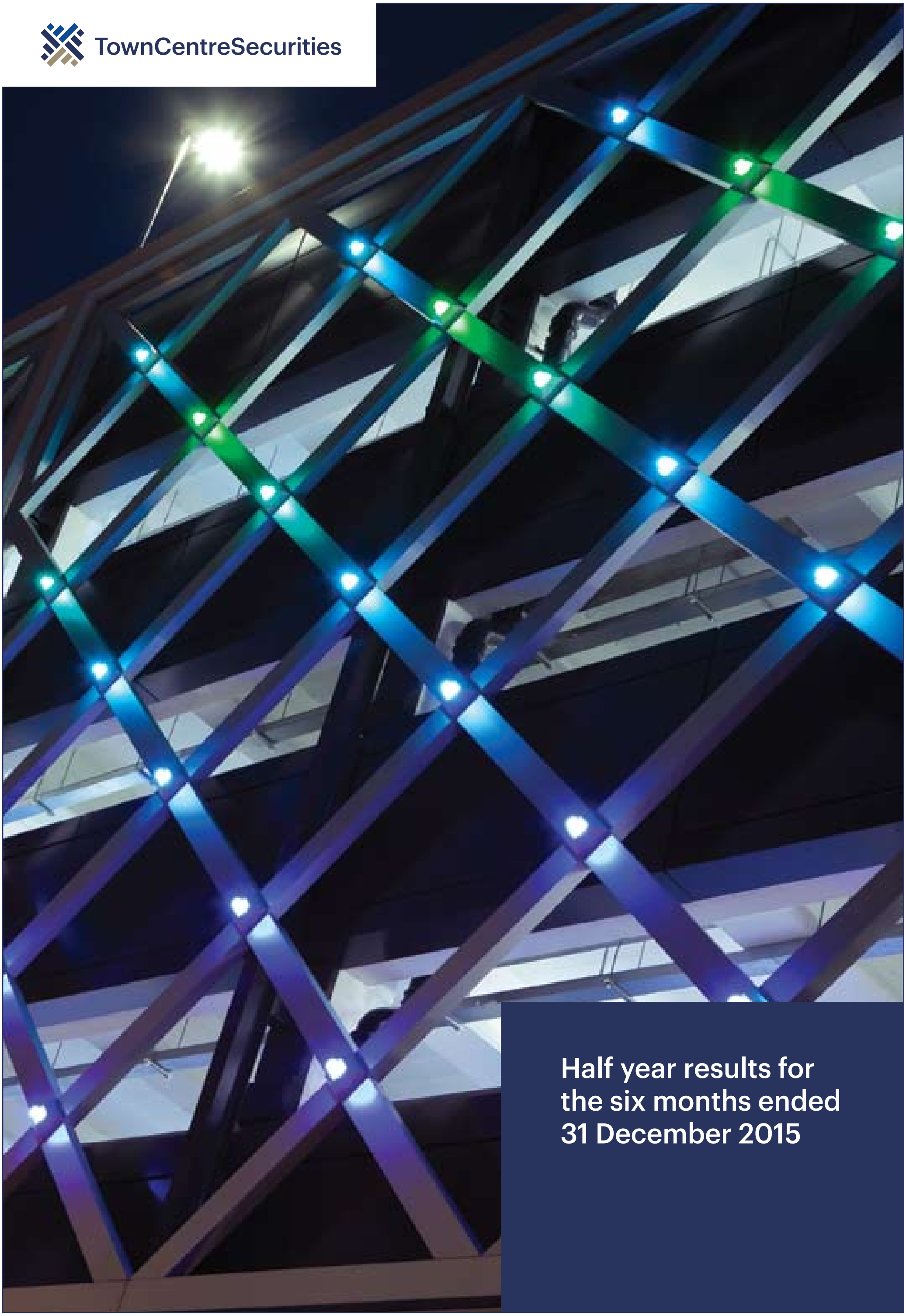
TownCentreSecurities



Half year results for the six months ended 31 December 2015

Who we are and what we do

We are a specialist regional property investor with a £370m portfolio principally in Leeds, Manchester and Scotland.

We have a 55 year track record as a listed company with 55 years of dividend payments either maintained or increased.

Our strategy is focused on active management of income based on local knowledge.

