



Town Centre Securities PLC

For immediate release

Wednesday, 9 September 2009

TOWN CENTRE SECURITIES PLC

Preliminary results for the year ended 30 June 2009

Town Centre Securities PLC (“TCS”) the Leeds based property investment and development company, today announces its preliminary results, for the year ended 30 June 2009.

Financial Highlights

- Profit after tax
 - Underlying* profit £7.9m (2008: £7.2m)
 - Statutory loss £111.6m (2008: loss £11.2m), includes impact of property revaluation deficit of £107.7m (2008: deficit £75.3m), of which £76.7m was reported at the interim stage.
- Earnings per share
 - Underlying* earnings per share 14.8p (2008: 13.5p)
 - Basic losses per share 210.3p (2008: loss 21.0p)
- Net assets per share
 - Net asset value per share 202p (2008: 420p)
 - Triple net asset value per share 264p (2008: 476p)
- Investment property portfolio valuation of £258.5m reflecting a 26.1% fall on a like for like basis
- Dividends per share
 - Proposed final dividend of 5.4p (2008: 5.4p)
 - Final dividend to be paid as a PID of 4.1p and an ordinary dividend of 1.3p
 - Total dividend per share of 8.15p (2008: 8.15p)
- Funding
 - Post year end buy in of £43.8m of debenture stock at a cost of £34.0m reducing debt by £9.0m, net of costs.
 - Optimised TCS’s debt profile by both reducing debt and finance charges whilst providing greater flexibility in respect of the funding of the business going forward.

* See notes 7 and 8 for reconciliation to statutory profit.

Operational highlights:

- Property sales of £55.7m and further sales of £11.0m post year end

- Major refurbishment projects completed:
 - Merrion Centre, Leeds
 - Deansgate, Manchester
 - West Park, Harrogate

- Key lettings achieved at Merrion Centre, Leeds; Deansgate Manchester; and Piccadilly, Manchester.

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

“We acted quickly and decisively ahead of a tumultuous year for the commercial property industry.

“The early sale of properties and the reduction of costs in our business, however unwelcome, have enabled us to improve underlying profit, hold the dividend and work well within our financing covenants.

“Together with the debenture buy back completed in August, these actions put us in a strong position to take advantage of the opportunities which I believe will emerge as the market begins to stabilise.”

Chairman's and Chief Executive's Statement

Results

The results for the year reflect a strong income performance from our portfolio when set against the background of an unprecedented fall in property values. Underlying profit after tax (excluding property valuation and other one off movements) is £7.9m, compared with £7.2m in the prior year, which the Board continues to believe is the best measure of the Company's performance.

Turmoil in the financial markets and global recession have had an inevitable impact on property values and it is with no surprise that we report a property revaluation deficit of £107.7m (2008: deficit £75.3m) representing a like for like fall of 26.1%. The majority of the deficit on revaluation (£76.7m) was reported with the interim results in February 2009. The deficit is the principal component of a reported statutory loss after tax of £111.6m, compared with a loss of £11.2m in 2008. The comparative loss in 2008 included a property valuation deficit of £75.3m and a tax credit arising on our conversion to a REIT of £56.4m. Basic losses per share were 210.3p (2008: losses of 21.0p per share) and underlying earnings per share increased to 14.8p (2008:13.5p).

Net assets have fallen to £107.2m (202p per share) at 30 June 2009 from £223.0m (420p per share) at 30 June 2008. Triple net asset value has fallen to £140.5m (264p per share) from £253.0m at 30 June 2008 (467p per share).

The Board reacted quickly to the threat to its financial position posed by falling values and a key element of the Board's strategy for the short term has been the sale of properties which were most exposed. Total disposal proceeds were £55.7m: proceeds from wholly owned properties were £47.0m, although the sales have given rise to a loss of £9.2m on disposal. In addition we also sold our half share in Sheffield station car park for £8.7m, realising a profit of £0.9m after two years of ownership.

