LAP

LONDON & ASSOCIATED PROPERTIES

ANNUAL REPORT 2015

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financial calendar

ANNUAL GENERAL MEETING **9 JUNE 2016**
ANNOUNCEMENT OF HALF YEAR RESULTS TO 30 JUNE 2016 **LATE AUGUST 2016**
ANNOUNCEMENT OF ANNUAL RESULTS FOR 2016 **LATE APRIL 2017**

OVERVIEW

2 LAP at a glance

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OVERVIEW

LAP AT A GLANCE

London & Associated Properties PLC ("LAP") is a main market listed group which invests in UK shopping centres and retail property whilst also managing property assets for institutional clients. LAP owns and manages £246m of property investments.

The Group also holds a substantial investment in Bisichi Mining PLC, which operates coal mines in South Africa and owns UK property investments (as a result of IFRS 10 the figures for Bisichi have been consolidated in the group accounts).

LOOKING TO CREATE ENVIRONMENTS WHERE RETAILERS CAN THRIVE.

FINANCIAL HIGHLIGHTS

FULLY DILUTED NET ASSETS PER SHARE

47.26p

2014: 50.35p

IFRS NET ASSETS

£49.7m

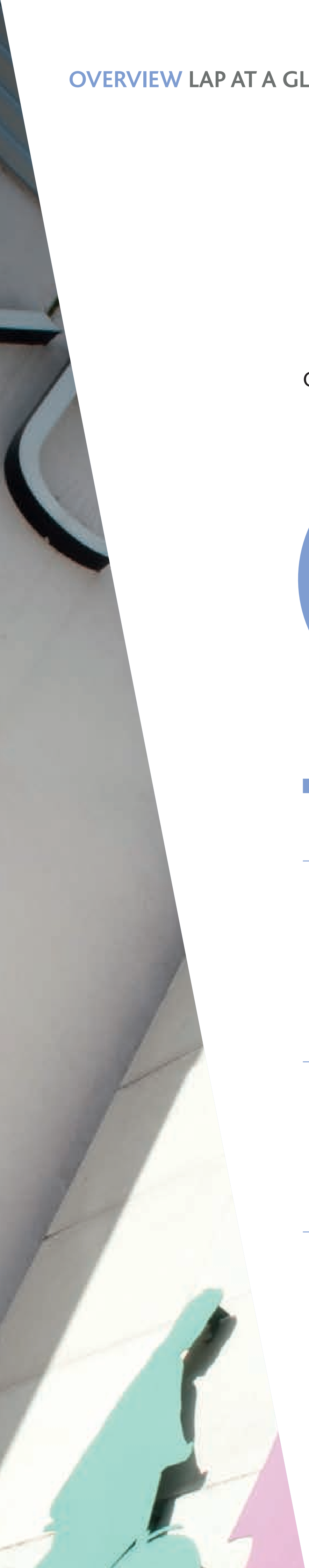
2014: £53.4m

PORTFOLIO VALUATION*

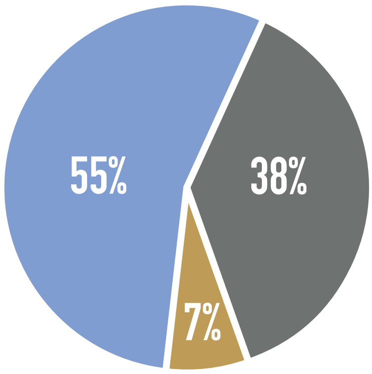
£246m

2014: £244m

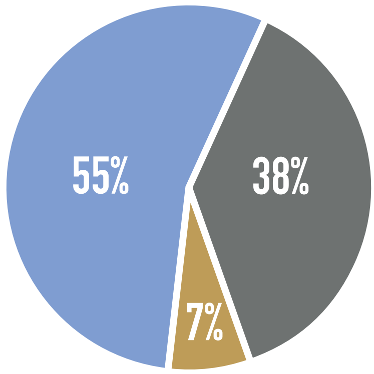
*Including properties under management



OVERALL PORTFOLIO SPLIT



PORTFOLIO BY RENTAL INCOME



WHOLLY OWNED

KEY PROJECTS

Orchard Square, Sheffield

Market Row and Brixton Village Brixton

King Square, West Bromwich

HIGHLIGHT

A number of value enhancing lettings at Orchard Square, Sheffield

JOINT VENTURES AND MANAGEMENT

KEY PROJECTS

Langney Shopping Centre Eastbourne

HIGHLIGHT

Joint venture with Columbus Capital in Langney. Investment in joint venture sold in March 2016

INVESTMENTS AND MANAGEMENT

KEY PROJECTS

Kingsgate Centre, Dunfermline

The Rushes Centre, Loughborough

The Vancouver Quarter Centre Kings Lynn

HIGHLIGHT

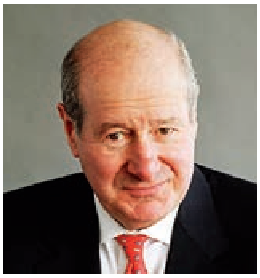
Co-investment with Oaktree Capital Management and manage three of their shopping centres

COAL PRODUCTION

In South Africa, Black Wattle produced 1.58 million metric tonnes of Run of Mine Coal in 2015 (2014: 1.53 million metric tonnes)

OVERVIEW

CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT



2015 was another year of progress within our property portfolio. Our intensive management style was a major factor that contributed to these satisfactory property results in the face of a challenging environment for the bricks-and-mortar retail world.

During the year the success of online retailing continued. It is now clear that retail landlords face a changed future as more sales migrate to the online format. However, we are not complacent and feel that going forward the defensive qualities of our major centres will be a positive factor. We believe that "bricks and mortar retail" has a positive contribution to make in the following sub-sectors: large regional centres and major cities; centres offering a differentiated shopping experience; and convenience retail. As shareholders will see from our portfolio review, the retained core of our estate falls within this description.

Investor demand for shopping centres and other retail property remained constant throughout 2015, particularly for those assets demonstrating resilient cash flow and tenant demand. However the market is likely to be more cautious over the next few months as macro-economic concerns and the June referendum on Britain's membership of the European Union cause investors to pause before committing further funds to the sector.

Before reporting on our current portfolio, shareholders will be pleased to hear that we have settled a long standing dispute with the buyers of King Edward Court, Windsor. This dispute related to the late completion of the sale in January 2014 by our subsidiary, Analytical Properties ("APL"). Following a series of preliminary hearings and a court hearing at first instance during 2014, APL was vindicated by the Court of Appeal in December 2014. As a result, we have been able to release in 2016 from escrow £515,000 and also had a cost award in our favour. This money has been added to our cash reserves.

Our directly owned properties were valued in 2015 at £104.4 million compared to £103.7 million in 2014. Total property assets under management at the year-end including those of our joint venture partners amounted to £246.3 million (2014: £244.4 million).

The Group loss for the year attributable to equity holders of the Company was £1.9 million (2014: £7.1 million). The Group loss for the year before taxation of £2.1 million (2014: £2.7 million) includes non-cash items of £2.95 million (2014: £1.49 million), mainly consisting of finance costs amortisation, mine depreciation and exchange losses. A full breakdown of group income/(loss) before taxation by sector is included in the Financial review on page 15 and in the segmental analysis in Note 1 to the accounts.

ORCHARD SQUARE, SHEFFIELD

BRIXTON MARKET

We now draw your attention to some of our property portfolio's highlights from 2015.

ORCHARD SQUARE, SHEFFIELD

We completed a number of value enhancing lettings at Orchard Square. The largest of these was the double unit which we let to Virgin Money at a combined rent of £345,000 per annum for an unbroken term of 15 years. Virgin Money is in the process of amalgamating and fitting out the units which will incorporate a bowling alley, a cinema and meeting rooms with full connectivity for customers, as well as traditional banking facilities.

Within the Centre, we leased a unit to Costa coffee at £75,000 per annum that had previously been occupied by a fashion retailer. We have also split a double unit that was previously occupied by a jeweller on the outside of the Centre. One half of this has been let to Humpit Hummus, an award-winning street food retailer, and we are under offer to a contemporary barber shop on a small second unit, which is our only vacant retail unit.

BRIXTON

Our markets at Brixton continue to go from strength to strength. The waiting list for traders remains lengthy and gross rental income is growing every year.

In 2015 Lambeth Council granted planning consent for a major redevelopment in Somerleyton Road, across the road from the rear of Brixton Village. This development will have over 300 flats, a theatre, theatre school, chef school and other community facilities. Construction is being funded by Lambeth Council and construction is due to commence in 2016. There will be significant benefits to our markets as, in addition to being destinations in their own right, footfall will be boosted as the markets will also provide the principal link from the development through to the rest of Brixton town centre and the transport network.

Lambeth Council has also secured separate funding to refurbish Electric Avenue which is adjacent to Market Row, our other market. Works are underway. In addition the Council is consulting on a revised Masterplan that will see a number of tired buildings and land on the other side of Brixton Village redeveloped to further enhance the town centre. All of these initiatives will have a positive impact on our markets.

In July 2015 we obtained a planning consent to redevelop a nightclub that forms part of our Brixton holdings into three apartments plus a ground floor shop. The nightclub operator, whose lease has expired, is seeking a judicial review of the planning decision. This review is scheduled for later this year. We are optimistic that our planning consent will be ratified and will update shareholders as matters progress.

WEST BROMWICH

At Kings Square, we have completed a number of lettings as this Centre continues to recover from competition created by the opening of a large, new centre recently developed within the town. As reported previously, the owner of this new centre was actively enticing our tenants away with incentives that we were unwilling to match.

The largest letting within our Centre is to Your Only Choice Ltd, a Midlands-based discount retailer. This unit has recently opened in a unit formerly occupied by Store Twenty One. Although it is early days, the new shop is proving very popular with the West Bromwich shoppers and has led to a footfall increase in that part of the Centre.

Similarly, Pep & Co, the discount fashion retailer owned by Pepkor of South Africa who opened over 50 shops last autumn, is trading far ahead of expectations at our Centre. The Kings Square unit is one of their two best performing shops in the Midlands, and was featured in a television documentary about the success of the chain.

LANGNEY, EASTBOURNE

Elsewhere in the Centre, we have completed lettings to Virgin Media and Card Factory, and the main mall remains fully let. Additionally we have recently completed a lease renewal with an existing retailer who had also opened a second store in the new scheme, and we are currently negotiating a second lease renewal with a different existing tenant who had similarly opened a second store. We see this as positive evidence that our centre has retained its role as the value location and therefore has a strong position within West Bromwich's retail hierarchy.

We are confident that this type of Centre will also continue to have a place alongside online retail. It also benefits from excellent transport links as well as the value-oriented offer that matches the demographics of the town.

OTHER

In July 2014 we acquired a shop in New Kings Road, Parsons Green. At the time of acquisition it was producing a rent of £42,500 per annum, which we believed to be below market rental value. We have recently re-let the shop to a luxury hairdresser and beauty parlour at a rent of £60,000 per annum.

The rest of our portfolio continues to trade well, and our Group portfolio has a void level of just 2.07% (2014: 5.92%)

JOINT VENTURES:

LANGNEY

This joint venture with Schroders entered its 5th and final year in 2016. In March 2016 LAP and Bisichi disposed of their combined 25% interest in Langney Shopping Centre Unit Trust, the owner of Langney Shopping Centre, Eastbourne. The price achieved reflected a property value of £19.2 million compared to an acquisition cost in 2011 of £16.5 million plus costs.

During our ownership, we obtained planning consent to extend the shopping centre by 30,000 sq ft. Having pre-let the anchor unit of the extension to Poundland and established a good level of interest from retailers in the remaining proposed units, we and Schroders, our joint venture partners, collectively felt that this was a good time to wind up the joint venture.

The cash proceeds post repayment of debt amount to some £2.4 million shared equally between LAP and Bisichi. This money has been added to our cash reserves following the year end.

HARROGATE PORTFOLIO

This joint venture with Oaktree Capital Management comprises three shopping centres.

Loughborough

The Rushes remains fully let, following deals with Subway, Poundworld and World 108 Buffet in the last 15 months. This Centre no longer offers sufficient opportunities to meet the joint venture's criteria and, in conjunction with Oaktree, we will probably seek a buyer during the course of this coming year.

Kings Lynn

We have achieved lettings with a combined rental income of £160,000 per annum at this shopping centre over last year. These included letting shops to Cards Direct, BB's Coffee and Muffins, and Yours Clothing. We are pleased to report that the shopping centre is now approaching full occupancy, which has not been the case for many years.

In conjunction with Kings Lynn Council as freeholder we are developing a number of asset management initiatives that we are confident will add significant value and we will update shareholders in due course.

Dunfermline

Kingsgate Shopping Centre had a positive year. We have secured lettings to Pep & Co, Poundworld and Carphone Warehouse over the last year. Some of these units had never been let before. Following these lettings, the Centre is close to being fully let and will assist us in establishing rental growth going forward.

DIVIDEND

Your directors are pleased to recommend a dividend of 0.16p, an increase of 3% over 2014.

Following the challenging trading conditions that all investors in shopping centres have experienced over the last few years, we are starting to feel that the portfolio is again moving upwards and we are optimistic that shareholders will enjoy the benefits of this over the coming years.

BISICHI MINING PLC

Bisichi is a separately listed mining company independently managed by its own Board of Directors. During 2015 international coal prices continued to weaken, and the average weekly price per metric tonne of Free on Board (FOB) coal from Richards Bay Coal Terminal in South Africa, fell below US $50 by the end of the year compared to US $64 at the beginning of the year and US $120 achieved in 2011.

In these depressed market conditions, Bisichi's management continues to focus on keeping production costs low while ensuring adequate levels of production are achieved. In the last four months of 2015, this strategy, and in particular production levels at Black Wattle in South Africa, were hampered by delays in obtaining the necessary regulatory blasting permissions.

However, all the necessary approvals have now been obtained. As part of Black Wattle's production plan for the year, the mine will look to combine production from new opencast areas opened at Black Wattle with coal received from the opencast reserve already being mined at Blue Nightingale. As previously reported, the coal delivered from Blue Nightingale is part of an agreement to purchase Run of Mine coal from an opencast reserve nearby to Black Wattle. Blue Nightingale, is a South African black owned and managed mining company.