We are conservatively funded and we have delivered high long term returns for shareholders which compare favourably against market indices.

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Edward Ziff

Results

Underlying profit before tax for the six months ended 31 December 2015 has increased by 3.4% to £3.5m (2014: £3.4m) and underlying earnings per share has increased to 6.7p (2014: 6.5p). The valuation increase on the Group's investment property portfolio in the first half of the year was £7.6m (2014: £10.1m) with the profit after tax amounting to £11.6m (2014: £13.3m).

Rental income from investment properties was £8.2m (2014: £7.9m). Income from car parks increased to £5.0m (2014: £3.0m) benefitting from underlying growth and the income derived from acquisitions.

Property and administrative expenses increased in total to £6.3m (2014: £4.4m) reflecting the impact of car park acquisitions whilst finance costs increased to £4.0m (2014: £3.4m) reflecting the increase in average borrowings used to fund development projects that were completed in the last financial year.

The Group's net assets increased by 4.3% to £190.7m in the six month period (June 2015: £182.9m). Net assets per share increased to 359p (2014: 326p; 30 June 2015: 344p).

Dividends

The interim dividend of 3.1p per share (2014: 3.1p) will be paid as a Property Income Distribution and will amount to £1.6m. It will be paid on 24 June 2016 to shareholders registered on 27 May 2016. The final dividend for 2015 of 7.34p per share amounting to £3.9m was paid on 5 January 2016.

Review of property management activities

Our asset management team has maintained the quality and occupancy of our portfolio having completed 104 leasing transactions during the six month period (2014: 99).

Across the whole portfolio occupancy levels remain strong at 97% (2014: 97%; June 2015: 96%). Rent collections continue to be robust with over 99% collected within five days of the most recent quarter date.

Merrion Centre

In the Merrion Centre lettings and asset management of the Arena Quarter continues. The latest unit to open, a Smoke Barbeque restaurant, is trading well and in line with expectations.

In the main mall the newly refurbished Morrisons store is trading ahead of expectations. This is the first store in the chain using a new brand shopfront design. The NHS clinic is now open and we have also opened a new Bonmarche´ store. Occupancy levels in the Merrion Centre stand at 96% at 31 December 2015.

Developments and Refurbishments

We have a strong pipeline of developments and refurbishments, with over £30m of development spend underway.

We are on track with the redevelopment of Merrion House, a complete refurbishment of the existing 120,000 sq ft of offices and creation of 50,000 sq ft of new office space. The contractor is on site stripping out and we are close to agreeing the building contract which is expected to be within the £34m budget for the development (£18m of which is being funded by Leeds City Council, the JV partner). Completion is scheduled for Q1 2018. On completion, this project is expected to add £5m to net assets and £0.9m to annual income.

We are also progressing the redevelopment of the Merrion Hotel, which will be a 134 room Ibis Styles hotel and 4,000 sq ft Marco Pierre White restaurant. The site is very well located, directly opposite the Leeds First Direct Arena, a 13,000 capacity entertainment venue. The contractor is on site stripping out and the build cost is £9.2m with completion scheduled for H1 2017. On completion, this project is expected to add £0.6m to annual income, growing to £1.0m.

In December 2015 we completed a 25 year lease to Premier Inn of a 136 bedroom hotel on Whitehall Road, part of the Whitehall Riverside Scheme in the West End of Leeds. The rent will be £680,000 pa and the build cost is £10m with preparatory works already underway. The value of the site upon completion, which is expected in H1 2017, is estimated to be in excess in excess of £12.5m.

Chairman and Chief Executive's Statement continued

Edward Ziff

Discussions are continuing in respect of the next phase of the office development at Whitehall Riverside and a 500 space multi-storey car park on the above site.

At Piccadilly Basin, Manchester we have now completed a joint venture with a specialist residential contractor and developer. Their group already owns a successful and rapidly growing housebuilding operation, Duchy Homes. Planning and funding is already in place for the initial 91 units and site preparation is underway.

We are also in discussions for a second residential block on this Manchester site with plans for 43,000 sq ft of loft style apartments in the Brownsfield Mill area of the site.

On-going Capital Recycling

Our disciplined approach to capital recycling continues. We will continue to dispose of properties where we have maximised value and see strong potential to redeploy capital into higher growth opportunities in our key focus geographies of Leeds, Manchester and suburban London.

