



Half Year Report

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Town Centre Securities PLC
23 February 2017

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Town Centre Securities PLC

(the 'Group' or the 'Company')

Half year results for the six months ended 31 December 2016

Resilient portfolio with strong development programme

Record footfall at the Merrion Centre, Leeds

Town Centre Securities PLC, the Leeds based property investor and car park operator, today announces its results for the six months ended 31 December 2016.

Financial Highlights

- Net assets per share down 1% since 30 June 2016 at 355p (2015: 359p; 30 June 2016: 357p)
- Interim dividend up 5% to 3.25p (2015: 3.1p)
- EPRA profit before tax increased to £4.2m (2015: £3.5m), up 8% like for like
- EPRA earnings per share up to 8.0p (2015: 6.7p), a like for like increase of 8%
- Two new banking lines added, total increase in facilities £17m
- Loan to value ratio of 50% (2015: 50%; 30 June 2016: 50%)

Operational Highlights

- Continuing emphasis on hands on property management, resulting in:
 - Overall occupancy level of 98% (2015: 97%; June 2016: 98%)
 - 91 management transactions during the half year

Merrion Centre

- Further letting activity demonstrates resilience
 - Arena Quarter now fully let with rental income of £155,000 pa added this half year
- Record footfall in 2016 with 11.5m visitors
- Merrion House construction on track for completion December 2017
- Merrion Hotel and Marco Pierre White's 'New York Italian' restaurant opening April 2017

Continued progress with development programme

- Development programme on track to deliver increases of £1.8m pa in net income and £6.4m in net assets
- Premier Inn at Whitehall Road Leeds completed on time and on budget
 - Reserved matters application secures planning future at Whitehall Riverside Leeds
- Continuing development activity at Piccadilly Basin Manchester
 - Including construction, part site sale and further planning permission in progress

Ongoing capital recycling programme

- Two properties sold in Edinburgh for £2.0m, with 7% exit yield above their June 2016 valuations with further Scottish properties under offer for sale

Car parking profits up, with recent acquisitions trading well

- Agreement with Tesla to install their specialist electric car charging units in all our branches
- At Clipstone Street, London, we have completed a letting which will add £125,000 pa to profit

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

"Our portfolio remains resilient and we expect this to continue, despite the investment market being very slow due to investor caution following the Brexit vote in June 2016.

"We were pleased to complete the letting of the new Arena Quarter in the Merrion Centre, which saw record footfall in 2016 and continues to be a leading asset in the region. Our development programme is progressing well, with two hotels opening soon, and is expected to generate significant capital and income growth into the portfolio.

"We continue to manage our properties intensively concentrating particularly on income. In contrast to current concerns about rising business rates, we anticipate that there will be an overall reduction in rates costs for our tenants overall; in the Merrion Centre alone the reduction is 20%.

"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 growth environment is here to stay for the foreseeable future; however, our portfolio is rich with opportunities to grow our income and profits and therefore our net asset value."

For further information, please contact:

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Chairman and Chief Executive's Statement

Results

EPRA profit before tax for the six months ended 31 December 2016 has increased by 20% to £4.2m (2015: £3.5m) and EPRA earnings per share has increased to 8.0p (2015: 6.7p). The comparisons with prior year are distorted by one off items including surrender premiums received and the impact of the Watford car park refurbishment in the prior year. The underlying like for like increase after adjusting for these items is 8%. The valuation decrease on the Group's investment property portfolio in the first half of the year was £2.9m (2015: increase of £7.6m) with the profit after tax amounting to £2.6m (2015: £11.6m).

Rental income from investment properties was £8.2m (2015: £8.2m). Income from car parks increased to £5.5m (2015: £5.0m) benefitting from organic growth.

Property and administrative expenses increased in total to £6.6m (2015: £6.3m), whilst finance costs reduced to £3.8m (2015: £4.0m).

The Group's net assets decreased by 1% to £188.5m in the six month period (June 2016: £189.9m). Net assets per share decreased to 355p (2015: 359p; 30 June 2016: 357p).

Dividends

The interim dividend of 3.25p per share (2015: 3.1p) will be paid as a Property Income Distribution and will amount to £1.7m. It will be paid on 23 June 2017 to shareholders registered on 26 May 2017. The final dividend for 2016 of 7.9p per share amounting to £4.2m was paid on 4 January 2017.