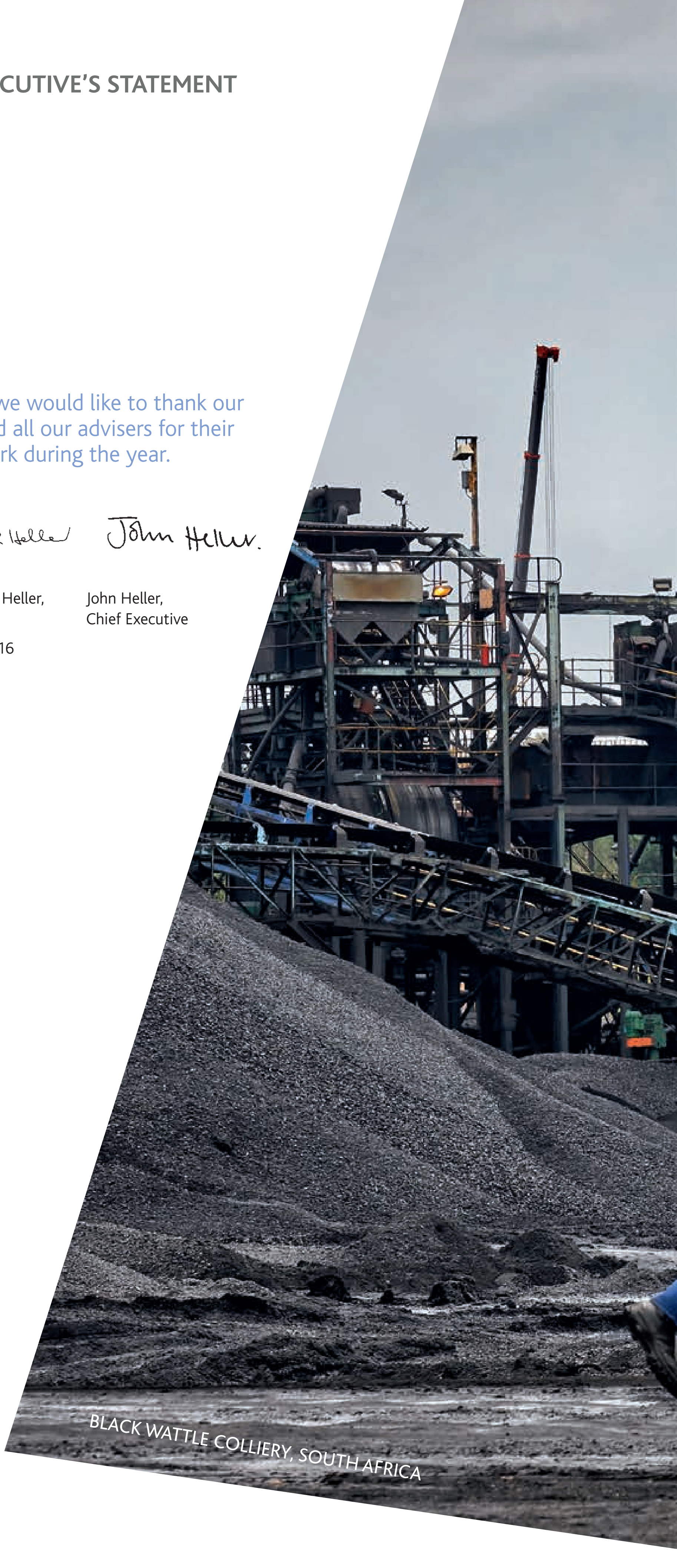
The company's UK retail property portfolio, which underpins the group and which is managed by LAP, continues to perform well. In October 2015, Bisichi acquired a new retail property in Northampton for a total cost of £960,000 in cash.

Bisichi has decided to hold the dividend at the 2014 level and is recommending a final dividend of 3p (2014: 3p) making the total for the year 4p (2014: 4p). LAP's cash share of this is £177,000 (2014: £177,000).

Finally, we would like to thank our staff and all our advisers for their hard work during the year.

Sir Michael Heller, Chairman	John Heller, Chief Executive

28 April 2016



BLACK WATTLE COLLIERY, SOUTH AFRICA

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STRATEGIC REPORT

FINANCIAL REVIEW

KING'S SQUARE, WEST BROMWICH

The financial statements for 2015 have been prepared to reflect the requirements of IFRS 10. This means that the accounts of Bisichi Mining PLC (a London Stock Exchange main market quoted company – BISI) ("Bisichi"), have been consolidated with those of LAP.

Bisichi continues to operate as a fully independent company and currently LAP owns only 41.52% of the issued ordinary share capital. However, because related parties also have shareholdings in Bisichi and there is a wide disposition of other shareholdings, LAP is deemed under IFRS 10 to have effective control of Bisichi for accounting purposes. This treatment means that the income and net assets of Bisichi are disclosed in full and the value attributable to the "non-controlling interest" (58.48%) is shown as a net liability. There is no impact on the net assets attributable to LAP shareholders.

Dragon Retail Property Limited ("Dragon"), our 50:50 joint venture with Bisichi is also consolidated.

LOANS

Long term debt of LAP (excluding Bisichi and Dragon), consists of the £45 million facility expiring in July 2019 and two debentures: one of £10 million expiring in August 2022 and another of £3.75 million with staged repayments to August 2018. All loans and debentures are secured on core property and are covenant compliant.

LAP's five year £35 million non-recourse loan from Santander, as senior lender, is supported by a £10 million loan from Europa Capital Mezzanine Limited, as mezzanine lender. The senior loan facility is fully hedged with 50% of the loan being swapped at a rate of 2.25% and the remaining 50% being covered by an interest cap swaption at 2.25%. This gives a blended current interest rate of 4.79% for the total £45 million debt. Since the year end the interest cap swaption (which expired) was been replaced by an interest cap at 2.25%.

CASH FLOW

The Group cash inflow from operating activities improved to £4.4 million (2014: £2.9 million).

During the year we repaid £1.25 million of the original £5 million debenture, leaving £750,000 to be repaid in August 2017 and the balance of £3 million in August 2018. The early repayment break costs were £158,000 but this cost is outweighed by the saving in interest costs over the term. Group interest paid was reduced to £4.0 million (2014: £4.8 million).

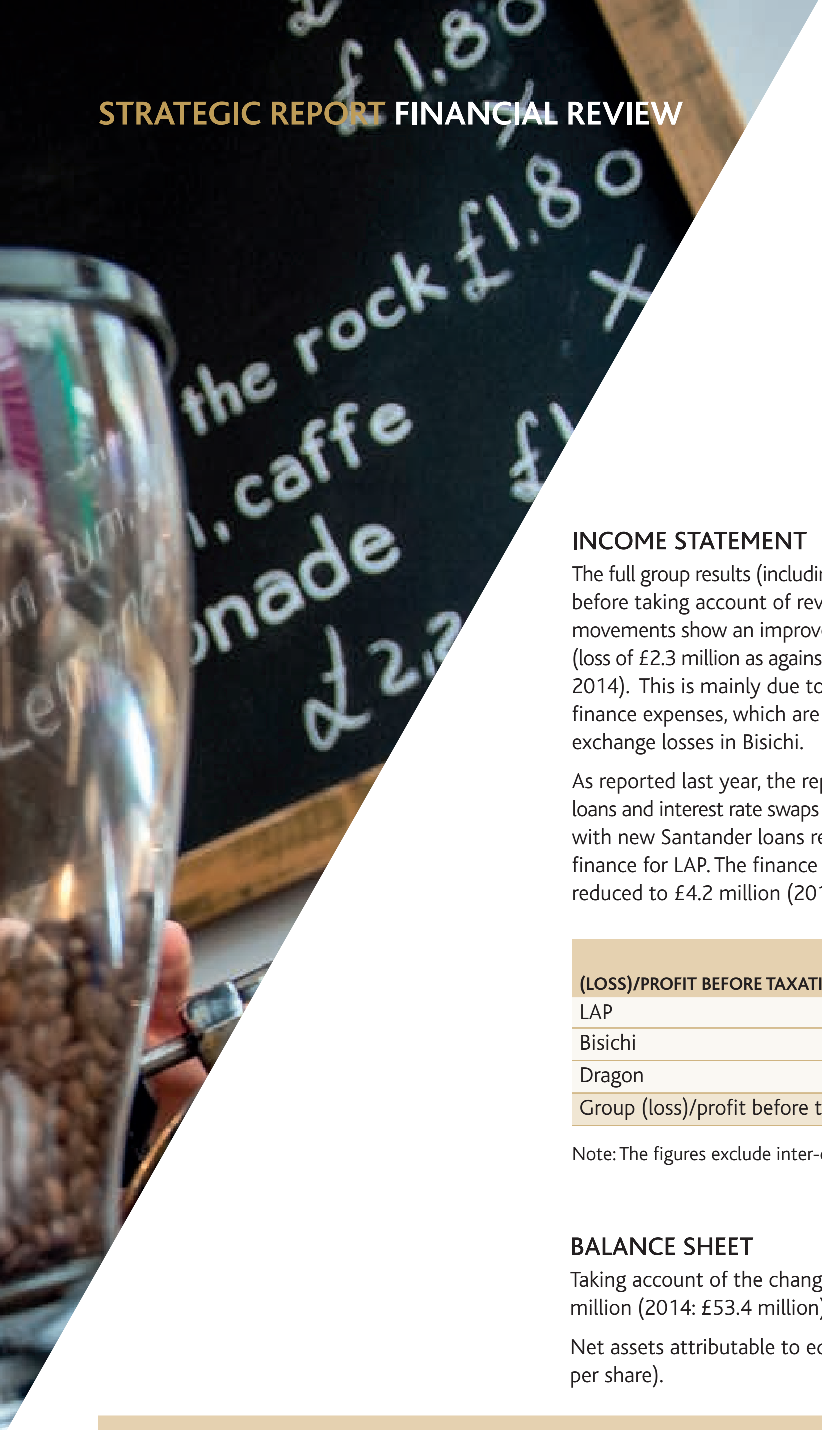
Our investment with Oaktree Capital Management (HRGT Shopping Centres LP), remains profitable and generates management fees for our wholly owned management subsidiary (London & Associated Management Services Limited). We also received £201,000 as a partial repayment of our loan.

At the year end, LAP, excluding Bisichi and Dragon, had £3.2 million (2014: £6.3 million) of cash and cash equivalent balances.

Since the year end, LAP, excluding Bisichi has sold its investment in Langney Shopping Centre Unit Trust for £1.14 million in cash. Additionally we received £30,000 in dividends and £63,500 for loan repayment.


coffee moments
enjoy the moment
Warren James

BRIXTON MARKET



INCOME STATEMENT

The full group results (including Bisichi and Dragon) before taking account of revaluation and other movements show an improvement over last year (loss of £2.3 million as against £3.6 million in 2014). This is mainly due to lower overheads and finance expenses, which are offset by higher exchange losses in Bisichi.

As reported last year, the repayment of the RBS loans and interest rate swaps and their replacement with new Santander loans reduced the cost of finance for LAP. The finance expenses have been reduced to £4.2 million (2014: £4.9 million).

Our property portfolio of £104.4 million decreased on revaluation by only £185,000.

The results before tax show a loss of £2.1 million (2014: £2.7 million). The segmental analysis in note 1 to the financial statements shows the split position, after excluding inter-company transactions.

As previously stated the Group's income statement includes the income of Bisichi and Dragon on a consolidated basis. The table below gives a clearer summary of Group results.

(LOSS)/PROFIT BEFORE TAXATION	2015 £'000	2014 £'000
LAP	**(1,886)**	(4,305)
Bisichi	**(217)**	1,531
Dragon	**10**	81
Group (loss)/profit before taxation	**(2,093)**	(2,693)

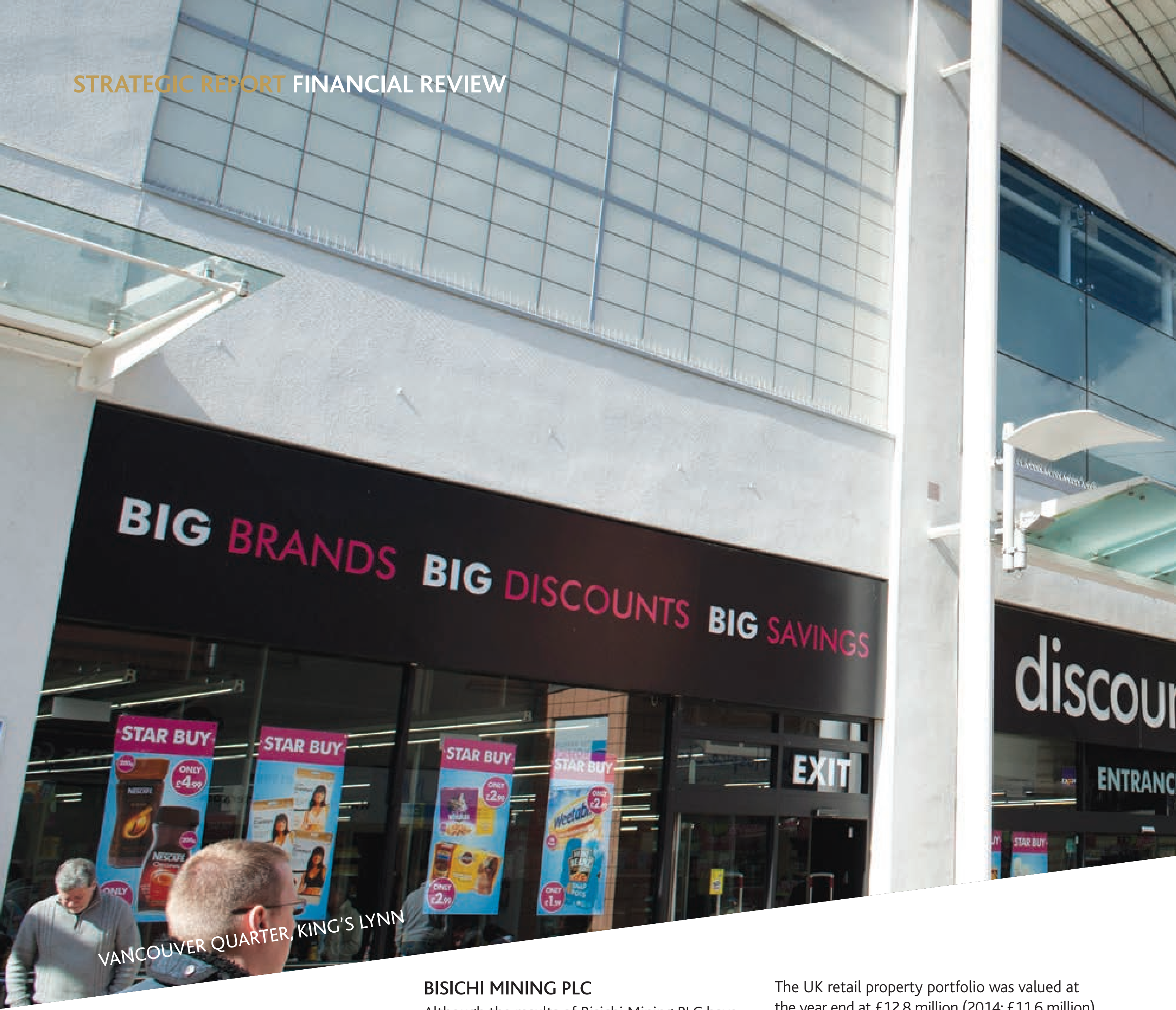
Note: The figures exclude inter-company revenue.