We completed two significant disposals to date in 2016; an office building at Bothwell Street, Glasgow for £6.8m, and Albion Street, Leeds for £6.5m both ahead of the valuations at 31 December 2015. We have a further £20m of assets earmarked for disposal over the next 12 months.

We have acquired three retail units located in Wood Green, London for a total consideration of £6m which will generate a combined income of £0.3m p.a., reflecting a yield of 5.5%. This is in addition to the property we bought in the same location last year for £1.25m.

The retail units are well located, with excellent access to public transport links. We intend to act on the asset management opportunities available to us to enhance the tenant mix which will improve the yield and rent going forward as well as to take advantage of the refurbishment potential to raise the rental income of the units. A programme to convert the upper floors into residential accommodation is already in progress.

Car parking activities

Car park revenues for the six month period have increased to £5.0m (2014: £3.0m) with underlying profitability of £1.7m (2014: £1.4m). This half year has seen a strong performance from Whitehall Road parking facilities where development of adjoining sites has reduced overall car parking availability. The prior period acquisitions are now contributing in line with expectations. The three sites in Watford have been refurbished in the period at a cost of £4.0m.

Financing

Total net borrowings at 31 December 2015 were £180.3m (2014: £159.1m; 30 June 2015: £174.6m) giving a loan to value ratio of 49% (2014: 47%; 30 June 2015: 49%). We have £106.0m of Mortgage Debenture Stock 2031 and have drawn £74.3m on our bank facilities as at 31 December 2015. During the six months we have renewed our revolving credit facilities with Handlesbanken (£35m) and Lloyds (£35m) with the renewal of the RBS facility having been completed in February 2016 (£30m) all of which are on a 3 year term with the Lloyds and RBS facilities having options to extend for a further 2 years. There is significant headroom in our facilities and we are operating well within our loan to value and interest cover covenants.

Valuation

Our investment properties were valued at £330.4m at 31 December 2015 which includes our development properties that are carried at a total valuation of £27.1m. £307.4m of the investment property portfolio was valued by our external valuers with the remainder valued by the Directors.

The initial yield on the investment portfolio is 5.6% at 31 December 2015 (June 2015: 5.8%).

Chairman and Chief Executive's Statement continued

Edward Ziff

Outlook

Our Total Shareholder Return over the last six and twelve months of 13.3% and 26.7% respectively places the Group in the top quartile of the real estate sector.

We continue to achieve this by the intensive asset management of our properties concentrating particularly on income.

We will continue to focus on:

- Maximising the investment value of our development sites through selective development
- Improving the quality and value of our portfolio through capital recycling
- Growing our car parking business through careful management and selective acquisitions

We believe that the current low interest and low inflation environment is here to stay for the foreseeable future and will continue to give us opportunities to grow our income and profits and therefore grow our net asset value.

Edward M Ziff
Chairman and Chief Executive
24th February 2016

Responsibilty 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 25 of its Annual Report and Accounts 2015 the principal risks and uncertainties that could impact its performance; these remain 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.

Our key risks relate to property valuations, availability of finance, occupancy levels and future income. Property values are currently stable and we have sufficient bank facilities and headroom in place. The Group has no over reliance on any one tenant or sector and has a skilled and experienced team of asset managers dealing with day-to-day management of our portfolio.

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 M Ziff
Chairman and Chief Executive
24th February 2016

Duncan Syers
Finance Director
24th February 2016

Consolidated income statement

for the six months ended 31 December 2015

	Notes	**Six months ended 31 December 2015 Unaudited £000**	Six months ended 31 December 2014 Unaudited and restated £000	Year ended 30 June 2015 Audited and restated £000
Gross revenue		**13,110**	10,878	22,714
Property expenses		**(3,745)**	(2,064)	(5,248)
Net revenue		**9,365**	8,814	17,466
Administrative expenses		**(2,576)**	(2,293)	(5,068)
Other income		**448**	282	1,215
Reversal of impairment/(impairment) of car parking assets		**500**	(1,000)	(786)
Valuation movement on investment properties		**7,574**	10,107	15,577
Profit on disposal of investment properties		**-**	776	236
Loss on disposal of investment property into joint ventures		**-**	-	(2,488)
Share of post tax profits from joint ventures		**371**	31	5,109
Operating profit		**15,682**	16,717	31,261
Finance costs	3	**(3,999)**	(3,402)	(7,258)
Profit before taxation		**11,683**	13,315	24,003
Taxation		**(62)**	-	-
Profit for the period		**11,621**	13,315	24,003
All profits for the period are attributable to equity shareholders.				
Earnings per ordinary share	5			
Basic and Diluted		**21.9p**	25.0p	45.1p
Underlying (non-GAAP measure)		**6.7p**	6.5p	12.1p