Gross revenue has increased by 3.4% to £27.3m from £26.4m. Rental income from investment properties has fallen marginally which in a period that has included significant property sales is a reflection of success in rent reviews and new lettings. Car park income has increased 13.0% to £4.7m and after including an increase in car park expenses, property expenses overall have been significantly reduced. Administrative expenses have fallen by

7.4%, led by a reduction of 9.6% in remuneration. There were higher than expected legal and professional costs which are not expected to recur in the current year and we plan for considerable further savings in 2009/10.

We have incurred an exceptional loss of £3.4m on the sale of listed investments. There is a further loss of £0.8m from our share of joint venture investments, a combination of a profitable underlying trading position and losses arising on revaluation.

Dividends

Your Board is recommending a final dividend of 5.4p (2008: 5.4p) per ordinary share, holding the total dividend for the year at 8.15p, the same level as last year.

The final dividend will comprise an ordinary dividend of 1.3p per share and for the first time, TCS will be making a Property Income Distribution ('PID') of 4.1p per share. Under REIT rules, 90% of the profits of the property rental business, after certain deductions, must be distributed to shareholders as a PID. The deductions (principally capital allowances) in respect of 2008/09 have reduced the profits of the property rental business to a point where a PID is required of 4.1p per share.

The final ordinary dividend and the PID will be paid on 4 January 2010 to shareholders on the register on 4 December 2009.

Debenture tender offer

Following the year end Royal Bank of Scotland plc ("RBS"), at the Company's request, made a tender offer to buy in part of our 2031 mortgage debenture stock.

The offer was completed on 4 August 2009 and RBS sold the £43.8m of debenture stock it had acquired in the tender, at an average price of 77.6p, to the Company at a cost of £34.0m. The purchase was funded out of our existing banking facilities and the debenture stock was immediately cancelled.

The impact of the tender (net of expenses) has been to reduce the Company's debt, and increase its net asset value, by £9.0m (17p per share). This brings the additional benefits of a reduced interest cost in the future and

significantly extended headroom in the Company's loan to value covenants, providing us with far greater flexibility in respect of funding of the business.

Funding

The Company has significantly reduced debt during the year following property disposals. Net debt at 30 June 2009 was £166.5m (2008: £212.4m) comprising gross debt (mortgage debenture and bank borrowings) of £185.3m, set off against £18.8m of cash held as security within the debenture.

Following the year end, the tender offer for the debenture, together with property sales of £11.0m and two small acquisitions for a total of £1.8m, reduced our net borrowings, on a pro forma basis, to £148.2m at 8 September 2009 and has enabled the release of cash held as security.

Our approach to borrowing remains prudent, operating well within our facilities and covenant terms. Our term loan facilities are now £85m (previously £102m) with our banking partners, Lloyds Banking Group and Royal Bank of Scotland, with maturity dates from 2012 to 2014. Our £106.2m debenture (following the tender offer) is fixed until 2031 at 5.375%.

Capital commitments to fund existing contracts are not material and the Company will only enter new development or refurbishment projects after rigorous analysis of funding and project risk.

Strategy

Over three years ago we recognised the high level of valuations across the property market and set about a strategy of asset disposals which looked to be exposed. During the intervening period property sales of £169m have materially strengthened our balance sheet and proved a vital platform for the robust financial position of the business today.

As a result, the Company is now in a position to take advantage of opportunities which present themselves.

We continue, nevertheless, to focus all our resources on protecting rental income and capital values and reduce risk through active management in what remain far from easy market conditions.

Property Portfolio

Our main focus throughout the year has been on sales and preserving value. The programme of sales has been strategically driven and has realised proceeds of £55.7m. In a property market where values have been falling rapidly for two years, TCS has actively sought to sell property in advance of falls in value with a view to strengthening the balance sheet and strengthening the overall quality of the portfolio. The sales have been predominantly where we have believed values to be most exposed. We have sold properties in York and Leeds city centres, and our out of town retail park in Kings Lynn, where we felt the values we could achieve more than reflected their long term prospects.