BALANCE SHEET

Taking account of the changes required by IFRS 10 (see table below) LAP has group net assets of £49.7 million (2014: £53.4 million).

Net assets attributable to equity shareholders at the year-end were 47.26p per share (2014: 50.35p per share).

2015	LAP ORIGINAL GROUP £'000	BISICHI MINING PLC GROUP £'000	DRAGON RETAIL PROPERTIES £'000	CONSOLIDATION ADJUSTMENTS £'000	LAP NET ASSETS £'000
Investment properties	93,510	12,994	2,668	–	109,172
Other fixed assets	148	5,374	30	–	5,552
Investments in associate	6,359	–	–	(6,359)	–
Investments and loans in joint ventures and assets held for sale	2,041	3,266	–	(1,747)	3,560
Other non current assets	4,385	14	–	–	4,399
Current assets	5,534	9,467	2,548	(4,531)	13,018
Current liabilities	(8,605)	(6,501)	(2,199)	4,531	(12,774)
Non-current liabilities	(62,992)	(8,983)	(1,300)	–	(73,275)
Net assets	**40,380**	**15,631**	**1,747**	**(8,106)**	**49,652**
2014					
Investment properties	93,563	11,770	3,110	–	108,443
Other fixed assets	178	6,064	15	–	6,257
Investments in associate	7,184	–	–	(7,184)	–
Investments and loans in joint ventures and assets held for sale	2,276	3,938	–	(1,740)	4,474
Other non current assets	4,520	152	–	–	4,672
Current assets	8,497	12,289	2,693	(4,755)	18,724
Current liabilities	(10,560)	(7,148)	(1,984)	4,755	(14,937)
Non-current liabilities	(62,812)	(9,346)	(2,102)	–	(74,260)
Net assets	42,846	17,719	1,732	(8,924)	53,373



VANCOUVER QUARTER, KING'S LYNN

BISICHI MINING PLC

Although the results of Bisichi Mining PLC have been consolidated in these financial statements, the Board of LAP has no direct influence over the management of Bisichi. The comments below are based on the published accounts of Bisichi.

The Bischi group results are stated in full in its published 2015 financial statements which are available on its website: www.bisichi.co.uk.

The Bisichi group achieved earnings before interest, tax, depreciation and amortisation (EBITDA) of £1.7 million (2014: £4.3 million). Loss for the year after tax was £0.2 million (2014: profit £1.2 million). Bisichi has two core revenue streams – investment in retail property in the UK and coal mining in South Africa.

The coal mining in South Africa was profitable in the first half of the year, but the mine operated at a loss in the second half. Due to the weakness of the Rand against UK Sterling, substantial exchange losses of £1.1 million (2014: £0.1 million) have arisen on translation of the South African net assets into sterling for the UK Bisichi group Balance Sheet. Exchange losses of £0.5 million (2014: £0.1 million) also impacted the Income Statement.

The UK retail property portfolio was valued at the year end at £12.8 million (2014: £11.6 million). In October 2015 Bisichi acquired a retail property in Northampton for £0.96 million in cash. The property portfolio is actively managed by LAP and generates rental income of £1 million (2014: £0.9 million).

In South Africa, a subsidiary of Bisichi signed an increase in the structured trade finance facility from R60 million to R80 million (South African Rand). This facility is renewable annually.

In the UK, the Bisichi group signed a £6 million five-year term loan with Santander in December 2014. This loan is secured against UK investment property.

The Bisichi group's cash and cash equivalents at the year-end were £1.6 million (2014: £2.8 million). In March 2016, like LAP, Bisichi also sold its interest in Langney Shopping Centre Unit Trust for £1.14 million in cash.

Bisichi's net assets at 31 December 2015 were £15.6 million (2014: £17.7 million).

DRAGON RETAIL PROPERTIES LIMITED

The company repaid its £1.9 million NatWest bank loan replacing it with a five year secured Santander bank loan of £1.25 million and through the sale of a long lease for the upper parts of its property in Bristol for £0.4 million. The remainder of the repayment was funded equally by the two joint venture partners.

ACCOUNTING JUDGEMENTS AND GOING CONCERN

The most significant judgements made in preparing these accounts relate to the carrying value of the properties, investments and interest rate hedges. The hedges have been valued by the hedge provider. The group uses external property valuers to determine the fair value of its properties. Under IFRS10 the group has included Bisichi Mining PLC from 2014 in the consolidated accounts, as it is deemed to be under the effective control of LAP and has therefore been treated as a subsidiary.

The Directors exercise their commercial judgement when reviewing the Group's cash flow forecasts and the underlying assumptions on which the forecasts are based. The Group's business activities, together with the factors likely to affect its future development, are set out in the Chairman and Chief Executive's Statement and in this review. In addition, the Directors consider that note 23 to the financial statements sets out the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk, liquidity risk and other risks.

With a quality property portfolio comprising a majority of tenants with long leases supported by suitable financial arrangements, the Directors believe the company is well placed to manage its business risks successfully, despite the continuing uncertain economic climate. The Directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

DIVIDENDS

The directors are proposing a final dividend of 0.16p per ordinary share payable in July 2016. This is an increase of 3% compared to the 2014 dividend, and continues to reflect the Group's confidence in its trading and future outlook.

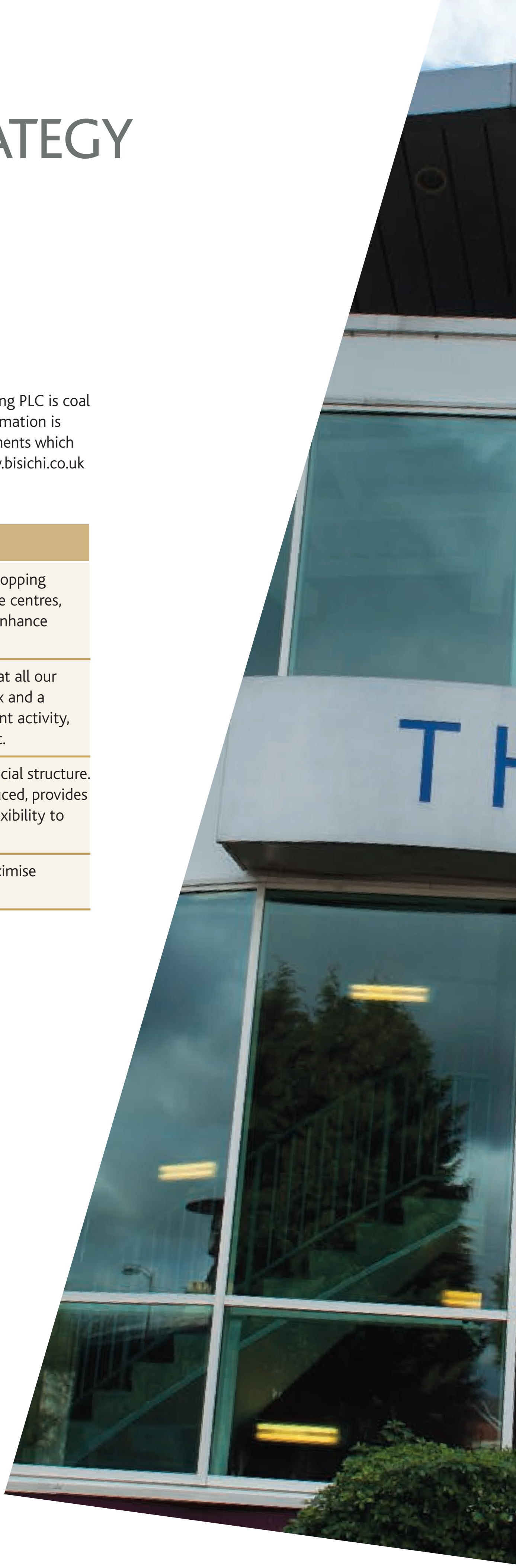
STRATEGIC REPORT

PRINCIPAL ACTIVITY, STRATEGY & BUSINESS MODEL

The Group's principal business model is the investment in and management of town centre retail property through direct investment and joint ventures, where we manage the property ourselves and on behalf of our partners.

The principal activity of Bisichi Mining PLC is coal mining in South Africa. Further information is available in its 2015 Financial Statements which are available on their web site: www.bisichi.co.uk

STRATEGIC PRIORITIES ARE	OUR STRATEGY IS
MAXIMISING INCOME	By achieving an appropriate tenant mix and shopping experience we can increase footfall through the centres, hence increase tenant demand for space and enhance income.
CREATING QUALITY PROPERTY	We look to improve the consumer experience at all our centres by achieving an appropriate tenant mix and a vibrant trading environment through investment activity, enhancement, refurbishment and development.
CAPITAL STRENGTH	We operate within a prudent and flexible financial structure. Our gearing, which has been substantially reduced, provides financial stability whilst giving capacity and flexibility to look for further investments.
MAINTAIN THE VALUE OF INVESTMENT IN BISICHI	By encouraging the Bisichi management to maximise sustainable profits and cash distributions.



THE RUSHES, LOUGHBOROUGH

RISK AND UNCERTAINTIES

DESCRIPTION OF RISK	DESCRIPTION OF IMPACT	MITIGATION
ASSET MANAGEMENT:		
TENANT FAILURE	Financial loss.	Initial and subsequent assessment of tenant covenant strength combined with an active credit control function.
LEASES NOT RENEWED	Financial loss.	Lease expiries regularly reviewed. Experienced in house teams with strong tenant and market knowledge who manage appropriate tenant mix.
ASSET LIQUIDITY (SIZE AND GEOGRAPHICAL LOCATION)	Assets may be illiquid and affect flexing of balance sheet.	Regular reporting of current and projected position to the Board with efficient treasury management.
PEOPLE:		
RETENTION AND RECRUITMENT OF STAFF	Unable to retain and attract the best people for the key roles.	Nomination Committee and senior staff review skills gaps and succession planning. Training and development offered.
REPUTATION:		
BUSINESS INTERRUPTION	Loss in revenue. Impact on footfall. Adverse publicity. Potential for criminal/ civil proceedings.	Documented Recovery Plan in place. General and terrorism insurance policies in place and risks monitored by trained security staff. Health and Safety policies in place. CCTV in centres.
FINANCING:		
FLUCTUATION IN PROPERTY VALUES	Impact on covenants and other loan agreement obligations.	Secure income flows. Regular monitoring of LTV and IC covenants and other obligations. Focus on quality assets.
REDUCED AVAILABILITY OF BORROWING FACILITIES	Insufficient funds to meet existing debts/interest payments and operational payments.	Efficient treasury management. Loan facilities extended where possible. Regular reporting of current and projected position to the Board.
LOSS OF CASH AND DEPOSITS	Financial loss.	Only use a spread of banks and financial institutions which have a strong credit rating.
FLUCTUATION OF INTEREST RATES	Uncertainty of interest rate costs.	Manage derivative contracts to achieve a balance between hedging interest rate exposure and minimising potential cash calls.

BISICHI RISK & UNCERTAINTIES

Bisichi Mining PLC, which we consolidate under IFRS 10 has a number of key risks and uncertainties relating to mining for coal.

COAL PRICE RISK

The group's South African mining operational earnings are largely dependent on movements in both the export and domestic coal price.

COAL WASHING

The group's mining operation's earnings are highly sensitive to coal washing, therefore a stoppage or disruption to the process could significantly impact earnings. However, there is scope to raise earnings substantially if the yield from the washing process is improved even marginally.

MINING RISK

Attached to mining there are inherent health and safety risks. Any such safety incidents disrupt operations, and can slow or even stop production. The group has a comprehensive Health and Safety programme in place to mitigate this. As with many mining operations, the reserve that is mined has the risk of not having the qualities and accessibility expected from geological and environmental analysis.

CURRENCY RISK

The group's South African operations are sensitive to currency movements, especially those between the South African Rand, US Dollar and British Pound.

NEW RESERVES AND MINING PERMISSIONS

The life of the mine, acquisition of additional reserves, permissions to mine and new mining opportunities in South Africa generally are contingent on a number of factors outside of the group's control, e.g. approval by the Department of Mineral Resources and the Department of Water Affairs and Forestry.

REGULATORY RISK

The group's South African operations are subject to the government Mining Charter and scorecard which primarily seeks to:

- Promote equitable access to South Africa's mineral resources for all people in South Africa;
- Expand opportunities for historically disadvantaged South Africans (HDSAs), including women, to enter the mining and minerals industry and benefit from the extraction and processing of the country's resources;
- Utilise the existing skills base for the empowerment of HDSAs;
- Expand the skills base of HDSAs in order to serve the community;
- Promote employment and the social and economic welfare of mining communities and areas supplying mining labour; and
- Promote beneficiation of South Africa's mineral commodities beyond mining and processing, including the production of consumer goods.

The group continues to make good progress towards meeting the Charter requirements. However any regulatory changes to these, or failure to meet existing targets, could adversely affect the mine's ability to retain its mining rights in South Africa.

TRANSPORT RISK

At present the government owned Transnet Freight Rail (TFR) is the sole rail freight provider for coal in South Africa. The group's South African operations are therefore reliant on TFR for delivery of its export quality coal directly or indirectly via the Southern African ports to its end customers.

POWER SUPPLY RISK

The current utility provider for power supply in South Africa is the government run Eskom. Eskom continues to undergo capacity problems resulting in power cuts and lack of provision of power supply to new projects. The group's mining operations have to date not been affected by power cuts.

FLOODING RISK

The group's mining operations are susceptible to seasonal flooding which could disrupt production. Management monitors water levels on an ongoing basis and various projects have been completed, including the construction of additional dams, to mitigate this risk.

ENVIRONMENTAL RISK

The group's South African mining operations are required to adhere to local environmental regulations.

HEALTH & SAFETY RISK

The group's South African mining operations are required to adhere to local Health and Safety regulations.

LABOUR RISK

The group's mining operations and coal washing plant facility are labour intensive and unionised. Any labour disputes, strikes or wage negotiations may disrupt production and impact earnings.

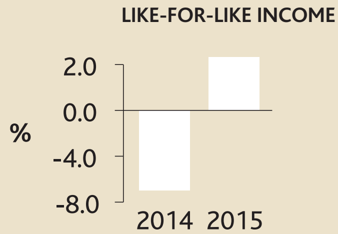
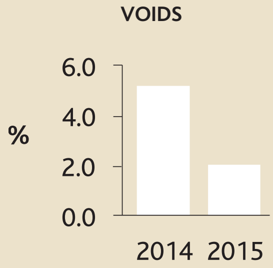
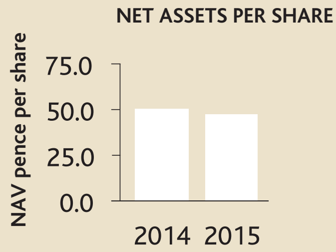
CASHFLOW RISK AND PROPERTY

We seek to balance the high risk of our mining operations with a dependable cash flow from our UK property investment operations. Fluctuations in property values, which are reflected in the Consolidated Income Statement and Balance Sheet, are dependent on an annual valuation of commercial properties. A fall in UK commercial property can have a marked effect on the profitability and the net asset value of the group. However, due to the long term nature of the leases, the effect on cash flows from property investment activities are expected to remain stable as long as tenants remain in operation.