Consolidated statement of comprehensive income

for the six months ended 31 December 2015

	Six months ended 31 December 2015 Unaudited £000	Six months ended 31 December 2014 Unaudited £000	Year ended 30 June 2015 Audited £000
Profit for the period	**11,621**	13,315	24,003
Other comprehensive income			
Revaluation gains on other investments	**124**	169	228
Total comprehensive income for the period	**11,745**	13,484	24,231

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 balance sheet

as at 31 December 2015

	Notes	**31 December 2015 Unaudited £000**	31 December 2014 Unaudited and restated £000	30 June 2015 Audited and restated £000	30 June 2014 Audited and restated £000
Non-current assets					
Property rental					
Investment properties	6	**330,418**	327,096	320,141	307,474
Investments in joint ventures	8	**19,300**	1,779	19,344	1,748
		349,718	328,875	339,485	309,222
Car park activities					
Freehold and leasehold properties	6	**19,751**	16,304	16,841	17,315
Goodwill	7	**4,024**	839	4,024	-
		23,775	17,143	20,865	17,315
Fixtures, equipment and motor vehicles	6	**2,154**	1,135	1,214	1,112
Total non-current assets		**375,647**	347,153	361,564	327,649
Current assets					
Investments		**2,086**	1,903	1,962	1,734
Non-current assets held for sale		**6,716**	-	3,450	7,500
Trade and other receivables		**4,858**	3,225	6,871	4,705
Cash and cash equivalents		**759**	12,124	1,515	-
Total current assets		**14,419**	17,252	13,798	13,939
Total assets		**390,066**	364,405	375,362	341,588
Current liabilities					
Trade and other payables		**(13,792)**	(16,394)	(11,857)	(13,908)
Financial liabilities		**(35,192)**	-	(38,668)	(1,845)
Total current liabilities		**(48,984)**	(16,394)	(50,525)	(15,753)
Non current liabilities					
Financial liabilities		**(150,361)**	(174,558)	(141,959)	(161,964)
Total liabilities		**(199,345)**	(190,952)	(192,484)	(177,717)
Net assets		**190,721**	173,453	182,878	163,871
Equity attributable to owners of the Parent					
Called up share capital	9	**13,290**	13,290	13,290	13,290
Share premium account		**200**	200	200	200
Capital redemption reserve		**559**	559	559	559
Retained earnings		**176,672**	159,404	168,829	149,822
Total equity		**190,721**	173,453	182,878	163,871
Net asset value per share	11	**359p**	326p	344p	308p

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

Consolidated statement of changes in equity

for the six months ended 31 December 2015

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
Balance at 1 July 2014	13,290	200	559	149,822	163,871
Total comprehensive income for the period	-	-	-	13,484	13,484
Dividends relating to the year ended 30 June 2014	-	-	-	(3,902)	(3,902)
Balance at 31 December 2014	**13,290**	**200**	**559**	**159,404**	**173,453**
Balance at 1 July 2015	13,290	200	559	168,829	182,878
Total comprehensive income for the period	-	-	-	11,745	11,745
Dividends relating to the year ended 30 June 2015	-	-	-	(3,902)	(3,902)
Balance at 31 December 2015	**13,290**	**200**	**559**	**176,672**	**190,721**

