	3,277		4,849	
Cash flows from investing activities						
Purchases and construction of investment properties		(7,532)	(7,424)		(7,433)	
Refurbishment of investment properties		(295)	(590)		(1,617)	
Purchases of fixtures, equipment and motor vehicles		(157)	(102)		(283)	
Proceeds from sale of investment properties		39,016	5,044		20,608	
Proceeds from sale of investments incl. loan repayments		11,566	-		68	
Payments for business acquisitions		-	(189)		(293)	
Investments in joint ventures		-	-		(326)	
Net cash generated from/(used in) investing activities		42,598	(3,261)		10,724	
Cash flows from financing activities						
Proceeds from borrowings		5,000	4,086		6,399	
Repayment of borrowings		(37,107)	(3,721)		(18,643)	
Arrangement fees paid		-	-		(380)	
Principle element of lease payments		(828)	(824)		(1,648)	
Re-purchase of own shares		(7,888)	(496)		(885)	
Dividends paid to shareholders		-	-		(2,237)	
Net cash used in financing activities		(40,823)	(955)		(17,394)	
Net increase/(decrease) in cash and cash equivalents		5,651	(939)		(1,821)	
Cash and cash equivalents at beginning of period		(1,264)	557		557	
Cash and cash equivalents at end of period		4,387	(382)		(1,264)	

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

Cash balances	15,188	18,157	22,150
Overdrawn balances	(10,801)	(18,539)	(23,414)
	4,387	(382)	(1,264)

The Consolidated Cash Flow Statement should be read in conjunction with Note 12.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Notes to the consolidated interim financial information

1. Financial information

General information

Town Centre Securities PLC (the "Company") is a public limited company domiciled in the United Kingdom. Its shares are listed on the main market of the London Stock Exchange. The address of its registered office is Town Centre House, The Merrion Centre, Leeds LS2 8LY. The principal activities of the group during the period remained those of property investment, development and trading and the provision of car parking.

This interim financial information was approved by the board on 8 March 2023.

The comparative financial information for the year ended 30 June 2022 in this half-yearly report does not constitute statutory accounts for that year as defined in section 434 of the Companies Act 2006. The statutory accounts for the year ended 30 June 2022 have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting", in accordance with UK adopted international accounting standards. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the accounts for the year ended 30 June 2022. The financial information for the six months ended 31 December 2022 and 31 December 2021 is unaudited.

Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

The group's financial performance is not seasonal.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

In the current environment, the directors consider the revenue to be of particular importance and therefore we set out below our revenue policy in respect of rental income:

Rental income

Revenue includes rental income net of VAT

Most of the Group's rental income is billed either monthly or quarterly in advance. A receivable and deferred income is recognised at the date payment is due.

Rent receivables recognised are subject to impairment (refer to the Trade and Other Related Party receivables policy in the financial statements of the Company for the year ended 30 June 2022).

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

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

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

Use of estimates and judgements

There have been no changes in the method of applying appropriate accounting estimates in the period. Any difference between the receivables previously recognised and the cash subsequently collected has been disclosed in the income statement. There have been no other estimates of amounts reported in prior periods which have a material impact on the current half year period.

Going concern

The financial information for the six months ended 31 December 2022 have been prepared on a going concern basis. In light of the current macro-economic environment the Directors have considered various downside scenarios to the Group's financial forecasts in assessing its ability to continue as a going concern. Despite the negative economic impacts and the uncertainty created, the scenarios reviewed confirm the appropriateness of preparing these financial statements on a going concern basis. The Group is currently in compliance with all of its covenants. The most material risks concern the impact on the valuation of the property portfolio and our ability to meet bank loan and debenture covenants, although the Group does have potential mitigants at its disposal to address these uncertainties which include, but are not limited to, further disposals of assets, pledging as additional security ungeared properties valued at £9.5m at 31 December 2022 and seeking lender consent to an extension of financial covenant waivers to cover extended periods of disruption.

2. 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. The board has determined the operating segments based on these reports.