VANCOUVER QUARTER, KING'S LYNN

KEY PERFORMANCE INDICATORS

The Group's Key Performance Indicators are selected to ensure clear alignment between its strategy and shareholder interests. The KPIs are calculated using data from management reporting systems.

STRATEGIC PRIORITY	KPI	PERFORMANCE
MAXIMISING INCOME – LIKE FOR LIKE PROPERTY INCOME		
TO INCREASE THE LIKE-FOR-LIKE INCOME FROM THE PROPERTY YEAR ON YEAR.	Like-for-like rental income as a percentage of the prior year rental.	The like-for-like rental income has increased by £0.15m. 
MAXIMISING INCOME – OCCUPANCY		
WE AIM TO MAXIMISE THE TOTAL INCOME IN OUR PROPERTIES BY ACHIEVING FULL OCCUPANCY.	The ERV of the empty units as a percentage of our total income.	Void levels have improved significantly. 
CAPITAL STRENGTH – GROWTH IN NET ASSET VALUE PER SHARE		
THE NET ASSETS PER SHARE IS THE PRINCIPAL MEASURE USED BY THE GROUP FOR MONITORING ITS PERFORMANCE AND IS AN INDICATOR OF THE LEVEL OF RESERVES AVAILABLE FOR DISTRIBUTION BY WAY OF DIVIDEND.	Movement in the net assets per share.	The net assets per share fell by 3.09 pence per share or 6.1%. However the strength and quality of NAV continues to stabilise as a result of the re-financing. 

CORPORATE RESPONSIBILITY

GREENHOUSE GAS REPORTING

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 for the reporting period 1st January 2015 to 31st December 2015. The emissions are detailed in tables 1, 2, 3 and 4 below.

We have employed the Financial Control definition to outline our carbon footprint boundary reporting Scope 1 & 2 emissions only. Emissions from landlord & tenant controlled areas of LAP owned shopping centres and facilities that fall within the footprint boundary. LAP has landlord controlled areas in Kings Square, Orchard Square, Brewery Street, Shipley and Bridgend.

Excluded from our footprint boundary are: properties that we manage on behalf of others or are not wholly owned by LAP and emissions considered non material by the business.

Emissions for landlord controlled areas have been calculated based on actual consumption information collected from each shopping centre. Emissions from tenant controlled areas have been calculated based on floor area and energy consumption benchmarks for general retail services in the UK.

The Bisichi Group has employed the Operational Control boundary definition to outline the carbon footprint boundary. Included within that boundary are Scope 1 & 2 emissions from coal extraction and onsite mining processes for Black Wattle Colliery. Excluded from the footprint boundary are emission sources considered non material by Bisichi Group, including refrigerant use onsite.

We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and guidance provided by UK's Department of Environment and Rural Affairs (DEFRA) on voluntary and mandatory carbon reporting. Emission factors were used from **UK Government's GHG Conversion Factors for Company Reporting 2015**[1].

As well as reporting Scope 1 and Scope 2 emissions, legislation requires that at least one intensity ratio is reported for the given reporting period.

TABLE1. LANDLORD & TENANT CONTROLLED AREAS

	EMISSIONS SOURCE	2015	2014
SCOPE 1 EMISSIONS	Natural gas (tCO_2e)	106	129
SCOPE 2 EMISSIONS	Electricity (tCO_2e)	3,907	4,386
	Total tCO_2e	**4,013**	4,515
	Intensity ratio (tCO_2e/£thousand)	*0.65*	*0.70*

TABLE 2. LAP CONTROLLED AREAS

	EMISSIONS SOURCE	2015	2014
SCOPE 1 EMISSIONS	Natural gas (tCO_2e)	106	129
SCOPE 2 EMISSIONS	Electricity (tCO_2e)	256	346
	Total tCO_2e	**362**	475

TABLE 3. TENANT CONTROLLED AREAS

	EMISSIONS SOURCE	2015	2014
SCOPE 1 EMISSIONS	Natural gas (tCO_2e)	-	-
SCOPE 2 EMISSIONS	Electricity (tCO_2e)	3,651	4,040
	Total tCO_2e	**3,651**	4,040

[1] 2015 Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Repiorting", Department for environment, Food and Rural Affairs (DEFRA) and Department for Energy and Climate Change (DECC)

BRIXTON MARKET

KINGSGATE, DUNFERMLINE

TABLE 4. COAL MINING CARBON FOOTPRINT

	2015 CO_2E TONNES	2014 CO_2E TONNES
EMISSIONS SOURCE:		
Scope 1 Combustion of fuel & operation of facilities	**10,571**	14,867
Scope 1 Emissions from coal mining activities	**27,789**	26,872
Scope 2 Electricity, heat, steam and cooling purchased for own use	**7,571**	8,300
Total	**45,931**	50,039
INTENSITY:		
Intensity 1 Tonnes of CO_2 per pound sterling of revenue	**0.00179**	0.00189
Intensity 2 Tonnes of CO_2 per pound of coal produced	**0.0291**	0.0327

ENVIRONMENT

The Group's principal UK activity is property investment, which involves renting premises to retail businesses. We seek to provide those tenants with good quality premises from which they can operate in an efficient and environmentally friendly manner. Where possible, improvements, repairs and replacements are made in an environmentally efficient manner and waste re-cycling arrangements are in place at all of the Company's locations.

EMPLOYEE, SOCIAL, COMMUNITY AND HUMAN RIGHTS

The Group's principal UK activity is to attract staff and motivate employees by offering competitive terms of employment. The Group provides equal opportunities to all employees and prospective employees including those who are disabled.

DIRECTOR, EMPLOYEES AND GENDER REPRESENTATION

At the year end the company had 6 directors (6 male, 0 female), 2 senior managers (2 male, 0 female) and 18 employees (9 male, 9 female).

BISICHI MINING PLC

Bisichi Mining PLC's principal activity in the UK is property investment and in South Africa is coal mining. The employment terms and conditions of their UK office employees and South Africa Mining employees are regulated and operated in compliance with all relevant national legislation.

Bisichi Mining PLC's group at the year end had 6 directors (6 male, 0 female), 7 senior managers (6 male,1 female) and 205 employees (154 male, 51 female).

Detailed information relating to Bisichi Strategic Report is available in its 2015 financial statements.

Approved on behalf of the board of directors

Anil Thapar,
Finance Director

28 April 2016

GOVERNANCE

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DIRECTORS & ADVISORS

EXECUTIVE DIRECTORS

Sir Michael Heller MA FCA*
(Chairman)

John A Heller LLB MBA
(Chief Executive)

Anil K Thapar FCCA
(Finance Director)

NON-EXECUTIVE DIRECTORS

Howard D Goldring BSC (ECON) ACA †
Howard Goldring has been a member of the board since July 1992, he is a global asset allocation specialist and has over 30 years' experience in the real estate market. He is Executive Chairman of Delmore Asset Management Limited which specialises in the management of investment portfolios for private clients, charities, family trusts and pension funds. He also acts as an advisor providing high level asset allocation advice to family offices and pension schemes, including among others, Tesco Pension Investment Ltd. From 1997-2003 he was consultant director on global asset allocation to Liverpool Victoria Asset Management Limited.

Clive A Parritt FCA CF FIIA #†
Clive Parritt joined the board on 1 January 2006. He is a chartered accountant with over 30 years' experience of providing strategic, financial and commercial advice to businesses of all sizes. He is Chairman of BG Training Limited, Finance Director of Audiotonix Limited, as well as a director of Baronsmead Venture Trust plc and Jupiter US Smaller Companies plc. Clive Parritt was President of the Institute of Chartered Accountants in England and Wales in 2011-12. He is Chairman of the Audit Committee and as Senior Independent Director he chairs the Nomination and Remuneration Committees.

Robin Priest MA
Robin Priest joined the board on 31 July 2013. He is a Managing Director of Alvarez & Marsal Real Estate Advisory Services LLP (A&M) and has more than 30 years' experience in real estate and structured finance. He advises private sector and public sector clients on both operational and financial real estate matters. Prior to joining A&M, Robin Priest was lead partner for Real Estate Corporate Finance in London with Deloitte LLP and before this he founded and ran a property company backed by private equity.
He is also a trustee of London's Oval House Theatre.

* Member of the nomination committee
\# Senior independent director
† Member of the audit, remuneration and nomination committees

SECRETARY & REGISTERED OFFICE

Anil K Thapar FCCA
24 Bruton Place
London W1J 6NE

AUDITOR

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP)

PRINCIPAL BANKERS

Santander UK plc
Abbey National Treasury Services plc
Europa Capital Mezzanine Ltd

SOLICITORS

Olswang LLP
Pinsent Masons LLP

STOCKBROKER

Stockdale Securities Limited

REGISTRARS & TRANSFER OFFICE

Capita Asset Services
Shareholder Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

UK telephone: 0871 664 0300
International telephone: +44 (0) 20 8639 3399
(Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate).

Lines are open between 9.00am to 5.30pm, Monday to Friday, excluding public holidays in England and Wales.

Website: www.capitaregistrars.com
Email: shareholderenquiries@capita.co.uk

Company registration number
341829 (England and Wales)

WEBSITE

www.lap.co.uk

E-MAIL

admin@lap.co.uk

DIRECTORS' REPORT

The Directors submit their report and the audited accounts, for the year ended 31 December 2015.

Strategic report

A comprehensive review and assessment of the Group's activities during the year as well as its position at the year end and prospects for the forthcoming year are included in the Chairman and Chief Executive's Statement and the Strategic Report. These reports can be found on pages 4 to 27 and should be read in conjunction with this report.

Activities

The principal activities of the Group during the year were property investment and development, as well as investment in joint ventures and an associated company. The associated company is Bisichi Mining PLC (Bisichi) in which the Company holds a 42 per cent interest. Bisichi is listed on the main market of the London Stock Exchange and operates in England and South Africa with subsidiaries which are involved in overseas mining and mining investment. The results, together with the assets and liabilities, of Bisichi are consolidated with those of LAP in accordance with the terms of IFRS 10 even though the Group only has a minority interest – under IFRS 10 the 58% majority interest is disclosed as a "non-controlling interest".

Business review

Review of the Group's development and performance
A review of the Group's development and performance can be found below and should be read in conjunction with the Strategic Report on pages 12 to 27.

Property activities

The Group is a long-term investor in property. It acquires retail properties, actively manages those assets to improve rental income, and thus seeks to enhance the value of its properties over time. In reviewing performance, the principal areas regularly monitored by the Group include:

- **Rental income** – the aim of the Group is to maximise the maintainable income from each property by careful tenant management supported by sympathetic and revenue enhancing development. Whilst income may be affected adversely by the inability of tenants to pay their rent, rent collection and tenant quality are monitored carefully. Risk is also minimised by a diversified tenant base, which should limit the impact of the failure of any individual tenant.
- **Cash flow** – allowing for voids, acquisitions, development expenditure, disposals and the impact of operating costs and interest charges, the Group aims to maintain a positive cash flow.
- **Financing costs** – the exposure of the Group to interest rate movements is managed partly by the use of swap arrangements (see note 23 on page 75 for full details of the contracts in place) and also by using loans with fixed terms and interest rates. These arrangements are designed to ensure that our interest costs are known in advance and are always covered by anticipated rental income. Details of key estimates that have been adopted are contained in the accounting policies note on page 54.
- **Property valuations** – market sentiment and economic conditions have a direct effect on property valuations, which can vary significantly (upwards or downwards) over time. Bearing in mind the long term nature of the Group's business, valuation changes have little direct effect on the ongoing activities or the income and expenditure of the Group. Tenants generally have long term leases, so rents are unaffected by short term valuation changes. Borrowings are secured against property values and if those values fall very significantly, this could limit the ability of the Group to develop the business using external borrowings. The risk is minimised by trying to ensure that there is adequate cover to allow for fluctuations in value on a short term basis.

It continues to be the policy of the Group to realise property assets when the valuation of those assets reaches a level at which the directors consider that the long-term rental yield has been reached. The Group also seeks to acquire additional property investments on an opportunistic basis when the potential rental yields offer scope for future growth.

Investment activities

The investments in joint ventures and Bisichi are for the long term.

LAP manages the UK property assets of Bisichi. However, the principal activity of Bisichi is overseas mining investment (principally in South Africa). While IFRS 10 requires the consolidation of Bisichi, the investment is held to generate income and capital growth over the longer term. It is managed independently of LAP and should be viewed by shareholders as an investment not a subsidiary. The other listed investments are held as current assets to provide the liquidity needed to support the property activities while generating income and capital growth.

Investments in property are made through joint ventures when the financing alternatives and spreading of risk make such an approach desirable.

Dividend policy

The directors are recommending payment of a final dividend for 2015 of 0.16p per share (2014 0.156p per share).

Subject to shareholder approval, the ordinary final dividend will be payable on Friday 15 July 2016 to shareholders registered at the close of business on Friday 17 June 2016.

The company's ordinary shares held in treasury

At 31 December 2015, 734,816 (2014: 1,032,991) ordinary shares were held in Treasury with a market value of £181,867 (2014: £400,284). At the Annual General Meeting (AGM) in June 2015 members renewed the authority for the Company to purchase up to 10 per cent of its issued ordinary shares. The Company will be asking members to renew this authority at the next AGM to be held on Thursday 9 June 2016.

MOVEMENTS IN TREASURY SHARES DURING THE YEAR:	NUMBER OF SHARES
Treasury shares held at 1 January 2015	1,032,991
Issued for directors' bonuses (431,476 shares at 37.75p)	(431,476)
Issued for staff bonuses (111,678 shares at 37.75p)	(111,678)
Issued for Share Incentive Plan (Directors 7,947 shares at 37.75p)	(7,947)
Issued for Share Inventive Plan (Staff 47,271 shares at 37.75p)	(47,271)
Purchase of shares (133,333 shares at 37.5p)	133,333
Purchase of shares (166,864 shares at 36p)	166,864
Treasury shares held at 31 December 2015	**734,816**

Treasury shares are not included in issued share capital for the purposes of calculating earnings per share or net assets per share and they do not qualify for dividends payable.

Following the year-end, 1,936 ordinary shares were transferred from Treasury to enable the issue of shares in connection with an approved HMRC Share Incentive Plan. The shares were issued at 25p on 8 January 2016. A further 284,518 ordinary shares were transferred from Treasury to enable the issue of shares in connection with an approved HMRC Share Incentive Plan and Directors' and Staff bonuses. The shares were issued at 24.5p on 18 January 2016.