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

Consolidated cash flow statement

for the six months ended 31 December 2015

	Notes	**Six months ended 31 December 2015 Unaudited**		Six months ended 31 December 2014 Unaudited and restated		Year ended 30 June 2015 Audited and restated	
		£000	**£000**	£000	£000	£000	£000
Cash flows from operating activities							
Cash generated from operations	10	**6.332**		7,128		9,950	
Interest paid		**(3,999)**		(3,402)		(7,759)	
Net cash generated from operating activities			**2,233**		3,726		2,191
Cash flows from investing activities							
Purchases and construction of investment properties		**(6,314)**		(18,638)		(22,132)	
Refurbishment of investment properties		**(1,897)**		-		(10,577)	
Consideration payable for business combinations		**-**		(839)		(4,024)	
Payments for leasehold property improvements		**(2,425)**		-		(312)	
Purchases of fixtures, equipment and motor vehicles		**(1,195)**		(195)		(532)	
Proceeds from sales of investment properties		**3,500**		17,321		16,821	
Proceeds from sale of Merrion House to joint venture		**-**		-		10,000	
Distributions received from joint ventures		**415**		-		-	
Net cash used in investing activities			**(7,916)**		(2,351)		(10,756)
Cash flows from financing activities							
Proceeds from other non-current borrowings		**4,927**		12,594		17,475	
Dividends paid to shareholders		**-**		-		(5,550)	
Net cash generated from financing activities			**4,927**		12,594		11,925
Net (decrease)/increase in cash and cash equivalents			**(756)**		13,969		3,360
Cash and cash equivalents at beginning of period			**1,515**		(1,845)		(1,845)
Cash and cash equivalents at end of period			**759**		12,124		1,515

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 24 February 2016.

This interim financial information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 June 2015 ("the 2015 Accounts") were approved by the Board of Directors on 17 September 2015 and delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union. 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 2015 Accounts. The financial information for the six months ended 31 December 2015 and 31 December 2014 is unaudited.

Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the consolidated income statement certain items which were previously excluded from operating profit have now been included within operating profit. There has been no change to the profit previously reported for any period.

In addition within the consolidated balance sheet several line items have been disaggregated to reflect the split of assets between the Group's car park business and its property rental business.

As disclosed in note 12 this disaggregation did not result in a change to net assets previously reported but did result in changes to the total assets and total liabilities previously reported.

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.

Although there have been a number of IFRS and IFRIC amendments or interpretations issued since the 2015 Accounts were published, none are expected to have a material impact on the Group's reporting, other than in respect of presentation and disclosure.

Use of estimates and judgements

There have been no changes in estimates of amounts reported in prior periods which have a material impact on the current half year period.

Going concern

The Directors have reviewed the cash flow forecasts of the Group and the underlying assumptions on which they are based. The Directors consider that the Group has adequate financial resources, tenants with appropriate leases and covenants, and properties of sufficient quality to enable them to conclude that the Company and the Group will continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis of accounting in preparing its consolidated interim financial statements.

Notes to the consolidated interim financial information continued

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. Management has determined the operating segments based on these reports.

Segment assets	**31 December 2015 £000**	31 December 2014 Restated £000	30 June 2015 Restated £000	30 June 2014 Restated £000
Property rental	**364,674**	344,816	351,016	321,840
Car park activities	**25,392**	19,589	24,346	19,748
Total assets	**390,066**	364,405	375,362	341,588

Segmental results	**Six months ended 31 December 2015**			Six months ended 31 December 2014		
	Property rental £000	**Car park activities £000**	**Total £000**	Property rental £000	Car park activities £000	Total £000
Gross revenue	**8,152**	**4,958**	**13,110**	7,902	2,976	10,878
Property expenses	**(924)**	**(2,821)**	**(3,745)**	(694)	(1,370)	(2,064)
Net revenue	**7,228**	**2,137**	**9,365**	7,208	1,606	8,814
Administrative expenses	**(2,176)**	**(400)**	**(2,576)**	(2,078)	(215)	(2,293)
Other income	**448**	**-**	**448**	282	-	282
Reversal of impairment/(impairment) of car parking assets	**-**	**500**	**500**	-	(1,000)	(1,000)
Valuation movement on investment properties	**7,574**	**-**	**7,574**	10,107	-	10,107
Profit on disposal of investment properties	**-**	**-**	**-**	776	-	776
Share of post tax profits from joint ventures	**371**	**-**	**371**	31	-	31
Operating profit	**13,445**	**2,237**	**15,682**	16,326	391	16,717
Finance costs			**(3,999)**			(3,402)
Profit before taxation			**11,683**			13,315
Taxation			**(62)**			-
Profit for the period			**11,621**			13,315

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

The results for the car park operations include the car park at the Merrion Centre. As the value of the car park cannot be separated from the value of the Merrion Centre as a whole, the full value of the Merrion Centre is included within the assets of the property rental business.