Segmental assets

Segmental assets	31 December	31 December	30 June
	2022	2021	2022
	£'000	£'000	£'000
Property rental	212,712	287,980	263,598
Car park activities	69,031	73,545	77,495
Hotel operations	9,100	9,030	9,100
Investments	13,575	-	24,874
Total assets	304,418	370,555	375,063

Segmental results

Segmental results	Six months ended 31 December 2022					Six months ended 31 December 2021				
	Property rental	Car park activities	Hotel operations	Invest- ments	Total	Property rental	Car park activities	Hotel operations	Total	

	£000	£000	£000	£000	£000	£000	£000	£000	£000
Gross revenue (excl. service charge income)	5,873	6,748	1,661	-	14,282	5,763	5,733	1,443	12,939
Service charge income	1,404	-	-	-	1,404	1,415	-	-	1,415
Gross revenue	7,277	6,748	1,661	-	15,686	7,178	5,733	1,443	14,354
Provision for impairment of debtors	80	-	-	-	80	392	-	-	392
Service charge expenses	(1,924)	-	-	-	(1,924)	(2,154)	-	-	(2,154)
Property expenses	(482)	(4,056)	(1,373)	-	(5,911)	(454)	(3,318)	(1,157)	(4,929)
Net revenue	4,951	2,692	288	-	7,931	4,962	2,415	286	7,663
Administrative expenses	(2,998)	(626)	-	-	(3,624)	(2,422)	(531)	-	(2,953)
Other income	515	4	-	-	519	1,302	-	-	1,302
Share of post tax profits from joint ventures	423	-	-	-	423	494	-	-	494
Operating profit before valuation movements	2,891	2,070	288	-	5,249	4,336	1,884	286	6,506
Valuation movement on investment properties	(14,192)	-	-	-	(14,192)	6,433	-	-	6,433
Impairment of car parking assets	-	(2,659)	-	-	(2,557)	-	(340)	-	(340)
Impairment of goodwill	-	(624)	-	-	(624)	-	-	-	-
Reversal of impairment of hotel assets	-	-	-	-	-	-	-	121	121
(Loss)/profit on disposal of investment properties	(182)	-	-	-	(182)	1,194	-	-	1,194
Loss on disposal of investments	-	-	-	(803)	(803)	-	-	-	-
Valuation movement on joint venture properties	(2,350)	-	-	-	(2,350)	430	-	-	430
Operating (loss)/profit	(13,833)	(1,213)	288	(803)	(15,561)	12,393	1,544	407	14,344
Finance costs					(3,821)				(3,880)
Finance income					304				-
(Loss)/profit before taxation					(19,078)				10,464
Taxation					-				-
(Loss)/profit for the period					(19,078)				10,464

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

The car park results include car park income from sites that are held for future development. The value of these sites has been determined based on their development value and therefore the total value of these assets has been included within the assets of the property rental business.

The net revenue at the development sites for the six months ended 31 December 2022, arising from car park operations, was £2,436,000. After allowing for an allocation of administrative expenses, the operating profit at these sites was £864,000.

Revenue received within the car park and hotel segments, along with service charge income from the property rental segment, is the only revenue recognised on a contract basis under IFRS 15. All other revenue within the property segment comes from rental lease agreements.

3. Finance costs

	Six months ended 31 December 2022 £000	Six months ended 31 December 2021 £000	Year ended 30 June 2022 £000
Interest on debenture loan stock	2,583	2,674	5,303
Interest payable on bank borrowings	649	600	1,265
Amortisation of arrangement fees	115	120	252
Loss on repurchase of debenture stock	-	-	272
Interest expense on lease liabilities	474	486	971
Total finance costs	3,821	3,880	8,063
Interest receivable on loans to joint ventures	(136)	-	(163)
Other interest receivable	(168)	-	(413)
Total finance income	(304)	-	(576)
Net finance costs	3,517	3,880	7,487

4. Dividends

	Six months ended 31 December 2022 £000	Six months ended 31 December 2021 £000	Year ended 30 June 2022 £000
2021 final dividend: 1.75p per 25p share	-	924	924
2022 interim dividend: 2.5p per 25p share	-	-	1,313
2022 final dividend: 2.5p per 25p share	1,211	-	-
	1,211	924	2,237

A final dividend in respect of the year ended 30 June 2022 of 2.5p per share was approved at the company's annual general meeting (AGM) on 22 November 2022 and was paid to shareholders on 6 January 2023. The entire dividend was paid as an ordinary dividend.