The refurbishment projects at the Merrion Centre, Leeds; Deansgate, Manchester; and West Park, Harrogate have been completed. Progress on lettings at Town Centre House has been slow but there remains good interest. The final let at Deansgate to Ben Brasil was completed enabling the sale of the upper floors in July 2009. At West Park, Harrogate, the two retail units have been let and the five apartments and four town houses have virtually all sold since the year end, indicating the strength of this market town.

We have taken the first very important step in re-establishing the value at our retail store at Piccadilly Basin, Manchester where Aldi have signed an agreement to lease 17,000 sq ft and will open for trade in November 2009. We continue to examine exciting ideas for the rest of the property.

Occupancy levels at 30 June 2009 were 92% (30 June 2008: 97%). Voids are principally represented by the retail store at Piccadilly Basin (accounting for 4.4%) and the refurbished Town Centre House (1.3%).

Rent collection has continued to be satisfactory. At the June 2009 quarter days over 97.5% of the rent due was collected within seven days. Our bad debt experience remains limited and better than our expectations.

As I have reported previously, the Eastgate Quarters, Leeds retail scheme remains an important development for the city but patience will be required by all stakeholders in order to deliver it in the future.

Car Parks

Town Centre Car Parks has enjoyed a year of further growth. City Centre car parking has proved remarkably resilient in a difficult year and the progress of the 1,650 space multi-storey car park at Clarence Dock, Leeds has been pleasing.

Car parking is unlikely to remain unaffected by market conditions but we are confident of maintaining a good level of performance. Our total car park ownership is 4,000 spaces and we are seeking opportunities through ownership and management to grow our business and leverage the skills and experience we can bring to car parking.

Board Changes

During the year there were several board changes involving our non-executive directors. In April we appointed Howard Stanton as a non-executive director. Howard is a certified accountant and currently holds non-executive directorships with Delek Global Real Estate plc, O Twelve Estates Limited, Anglo Scottish Properties and a number of other private companies. Howard was formerly Chairman and previously Managing Director of Allied London Properties plc. Howard's extensive experience of both finance and the property sector has already proved most valuable and has brought a new dimension to the TCS Board.

In April, Robin Smith, who had been a non-executive director since 1999, stepped down from the Board and in June, Clive Lewis, who had been a director since 1994, also retired. On behalf of the Company I would like to express thanks to them both for their contribution, support and advice that has been invaluable to TCS over many years.

Outlook

We have been through the most challenging year that I can ever remember for commercial property. Nevertheless I remain optimistic for the continued long term success of our business.

As our portfolio is predominantly retail, I am concerned as to the continued possibility of tenancy failures and downward pressures on rental value. However, our exposure to "value for money" retailing stands us in good stead, particularly at the Merrion Centre which has shown excellent strength and growth in income throughout the year. In addition we are well protected by having no one tenant with more than three premises. We understand

the challenges facing our portfolio; our wealth of experience in asset management means we face those challenges with confidence.

A prudent approach to balance sheet management has left TCS in a strong position. As the climate shows signs of stabilising we are looking selectively at opportunities to acquire stock but we will also continue to sell assets that do not fit our long term strategy. Although it is too early to move forward with development projects, I remain optimistic as to the potential of our development sites and our robust position will enable us to pursue development when the time is right.

Finally, I would like to thank all my colleagues at TCS. This has been an unusual and extended period of challenge and their continued hard work, loyalty and drive has been invaluable.