The results also 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 total net revenue at the Merrion Centre and development sites for the six months ended 31 December 2015, all arising from car park operations, was £1,453,000. After allowing for an allocation of administrative expenses, the operating profit at these sites was £1,181,000.

Notes to the consolidated interim financial information continued

3. Finance costs

	Six months ended 31 December 2015 £000	Six months ended 31 December 2014 £000	Year ended 30 June 2015 £000
Interest on and amortisation of debenture loan stock	**2,854**	2,854	5,708
Interest payable on bank borrowings	**1,038**	879	2,041
Interest capitalised	**-**	(331)	(501)
Other finance costs	**107**	-	10
	3,999	3,402	7,258

4. Dividends

	Six months ended 31 December 2015 £000	Six months ended 31 December 2014 £000	Year ended 30 June 2015 £000
2014 final dividend: 7.34p per 25p share	**-**	3,902	3,902
2015 interim dividend: 3.10p per 25p share	**-**	-	1,648
2015 final dividend: 7.34p per 25p share	**3,902**	-	-
	3,902	3,902	5,550

A final dividend in respect of the year ended 30 June 2015 of 7.34p per share was approved at the Company's Annual General Meeting (AGM) on 18 November 2015 and was paid to shareholders on 5 January 2016. This dividend comprised an ordinary dividend of 5.18p per share and a Property Income Distribution (PID) of 2.16p per share.

An interim dividend in respect of the year ending 30 June 2016 of 3.1p per share is proposed. This dividend, based on the shares in issue at 24 February 2016, amounts to £1.6m which has not been reflected in these interim accounts and will be paid on 24 June 2016 to shareholders on the register on 27 May 2016. This dividend will be paid entirely as a PID.

Notes to the consolidated interim financial information continued

5. 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 number of shares in issue during the period was 53,161,950 (2014: 53,161,950).

	Six months ended 31 December 2015		Six months ended 31 December 2014 Restated		Year ended 30 June 2015 Restated	
	Earnings £000	**Earnings per share Pence**	Earnings £000	Earnings per share Pence	Earnings £000	Earnings per share Pence
Basic earnings and earnings per share	**11,621**	**21.9**	13,315	25.0	24,003	45.1
Valuation movement on investment properties	**(7,574)**	**(14.3)**	(10,107)	(19.0)	(15,577)	(29.3)
Reversal of impairment/(impairment) of car parking assets	**(500)**	**(0.9)**	1,000	1.9	786	1.4
Valuation movement on properties held in joint ventures	**-**	**-**	-	-	(5,013)	(9.4)
Profit on disposal of investment and development properties	**-**	**-**	(776)	(1.4)	(236)	(0.4)
Loss on disposal of investment properties into joint ventures	**-**	**-**	-	-	2,488	4.7
Underlying earnings and earnings per share	**3,547**	**6.7**	3,432	6.5	6,451	12.1

The calculation of underlying earnings per share has been based on the profit for the period, divided by the number of shares in issue throughout the period. It has been disclosed to demonstrate the effects of property disposal profits and losses, revaluation and impairment movements and other non-recurring items on earnings.

Notes to the consolidated interim financial information continued

6. Tangible fixed assets

(a) Investment properties - property rental business

	Freehold £000	Long leasehold £000	Development £000	Total £000
Valuation at 1 July 2014 - restated	274,497	5,199	27,778	307,474
Additions at cost	8,042	13,361	729	22,132
Other capital expenditure	10,490	87	-	10,577
Interest capitalised	501	-	-	501,
Disposals	(27,319)	(1,460)	(5,245)	(34,024)
Transfer to assets held for sale	(3,450)	-	-	(3,450)
Surplus on revaluation	11,986	3,413	178	15,577
Finance lease adjustments	-	1,176	-	1,176
Movement in tenant lease incentives	178	-	-	178
Valuation at 1 July 2015 - restated	274,925	21,776	23,440	320,141
Additions at cost	6,314	-	-	6,314
Other capital expenditure	1,866	31	-	1,897
Transfer to assets held for sale	(6,716)	-	-	(6,716)
Surplus on revaluation	3,493	470	3,611	7,574
Movement in tenant lease incentives	1,208	-	-	1,208
Valuation at 31 December 2015	**281,090**	**22,277**	**27,051**	**330,418**