An interim dividend in respect of the year ending 30 June 2023 of 2.5p per share is proposed. This dividend, based on the shares in issue at 8 March 2023, amounts to £1.2m which has not been reflected in these interim accounts and will be paid on 16 June 2023 to shareholders on the register on 19 May 2023. This dividend will be paid entirely as a Property Income Distribution.

5. Earnings per share

6. Earnings per share

The calculation of basic earnings per share has been based on the profit for the period, divided by the number of shares in issue. The weighted average number of shares in issue during the period was 49,685,860 (2021: 52,945,786).

	Six months ended 31 December 2022		Six months ended 31 December 2021		Year ended 30 June 2022	
	Earnings Earnings per share £000 Pence		Earnings Earnings per share £000 Pence		Earnings Earnings per share £000 Pence	
Basic earnings and earnings per share	(19,078)	(38.4)	10,464	19.8	11,012	20.9
Valuation movement on investment properties	14,192	28.6	(6,433)	(12.1)	(3,489)	(6.6)
Impairment of car parking assets	2,659	5.4	340	0.6	384	0.7
Reversal of impairment of hotel assets	-	-	(121)	(0.2)	-	-
Impairment of goodwill	624	1.3				
Loss/(profit) on disposal of investment properties	182	0.3	(1,194)	(2.3)	(4,563)	(8.7)
Valuation movement on properties held in joint ventures	2,350	4.7	(430)	(0.8)	(430)	(0.8)
Loss on disposal of investments	803	1.6	-	-	89	0.2
Loss on repurchase of debenture stock	-	-	-	-	272	0.5
EPRA earnings and earnings per share	1,732	3.5	2,626	5.0	3,275	6.2

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

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

6. Tangible fixed assets

(a) Investment properties - property rental business

	Freehold £000	Right of use asset £000	Development £000	Total £000
Valuation at 1 July 2021	174,690	2,768	41,451	218,909
Additions at cost	7,433	-	-	7,433
Other capital expenditure	1,053	22	542	1,617
Disposals	(29,680)	(518)	-	(30,198)
Valuation movement	2,878	(22)	633	3,489
Movement in tenant lease incentives	(144)	-	-	(144)
Valuation at 1 July 2022	156,230	2,250	42,626	201,106
Additions at cost	7,532	-	-	7,532
Capital expenditure	205	31	59	295
Disposals	(7,645)	-	(12,750)	(20,395)
Valuation movement	(15,577)	(31)	1,416	(14,192)
Movement in tenant lease incentives	15	-	-	15
Valuation at 31 December 2022	140,760	2,250	31,351	174,361

Included within Investment properties (Development) is an asset valued at £10.0m (2021: £8.5m) that relates to land that is expected to be sold in March 2023. At 31 December 2022 there was sufficient uncertainty around both the Section 106 planning agreement with the local authority and the purchasers funding agreement that the sale was judged to not be highly probable and accordingly not transferred assets held for sale.

(b) Freehold and right of use properties - car park activities

	Freehold £000	Right of use asset £000	Total £000
Book Value at 1 July 2021	29,900	44,602	74,502
IFRS16 adjustment	-	(96)	(96)
Depreciation	(316)	(1,480)	(1,796)
Impairment	(384)	-	(384)
Book Value at 1 July 2022	29,200	43,026	72,226
IFRS16 adjustment	-	(48)	(48)
Depreciation	(156)	(756)	(912)
Impairment	(1,564)	(1,095)	(2,659)
Book Value at 31 December 2022	27,480	41,127	68,607

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

(c) Freehold properties - hotel operations

	Freehold £000
Valuation at 30 June 2021	8,630
Depreciation	(243)
Valuation movement	713
Valuation at 1 July 2022	9,100
Depreciation	(121)
Valuation movement	121

The fair value of the Group's investment and development properties, freehold car parks, hotel operations and assets held for sale have been determined principally by independent, appropriately qualified external valuers CBRE and Jones Lang LaSalle. The remainder of the portfolio has been valued by the Property Director.