Review of property management activities

Our asset management team has maintained the quality and occupancy of our portfolio, having completed 91 leasing transactions during the six month period (2015: 104).

Across the whole portfolio occupancy levels remain strong at 98% (2015: 97%; June 2016: 98%). Rent collections continue to be robust with over 99% collected within five days of the most recent quarter date.

Merrion Centre

The Centre has seen a record-breaking 2016 which saw visitor numbers reach 11.5 million, an increase of 3.4% on the previous year.

Since the year end we have fully let the Arena Quarter with lettings to Bengal Brasserie and a Burger King/Sticky Sisters franchise at rents rising to £155,000 pa.

The total cost of the retail refurbishment on the Arena Quarter has been £6.5m and the total rent roll now stands at £820,000pa, an increase of £580,000 pa compared to 2012 when we began the project.

The £10m, 134 room Merrion Hotel refurbishment is on track and on budget for completion in March 2017. The Ibis Styles format operation will open in early April under a management agreement along with Marco Pierre White's 'New York Italian' restaurant. The hotel scheme is expected to add an initial £0.6m pa to income rising to £1.0m pa after 3 years.

In the main shopping mall we have completed a letting to Heron Foods for 10 years adding £68,000 pa to rental income. The total annual rent roll of the centre excluding car parking is now £7.6m pa and is ahead of last year by 3.1%. Occupancy in the Merrion Centre stands at 98%.

We have a number of further developments under consideration at the Merrion Centre with a transformation of the former cinema

into an entertainment attraction being planned, as well as a refurbishment of the Wade House offices, demonstrating the potential of our continued active asset management.

Developments and Refurbishments

We have a strong pipeline of developments and refurbishments, with over £30m of development spend underway, with an estimated £6.4m added to net assets and £1.8m added to annual income as a result.

We are on track and on budget 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 building contract is £34m (£18m of which is being funded by Leeds City Council, the JV partner). Completion is scheduled for December 2017. On completion, this project is expected to add £4.4m to net assets and £0.9m to annual income.

In December 2015 we exchanged a development with Premier Inn agreement for a 136 bedroom hotel on Whitehall Road, part of the Whitehall Riverside Scheme in the West End of Leeds. The 25 year lease has an initial rent of £680,000 pa CPI-linked and the £10m build contract is now complete. The value of the investment is estimated to be in excess of £12.5m. Discussions are continuing in respect of the next phase of the office development at Whitehall Riverside and we have now lodged a reserved matters planning application to secure the existing permission for 163,000 sq ft of offices and a 500 space multi-storey car park on the above site.

At Piccadilly Basin, Manchester we are now on site with a 91 unit residential block in a joint venture with a specialist residential contractor and developer. The total value of the apartments will be in excess of £20m.

We have also completed a joint venture with Urban Splash for 25 loft style apartments in the Brownsfield Mill building. The scheme has been submitted for detailed planning.

There is no financial commitment on the group from either of these schemes.

On the Ducie Street area of the site we have agreed to sell 0.6 acres to Leeds based Evans Property Group for a 137 bedroom Dakota Deluxe hotel. The sale is subject to planning permission, which should be granted before year end.

As part of the planning process we have applied for a further residential permission on the adjoining plot for 126 apartments.

Other properties

Poundstretcher has opened the extension to its refitted store at Rochdale Central Retail Park which creates an additional 5,000 square feet of trading area making the store over 30% larger and adding £75,000 to rental income for a £1m investment.

At Shandwick Place Edinburgh, Cityroomz are now onsite with their £2m refurbishment to create 42 bedrooms in the upper parts which were previously small office suites. Their 30 year lease has a rent rising to £100,000 which is then CPI linked.

In our block of shops in Wood Green, London we have now completed and let the two new residential units above 9 Cheapside, retail demand in the area remains strong.

On-going Capital Recycling

Our disciplined approach to capital recycling continues. We will 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.

In this half year we have sold two properties at Shandwick Place in the West End of Edinburgh for £2m, at an exit yield of 7% which is above the June 2016 valuation. The bidding process was competitive and we continue to market further properties from our Scottish portfolio.