(b) Freehold and leasehold properties - car park activities

	Freehold £000	Leasehold £000	**Total £000**
Valuation at 1 July 2014 - restated	2,500	14,815	**17,315**
Additions	-	312	**312**
Impairment charge	-	(786)	**(786)**
Valuation at 1 July 2015 - restated	2,500	14,341	**16,841**
Additions	-	2,425	**2,425**
Depreciation	-	(15)	**(15)**
Reversal of impairment	-	500	**500**
Valuation at 31 December 2015	2,500	17,251	**19,751**

The fair value of the Group's investment properties and freehold and leasehold properties has been determined principally by independent, appropriately qualified external valuers Jones Lang LaSalle and CB Richard Ellis. The remainder of the Group's properties have been valued by the Property Director.

Notes to the consolidated interim financial information continued

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 assets have been valued taking into account the income from car parking and the Property Director's assessment of their realisable value in their existing state and condition based on market evidence of comparable transactions.

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	Total £000
Externally valued by CB Richard Ellis	208,085	-	208,085
Externally valued by Jones Lang LaSalle	99,285	13,750	113,035
Investment and development properties valued			
by the Property Director	21,896	-	21,896
Finance lease obligations capitalised	1,152	3,289	4,441
Leasehold improvements	-	2,712	2,712
At 31 December 2015	**330,418**	**19,751**	**350,169**

All investment properties measured at fair value in the consolidated balance sheet 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 periods) both the independent valuers and the Property Director have used the actual rent passing and have also formed an opinion as to the two key 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.

(c) Fixtures, equipment and motor vehicles

	Cost £000	Accumulated depreciation £000	Net book value £000
At 1 July 2015	4,143	2,929	1,214
Additions	1,195	-	1,195
Disposals	(49)	(34)	(15)
Depreciation	-	240	(240)
At 31 December 2015	**5,289**	**3,135**	**2,154**

Notes to the consolidated interim financial information continued

7. Goodwill

	Six months ended 31 December 2015 £000	Six months ended 31 December 2014 Restated £000	Year ended 30 June 2015 Restated £000
At start period	**4,024**	-	-
Additions at cost	**-**	839	4,024
At end period	**4,024**	839	4,024

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.

8. Investments in joint ventures

	Six months ended 31 December 2015 £000	Six months ended 31 December 2014 £000	Year ended 30 June 2015 £000
Interest in joint ventures			
At start period	**19,344**	1,748	1,748
Additions	**-**	-	12,487
Dividends and other distributions received in the year	**(415)**	-	-
Share of profits after tax	**371**	31	5,109
At end period	**19,300**	1,779	19,344

Investments in joint ventures primary relates to the Group's interest in the partnership capital of Merrion House LLP. The investment property held within this partnership has been externally valued by CB Richard Ellis at each reporting date.

9. Called up equity share capital

Authorised

164,879,000 (30 June 2015: 164,879,000) ordinary shares of 25p each.

Issued and fully paid

	Number of shares 000	Nominal value £000
At 1 July and 31 December 2015	**53,162**	**13,290**

Notes to the consolidated interim financial information continued

10. Cash flows from operating activities

	Six months ended 31 December 2015 £000	Six months ended 31 December 2014 Restated £000	Year ended 30 June 2015 Restated £000
Profit for the period	**11,621**	13,315	24,003
Adjustments for:			
Tax charge	**62**	-	-
Depreciation	**255**	147	302
Profit on disposal of investment properties	**-**	(776)	(236)
Finance costs	**3,999**	3,402	7,258
Loss on disposal of investment properties onto joint ventures	**-**	-	2,488
Share of joint venture profits after tax	**(371)**	(31)	(5,109)
Movement in revaluation of investment properties	**(7,574)**	(10,107)	(15,577)
Movement in lease incentives	**(1,208)**	89	(178)
Reversal of impairment/(impairment) of car parking assets	**(500)**	1,000	786
Decrease/(increase) in receivables	**2,013**	1,390	(2,167)
Decrease in payables	**(2,065)**	(1,301)	(1,620)
Cash generated from operations	**6,232**	7,128	9,950