Valuations are performed bi-annually and are performed consistently across the Group's whole portfolio of properties. At each reporting date appropriately qualified employees verify all significant inputs and review computational outputs. The external valuers submit and present summary reports to the Property Director and the Board on the outcome of each valuation round.

Valuations take into account tenure, lease terms and structural condition. The inputs underlying the valuations include market rents or business profitability, incentives offered to tenants, forecast growth rates, market yields and discount rates and selling costs including stamp duty.

The development properties principally comprise land in Leeds and Manchester. These have also been valued by appropriately qualified external valuers Jones Lang LaSalle, taking into account an assessment of their realisable value in their existing state and condition based on market evidence of comparable transactions and residual value calculations.

Leasehold (right-of-use) car park properties are accounted for using the cost model including an assessment of the future value of the minimum lease payments and are amortised on a straight line basis over the remaining term of the lease or useful economic life if deemed to be shorter.

Property income, values and yields have been set out by category in the table below.

	Passing rent £'000	ERV £'000	Value £'000	Initial yield %	Reversionary yield %
Retail and leisure	914	1,284	14,510	6.0	8.4
Merrion Centre (excluding offices)	4,884	5,194	52,649	8.8	9.3
Offices	2,782	5,017	55,391	4.7	8.6
Hotels	710	710	9,100	7.4	7.4
Out of town retail	1,086	1,070	13,000	7.9	7.8
Residential	429	442	7,460	5.4	5.4
	10,805	13,717	152,110	6.7	8.5
Development property			31,351		
Car parks			68,607		
			252,068		

Investment properties (freehold and right of use) and hotel operations

The effect on valuation (excluding development property and car parks) of applying a different yield and a different ERV would be as follows:

Valuation at an initial yield of 7.7% - £132.4m, Valuation at 5.7% - £178.7m

Valuation at a reversionary yield of 9.5% - £136.1m, Valuation at 7.5% - £172.3m

Investment properties (development properties)

The key unobservable inputs in the valuation of one of the Group's development properties of £14.8m is the assumed per acre or per unit land value. The effect on the development property valuation of applying a different assumed per acre or per unit land value would be as follows:

Valuation in the Consolidated Financial Statements if a 5% increase in the per acre or per unit value - £15.5m, 5% decrease in the per acre or per unit value - £14.1m.

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

Freehold car park activities

The effect on the total valuation of the Group's freehold car park properties of £27.5m in applying a different yield/discount rate would be as follows:

Valuation in the Consolidated Financial Statements based on a 1% decrease in the yield/discount rate - £32.4m, 1% increase in the yield/discount rate - £23.9m

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

	Investment Properties £'000	Freehold and Leasehold Properties £'000	Hotel operations £'000	Total £'000
Externally valued by CB Richard Ellis	98,975	22,500	9,100	130,575
Externally valued by Jones Lang LaSalle	75,335	4,980	-	80,315
Investment and development properties valued by the Directors	51	-	-	51
Right-of-Use Assets	-	41,127	-	41,127
At 31 December 2022	174,361	68,607	9,100	252,068

All investment properties, freehold properties held in property plant and equipment, hotel operations and assets held for sale are measured at fair value in the consolidated balance sheet and are categorised as level 3 in the fair value hierarchy as defined in IFRS13 as one or more inputs to the valuation are partly based on unobservable market data. In arriving at their valuation for each property (as in prior years) both the independent external valuers and the Directors have used the actual rent passing and have also formed an opinion as to the two significant unobservable inputs being the market rental for that property and the yield (i.e. the discount rate) which a potential purchaser would apply in arriving at the market value. Both these inputs are arrived at using market comparables for the type, location and condition of the property.