Car parking activities

There has been increased activity in our car parking business, CitiPark, and following an agreement with Tesla to install charging bays in all our car parks, thirteen universal charging bays, suitable for a wide range of electric vehicles, have been added to a number of our car parks. Tesla Destination charging points were first installed at the Leeds Dock branch of CitiPark this August, with Watford, Manchester and London quickly following suit.

Car park revenues for the six month period have increased to £5.5m (2015: £5.0m) with underlying profitability of £2.1m (2015: £1.7m).

Financing

Total net borrowings at 31 December 2016 were £186.7m (2015: £180.3m; 30 June 2016: £181.9m) giving a loan to value ratio of 50% (2015: 50%; 30 June 2016: 50%). The cash balance of £8.6m at 31 December has subsequently been utilised in payment of the final dividend and capital expenditure on the developments. We have £106.0m of Mortgage Debenture Stock 2031 and have drawn £89.3m on our bank facilities as at 31 December 2016. During the six months we have added two additional credit lines to our portfolio of £103m of revolving credit bank facilities; a £7m facility with Santander secured on the Merrion House development and a further £7m from Lloyds secured on our Premier Inn development at Whitehall Road. We have also extended our facilities with RBS by £3m. There is adequate 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 £333.3m at 31 December 2016 which includes our development properties that are carried at a total valuation of £39.0m. £332.4m of the investment property portfolio was valued by our external valuers with the remainder valued by the Directors.

The valuation movement was made up of a deficit of £4.9m on investment properties, partially offset by a surplus of £2.0m on development land. The investment property deficit mainly relates to the Merrion Centre which was down £5.6m (4.6%) as a result of a yield shift. The other main movement was County House in Leeds, which was up £1.0m due to its location at the entrance to the new Victoria Gate shopping centre.

The initial yield on the investment portfolio is 5.7% at 31 December 2016 (June 2016: 5.7%).

Outlook

Our portfolio remains resilient and we expect this to continue, despite the investment market being very slow due to investor caution following the Brexit vote in June 2016.

We were pleased to complete the letting of the new Arena Quarter in the Merrion Centre, which saw record footfall in 2016 and continues to be a leading asset in the region. Our development programme is progressing well, with two hotels opening soon, and is expected to generate significant capital and income growth into the portfolio.

We continue to manage our properties intensively concentrating particularly on income. In contrast to current concerns about rising business rates, we anticipate that there will be an overall reduction in rates costs for our tenants; in the Merrion Centre alone the reduction is 20%.

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 growth environment is here to stay for the foreseeable future; however, our portfolio is rich with opportunities to grow our income and profits and therefore our net asset value.

Edward M Ziff
Chairman and Chief Executive

23 February 2017

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 2016 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 major economic downturn, development/refurbishment over-runs, major tenant failure, availability of finance, a major incident at the Merrion Centre and loss of key staff. 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

Duncan Syers

Chairman and Chief Executive

Finance Director

23 February 2017

Consolidated income statement

for the six months ended 31 December 2016

	Six months ended 31 December 2016 Unaudited	Six months ended 31 December 2015 Unaudited	Year ended 30 June 2016 Audited
	Notes		
	£000	£000	£000
Gross revenue	13,685	13,110	26,265
Property expenses	(3,993)	(3,745)	(7,661)
Net revenue	9,692	9,365	18,604
Administrative expenses	(2,626)	(2,576)	(5,493)
Other income	539	448	599
Reversal of impairment of car parking assets	1,000	500	500
Valuation movement on investment properties	(2,850)	7,574	3,018
Profit on disposal of investment properties	65	-	1,140
Share of post tax profits from joint ventures	545	371	1,400
Operating profit	6,365	15,682	19,768
Finance costs	3 (3,766)	(3,999)	(7,847)
Profit before taxation	2,599	11,683	11,921

Taxation	-	(62)	-
Profit for the period	2,599	11,621	11,921

All profits for the period are attributable to equity shareholders.