Consolidated Income Statement

Year ended 30 June 2009

	Notes	2009 £000	2008 £000
Gross revenue	2	27,286	26,382
Property expenses	3	(3,707)	(4,835)
Net revenue		23,579	21,547
Administrative expenses	4	(5,744)	(6,204)
Other income	5	501	504
(Loss)/profit on disposal of investment properties		(9,178)	3,246
Profit/(loss) on disposal of other fixed assets		21	(18)
Loss on disposal of shares in subsidiary undertaking		—	(191)
Profit on disposal of shares in joint venture		860	—
Loss on disposal of listed investments		(3,374)	(773)
Valuation movement on investment properties	10	(107,733)	(75,327)
Operating loss		(101,068)	(57,216)
Finance income		303	821
Finance costs		(11,012)	(11,170)
Share of post tax losses from joint ventures		(835)	(61)
Loss before taxation		(112,612)	(67,626)
Taxation credit	6	1,048	56,395
Loss for the year attributable to equity holders of the Company		(111,564)	(11,231)
(Loss)/earnings per ordinary share of 25p each:	7		
Basic		(210.3p)	(21.0p)
Diluted		(210.2p)	(21.0p)
Underlying (non-GAAP measures)		14.8p	13.5p
Dividends per ordinary share:	9		
Paid during the period		8.15p	8.15p
Proposed		5.40p	5.40p

Consolidated statement of recognised income and expense

Year ended 30 June 2009

	Notes	2009 £000	2008 £000
Loss for the financial year		(111,564)	(11,231)
Revaluation (losses)/gains on cash flow hedge	13	(780)	158
Revaluation losses on other investments	13	(2,269)	(1,925)
Total recognised expense for the year		(114,613)	(12,998)

Consolidated Balance Sheet

Year ended 30 June 2009

	Notes	2009 £000	2008 £000
Non-current assets			
Investment properties	10	258,535	422,413
Property, plant and equipment	10	15,024	16,358
Investments in joint ventures		2,562	15,156
Unamortised tenant lease incentives		1,276	892
Fair value of derivative		—	158
Total non-current assets		277,397	454,977
Current assets			
Investments		509	3,730
Non-current assets held for sale		11,700	—
Trade and other receivables		3,533	3,865
Restricted cash	11	18,825	—
Total current assets		34,567	7,595
Total assets		311,964	462,572
Current liabilities			
Financial liabilities – borrowings		(8,681)	(4,720)
Trade and other payables		(11,693)	(16,446)
Fair value of derivative		(622)	—
Current tax liabilities		(3,205)	(4,431)
Total current liabilities		(24,201)	(25,597)
Net current assets/(liabilities)		10,366	(18,002)
Non-current liabilities			
Non-current tax liabilities		(3,907)	(6,326)
Financial liabilities – borrowings		(176,654)	(207,638)
Total non-current liabilities		(180,561)	(213,964)
Total liabilities		(204,762)	(239,561)
Net assets		107,202	223,011
Shareholders' equity			
Called up share capital	12	13,287	13,287
Share premium account		185	185
Other reserves		(63)	717
Retained earnings		93,793	208,822
Total equity	13	107,202	223,011
Net assets per share		202p	420p

Consolidated Cash Flow Statement

Year ended 30 June 2009

	Notes	2009		2008	
		£000	£000	£000	£000
Cash flows from operating activities					
Cash generated from operations	14		12,262		17,038
Interest paid			(11,023)		(12,558)
Interest received			64		162
Tax received/(paid)			13		(519)
Net cash generated from operations			1,316		4,123
Cash flows from investing activities					
Purchases and refurbishment of investment properties		(10,614)		(32,193)	
Property development		(647)		(10,422)	
Purchases of plant and equipment		(412)		(275)	
Purchase of investments		—		(4,035)	
Proceeds from sale of investment properties		47,023		34,546	
Proceeds from sale of shares in joint venture		3,366		—	
Proceeds from sale of shares in subsidiary undertaking		—		2,360	
Proceeds from sale of property, plant and equipment		197		102	
Proceeds from sale of investments		716		9,422	
Dividends received from joint venture		100		100	
Repayment of /(loan to) joint ventures		9,153		(1,857)	
Net cash generated from/(used in) investing activities			48,882		(2,252)
Cash flows from financing activities					
Proceeds from issue of share capital		—		50	
Proceeds from other non-current borrowings		—		8,000	
Repayment of other non-current borrowings		(31,000)		—	
Restricted cash held against debenture	11	(18,825)		—	
Re-purchase of share capital		—		(4,415)	
Dividends paid to shareholders		(4,334)		(4,334)	
Net cash used in financing activities			(54,159)		(699)
Net (decrease)/increase in cash and cash equivalents			(3,961)		1,172
Cash and cash equivalents at 1 July			(4,720)		(5,892)
Cash and cash equivalents at 30 June			(8,681)		(4,720)

The cash flow statement should be read in conjunction with Note 14.