(d) Fixtures, equipment and motor vehicles

	Cost £000	Accumulated depreciation £000	Net book value £000
At 1 July 2021	4,711	3,756	955
Additions	283	-	283
Depreciation	-	262	(262)
At 1 July 2022	4,994	4,018	976
Additions	156	-	156
Depreciation	-	125	(125)
At 31 December 2022	5,150	4,143	1,007

7. Goodwill and intangible assets

	Six months ended 31 December 2022 £000	Six months ended 31 December 2021 £000	Year ended 30 June 2022 £000
Goodwill			
At start of the period	4,436	4,436	4,436
Impairment	(624)	-	-
	3,812	4,436	4,436
Intangible assets			
At start of period	476	405	405
On acquisition of subsidiaries	-	250	293
Amortisation	(123)	(95)	(222)
	353	560	476
Total goodwill and intangible assets	4,165	4,996	4,912

Goodwill represents the difference between the fair value of the consideration paid on the acquisitions of car park businesses and the fair value of the assets and liabilities acquired as part of these business combinations.

Intangible assets represent short term customer contracts relating to car park enforcement businesses acquired in the periods.

8. Investments in joint ventures

	Six months ended 31 December 2022 £000	Six months ended 31 December 2021 £000	Year Ended 30 June 2022 £000
Interest in joint ventures			
At start of period	18,016	16,212	16,212
Investments in joint venture	-	-	326
Share of profits after tax	423	432	885
Loan interest	136	62	163
Valuation movement	(2,350)	430	430
At end of period	16,225	17,136	18,016

Investments in joint ventures are broken down as follows:

	31 December 2022 £000	31 December 2021 £000	30 June 2022 £000
Equity	9,764	11,238	11,691
Loans	6,461	5,898	6,325
	16,225	17,136	18,016

Investments in joint ventures primarily relates to the Group's interest in the partnership capital of Merrion House LLP and loan to Belgravia Living Group Limited. The investment property held within these joint ventures has been externally valued at each reporting date.

9. Investments

	31 December 2022 £000	31 December 2021 £000	30 June 2022 £000
Current Assets			
Loan notes - Deferred Consideration	4,385	-	-
Loan notes - Contingent Consideration	763	-	-
	5,148	-	-
Non-Current Assets			
Listed investments	5,063	5,952	4,096
Non-listed investments	410	3,415	410
Loan notes - Deferred Consideration	2,954	-	-
	8,427	9,367	4,506

	13,575	9,367	4,506
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Listed investments

	31 December 2022 £000	31 December 2021 £000	30 June 2022 £000
At start of the period	4,096	5,802	5,802
Disposals	(30)	(63)	(62)
Increase in value of investments	997	213	(1,644)
At the end of the period	5,063	5,952	4,096

Listed investments relate to an equity shareholding in a company listed on the London Stock Exchange. This is stated at market value in the table above and has a historic cost of £877,755 (2021: £882,300).

Listed investments are measured at fair value in the consolidated balance sheet and are categorised as level 1 in the fair value hierarchy as defined in IFRS 13 as the inputs to the valuation are based on quoted market prices.

The maximum risk exposure at the reporting date is the fair value of the other investments.

Non-listed investments

	31 December 2022 £000	31 December 2021 £000	30 June 2022 £000
At the start of the year	410	3,415	3,415
Loan interest	-	-	413
Increase in value of investments	-	-	16,950
Transferred to assets held for sale	-	-	(20,368)
	410	3,415	410

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

In July 2022, the Company sold its investment in YPS for day one proceeds of £11.56m plus deferred and contingent elements of consideration in the form of loan notes. This day one receipt included £9.61m relating to the Company's equity interest in YPS and a further £1.95m in full repayment of its shareholder loan to YPS.

The Non-listed investments are categorised as level 3 in the fair value hierarchy as defined in IFRS 13 as the inputs to the valuation are based on unobservable inputs.

Loan Notes - Deferred Consideration

	31 December 2022 £000	31 December 2021 £000	30 June 2022 £000
Current assets			
At the start of the year	-	-	-
Loan notes issued to the Company in the period	4,287	-	-
Loan interest	98	-	-
	4,385	-	-

Non-current assets

At the start of the year	-	-	-
Loan notes issued to the Company in the period	2,888	-	-
Loan interest	66	-	-
	2,954	-	-

The interest earned on the deferred consideration loan notes is 5% per annum.