Earnings per share	5		
Basic and Diluted	4.9p	21.9p	22.4p
EPRA (non-GAAP measure)	8.0p	6.7p	12.4p

Consolidated statement of comprehensive income

for the six months ended 31 December 2016

	Six months ended 31 December 2016 Unaudited £000	Six months ended 31 December 2015 Unaudited £000	Year ended 30 June 2016 Audited £000
Profit for the period	2,599	11,621	11,921
Other comprehensive income			
Revaluation gains on car park assets	-	-	500
Revaluation gains on other investments	214	124	108
Total comprehensive income for the period	2,813	11,745	12,529

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 2016

	31 December 2016 Unaudited £000	31 December 2015 Unaudited £000	30 June 2016 Audited £000
Notes			
Non-current assets			
Property rental			
Investment properties	6 333,300	330,418	325,313
Investments in joint ventures	8 26,067	19,300	25,093
	359,367	349,718	350,406
Car park activities			
Freehold and leasehold properties	6 22,153	19,751	21,075
Goodwill	7 4,024	4,024	4,024
Investments	1,253	-	-
	27,430	23,775	25,099
Fixtures, equipment and motor vehicles	6 2,032	2,154	2,151
Total non-current assets	388,829	375,647	377,656
Current assets			
Investments	2,284	2,086	2,070
Non-current assets held for sale	-	6,716	-
Trade and other receivables	3,398	4,858	7,388
Cash and cash equivalents	8,593	759	-
Total current assets	14,275	14,419	9,458
Total assets	403,104	390,066	387,114
Current liabilities			
Trade and other payables	(15,387)	(13,792)	(11,496)
Financial liabilities	-	(35,192)	(887)
Total current liabilities	(15,387)	(48,984)	(12,383)
Non-current liabilities			
Financial liabilities	(199,247)	(150,361)	(184,874)
Total liabilities	(214,634)	(199,345)	(197,257)
Net assets	188,470	190,721	189,857
Equity attributable to owners of the Parent			
Called up share capital	9 13,290	13,290	13,290
Share premium account	200	200	200
Capital redemption reserve	559	559	559
Revaluation reserve	500	-	500
Retained earnings	173,921	176,672	175,308
Total equity	188,470	190,721	189,857
Net asset value per share	11 355p	359p	357p

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 2016

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Revaluation Reserve £000	Retained earnings £000	Total equity £000
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
Balance at 1 July 2016	13,290	200	559	500	175,308	189,857
Total comprehensive income for the period	-	-	-	-	2,813	2,813

Dividends relating to the year ended 30 June 2016	-	-	-	-	(4,200)	(4,200)
Balance at 31 December 2016	13,290	200	559	500	173,921	188,470

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 2016

Notes	Six months ended 31 December 2016 Unaudited		Six months ended 31 December 2015 Unaudited		Year ended 30 June 2016 Audited	
	£000	£000	£000	£000	£000	£000
Cash flows from operating activities						
Cash generated from operations	10		6,232		13,559	
		10,768				
Interest paid		(3,983)	(3,999)		(7,903)	
Net cash generated from operating activities		6,785	2,233		5,656	
Cash flows from investing activities						
Purchases and construction of investment properties		-	(6,314)		(8,833)	
Refurbishment of investment properties		(11,555)	(1,897)		(4,890)	
Payments for leasehold property improvements		(173)	(2,425)		(3,291)	
Purchases of fixtures, equipment and motor vehicles		(257)	(1,195)		(1,496)	
Proceeds from sale of investment properties		1,938	3,500		16,050	
Proceeds from sale of fixed assets		33	-		54	
Investments in joint ventures		(750)	-		(4,916)	
Distributions received from joint ventures		321	415		567	
Acquisition of non-listed investments		(1,253)	-		-	
Net cash used in investing activities		(11,696)	(7,916)		(6,755)	
Cash flows from financing activities						
Proceeds from other non-current borrowings		14,391	4,927		4,247	
Dividends paid to shareholders		-	-		(5,550)	
Net cash generated from financing activities		14,391	4,927		(1,303)	
Net increase/(decrease) in cash and cash equivalents		9,480	(756)		(2,402)	
Cash and cash equivalents at beginning of period		(887)	1,515		1,515	
Cash and cash equivalents at end of period		8,593	759		(887)	

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 23 February 2017.

The comparative financial information for the year ended 30 June 2016 in this half-yearly report does not constitute statutory accounts for that year. The statutory accounts for the year ended 30 June 2016 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", 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 2016 Accounts. The financial information for the six months ended 31 December 2016 and 31 December 2015 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.

There have been a number of IFRS and IFRIC amendments or interpretations issued since the 2016 Accounts were published. The impact of IFRS 15 Revenue from contracts with customers, IFRS 9 Financial instruments and IFRS 16 leases is being evaluated by the directors. No other amendments or interpretations 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.