Investment properties

The freehold and long leasehold properties of the Company, its subsidiaries and Bisichi were revalued as at 31 December 2015 by independent professional firms of chartered surveyors – Allsop LLP, London (83.44 per cent of the portfolio), Carter Towler, Leeds (12.26 per cent) – and by the Directors (4.30 per cent). The valuations, which are reflected in the financial statements, amount to £104.39 million (2014: £103.65 million).

Taking account of prevailing market conditions, the valuation of the properties at 31 December 2015 resulted in a decrease of £0.18 million (2014: increase of £0.85 million). The impact of property revaluations on the Company's joint venture (Langney Shopping Centre Unit Trust) was a decrease of £0.31 million (2014: increase of £3.98 million). The proportion of this revaluation attributable to the Group (net of taxation) is reflected in the consolidated income statement and the consolidated balance sheet.

Financial instruments

Note 23 to the financial statements sets out the risks in respect of financial instruments. The board reviews and agrees overall treasury policies, delegating appropriate authority for applying these policies to the Chief Executive and Finance Director. Financial instruments are used to manage the financial risks facing the Group and speculative transactions are prohibited. Treasury operations are reported at each board meeting and are subject to weekly internal reporting. Hedging arrangements are in place for the Company, its subsidiaries and joint ventures in order to limit the effect of higher interest rates upon the Group. Where appropriate hedging arrangements are covered in the Chairman and Chief Executive's Statement and the Financial Review.

Directors

Sir Michael Heller, J A Heller, A K Thapar, H D Goldring, C A Parritt and R Priest were Directors of the company for the whole of 2015.

Sir M Heller and H D Goldring are retiring by rotation at the Annual General Meeting in 2016 and offer themselves for re-election.

Brief details of the Directors offering themselves for re-election, are as follows:

Sir Michael Heller is Executive Chairman and has been a Director since 1971. He has a contract of service determinable upon six months' notice. Sir Michael Heller is a chartered accountant and a member of the nomination committee. He is Executive Chairman of Bisichi Mining PLC, our associate company. The board has considered the re-appointment of Sir Michael Heller and recommends his re-election as a Director.

Howard Goldring has been a Director since 1992 and has a contract of service determinable upon three months' notice. He is an Independent Director and a member of the audit, nomination and remuneration committees. Howard Goldring is a chartered accountant and global asset allocation specialist. He is Executive Chairman of Delmore Asset Management Limited. His specialised economic knowledge and broad commercial experience are of significant benefit to the business. The board has considered the re-appointment of Howard Goldring and recommends his re-election as a Director.

Directors' interests

The interests of the Directors in the ordinary shares of the Company, including family and trustee holdings, where appropriate, can be found on page 39 of the Annual Remuneration Report.

Substantial shareholdings

At 31 December 2015 Sir Michael Heller and his family had an interest in 47.8 million shares of the Company, representing 56.4 per cent of the issued share capital net of treasury shares (2014: 47.6 million shares representing 56.3 per cent). Cavendish Asset Management Limited had an interest in 8,280,434 shares representing 9.76 per cent of the issued share capital of the Company (2014: 7,705,611 shares representing 9.12 per cent). James Hyslop had an interest in 3,856,258 shares representing 4.55 per cent of the issued share capital of the Company (2014: 3,856,258 shares representing 4.56 per cent). The Company does not consider that the Heller family have a controlling share interest irrespective of the number of shares held as no individual party holds a majority and there is no legal obligation for shareholders to act in concert. The Directors do not consider that any party has control.

The Company is not aware of any other holdings exceeding 3 per cent of the issued share capital. After the year-end and at the date of this report Sir Michael Heller and his family's interest was 47.8 million shares of the Company representing 56.2 per cent of the issued share capital net of treasury shares. Also after the year end and at the date of this report, James Hyslop's interest increased to 4,256,258 shares of the Company representing over 5 per cent of the issued share capital net of treasury shares.

Takeover directive

The Company has one class of share capital, namely ordinary shares. Each ordinary share carries one vote. All the ordinary shares rank pari passu. There are no securities issued in the Company which carry special rights with regard to control of the Company.

The identity of all significant direct or indirect holders of securities in the Company and the size and nature of their holdings is shown in "Substantial Shareholdings" above.

The rights of the ordinary shares to which the HMRC approved Share Incentive Plan relates, are exercisable by the trustees on behalf of the employees.

There are no restrictions on voting rights or on the transfer of ordinary shares in the Company, save in respect of treasury shares. The rules governing the appointment and replacement of Directors, alteration of the articles of association of the Company and the powers of the Company's Directors accord with usual English company law provisions. Each Director is re-elected at least every three years. The Company has requested authority from shareholders to buy back its own ordinary shares and there will be a resolution to renew the authority at this year's AGM (Resolution 10).

The Company is not party to any significant agreements that take effect, alter or terminate upon a change of control of the Company following a takeover bid. The Company is not aware of any agreements between holders of its ordinary shares that may result in restrictions on the transfer of its ordinary shares or on voting rights.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

Statement as to disclosure of information to the auditor

The Directors in office at the date of approval of the financial statements have confirmed that, so far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as a Director in order to make them aware of any relevant audit information and to establish that it has been communicated to the auditor.

Directors and officers liability insurance

The Group maintains Directors and officers insurance, which is reviewed annually and is considered to be adequate by the Company and its insurance advisers.

Donations

No political donations were made during the year (2014: £Nil). No donations for charitable purposes were made during the year (2014: £1,005).

Greenhouse Gas Reporting

Details of the Group's Greenhouse Gas Reporting for the year ended 31 December 2015 can be found on page 24 of the Strategic Report.

Going concern

The directors have reviewed the cash flow forecasts of the Group and the underlying assumptions on which they are based. The Group's business activities, together with the factors likely to affect its future development, are set out in the Chairman's and Chief Executive's Statement and Financial Review. In addition, note 23 to the financial statements sets out the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

With secured long term banking facilities, sound financial resources and long term leases in place the Directors believe it remains appropriate to adopt the going concern basis of accounting in preparing the annual financial statements.

Corporate Governance

The Corporate governance report can be found on page 34 of the annual report and accounts.

Annual General Meeting

The Annual General Meeting will be held at 24 Bruton Place, London W1J 6NE on Thursday 9 June 2016 at 10.30 a.m. Items 1 to 8 will be proposed as ordinary resolutions. More than 50 per cent. of shareholders' votes cast at the meeting must be in favour for those ordinary resolutions to be passed. Items 9 to 11 will be proposed as special resolutions. At least 75 per cent. of shareholders' votes cast at the meeting must be in favour for those special resolutions to be passed. The Directors consider that all of the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole and accordingly the board unanimously recommends that shareholders vote in favour of all of the resolutions, as the Directors intend to do in respect of their own beneficial holdings of ordinary shares. Please note that the following paragraphs are only summaries of certain of the resolutions to be proposed at the Annual General Meeting and do not represent the full text of the resolutions. You should therefore read this section in conjunction with the full text of the resolutions contained in the notice of Annual General Meeting which accompanies this Directors' Report.

Ordinary resolutions

Resolution 8 – Authority to allot securities
Paragraph 8.1.1 of Resolution 8 would give the Directors the authority to allot shares in the Company and grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal value of £2,836,478. This represents approximately 1/3 (one third) of the ordinary share capital of the Company in issue (excluding treasury shares) as at 20 April 2016 (being the last practicable date prior to the publication of this Directors' Report).

In line with guidance issued by the Investment Association ('IA') paragraph 8.1.2 of Resolution 8 would give the directors the authority to allot shares in the Company and grant rights to subscribe for or convert any security into shares in the Company up to a further aggregate nominal value of £2,836,478, in connection with an offer by way of a rights issue. This amount represents approximately 1/3 (one third) of the ordinary share capital of the Company in issue (excluding treasury shares) as at 20 April 2016 (being the last practicable date prior to the publication of this Directors' Report).

The Directors' authority will expire on 31 August 2017 or if earlier the next AGM. The Directors do not currently intend to make use of this authority. However, if they do exercise the authority, the Directors intend to follow best practice as recommended by the Investment Association regarding its use (including as regards the Directors standing for re-election in certain cases).

Special resolutions

The following special resolutions will be proposed at the Annual General Meeting:

Resolution 9 – Disapplication of pre-emption rights
Under English company law, when new shares are allotted or treasury shares are sold for cash (otherwise than pursuant to an employee share scheme) they must first be offered at the same price to existing shareholders in proportion to their existing shareholdings. This special resolution gives the Directors authority, for the period ending on the date of the next annual general meeting to be held in 2017, to: (a) allot shares of the Company and sell treasury shares for cash in connection with a rights issue or other pre-emptive offer; and (b) otherwise allot shares of the Company, or sell treasury shares, for cash up to an aggregate nominal value of £425,472 representing, in accordance with institutional investor guidelines, approximately 5 per cent. of the total ordinary share capital in issue as at 20 April 2016 (being the last practicable date prior to the publication of this Directors' Report) in each case as if the pre-emption rights in English company law did not apply.

Save in respect of issues of shares in respect of employee share schemes and share dividend alternatives, the Directors do not currently intend to make use of these authorities. The board intends to adhere to the provisions in the Pre-emption Group's Statement of Principles not to allot shares for cash on a non-pre-emptive basis in excess of an amount equal to 7.5 per cent. of the Company's ordinary share capital within a rolling three-year period without prior consultation with shareholders. The Directors' authority will expire on 31 August 2017 or if earlier the date of next AGM.

Resolution 10 – Purchase of own ordinary shares
The effect of Resolution 10 would be to renew the Directors' current authority to make limited market purchases of the Company's ordinary shares of 10 pence each. The power is limited to a maximum aggregate number of 8,509,435 ordinary shares (representing approximately 10 per cent. of the Company's issued share capital as at 20 April 2016 (being the latest practicable date prior to publication of this Directors' Report)). The minimum price (exclusive of expenses) which the Company would be authorised to pay for each ordinary share would be 10 pence (the nominal value of each ordinary share). The maximum price (again exclusive of expenses) which the Company would be authorised to pay for an ordinary share is an amount equal to 105 per cent. of the average market price for an ordinary share for the five business days preceding any such purchase. The authority conferred by Resolution 10 will expire at the conclusion of the Company's next annual general meeting to be held in 2017 or 15 months from the passing of the resolution, whichever is the earlier. Any purchases of ordinary shares would be made by means of market purchases through the London Stock Exchange.

If granted, the authority would only be exercised if, in the opinion of the Directors, to do so would result in an increase in earnings per share or asset values per share and would be in the best interests of shareholders generally. In exercising the authority to purchase ordinary shares, the Directors may treat the shares that have been bought back as either cancelled or held as treasury shares (shares held by the Company itself). No dividends may be paid on shares which are held as treasury shares and no voting rights are attached to them.

Other matters

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) has expressed its willingness to continue in office as auditor. A proposal will be made at the Annual General Meeting for its reappointment.

By order of the board

Anil Thapar
Secretary

28 April 2016
24 Bruton Place
London
W1J 6NE

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code for Small and Mid-Size Quoted Companies (the QCA Code) published by the Quoted Companies Alliance. The QCA Code provides governance guidance to small and mid-size quoted companies. The paragraphs below set out how the Company has applied this guidance during the year. The Company has complied with the QCA Code throughout the year.

Principles of corporate governance

The board promotes good corporate governance in the areas of risk management and accountability as a positive contribution to business prosperity. The board endeavours to apply corporate governance principles in a sensible and pragmatic fashion having regard to the circumstances of the business. The key objective is to enhance and protect shareholder value.

Board structure

During the year the board comprised the Chairman, the Chief Executive, one other executive Director and three non-executive Directors. Their details appear on page 30. The board is responsible to shareholders for the proper management of the Group.

The Directors' responsibility statement in respect of the accounts is set out on page 45. The non-executive Directors have a particular responsibility to ensure that the strategies proposed by the executive Directors are fully considered. To enable the board to discharge its duties, all Directors have full and timely access to all relevant information and there is a procedure for all Directors, in furtherance of their duties, to take independent professional advice, if necessary, at the expense of the Group. The board has a formal schedule of matters reserved to it and normally has eleven regular meetings scheduled each year. Additional meetings are held for special business when required.

The board is responsible for overall Group strategy, approval of major capital expenditure and consideration of significant financial and operational matters.

The board committees, which have written terms of reference, deal with specific aspects of the Group's affairs:

- The nomination committee is chaired by C A Parritt and comprises one other non-executive Director and the executive Chairman. The committee is responsible for proposing candidates for appointment to the board, having regard to the balance and structure of the board. In appropriate cases recruitment consultants are used to assist the process. All Directors are subject to re-election at a maximum of every three years.
- The remuneration committee is responsible for making recommendations to the board on the Company's framework of executive remuneration and its cost. The committee determines the contract terms, remuneration and other benefits for each of the executive directors, including performance related bonus schemes, pension rights and compensation payments. The board itself determines the remuneration of the non-executive Directors. The committee comprises two non-executive Directors and it is chaired by C A Parritt. The executive Chairman of the board is normally invited to attend. The Annual Remuneration Report is set out on pages 37 to 41.
- The audit committee comprises two non-executive Directors and is chaired by C A Parritt. The audit committee report is set out on page 44.

Board and board committee meetings held in 2015

The number of regular meetings during the year and attendance was as follows:

		MEETINGS HELD	MEETINGS ATTENDED
A K Thapar	Board	11	11
	Audit committee	2	2
H D Goldring	Board	11	11
	Audit committee	2	2
	Nomination committee	1	1
	Remuneration committee	1	1
Sir Michael Heller	Board	11	11
	Nomination committee	1	1
	Remuneration committee	1	1
J A Heller	Board	11	10
	Audit committee	2	2
C A Parritt	Board	11	11
	Audit committee	2	2
	Nomination committee	1	1
	Remuneration committee	1	1
R Priest	Board	11	11

Performance evaluation – board, board committees and directors

The performance of the board as a whole and of its committees and the non-executive Directors is assessed by the Chairman and the Chief Executive and is discussed with the senior non-executive independent Director. Their recommendations are discussed at the nomination committee prior to proposals for re-election being recommended to the board. The performance of executive Directors is discussed and assessed by the remuneration committee. The senior independent Director meets regularly with the Chairman, executive and non-executive Directors individually outside of formal meetings. The Directors will take outside advice in reviewing performance but have not found this to be necessary to date.

Independent directors

The senior independent non-executive Director is C A Parritt. The other independent non-executive Directors are H D Goldring and R Priest. Delmore Asset Management Limited (Delmore) is a Company in which H D Goldring is the majority shareholder and a Director. Delmore provides consultancy services to the Company on a fee paying basis. Alvarez and Marsal Real Estate Advisory Services (A&M) is a Company in which R Priest is a Managing Director. A&M provides consultancy and advisory services to the Company on a fee paying basis. C A Parritt also provides some advisory services as part of his accounting practice.

The board encourages all three non-executive Directors to act independently and does not consider that length of service of any individual non-executive Director, nor any connection with the above mentioned consultancy and advisory companies has resulted in the inability or failure to act independently. In the opinion of the board the three non-executive Directors continue to fulfil their roles as independent non-executive Directors.