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

Loan Notes - Contingent Consideration

	31 December 2022 £000	31 December 2021 £000	30 June 2022 £000
At the start of the year			
Loan notes issued to the Company in the period	743	-	-
Unwind of discount applied to contingent consideration	20	-	-
	763	-	-

The contingent consideration loan notes were initially recognised at fair value, based on the estimated performance of YPS in the 14 month period ended October 2023. This is an estimate prepared by the Company. The contingent consideration loan notes are then accounted for using the fair value through profit and loss basis. Following

completion of the sale of its investment in YPS, the Company does not have access to any current YPS management information. With the it's knowledge of the UK Car Parking market, together with the volume of business the Group is continuing to generate on it's own car parks through the YPS platform, the Company does not believe the contingent consideration has suffered any impairment in the period.

These loan note assets are categorised as level 3 in the fair value hierarchy as defined in IFRS 13 as the inputs to the valuation are based on unobservable inputs.

10. Financial liabilities

	31 December 2022 £000	31 December 2021 £000	30 June 2022 £000
Current			
Bank borrowings	3,466	34,956	32,999
Lease liabilities	1,665	1,649	1,656
	5,131	36,605	34,655
Non-Current			
Bank borrowings	2,328	12,293	4,792
Lease liabilities	26,717	27,426	27,080
5.375% First mortgage debenture stock	96,000	99,393	95,995
	125,045	139,112	127,867
	130,176	175,715	162,522

Fair value of current borrowings

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

Fair value of non-current borrowings

	31 December 2022		31 December 2021		30 June 2022	
	Book value £000	Fair value £000	Book value £000	Fair value £000	Book value £000	Fair value £000
Debenture stock	96,000	83,782	99,393	107,311	95,995	94,694
Non-current bank borrowings	2,328	2,328	12,293	12,293	4,792	4,792

11. Called up equity share capital

Authorised

164,879,000 (30 June 2022: 164,879,000) ordinary shares of 25p each.

<i>Issued and fully paid up</i>	Number of shares 000	Nominal value £000
At 1 July 2022	52,531	13,132
Purchase and cancellation of own shares	(4,075)	(1,019)
At 31 December 2022	48,456	12,113

12. Cash flows from operating activities

	Six months ended 31 December 2022 £000	Six months ended 31 December 2021 £000	Year ended 30 June 2022 £000
Loss for the period	(19,078)	10,464	11,012
Depreciation	1,159	1,151	2,301
Amortisation	123	95	222
Loss/(profit) on disposal of investment properties	171	(1,194)	(4,563)
Profit on sale of fixed assets	(16)	-	-
Loss on sale of investments	814	-	89
Finance costs	3,821	3,880	8,063
Finance income	(304)	-	(576)
Share of joint venture losses/(profits) after tax	1,927	(924)	(1,315)
Movement in revaluation of investment properties	14,192	(6,433)	(3,489)
Movement in lease incentives	(15)	(27)	144
Impairment of car parking assets	2,659	340	384
Reversal of impairment of hotel assets	-	(121)	-

Impairment of goodwill	624	-	-
Decrease in receivables	813	524	1,083
Increase/(decrease) in payables	218	(1,204)	(1,667)
Cash generated from operations	7,108	6,551	11,688

13. Net asset value per share

Net asset value per share is calculated as the net assets of the Group attributable to shareholders at each balance sheet date, divided by the number of shares in issue at that date.

	Six months ended 31 December 2022	Six months ended 31 December 2021	Year ended 30 June 2022
Net asset value (£'000)	152,244	165,052	179,304
Number of ordinary shares in issue (000)	48,456	52,775	52,531
Net asset value per share (pence)	314p	313p	341p

14. Related party information

There have been no material changes in the related party transactions described in the 2022 Accounts.

15. Post Balance Sheet Events

On 28 January 2023 the Company completed the buyback for cancellation of £13.7m of its 5.375% first mortgage debenture stock. As part of this transaction current bank borrowings increased by £11.0m on that day.

INDEPENDENT REVIEW REPORT TO TOWN CENTRE SECURITIES PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2022 which comprises the consolidated condensed income statement, the consolidated condensed balance sheet, the consolidated condensed statement of changes in equity, the consolidated condensed cash flow statement and the notes to the financial information

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2022 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP

Chartered Accountants

London, UK

Date 8 March 2023

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