



Town Centre Securities PLC

REITs – Tax consequences for shareholders

Important Note

This summary of tax consequences for shareholders is intended to provide only a general outline of the subjects covered. It should neither be regarded as comprehensive nor sufficient for making decisions, nor should it be used in place of professional tax advice. Town Centre Securities PLC accepts no responsibility for any loss arising from any action taken or not taken by any person using this material. If you are in any doubt as to your tax position or if you may be subject to tax in jurisdiction other than the UK, you should consult your own professional advisor.

Background

Following conversion to REIT status on 2 October 2007, Town Centre Securities PLC expects that future dividend payments, although made on the same date, may comprise either a mixture of both Property Income Distribution (PID) and non-PID dividends or solely a PID, depending on the circumstances at the time. The amount of the PID and any non-PID elements of the dividend will be shown on the associated tax vouchers.

1. Non-PID dividend payments

The non-PID element of dividends will be treated in exactly the same way as Town Centre Securities PLC dividends prior to becoming a REIT and in the same way as dividends received for non-REIT companies. Accordingly a tax credit of 10% will be deemed to have been deducted from the non-PID dividend payment.

2. PID dividend payments

- a. PIDs are taxable as property letting income in the hands of shareholders who pay tax, but will be treated separately from any other property letting business which shareholders may carry on.
- b. PID's will generally be paid out after deductions of withholding tax at the basic rate. At present this is 22% for 2007/08 and 20% for 2008/09. Basic rate tax may vary after 2009/09. However, certain classes of shareholder may be able to claim exemption from deduction of withholding tax. Examples of such classes of shareholder are:-

UK Resident Companies
UK Charities
UK Public Bodies
UK Pension Funds
Managers of PEPs, ISAs and Child Trust Funds

Note: It is expected that overseas non-UK resident shareholders and individual private shareholders will not be eligible to claim exemption from deduction of withholding tax.

Shareholders who wish to claim exemption from withholding tax on PID dividends payments should complete one of the forms included in this REIT section of Town Centre Securities PLC website (there are separate forms for use by shareholders and intermediaries acting on behalf of shareholders). The completed forms should be submitted to the Company's Registrars, Capita Registrars, The Registry, 34 Beckenham Road, Kent, BR3 4TU. Exemption claim forms should generally be sent so as to arrive at the Registrars by the record date prior to the next dividend payment date, usually about four weeks before.

- c. Withholding tax is credited against a shareholder's own tax liability on the PID. Shareholders whose rate of tax is less than 22% or who do not pay tax at all, perhaps because of personal allowances or other reliefs, may reclaim the difference from HMRC.
- d. Non-resident shareholders in countries with double tax treaties with the UK, which provide for withholding tax on dividends at lower rates than 22%, may be able to make claims for repayment of the difference from HMRC. Claim forms for non-resident individuals and companies may be downloaded from the HMRC website at <http://www.hmrc.gov.uk/cnr/claim-forms.htm> or by contacting HM Revenue and Customs, Residency, Fitz Roy House, PO Box 46, Nottingham, England NG2 1BD.

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