The independent Directors exchange views regularly between board meetings and meet when required to discuss corporate governance and other issues concerning the Group.

Internal control

The Directors are responsible for the Group's system of internal control and for reviewing its effectiveness at least annually, and for the preparation and review of its financial statements. The board has designed the Group's system of internal control in order to provide the Directors with reasonable assurance that assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period. However, no system of internal control can eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss. The key elements of the control system in operation are:

- The board meets regularly on full notice with a formal schedule of matters reserved for its decision and has put in place an organisational structure with clearly defined lines of responsibility and with appropriate delegation of authority;
- There are established procedures for planning, approval and monitoring of capital expenditure and information systems for monitoring the Group's financial performance against approved budgets and forecasts;
- The departmental heads are required annually to undertake a full assessment process to identify and quantify the risks that face their departments and functions, and assess the adequacy of the prevention, monitoring and modification practices in place for those risks. In addition, regular reports about significant risks and associated control and monitoring procedures are made to the executive Directors. The process adopted by the Group accords with the guidance contained in the document "Internal Control Guidance for Directors on the Combined Code" issued by the Institute of Chartered Accountants in England and Wales. The audit committee receives reports from external auditors and from executive Directors of the Group. During the period the audit committee has reviewed the effectiveness of the system of internal control as described above. The board receives periodic reports from all committees.
- There are established procedures for the presentation and review of the financial statements and the Group has in place an organisational structure with clearly defined lines of responsibility and with appropriate delegation of authority.

There are no internal control issues to report in the annual report and financial statements for the year ended 31 December 2015. Up to the date of approval of this report and the financial statements, the board has not been required to deal with any related material internal control issues. The Directors confirm that the board has reviewed the effectiveness of the system of internal control as described during the period.

Communication with shareholders

Prompt communication with shareholders is given high priority. Extensive information about the Group and its activities is provided in the Annual Report. In addition, a half-year report is produced for each financial year and published on the Company's website. The Company's website www.lap.co.uk is updated promptly with announcements and Annual Reports upon publication. Copies from previous years are also available on the website.

The Company's share price is published daily in the Financial Times. The share price history and market information can be found at http://www.londonstockexchange.com/prices-and-markets/markets/prices.htm. The company code is LAS.

There is a regular dialogue with the Company's stockbrokers and institutional investors. Enquiries from individuals on matters relating to their shareholdings and the business of the Group are dealt with promptly and informatively.

The Company's website is under continuous development to enable better communication with both existing and potential new shareholders.

The Bribery Act 2010

The Company is committed to acting ethically, fairly and with integrity in all its endeavours and compliance with the code is monitored closely.

GOVERNANCE STATEMENT BY THE CHAIRMAN OF THE REMUNERATION COMMITTEE

The remuneration committee is pleased to present its report for the year ended 31 December 2015. The report is presented in two parts in accordance with the regulations.

The first part is the Annual Remuneration Report which details remuneration awarded to Directors and non-executive Directors during the year. The shareholders will be asked to approve the Annual Remuneration Report as an ordinary resolution (as in previous years) at the AGM in June 2016 (resolution 2). The second part is the Remuneration Policy which details the remuneration policy for Directors. This policy was subject to a binding vote by shareholders at the AGM in 2014 and approved for a 3 year period commencing from then. The committee reviewed the existing policy and deemed that no changes were necessary to the current arrangements.

Both of the above reports have been prepared in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The Company's auditor, RSM UK Audit LLP is required by law to audit certain disclosures and where disclosures have been audited they are indicated as such.

C A Parritt
Chairman, Remuneration Committee

28 April 2016

ANNUAL REMUNERATION REPORT

The following information has been audited

SINGLE TOTAL FIGURE OF REMUNERATION FOR THE YEAR ENDED 31 DECEMBER 2015

	SALARY AND FEES £'000	BONUSES £'000	BENEFITS £'000	PENSIONS £'000	**TOTAL BEFORE SHARE OPTIONS £'000**	SHARE OPTIONS £'000	**TOTAL 2015 £'000**
Executive Directors							
Sir Michael Heller*	7	-	42	-	**49**	n/a	**49**
J A Heller	333	366	30	33	**762**	n/a	**762**
A K Thapar	130	55	8	40	**233**	n/a	**233**
	470	421	80	73	**1,044**	-	**1,044**
Non-executive Directors							
H D Goldring*+	47	-	5	-	**52**	n/a	**52**
C A Parritt *+	38	-	-	-	**38**	n/a	**38**
R Priest *	63	-	-	-	**63**	n/a	**63**
	148	-	5	-	**153**	-	**153**
Total	**618**	**421**	**85**	**73**	**1,197**	**-**	**1,197**

* Note 28 "Related party transactions"

+ Members of the remuneration committee for year ended 31 December 2015

Benefits include the provision of car, health and other insurance and subscriptions

SINGLE TOTAL FIGURE OF REMUNERATION FOR THE YEAR ENDED 31 DECEMBER 2014

	SALARY AND FEES £'000	BONUSES £'000	BENEFITS £'000	PENSIONS £'000	TOTAL BEFORE SHARE OPTIONS £'000	SHARE OPTIONS £'000	TOTAL 2014 £'000
Executive Directors							
Sir Michael Heller*	7	91	40	-	138	n/a	138
J A Heller	333	442	24	36	835	n/a	835
R J Corry	180	-	25	33	238	n/a	238
	520	533	89	69	1,211	-	1,211
Non-executive Directors							
H D Goldring*+	43	-	5	-	48	n/a	48
C A Parritt*+	32	-	-	-	32	n/a	32
R Priest*	63	-	-	-	63	n/a	63
	138	-	5	-	143	-	143
Total	658	533	94	69	1,354	-	1,354

* Note 28 "Related party transactions"

+ Members of the remuneration committee for year ended 31 December 2014

Benefits include the provision of car, health and other insurance and subscriptions

Sir Michael Heller is a director of Bischi Mining PLC, (a subsidiary for IFRS 10 purposes) and received a salary from that company of £75,000 (2014: £75,000) for services.

Although Sir Michael Heller receives reduced remuneration in respect of his services to the Group, the Group does supply office premises, property management, general management, accounting and administration services for a number of companies in which Sir Michael Heller has an interest. The board estimates that the value of these services, if supplied to a third party, would have been £300,000 (2014: £300,000) for the year. Further details of these services are set out in Note 28 "Related party transactions" to the financial statements.

John Heller is a director of Dragon Retail Properties Limited, (a subsidiary for IFRS 10 purposes from this year) and received benefits from that company of £7,250 (2014: £7,250) for services.

H D Goldring's company, Delmore Asset Management Limited provides consultancy services to the Group. This is detailed in Note 28 to the financial statements.

C A Parritt provides consultancy services to the Group as part of his accounting practice. This is detailed in Note 28 to the financial statements.

R Priest is a managing director of Alvarez & Marsal Real Estate Advisory Services who provide consultancy services to the Group. This is detailed in Note 28 to the financial statements.

R J Corry resigned as a director on 31 December 2014 and A K Thapar was appointed a director on 1 January 2015.

Summary of directors' terms

	DATE OF CONTRACT	UNEXPIRED TERM	NOTICE PERIOD
Executive Directors			
Sir Michael Heller	1 January 1971	Continuous	6 months
John Heller	1 May 2003	Continuous	12 months
Anil Thapar	1 January 2015	Continuous	6 months
Non-executive Directors			
H D Goldring	1 July 1992	Continuous	3 months
C A Parritt	1 January 2006	Continuous	3 months
R Priest	31 July 2013	Continuous	3 months

Total pension entitlements

Two directors had benefits under money purchase schemes. Under their contracts of employment, they were entitled to a regular employer contribution (currently £33,000 and £40,000 a year). There are no final salary schemes in operation. No pension costs are incurred on behalf of non-executive Directors.

Share Incentive Plan (SIP)

In 2006 the Directors set up an HMRC approved share incentive plan (SIP). The purpose of the plan, which is open to all eligible LAP executive Directors and head office based staff, is to enable them to acquire shares in the Company and give them a continuing stake in the Group. The SIP comprises four types of share – (1) free shares under which the Company may award shares of up to the value of £3,000 each year, (2) partnership shares, under which members may save up to £1,500 per annum to acquire shares, (3) matching shares, through which the Company may award up to two shares for each share acquired as a partnership share, and (4) dividend shares, acquired from dividends paid on shares within the SIP.

1. Free shares: 55,218 free shares were awarded in 2015 in respect of 2014 bonuses (see below as 2014). Additionally, 61,220 shares were awarded in January 2016 relating to 2015 bonuses and these are shown below as 2015.

Free shares awarded:

	NUMBER OF MEMBERS		NUMBER OF SHARES		VALUE OF SHARES	
	2015	2014	**2015**	2014	**2015 £**	2014 £
Directors:						
J A Heller	1	1	12,244	7,947	3,000	3,000
A K Thapar	1	n/a	12,244	n/a	3,000	n/a
Staff	3	6	36,732	47,271	9,000	17,845
Total at 31 December	**5**	7	**61,220**	55,218	**15,000**	20,845

2. Partnership shares: No partnership shares were issued between November 2014 and October 2015.

3. Matching shares: The partnership share agreements for the year to 31 October 2015 provide for two matching shares to be awarded free of charge for each partnership share acquired. No partnership shares were acquired in 2015 (2014: nil). Matching shares will usually be forfeited if a member leaves employment in the Group within 5 years of their grant.

4. Dividend shares: Dividends on shares acquired under the SIP will be utilised to acquire additional shares. Accumulated dividends received on shares in the SIP to 31 December 2015 amounted to £485 (2014: £759).

Dividend shares issued:

	NUMBER OF MEMBERS		NUMBER OF SHARES		VALUE OF SHARES	
	2015	2014	**2015**	2014	**2015 £**	2014 £
Directors:						
J A Heller	1	1	255	253	64	100
A K Thapar	1	n/a	331	n/a	83	n/a
Staff	8	10	1,350	1,665	337	658
Total at 31 December	**10**	11	**1,936**	1,918	**484**	758

The SIP is set up as an employee benefit trust. The trustee is London & Associated Securities Limited, a wholly owned subsidiary of LAP, and all shares and dividends acquired under the SIP will be held by the trustee until transferred to members in accordance with the rules of the SIP.

Share Option Schemes

The Company has an HMRC approved scheme (Approved Scheme). It was set up in 1986 in accordance with HMRC rules to gain HMRC approved status which gave the members certain tax advantages. There are no performance criteria for the exercise of options under the Approved Scheme, as this was set up before such requirements were considered to be necessary. No Director has any options outstanding under the Approved Scheme nor were any options granted under the Approved Scheme for the year ended 31 December 2015.

A share option scheme known as the "Non-approved Executive Share Option Scheme" (Unapproved Scheme) which does not have HMRC approval was set up during 2000. At 31 December 2015 there were no options to subscribe for ordinary shares outstanding. The exercise of options under the Unapproved Scheme is subject to the satisfaction of objective performance conditions specified by the remuneration committee which conforms to institutional shareholder guidelines and best practice provisions. Further details of this scheme are set out in Note 26 "Share Capital" to the financial statements.

Payments to past directors

No payments were made to past Directors in the year ended 31 December 2015.

Payments for loss of office

No payments for loss of office were made in the year ended 31 December 2015.

Statement of directors' shareholding and share interest

Directors' interests

The interests of the Directors in the ordinary shares of the Company, including family and trustee holdings, where appropriate, were as follows:

	BENEFICIAL INTERESTS		NON-BENEFICIAL INTERESTS	
	31 DEC 15	1 JAN 15	**31 DEC 15**	1 JAN 15
Sir Michael Heller	**6,353,541**	6,421,089	**19,277,931**	19,277,931
H D Goldring	**19,819**	19,819	**-**	-
J A Heller	**1,630,022**	1,668,976	**†14,073,485**	†14,073,485
C A Parritt	**36,168**	36,168	**-**	-
R Priest	**-**	-	**-**	-
A K Thapar	**150,047**	96,372	**-**	-

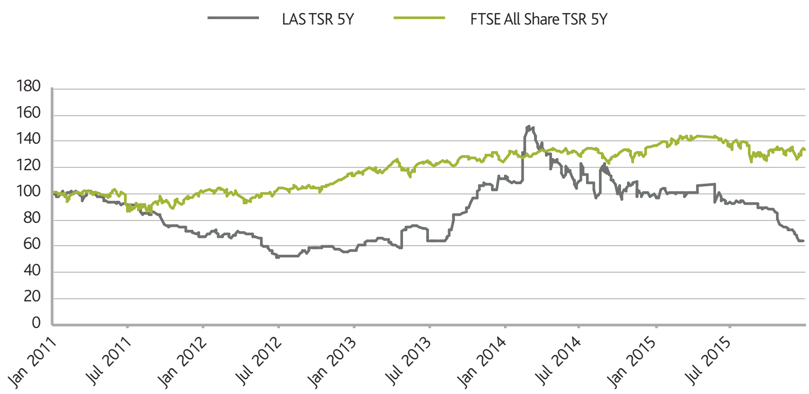
†These non-beneficial holdings are duplicated with those of Sir Michael Heller.

The beneficial holdings of Directors shown above include their interests in the Share Incentive Plan.

The following information is unaudited:

The graph illustrates the Company's performance as compared with a broad equity market index over a five year period. Performance is measured by total shareholder return. The directors have chosen the FTSE All Share – Total Return Index as a suitable index for this comparison as it gives an indication of performance against a large spread of quoted companies.

The middle market price of London & Associated Properties PLC ordinary shares at 31 December 2015 was 25p (2014: 38.75p). During the year the share middle market price ranged between 25p and 41.5p.



Remuneration of the Chief Executive over the last ten years

YEAR	CEO	CHIEF EXECUTIVE SINGLE TOTAL FIGURE OF REMUNERATION £'000	ANNUAL BONUS PAYOUT AGAINST MAXIMUM OPPORTUNITY* %	LONG-TERM INCENTIVE VESTING RATES AGAINST MAXIMUM OPPORTUNITY* %
2015	**J A Heller**	**762**	**41 %**	**n/a**
2014	J A Heller	835	49 %	n/a
2013	J A Heller	716	n/a	n/a
2012	J A Heller	417	n/a	n/a
2011	J A Heller	671	n/a	n/a
2010	J A Heller	577	n/a	n/a
2009	J A Heller	982	n/a	n/a
2008	J A Heller	688	n/a	n/a
2007	J A Heller	1,032	n/a	n/a
2006	J A Heller	981	n/a	n/a

*There were no formal criteria or conditions to apply in determining the amount of bonus payable or the number of shares to be issued prior to 2014.