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.

Segmental assets

	31 December 2016 £000	31 December 2015 £000	30 June 2016 £000
Property rental	374,224	364,674	360,422
Car park activities	28,880	25,392	26,692
Total assets	403,104	390,066	387,114

Segmental results

	Six months ended 31 December 2016			Six months ended 31 December 2015		
	Property rental	Car park activities	Total	Property rental	Car park activities	Total
	£000	£000	£000	£000	£000	£000
Gross revenue	8,165	5,520	13,685	8,152	4,958	13,110
Property expenses	(923)	(3,070)	(3,993)	(924)	(2,821)	(3,745)
Net revenue	7,242	2,450	9,692	7,228	2,137	9,365
Administrative expenses	(2,234)	(392)	(2,626)	(2,176)	(400)	(2,576)
Other income	539	-	539	448	-	448
Reversal of impairment/(impairment) of car parking assets	-	1,000	1,000	-	500	500
Valuation movement on investment properties	(2,850)	-	(2,850)	7,574	-	7,574
Profit on disposal of investment properties	65	-	65	-	-	-
Share of post tax profits from joint ventures	545	-	545	371	-	371
Operating profit	3,307	3,058	6,365	13,445	2,237	15,682
Finance costs	-	-	(3,766)	-	-	(3,999)
Profit before taxation			2,599			11,683
Taxation	-	-	-	-	-	(62)
Profit for the period			2,599			11,621

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 2016, all arising from car park operations, was £1,698,000 (2015: 1,453,000). After allowing for an allocation of administrative expenses, the operating profit at these sites was £1,380,000 (2015: 1,181,000).

3. Finance costs

	Six months ended 31 December 2016 £000	Six months ended 31 December 2015 £000	Year ended 30 June 2016 £000
Interest on debenture loan stock	2,849	2,849	5,698
Interest payable on bank borrowings	884	932	1,874
Amortisation of arrangement fees	250	218	331
Interest capitalised	(217)	-	(56)
	3,766	3,999	7,847

4. Dividends

	Six months ended 31 December 2016 £000	Six months ended 31 December 2015 £000	Year ended 30 June 2016 £000
2015 final dividend: 7.34p per 25p share	-	3,902	3,902
2016 interim dividend: 3.10p per 25p share	-	-	1,648
2016 final dividend: 7.9p per 25p share	4,200	-	-
	4,200	3,902	5,550

A final dividend in respect of the year ended 30 June 2016 of 7.9p per share was approved at the Company's Annual General Meeting (AGM) on 23 November 2016 and was paid to shareholders on 4 January 2017. This dividend comprised an ordinary dividend of 3.90p per share and a Property Income Distribution (PID) of 4.00p per share.

An interim dividend in respect of the year ending 30 June 2017 of 3.25p per share is proposed. This dividend, based on the shares in issue at 23 February 2017, amounts to £1.7m which has not been reflected in these interim accounts and will be paid on 23 June 2017 to shareholders on the register on 26 May 2017. This dividend will be paid entirely as a PID.

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 (2015: 53,161,950).

	Six months ended 31 December 2016		Six months ended 31 December 2015		Year ended 30 June 2016	
	Earnings £000	Earnings per share Pence	Earnings £000	Earnings per share Pence	Earnings £000	Earnings per share Pence
Basic earnings and earnings per share	2,599	4.9	11,621	21.9	11,921	22.4
Valuation movement on investment properties	2,850	5.4	(7,574)	(14.3)	(3,018)	(5.7)
Reversal of impairment/(impairment) of						

car parking assets	(1,000)	(1.9)	(500)	(0.9)	(500)	(0.9)
Valuation movement on properties held in joint ventures	(154)	(0.3)	-	-	(668)	(1.3)
Profit on disposal of Investment properties	(65)	(0.1)	-	-	(1,140)	(2.1)
EPRA earnings and earnings per share	4,230	8.0	3,547	6.7	6,595	12.4

The calculation of EPRA 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.