Notes to preliminary statement

Year ended 30 June 2009

Basis of preparation

The financial information set out above does not constitute the Company's statutory accounts for the years ended 30 June 2009 or 2008 but is derived from those accounts. Statutory accounts for 2008 have been delivered to the registrar of companies, and those for 2009 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, and (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 237 (2) or (3) of the Companies Act 1985 in respect of the accounts for 2008 nor a statement under section 498 (2) or (3) of the Companies Act 2006 in respect of the accounts for 2009.

This preliminary announcement does not constitute the Group's annual report and statutory accounts.

The financial information included in this preliminary announcement does not include all the disclosures required by IFRS and accordingly it does not itself comply with IFRS.

The accounting policies are consistent with those of the annual financial statements for the year ended 30 June 2008, as disclosed in those financial statements.

1. Segmental analysis

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

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

The Group's primary segment is business and the Group operates in two business segments; comprising property investment and development, and car park operations. The Group's operations are performed wholly in the United Kingdom.

Segment assets

	2009	2008
	£000	£000
Property rental	298,606	438,543
Car park operations	13,358	24,029
	311,964	462,572

Segment liabilities

	2009	2008
	£000	£000
Property rental	205,941	239,397
Car park operations	(1,179)*	164
	204,762	239,561

*Car park business had positive cash balances, which reduced group bank borrowings to consolidated balance sheet figure

Notes to preliminary statement

Year ended 30 June 2009

Segmental results

	2009			2008		
	Property rental £000	Car park Operations £000	Total £000	Property rental £000	Car park Operations £000	Total £000
Gross revenue	22,577	4,709	27,286	22,214	4,168	26,382
Property expenses	(1,713)	(1,994)	(3,707)	(3,123)	(1,712)	(4,835)
Net revenue	20,864	2,715	23,579	19,091	2,456	21,547
Administrative expenses	(5,686)	(58)	(5,744)	(6,157)	(47)	(6,204)
Other income	501	—	501	504	—	504
Valuation movement on investment properties	(104,995)	(2,738)	(107,733)	(75,327)	—	(75,327)
Profit on disposal of shares in joint venture	—	860	860	—	—	—
Other exceptional items	(12,531)	—	(12,531)	2,264	—	2,264
Operating (loss)/profit	(101,847)	779	(101,068)	(59,625)	2,409	(57,216)
Finance income	234	69	303	556	265	821
Finance costs	(11,012)	—	(11,012)	(11,170)	—	(11,170)
Share of post tax (losses)/profits from joint ventures	(850)	15	(835)	(682)	621	(61)
(Loss)/profit before taxation	(113,475)	863	(112,612)	(70,921)	3,295	(67,626)
Taxation credit/(charge)	1,097	(49)	1,048	56,530	(135)	56,395
(Loss)/profit for the year	(112,378)	814	(111,564)	(14,391)	3,160	(11,231)

2. Revenue

	2009 £000	2008 £000
Rental income from investment properties	22,577	22,748
Income from car park activities	4,709	4,168
Non-recurring items:		
– Accelerated amortisation of tenant lease incentive	-	(534)
	27,286	26,382

3. Property expenses

	2009 £000	2008 £000
Irrecoverable property costs	1,163	1,384
Legal and professional fees	400	944
Car park expenses	1,892	1,400
Depreciation	102	111
Other	71	71
Non-recurring items:		
– Exceptional lease premiums paid	353	—
– (Release of)/provision for void costs arising from tenant administration	(274)	724
– Abortive acquisition costs	—	201
	3,707	4,835