11. 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 2015	Six months ended 31 December 2014	Year ended 30 June 2015
Net asset value (£'000)	**190,721**	173,453	182,878
Number of ordinary shares in issue	**53,161,950**	53,161,950	53,161,950
Net asset value per share (pence)	**359p**	326p	344p

Notes to the consolidated interim financial information continued

12. Restatement of prior year figures

A detailed review has recently been performed to ensure all of the Group's accounting policies are being applied appropriately. This review has identified certain areas that have previously not been accounted for in accordance with those accounting policies. These areas are summarised as follows:

a) Unamortised lease incentives have historically been recognised as a separate asset within the balance sheet. An adjustment has been made to the previously reported figures to de-recognise this asset and offset the movement in lease incentives against the valuation surplus on investment properties in each period.

b) Two of the properties held under long leasehold agreements have historically not been recognised as finance leases. The discounted value of rents payable on these leases has now been recognised within financial liabilities with a corresponding increase in the fair value of long leasehold properties within investment properties.

c) The Group's development land assets have previously not been recognised at fair value. These assets have therefore been revalued based on fair value with an adjustment retrospectively applied at each balance sheet date.

d) Previously, three properties used in the car park business have been classified within investment properties. The fair value of these assets at 30 June 2015 of £13.3m (31 December 2014: £13.0m) has been re-classified from investment properties to freehold and leasehold properties.

e) Consideration paid for the acquisition of two car park businesses has previously been recognised within tangible fixed assets as lease premiums. These acquisitions are considered to be Business Combinations under IFRS3 (revised). The consideration is considered to represent goodwill on acquisition and £4.0m at 30 June 2015 (31 December 2014: £0.8m) has therefore been reclassified accordingly.

The impact on total assets and total liabilities as a result of the accounting adjustments arising from the above is set out in the table below. There has been no impact on the net assets for any period as a result of these adjustments.

	2014 £000	2015 £000	2014 £000
Total assets as previously reported	361,101	370,882	338,284
a) Unamortised lease incentives adjustment	(3,699)	(3,966)	(3,788)
b) Finance lease accounting adjustment	3,304	4,480	3,304
c) Value adjustment relating to development land	3,699	3,966	3,788
Total Assets	**364,405**	**375,362**	**341,588**
Total liabilities as previously reported	(187,648)	(188,004)	(174,413)
b) Finance lease accounting adjustment	(3,304)	(4,480)	(3,304)
Total Liabilities	**(190,952)**	**(192,484)**	**(177,717)**
Net Assets	**173,453**	**182,878**	**163,871**
Net Assets as previously reported	**173,453**	**182,878**	**163,871**

13. Related party information

There have been no material changes in the related party transactions described in the 2015 Accounts.

Independent Review Report to Town Centre Securities PLC

Introduction

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 2015 which comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of and has been approved by the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, ''Interim Financial Reporting'', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure 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.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'', issued by the Auditing Practices Board for use in the United Kingdom. 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 Ireland) 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.

Conclusion

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 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

BDO LLP
Chartered Accountants
United Kingdom
24 February 2016

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

Board of Directors and company information

Chairman and Chief Executive
Edward Ziff

Executive Directors
Richard Lewis FRICS
Duncan Syers ACA
Ben Ziff

Non-executive Directors
John Nettleton FRICS ACIArb
Michael Ziff Hon DUniv (Brad)
Ian Marcus MA FRICS
Paul Huberman BA FCA CTA

Independent auditor
BDO LLP

Brokers
Liberum

Bankers
Lloyds Banking Group plc
The Royal Bank of Scotland plc
Svenska Handelsbanken AB (Publ)

Solicitors
DLA Piper UK LLP
Leslie Wolfson

Principal valuers
Jones Lang LaSalle
CB Richard Ellis

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Trustees to mortgage debenture holders
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Calendar of events

Interim dividend payable	24 June 2016
Announcement of 2016 results	September 2016
Annual General Meeting	November 2016
Final dividend for the year payable	January 2017

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