6. Tangible fixed assets

(a) Investment properties - property rental business

	Freehold £000	Long leasehold £000	Development £000	Total £000
Valuation at 1 July 2015	274,925	21,776	23,440	320,141
Additions at cost	6,314	-	-	6,314
Other capital expenditure	4,647	118	2,643	7,408
Interest capitalised	56	-	-	56
Disposals	(11,460)	-	(2,000)	(13,460)
(Deficit)/surplus on revaluation	(3,308)	807	5,519	3,018
Movement in tenant lease incentives	1,836	-	-	1,836
Valuation at 1 July 2016	273,010	22,701	29,602	325,313
Capital expenditure	5,433	18	7,212	12,663
Interest capitalised	90	-	127	217
Disposals	(1,873)	-	-	(1,873)
(Deficit)/surplus on revaluation	(4,827)	(110)	2,070	(2,867)
Movement in tenant lease incentives	(153)	-	-	(153)
Valuation at 31 December 2016	271,680	22,609	39,011	333,300

(b) Freehold and leasehold properties - car park activities

	Freehold £000	Leasehold £000	Total £000
Valuation at 1 July 2015	2,500	14,341	16,841
Additions	-	3,291	3,291
Depreciation	-	(57)	(57)
Surplus on revaluation	-	500	500
(Impairment)/reversal of impairment	(500)	1,000	500
Valuation at 1 July 2016	2,000	19,075	21,075
Additions	-	173	173
Depreciation	-	(95)	(95)
Reversal of impairment	-	1,000	1,000
Valuation at 31 December 2016	2,000	20,153	22,153

The fair value of the Group's investment properties and freehold and leasehold properties has been determined principally by independent, appropriately qualified external valuers CBRE, Jones Lang LaSalle and Sanderson Weatherall. The remainder of the Group's properties have 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 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	200,000	-	200,000
Externally valued by Jones Lang LaSalle	95,585	15,250	110,835
Externally valued by Sanderson Weatherall	35,660	-	35,660
Investment and development properties valued by the Property Director	896	-	896
Finance lease obligations capitalised	1,159	3,303	4,462
Leasehold improvements	-	3,600	3,600
At 31 December 2016	333,300	22,153	355,453

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	Accumulated depreciation	Net book value
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	£000	£000	£000
At 1 July 2015	4,143	2,929	1,214
Additions	1,496	-	1,496
Disposals	(1,266)	(1,234)	(32)
Depreciation	-	527	(527)
At 1 July 2016	4,373	2,222	2,151
Additions	257	-	257
Disposals	(35)	(10)	(25)
Depreciation	-	351	(351)
At 31 December 2016	4,595	2,563	2,032

7. Goodwill

	Six months ended 31 December 2016 £000	Six months ended 31 December 2015 £000	Year ended 30 June 2016 £000
At start and end of period	4,024	4,024	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 2016 £000	Six months ended 31 December 2015 £000	Year ended 30 June 2016 £000
Interest in joint ventures			
At start of period	25,093	19,344	19,344
Additions	750	-	4,916
Dividends and other distributions received in the year	(321)	(415)	(567)
Share of profits after tax	545	371	1,400
At end of period	26,067	19,300	25,093

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 CBRE 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 2016	53,162	13,290

10. Cash flows from operating activities

	Six months ended 31 December 2016 £000	Six months ended 31 December 2015 £000	Year ended 30 June 2016 £000
Profit for the period	2,599	11,621	11,921
Adjustments for:			
Tax charge	-	62	-
Depreciation	445	255	585
Profit on disposal of fixed assets	(8)	-	(21)
Profit on disposal of investment properties	(65)	-	(1,140)
Finance costs	3,766	3,999	7,847
Share of joint venture profits after tax	(545)	(371)	(1,400)
Movement in revaluation of investment properties	2,850	(7,574)	(3,018)
Movement in lease incentives	153	(1,208)	(1,836)
Reversal of impairment of car parking assets	(1,000)	(500)	(500)
Decrease in receivables	3,990	2,013	1,483
Decrease in payables	(1,417)	(2,065)	(362)
Cash generated from operations	10,768	6,232	13,559

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 2016	Six months ended 31 December 2015	Year ended 30 June 2016
Net asset value (£'000)	188,470	190,721	189,857
Number of ordinary shares in issue	53,161,950	53,161,950	53,161,950

12. Related party information

There have been no material changes in the related party transactions described in the 2016 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 2016 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 2016 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
23 February 2016*

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

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