Notes to preliminary statement

Year ended 30 June 2009

4. Administrative expenses

	2009	2008
	£000	£000
Remuneration	3,824	4,232
Motor and travel expenses	223	297
Legal and professional fees	743	394
Depreciation	137	213
Charitable donations	258	108
IT costs	108	118
Other	451	560
Non-recurring items:		
– Director's severance agreement	-	282
	5,744	6,204

Notes to preliminary statement

Year ended 30 June 2009

5. Other income

	2009	2008
	£000	£000
Commission received	123	59
Dividends received	35	61
Management fees receivable	162	125
Dilapidations receipts and income relating to lease premiums	72	216
Other	109	43
	501	504

6. Taxation

	2009	2008
	£000	£000
Analysis of credit in period		
Current tax		
– current year	170	169
– adjustment in respect of prior year	(1,218)*	(343)
REIT conversion charge	-	9,723
Total current tax	(1,048)	9,549
Deferred tax		
– adjustment in respect of prior year	-	(20)
Released on conversion to REIT	-	(65,924)
Total deferred tax	-	(65,944)
Total taxation	(1,048)	(56,395)

Notes to preliminary statement

Year ended 30 June 2009

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

7. Earnings per share

	2009			2008		
	(Loss)/ earnings £000	Weighted average number of shares 000	(Loss)/ earnings per share Pence	(Loss)/ earnings £000	Weighted average number of shares 000	(Loss)/ earnings per share Pence
Basic EPS						
Loss and loss per share	(111,564)	53,062	(210.3)	(11,231)	53,464	(21.0)
Effect of dilutive securities						
Options	—	4	—	—	24	—
Diluted EPS	(111,564)	53,066	(210.2)	(11,231)	53,488	(21.0)
Basic EPS	(111,564)	53,062	(210.3)	(11,231)	53,464	(21.0)
REIT conversion charge and associated costs	—	—	—	9,723	—	18.2
Release of deferred tax provision on conversion to REIT	—	—	—	(65,924)	—	(123.3)
Release of exceptional tax provision relating to prior years	(1,012)	—	(1.9)	—	—	—
Loss/(profit) on disposal of properties	9,178	—	17.3	(3,246)	—	(6.1)
Loss on disposal of listed investments	3,374	—	6.4	773	—	1.4
Loss on disposal of shares in subsidiary undertaking	—	—	—	191	—	0.4
Profit on disposal of shares in joint venture	(860)	—	(1.6)	—	—	—
Revaluation movement on investment properties	107,733	—	203.0	75,327	—	140.9
Revaluation movement on investment properties in joint ventures	927	—	1.7	(169)	—	(0.3)
Exceptional lease premiums	353	—	0.7	—	—	—
(Release of)/provision for tenant administration	(274)	—	(0.5)	1,258	—	2.4
Director severance agreement	—	—	—	282	—	0.5
Abortive acquisition costs	—	—	—	201	—	0.4
Underlying EPS	7,855	53,062	14.8	7,185	53,464	13.5
Diluted EPS	(111,564)	53,066	(210.2)	(11,231)	53,488	(21.0)
REIT conversion charge and associated costs	—	—	—	9,723	—	18.2
Release of deferred tax provision on conversion to REIT	—	—	—	(65,924)	—	(123.3)
Release of exceptional tax provision relating to prior years	(1,012)	—	(1.9)	—	—	—
Loss/(profit) on disposal of properties	9,178	—	17.3	(3,246)	—	(6.1)
Loss on disposal of listed investments	3,374	—	6.3	773	—	1.4
Loss on disposal of shares in subsidiary undertaking	—	—	—	191	—	0.4
Profit on disposal of shares in joint venture	(860)	—	(1.6)	—	—	—
Revaluation movement on investment properties	107,733	—	203.0	75,327	—	140.8
Revaluation movement on investment properties in joint ventures	927	—	1.7	(169)	—	(0.3)
Exceptional lease premiums	353	—	0.7	—	—	—
(Release of)/provision for tenant administration	(274)	—	(0.5)	1,258	—	2.4
Director severance agreement	—	—	—	282	—	0.5
Abortive acquisition costs	—	—	—	201	—	0.4
Diluted underlying EPS	7,855	53,066	14.8	7,185	53,488	13.4

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

Notes to preliminary statement

Year ended 30 June 2009

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

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

Notes to preliminary statement

Year ended 30 June 2009

8. Underlying profit

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

	2009	2008
	£000	£000
Loss before taxation	(112,612)	(67,626)
Less: (release of)/provision for tenant administration	(274)	1,258
Less: (profit)/loss on disposal of other fixed assets	(21)	18
Less: profit on disposal of shares in joint venture	(860)	—
Add: loss on disposal of shares in subsidiary undertaking	—	191
Add: loss/(profit) on disposal of investment properties	9,178	(3,246)
Add: revaluation deficit – Group	107,733	75,327
Add: revaluation deficit/(surplus) – joint ventures	927	(169)
Add: loss on disposal of listed investments	3,374	773
Add: Director's severance package	—	282
Add: abortive acquisition costs	—	201
Add: exceptional surrender premium	353	—
Add: tax on joint ventures	30	16
Underlying profit	7,828	7,025

9. Dividends paid

	2009	2008
	£000	£000
2007 final paid: 5.4p per 25p share	—	2,870
2008 interim paid: 2.75p per 25p share	—	1,462
2008 final paid: 5.4p per 25p share	2,870	—
2009 interim paid: 2.75p per 25p share	1,462	—
	4,332	4,332

The Directors are proposing a final dividend in respect of the financial year ending 30 June 2009 of 5.4p per share, which will absorb an estimated £2,870,000 of shareholders' funds. This dividend will comprise an ordinary dividend of 1.3p per share and a Property Income Distribution of 4.1p per share. These payments will be paid on 4 January 2010 to shareholders who are on the register of members on 4 December 2009.

Notes to preliminary statement

Year ended 30 June 2009

10. Tangible fixed assets

(a) Investment properties

	Freehold £000	Long leasehold £000	Total £000
Valuation at 1 July 2007	443,139	40,100	483,239
Acquisitions	18,906	549	19,455
Investment property refurbishment	12,528	6	12,534
Disposals	(13,350)	(20,500)	(33,850)
Decrease in value on revaluation	(74,867)	(460)	(75,327)
Transfer from leasehold to freehold	(2)	2	-
Transfer from development to investment properties	16,362	-	16,362
Valuation at 30 June 2008	402,716	19,697	422,413
Valuation at 1 July 2008	402,716	19,697	422,413
Investment property refurbishment	9,966	169	10,135
Disposals	(55,345)	(856)	(56,201)
Decrease in value on revaluation	(102,622)	(3,490)	(106,112)
Transfer to non-current assets held for sale	(11,700)	-	(11,700)
Valuation at 30 June 2009	243,015	15,520	258,535

Certain investment properties including operational car parks have been revalued as at 30 June 2009 on the basis of open market value by Jones Lang LaSalle/CB Richard Ellis at £265,905,000 (2008: £401,072,000) in accordance with the Royal Institution of Chartered Surveyors Appraisal and Investment Manual. Certain other freehold properties have been valued at £4,330,000 by the Directors (2008: £21,341,000).

The directors' valuation of residential property acquired for potential development and industrial property is supported by market evidence available as at 30 June 2009.

Investment properties are analysed as follows:

	2009 £000	2008 £000
Investment property (externally valued)	265,905	401,072
Less: externally valued properties transferred to current assets	(11,700)	—
Operational car parks (included in externally valued in 2009)	—	15,538
Residential property acquired for potential development	3,804	5,127
Industrial property	526	676
	258,535	422,413

Notes to preliminary statement

Year ended 30 June 2009

10 Tangible fixed assets continued

(b) Property, plant and equipment

Development properties

	£000
Cost at 1 July 2007	21,140
Additions	10,937
Transfer from development to investment properties	(16,362)
Cost at 30 June 2008	15,715
Cost at 1 July 2008	15,715
Additions	294
Decrease in value on revaluation	(1,620)
Cost at 30 June 2009	14,389

Fixtures, equipment and motor vehicles

	Cost £000	Accumulated depreciation £000
At 1 July 2007	2,400	1,588
Additions	275	—
Disposals	(220)	(100)
Depreciation	—	324
At 30 June 2008	2,455	1,812
Net book value at 30 June 2008		643
At 1 July 2008	2,455	1,812
Additions	412	—
Disposals	(431)	(255)
Depreciation	—	244
At 30 June 2009	2,436	1,801
Net book value at 30 June 2009		635

Total property, plant and equipment

	Total £000
At 30 June 2008	16,358
At 30 June 2009	15,024

The net book value of property, plant and equipment includes £0.7m (2008: £1.4m) in respect of capitalised borrowing costs.

Notes to preliminary statement

Year ended 30 June 2009

11. Restricted cash

At the balance sheet date, £18.8m cash was held as security against the debenture, following the disposal of certain charged properties. As a result of the post balance sheet debenture stock re-purchase the funds have been released.

12. Called up equity share capital

Authorised

164,879,000 (30 June 2008: 164,879,000) ordinary shares of 25p each. Nominal value of authorised share capital is £41,219,750 (2008: £41,219,750)

Issued and fully paid

	Number of shares £000	Nominal Value £000
At 1 July 2008	53,149	13,287
At 30 June 2009	53,149	13,287

13. Statement of changes in shareholders' equity

	2009 £000	2008 £000
Loss for the period	(111,564)	(11,231)
Dividends	(4,332)	(4,332)
Retained loss for the year	(115,896)	(15,563)
Other adjustments	6	—
Arising on purchases and cancellation of own shares	—	(4,021)
Surplus on revaluation of own shares held	—	60
Cash flow hedge – fair value (loss)/gain in year	(780)	158
New share capital subscribed	—	50
Deficit on revaluation of investments	(2,269)	(1,925)
Reversal of historic deficit/(surplus) on revaluation of investments recognised in loss in period	3,130	(34)
Net decrease in shareholders' equity	(115,809)	(21,275)
Opening shareholders' equity	223,011	244,286
Closing shareholders' equity	107,202	223,011

Notes to preliminary statement

Year ended 30 June 2009

14. Cash flow from operating activities

	2009	2008
	£000	£000
Loss for the financial year	(111,564)	(11,231)
Adjustments for:		
Tax	(1,048)	(56,395)
Depreciation	244	324
Loss/(profit) on disposal of investment properties	9,178	(3,246)
Loss on disposal of subsidiary undertaking	—	191
Profit on disposal of shares in joint venture	(860)	—
Realised (gains)/losses on disposal of property, plant and equipment	(21)	18
Realised losses on disposal of listed investments	3,374	773
Finance income	(303)	(821)
Finance expense	11,012	11,170
Share of joint venture losses after tax	835	61
Movement in revaluation of investment properties	107,733	75,327
(Increase)/decrease in receivables	(52)	232
(Decrease)/increase in payables	(6,266)	635
Cash generated from operations	12,262	17,038

15. "Triple" net asset value per share

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

	2009	2008
	£000	£000
Closing net assets	107,202	223,011
Less: debenture issue premium	(346)	(362)
Add: debenture mark to market (after tax at nil%; 2008: nil%)	33,667	30,355
	140,523	253,004
Shares in issue (000)	53,149	53,149
"Triple" net asset value per share	264p	476p

16. Post balance sheet events

Following the year end Royal Bank of Scotland plc, at the Company's request, made a tender offer to buy in part of the 2031 mortgage debenture stock.

The offer was completed on 4 August 2009 and RBS sold the £43.8m of debenture stock it had acquired in the tender, at an average price of 77.6p, to the Company at a cost of £34.0m. The purchase was funded out of existing banking facilities and the debenture stock was immediately cancelled.

The impact of the tender (net of expenses) has been to reduce the Company's debt, and increase its net asset value by £9.0m (17p per share).