Percentage change in Chief Executive's Remuneration (audited)

The table below shows the percentage change in Chief Executive remuneration for the prior year compared to the average percentage change for all other Head Office based employees. To provide a meaningful comparison, the same group of employees (although not necessarily the same individuals) appear in the 2014 and 2015 group. The remuneration committee chose Head Office based employees as the comparator group as this group forms the closest comparator group.

	CHIEF EXECUTIVE £'000			HEAD OFFICE EMPLOYEES £'000		
	2015	2014	**% CHANGE**	**2015**	2014	% CHANGE
Base salary	**333**	333	0%	**691**	848	(18%)
Taxable benefits	**30**	24	25%	**67**	113	(41%)
Annual bonus	**366**	442	(17%)	**126**	235	(46%)
Total	**729**	799	**(9%)**	**884**	1,196	**(26%)**

Relative importance of spend on pay

The total expenditure of the Group on remuneration to all employees (Note 29 refers) is shown below:

	2015 £'000	2014 £'000
Employee Remuneration	**7,219**	7,786
Distributions to shareholders	**133**	106

Statement of implementation of remuneration policy

The policy was approved at the AGM in June 2014 and was effective from 10 June 2014. The vote on the remuneration policy is binding in nature. The Company may not then make a remuneration payment or payment for loss of office to a person who is, is to be, or has been a director of the Company unless that payment is consistent with the approved remuneration policy, or has otherwise been approved by a resolution of members. Unless changed it will be presented next for approval at the AGM in 2017.

Consideration by the directors of matters relating to directors' remuneration

The Remuneration Committee considered the executive Directors' remuneration and the board considered the non-executive Directors' remuneration in the year ended 31 December 2015. Increases were awarded and no external advice was taken in reaching this decision.

Shareholder voting

At the Annual General Meeting on 24 June 2015, there was an advisory vote on the resolution to approve the Remuneration Report, other than the part containing the remuneration policy.

In addition, on 10 June 2014, there was a binding vote on the resolution to approve the Remuneration Policy. The results are detailed below:

	% OF VOTES FOR	% OF VOTES AGAINST	NUMBER OF VOTES WITHHELD
Resolution to approve the Remuneration Report (24 June 2015)	85.63	0.56	8,042,312
Resolution to approve the Remuneration Policy (10 June 2014)	99.12	0.67	66,918

REMUNERATION POLICY

Set out below is an extract of the Group policy on Directors' remuneration. This policy was approved at the 2014 AGM and it is effective from 10 June 2014. Unless changed it will be presented next for approval at the AGM in 2017.

A copy of the full policy can be found at www.lap.co.uk.

In setting the policy, the Remuneration Committee has taken the following into account:

- The need to attract, retain and motivate individuals of a calibre who will ensure successful leadership and management of the Company

FUTURE POLICY TABLE

ELEMENT	PURPOSE	POLICY
EXECUTIVE DIRECTORS		
Base salary	To recognise: Skills Responsibility Accountability Experience Value	Considered by remuneration committee on appointment Set at a level considered appropriate to attract, retain, motivate and reward the right individuals
Pension	To provide competitive retirement benefits	Company contribution offered at up to 10% of base salary as part of overall remuneration package
Benefits	To provide a competitive benefits package	Contractual benefits include: Car or car allowance Group health cover Death in service cover Permanent health insurance
Annual Bonus	To reward and incentivise	In assessing the performance of the executive team, and in particular to determine whether bonuses are merited the remuneration committee takes into account the overall performance of the business, as well as individual contribution to the business in the period Bonuses are generally offered in cash or shares
Share Options	To provide executive Directors with a long-term interest in the Company	Granted under existing schemes (see page 39)
Share Incentive Plan (SIP)	To offer a shorter term incentive in the Company and to give Directors a stake in the Group	Offered to executive Directors and head office staff
NON-EXECUTIVE DIRECTORS		
Base salary	To recognise: Skills Experience Value	Considered by the board on appointment Set at a level considered appropriate to attract, retain and motivate the individual Experience and time required for the role are considered on appointment
Pension		No pension offered
Benefits		No benefits offered except to one non-executive Director who is eligible for health cover (see annual remuneration report page 37)
Share Options		Non-executive Directors do not participate in the share option schemes

Notes to the Future Policy Table

The remuneration committee considers the performance measures outlined in the table above to be appropriate measures of performance.

- The Group's general aim of seeking to reward all employees fairly according to the nature of their role and their performance
- Remuneration packages offered by similar companies within the same sector
- The need to align the interests of shareholders as a whole with the long-term growth of the Group
- The need to be flexible and adjust with operational changes throughout the term of this policy

The remuneration of non-executive Directors is determined by the board, and takes into account additional remuneration for services outside the scope of the ordinary duties of non-executive Directors.

OPERATION	OPPORTUNITY AND PERFORMANCE CONDITIONS
Reviewed annually whenever there is a change of role or operational responsibility Paid monthly in cash	There is no prescribed maximum salary or maximum rate of increase No specific performance conditions are attached to base salaries
The contribution payable by the Company is included in the Director's contract of employment Paid into money purchase schemes	Company contribution offered at up to 10% of base salary as part of overall remuneration package No specific performance conditions are attached to pension contributions
The committee retains the discretion to approve changes in contractual benefits in exceptional circumstances or where factors outside the control of the Group lead to increased costs (e.g. medical inflation)	The costs associated with benefits offered are closely controlled and reviewed on an annual basis No specific performance conditions are attached to contractual benefits The value of benefits for each Director for the year ended 31 December 2015 is shown in the table on page 37
The remuneration committee determines the level of bonus on an annual basis applying such performance conditions and performance measures as it considers appropriate	The current maximum bonus will not exceed 200% of base salary in any one year but the remuneration committee reserves the power to award up to 300% in an exceptional year Performance conditions will be assessed on an annual basis The performance measures applied may be financial, non-financial, corporate, divisional or individual and in such proportion as the remuneration committee considers appropriate
Offered at appropriate times by the remuneration committee	Entitlement to share options granted under the Approved Option scheme are not subject to performance criteria. Share Options granted under the Unapproved Scheme are subject to the performance criteria specified in the Scheme rules Share options will be offered by the remuneration committee as appropriate There are no maximum levels for share options offered
Maximum participation levels are set by HMRC	Of any bonus awarded, Directors may opt to have maximum of £3,000 of per year paid in 'Free Shares' under the SIP scheme rules Full detail of the SIP can be found on page 38
Reviewed annually	There is no prescribed maximum salary or maximum rate of increase No performance conditions are attached to base salaries
The committee retains the discretion to approve changes in contractual benefits in exceptional circumstances or where factors outside the control of the Group lead to increased costs (e.g. medical inflation)	The costs associated with benefits offered are closely controlled and reviewed on an annual basis No specific performance conditions are attached to contractual benefits

AUDIT COMMITTEE REPORT

The committee's terms of reference have been approved by the board and follow published guidelines, which are available on request from the company secretary.

At the year end the audit committee comprised two of the non-executive directors – H D Goldring and C A Parritt, both of whom are Chartered Accountants.

The audit committee's primary tasks are to:

- review the scope of external audit, to receive regular reports from RSM UK Audit LLP and to review the half-yearly and annual accounts before they are presented to the board, focusing in particular on accounting policies and areas of management judgement and estimation;
- monitor the controls which are in force to ensure the integrity of the information reported to the shareholders;
- act as a forum for discussion of internal control issues and contribute to the board's review of the effectiveness of the Group's internal control and risk management systems and processes;
- to review the risk assessments made by management, consider key risks with action taken to mitigate these and to act as a forum for discussion of risk issues and contribute to the board's review of the effectiveness of the Group's risk management control and processes;
- consider once a year the need for an internal audit function;
- advise the board on the appointment of the external auditors, the rotation of the audit partner every five years and on their remuneration for both audit and non-audit work; discuss the nature and scope of their audit work and undertake a formal assessment of their independence each year, which includes:
  - i) a review of non-audit services provided to the Group and related fees;
  - ii) discussion with the auditors of their written report detailing all relationships with the Company and any other parties that could affect independence or the perception of independence;
  - iii) a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
  - iv) obtaining a written confirmation from the auditors that, in their professional judgement, they are independent.

Meetings

The committee meets at least twice prior to the publication of the annual results and discusses and considers the half year results prior to their approval by the board. The audit committee meetings are attended by the external audit partner, chief executive, finance director and company secretary. During the year the members of the committee also meet on an informal basis to discuss any relevant matters which may have arisen. Additional formal meetings may be held as necessary.

During the past year the committee:

- met with the external auditors, and discussed their reports to the audit committee;
- approved the publication of annual and half year financial results;
- considered and approved the annual review of internal controls;
- decided that there was no current need for an internal audit function;
- agreed the independence of the auditors and approved their fees for both audit and non-audit services as set out in note 2 to the financial statements; and
- the chairman of the audit committee has also had separate meetings and discussions with the external audit partner.

External Auditor

RSM UK Audit LLP held office throughout the period under review. In the United Kingdom London & Associated Properties PLC provides extensive administration and accounting services to Bisichi Mining PLC, which has its own audit committee and employs BDO LLP, a separate and independent firm of registered auditor.

C A Parritt
Chairman – Audit Committee

28 April 2016

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Strategic Report and the Directors' Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

English company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required under the Listing Rules of the Financial Conduct Authority to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under English company law to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS101 'Reduced Disclosure Framework'.

The Group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under English company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company financial statements, the Directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. for the Group financial statements, state whether they have been prepared in accordance with IFRSs adopted by the EU and for the company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the company financial statements; and

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the directors, whose names and functions are listed on page 30, confirm that to the best of each person's knowledge:

a. the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and

b. the Strategic Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the London & Associated Properties PLC website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT

to the members of London & Associated Properties PLC

We have audited the Group and parent Company financial statements ("the financial statements") on pages 48 to 93. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 101 'Reduced Disclosure Framework'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 45 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http://www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and of the parent Company's affairs as at 31 December 2015 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Geoff Wightwick BA FCA (Senior Statutory Auditor)
For and on behalf of
RSM UK AUDIT LLP (formerly Baker Tilly UK Audit LLP)
Statutory Auditor
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

28 April 2016

Financial Statements

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CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2015

	NOTES	2015 £'000	2014 £'000
Group revenue	1	**32,666**	33,526
Operating costs		**(30,675)**	(31,237)
Income from listed investments held for trading	3	**3**	3
Operating profit		**1,994**	2,292
Finance income	5	**123**	115
Finance expenses	5	**(4,221)**	(4,875)
Debenture/interest rate derivative break cost	23	**(158)**	(1,117)
Result before revaluation and other movements		**(2,262)**	(3,585)
Non–cash changes in valuation of assets and liabilities and other movements			
(Decrease)/increase in value of investment properties		**(185)**	853
Loss on disposal of investment properties		**(32)**	–
Decrease in trading investments		**(1)**	(86)
(Decrease)/increase in value of other investments		**(11)**	1
Adjustment to interest rate derivative	23	**84**	(1,086)
Share of profit of joint ventures, net of tax	12	**71**	1,124
Loss on reclassification of asset as held for sale	12	**(276)**	–
Result including revaluation and other movements		**(2,612)**	(2,779)
Profit from discontinued operations	7	**519**	86
Loss for the year before taxation	2	**(2,093)**	(2,693)
Income tax credit/(charge)	6	**47**	(3,702)
Loss for the year		**(2,046)**	(6,395)
Attributable to:			
Equity holders of the Company		**(1,899)**	(7,140)
Non–controlling interest	27	**(147)**	745
Loss for the year		**(2,046)**	(6,395)
Earnings per share			
Loss per share – basic and diluted – continuing operations	9	**(2.85)p**	(8.55)p
Profit per share – basic and diluted – discontinued operations	9	**0.61p**	0.10p
Total	9	**(2.24)p**	(8.45)p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2015

	2015 £'000	2014 £'000
Loss for the year	**(2,046)**	(6,395)
Other comprehensive (expense)/income:		
Items that may be subsequently recycled to the income statement:		
Exchange differences on translation of Bisichi Mining PLC foreign operations	**(1,167)**	(121)
Transfer of (loss)/gain on available for sale investments	**(201)**	56
Taxation	**41**	(15)
Other comprehensive expense for the year net of tax	**(1,327)**	(80)
Total comprehensive expense for the year net of tax	**(3,373)**	(6,475)
Attributable to:		
Equity shareholders	**(2,414)**	(7,168)
Non–controlling interest	**(959)**	693
	(3,373)	(6,475)

CONSOLIDATED BALANCE SHEET

at 31 December 2015

	NOTES	2015 £'000	2014 £'000
Non–current assets			
Market value of properties attributable to Group	10	**104,388**	103,655
Present value of head leases	31	**4,784**	4,788
Property		**109,172**	108,443
Mining reserves, plant and equipment	11	**5,552**	6,257
Investments in joint ventures	12	**325**	3,434
Loan to joint venture	13	**900**	1,040
Held to maturity investments	17	**1,995**	2,196
Other investments	17	**14**	152
Deferred tax	24	**2,390**	2,324
		120,348	123,846
Current assets			
Inventories	16	**1,049**	1,760
Assets held for sale	14	**2,335**	–
Trade and other receivables	18	**6,502**	6,774
Interest rate derivatives	23	**15**	–
Corporation tax recoverable		**29**	35
Available for sale investments	19	**594**	796
Investments held for trading	19	**20**	122
Cash and cash equivalents		**4,809**	9,237
		15,353	18,724
Total assets		**135,701**	142,570
Current liabilities			
Trade and other payables	20	**(10,497)**	(11,323)
Borrowings	21	**(2,267)**	(3,590)
Current tax liabilities		**(10)**	(24)
		(12,774)	(14,937)
Non–current liabilities			
Borrowings	21	**(64,951)**	(65,476)
Interest rate derivatives	23	**(587)**	(656)
Present value of head leases on properties	31	**(4,784)**	(4,788)
Provisions	22	**(847)**	(930)
Deferred tax liabilities	25	**(2,106)**	(2,410)
		(73,275)	(74,260)
Total liabilities		**(86,049)**	(89,197)
Net assets		**49,652**	53,373
Equity attributable to the owners of the parent			
Share capital	26	**8,554**	8,554
Share premium account		**4,866**	4,866
Translation reserve (Bisichi Mining PLC)		**(1,145)**	(696)
Capital redemption reserve		**47**	47
Retained earnings (excluding treasury shares)		**28,238**	30,659
Treasury shares	26	**(482)**	(883)
Retained earnings		**27,756**	29,776
Total equity attributable to equity shareholders		**40,078**	42,547
Non – controlling interest	27	**9,574**	10,826
Total equity		**49,652**	53,373
Net assets per share	9	**47.26p**	50.35p
Diluted net assets per share	9	**47.26p**	50.35p

These financial statements were approved by the board of directors and authorised for issue on 28th April 2016 and signed on its behalf by:

Michael Heller

Anil Thapar

Sir Michael Heller
Director

Anil Thapar
Director

Company Registration No. 341829

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 31 December 2015

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	TRANSLATION RESERVES £'000	CAPITAL REDEMPTION RESERVE £'000	TREASURY SHARES £'000	RETAINED EARNINGS EXCLUDING TREASURY SHARES £'000	TOTAL EXCLUDING NON–CONTROLLING INTERESTS £'000	NON–CONTROLLING INTERESTS £'000	TOTAL EQUITY £'000
Balance at 1 January 2014	8,554	4,866	(658)	47	(1,159)	38,084	49,734	10,001	59,735
(Loss)/profit for year	–	–	–	–	–	(7,140)	(7,140)	745	(6,395)
Other comprehensive (expense)/ income:									
Currency translation	–	–	(45)	–	–	–	(45)	(76)	(121)
Gain on available for sale investments (net of tax)	–	–	–	–	–	17	17	24	41
Total other comprehensive expense	–	–	(45)	–	–	17	(28)	(52)	(80)
Total comprehensive (expense)/ income	–	–	(45)	–	–	(7,123)	(7,168)	693	(6,475)
Transaction with owners:									
Share options issued	–	–	–	–	–	27	27	–	27
Shares issued to non–controlling interests	–	–	–	–	–	–	–	313	313
Dividends – equity holders	–	–	–	–	–	(106)	(106)	–	(106)
Dividends – non–controlling interests	–	–	–	–	–	–	–	(292)	(292)
Change in equity held by LAP	–	–	7	–	–	(88)	(81)	111	30
Acquisition of own shares	–	–	–	–	(88)	–	(88)	–	(88)
Disposal of own shares	–	–	–	–	229	–	229	–	229
Loss on transfer of own shares	–	–	–	–	135	(135)	–	–	–
Transactions with owners	–	–	7	–	276	(302)	(19)	132	113
Balance at 31 December 2014	8,554	4,866	(696)	47	(883)	30,659	42,547	10,826	53,373
Loss for year	–	–	–	–	–	(1,899)	(1,899)	(147)	(2,046)
Other comprehensive expense:									
Currency translation	–	–	(449)	–	–	–	(449)	(718)	(1,167)
Gain on available for sale investments (net of tax)	–	–	–	–	–	(66)	(66)	(94)	(160)
Total other comprehensive expense	–	–	(449)	–	–	(66)	(515)	(812)	(1,327)
Total comprehensive expense	–	–	(449)	–	–	(1,965)	(2,414)	(959)	(3,373)
Transaction with owners:									
Share options issued	–	–	–	–	–	13	13	18	31
Share options cancelled	–	–	–	–	–	(45)	(45)	(64)	(109)
Dividends – equity holders	–	–	–	–	–	(133)	(133)	–	(133)
Dividends – non–controlling interests	–	–	–	–	–	–	–	(250)	(250)
Change in equity held by LAP	–	–	–	–	–	(5)	(5)	3	(2)
Acquisition of own shares	–	–	–	–	(111)	–	(111)	–	(111)
Disposal of own shares	–	–	–	–	226	–	226	–	226
Loss on transfer of own shares	–	–	–	–	286	(286)	–	–	–
Transactions with owners	–	–	–	–	401	(456)	(55)	(293)	(348)
Balance at 31 December 2015	**8,554**	**4,866**	**(1,145)**	**47**	**(482)**	**28,238**	**40,078**	**9,574**	**49,652**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2015

	2015 £'000	2014 £'000
Operating activities		
Operating profit – continuing operations	**1,994**	2,292
– discontinued operations	**8**	250
Depreciation	**1,329**	2,732
Profit on disposal of non-current assets	**–**	(43)
Share based payment expense	**31**	65
Gain on investment held for trading	**122**	–
Exchange adjustments	**497**	143
Decrease/(increase) in inventories	**393**	(4)
Decrease in receivables – continuing operations	**581**	2,922
Increase in receivables – discontinued operations	**(424)**	–
Decrease in payables	**(156)**	(5,396)
Cash generated from operations	**4,375**	2,961
Income tax paid	**(1)**	(26)
Cash inflows from operating activities	**4,374**	2,935
Investing activities		
Disposal of shares and loans held to maturity	**201**	300
Acquisition of investment properties, mining reserves, plant and equipment	**(3,339)**	(2,601)
Sale of investment properties, plant and equipment – continuing operations	**368**	58
Sale of investment properties – discontinued operations	**–**	102,663
Interest received – continuing operations	**88**	121
– discontinued operations	**87**	7
Dividend received from joint ventures	**210**	–
Cash (outflows)/inflows from investing activities	**(2,385)**	100,548
Financing activities		
Purchase of treasury shares	**(111)**	(88)
Sale of treasury shares	**226**	229
Interest paid – continuing operations	**(3,996)**	(4,790)
Interest paid – discontinued operations	**–**	(623)
Interest obligation under finance leases – continuing operations	**(247)**	(292)
Interest obligation under finance leases – discontinued operations	**–**	(544)
Debenture stock break costs paid	**(158)**	–
Interest derivatives paid – continuing operations	**–**	(430)
Interest derivatives break costs paid – continuing operations	**–**	(10,686)
Interest derivatives break costs paid – discontinued operations	**–**	(14,599)
Receipt of bank loan – Bisichi Mining PLC	**18**	5,902
Repayment of bank loan – Bisichi Mining PLC	**(66)**	(5,000)
Receipt of bank loan – Dragon Retail Properties Ltd	**1,250**	–
Repayment of bank loan – Dragon Retail Properties Ltd	**(1,900)**	–
Receipt of bank loan – continuing operations	**–**	45,002
Repayment of bank loan – continuing operations	**(201)**	(44,452)
Repayment of bank loan – discontinued operations	**–**	(70,000)
Repayment of debenture stocks	**(1,250)**	–
Equity dividends paid	**(133)**	(106)
Equity dividends paid – non-controlling interests	**(250)**	(250)
Net proceeds from issue of ordinary shares – non-controlling interests	**–**	13
Cancelled share options – Bisichi Mining PLC	**(109)**	–
Cash outflows from financing activities	**(6,927)**	(100,714)
Net (decrease)/increase in cash and cash equivalents	**(4,938)**	2,769
Cash and cash equivalents at beginning of year	**7,118**	4,299
Exchange adjustment	**395**	50
Cash and cash equivalents at end of year	**2,575**	7,118

The cash flows above relate to continuing and discontinued operations. See Note 7 for information on discontinued operations.

CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balance sheet amounts:

	2015 £'000	2014 £'000
Cash and cash equivalents (before bank overdrafts)	**4,809**	9,237
Bank overdrafts	**(2,234)**	(2,119)
Cash and cash equivalents at end of year	**2,575**	7,118

£30,000 of cash deposits at 31 December 2015 was charged as security to a debenture stock.

GROUP ACCOUNTING POLICIES

The following are the principal Group accounting policies:

Basis of accounting

The Group financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Company has elected to prepare the parent company's financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and Companies Act 2006 and these are presented in Note 33. The financial statements are prepared under the historical cost convention, except for the revaluation of freehold and leasehold properties and financial assets held for trading as well as fair value of interest derivatives.

The Group financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise stated.

The functional currency for each entity in the Group, and for joint arrangements, is the currency of the country in which the entity has been incorporated. Details of which country each entity has been incorporated can be found in note 15 for subsidiaries and Note 12 for joint arrangements.

London & Associated Properties PLC, the parent company, is a listed public company incorporated and domiciled in England and quoted on the London Stock Exchange. The Company registration number is 341829.

Going concern

The directors have reviewed the cash flow forecasts of the Group and the underlying assumptions on which they are based. The Group's business activities, together with the factors likely to affect its future development, are set out in the Chairman and Chief Executive's Statement and Financial Review. In addition Note 23 to the financial statements sets out the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future and that the Group is well placed to manage its business risks. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Key judgements and estimates

The preparation of the financial statements requires management to make assumptions and estimates that may affect the reported amounts of assets and liabilities and the reported income and expenses, further details of which are set out below. Although management believes that the assumptions and estimates used are reasonable, the actual results may differ from those estimates. Further details of the estimates are contained in the Directors' Report.

MINING OPERATIONS

LIFE OF MINE AND RESERVES

The directors consider the judgements and estimates surrounding the life of the mine and its reserves have the most significant effect on the amounts recognised in the financial statements and to be the area where the financial statements are at most risk of a material adjustment due to estimation uncertainty. The Group's coal reserves are subject to assessment by an independent Competent Person and impact assessments are made of the carrying value of property, plant and equipment, depreciation calculations and rehabilitation and decommissioning provisions. There are numerous uncertainties inherent in estimating coal reserves and changes to these assumptions may result in restatement of reserves. These assumptions include factors such as commodity prices, production costs and yield.

DEPRECIATION, AMORTISATION OF MINERAL RIGHTS, MINING DEVELOPMENT COSTS AND PLANT & EQUIPMENT

The annual depreciation/amortisation charge is dependent on estimates, including coal reserves and the related life of the mine, expected development expenditure for probable reserves, the allocation of certain assets to relevant ore reserves and estimates of residual values of the processing plant. The charge can fluctuate when there are significant changes in any of the factors or assumptions used, such as estimating mineral reserves which in turn affects the life of mine or the expected life of reserves. Estimates of proven and probable reserves are prepared by an independent Competent Person. Assessments of depreciation/amortisation rates against the estimated reserve base are performed regularly. Details of the depreciation/amortisation charge can be found in note 11.

PROVISION FOR MINING REHABILITATION INCLUDING RESTORATION AND DE-COMMISSIONING COSTS

A provision for future rehabilitation including restoration and decommissioning costs requires estimates and assumptions to be made around the relevant regulatory framework, the timing, extent and costs of the rehabilitation activities and of the risk free rates used to determine the present value of the future cash outflows. The provisions, including the estimates and assumptions contained therein, are reviewed regularly by management. The Group engages an independent expert to assess the cost of restoration and decommissioning annually as part of management's assessment of the provision. Details of the provision for mining rehabilitation can be found in note 22.

MINING IMPAIRMENT

Property, plant and equipment representing the Group's mining assets in South Africa are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. The impairment test is performed using the approved Life of Mine plan and those future cash flow estimates are discounted using asset specific discount rates and are based on expectations about future operations. The impairment test requires estimates about production and sales volumes, commodity prices, proven and probable reserves (as assessed by the Competent Person), operating costs and capital expenditures necessary to extract reserves in the approved Life of Mine plan. Changes in such estimates could impact recoverable values of these assets. Details of the carrying value of property, plant and equipment can be found in note 11.

The impairment test indicated significant headroom as at 31 December 2015 and therefore no impairment is considered appropriate. The key assumptions include: coal prices, including domestic coal prices based on recent pricing and assessment of market forecasts for export coal; production based on proven and probable reserves assessed by the independent Competent Person and an increase in yield associated with new mining areas based on assessments by the Competent Person and empirical data. A 5.5% decrease in yield below expectation would be required to create a break even scenario. However, the assumptions used are considered appropriate.

CARRYING VALUE OF EZIMBOKEDWINI JOINT VENTURE
The Group holds £1,225,000 (2014: £1,722,000) of loans and joint venture investment in Ezimbokedwini Mining (Pty) Limited ("Ezimbokedwini"), as in note 12 and 13, the recoverability of which is dependent upon the completion of the acquisition of the Pegasus coal project in South Africa. The carrying value of the underlying project is supported by its coal reserves and Life of Mine plan and is considered appropriate given the underlying economic value of the project.

PROPERTY OPERATIONS

FAIR VALUE MEASUREMENTS OF INVESTMENT PROPERTIES AND INVESTMENTS
An assessment of the fair value of certain assets and liabilities, in particular investment properties, is required to be performed. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged between market participants. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to uncertainty. The directors note that the fair value measurement of the investment properties may be considered to be less judgemental where external valuers have been used and as a result of the nature of the underlying assets.

DEFERRED TAX

The calculation of deferred tax involves the excersise of judgement in relation to the amount of income and gains which will be realised in future to support the recognition of a deferred tax asset in respect of unrelieved losses.

INTEREST RATE HEDGES

All interest rate hedges are held at fair value as valued by the hedge provider.

Further detail is provided in notes 21 and 23.

Basis of consolidation

The Group accounts incorporate the accounts of London & Associated Properties PLC and all of its subsidiary undertakings, together with the Group's share of the results and net assets of its joint ventures.

Non–controlling interests in subsidiaries are presented separately from the equity attributable to equity owners of the parent company. When changes in ownership in a subsidiary do not result in a loss of control, the non–controlling shareholders' interests are initially measured at the non–controlling interests' proportionate share of the subsidiaries net assets. Subsequent to this, the carrying amount of non–controlling interests is the amount of those interests at initial recognition plus the non–controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non–controlling interests even if this results in the non–controlling interests having a deficit balance.

Bisichi Mining PLC

The directors are required to consider the implications of IFRS 10 on the LAP investment in Bisichi Mining PLC ("Bisichi"). Related parties also have shareholdings in Bisichi. When combined with the 42% held by LAP and, taking account of the wide disposition of other shareholders, there is potential for LAP and these related parties to exercise voting control over Bisichi. IFRS 10 makes it clear that possible voting control is of more significance than actual management control.

For this reason the directors have concluded that there is a requirement to consolidate Bisichi with LAP. While, in theory, they could achieve control, in practice they do not get involved in the day to day operations of Bisichi. The directors have presented consolidated accounts using the published accounts of Bisichi but it is important to note that any figures, risks and assumptions attributable to that company are the responsibility of the Bisichi Board of directors who are independent from LAP.

As a result of treating Bisichi as a subsidiary, Dragon Retail Properties Limited also becomes a subsidiary for accounting purposes, as LAP and Bisichi each own 50% of that joint venture business.

The following accounting policies solely relate to mining operations in Bisichi:

MINING REVENUE
Revenue is recognised when the customer has a legally binding obligation to settle under the terms of the contract and has assumed all significant risks and rewards of ownership.

Revenue is only recognised on individual sales of coal when all of the significant risks and rewards of ownership have been transferred to a third party. Export revenue is generally recognised when the product is delivered to the export terminal location specified by the customer, at which point the customer assumes risks and rewards under the contract. Domestic coal revenues are generally recognised on collection by the customer from the mine when loaded into transport, where the customer pays the transportation costs.

MINING RESERVES, PLANT AND EQUIPMENT
The cost of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in accordance with agreed specifications. Freehold land is not depreciated. Other property, plant and equipment is stated at historical cost less accumulated depreciation.

Heavy surface mining and other plant and equipment is depreciated at varying rates depending upon its expected usage.The depreciation rates generally applied are 5-10 per cent per annum, but the shorter of its useful life or the life of the mine.

Other non–current assets, comprising motor vehicles and office equipment, are depreciated at a rate of between 10% and 33% per annum which is calculated to write off the cost, less estimated residual value of the assets, on a straight line basis over their expected useful lives.

MINE INVENTORIES
Inventories are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and overheads relevant to the stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

MINE PROVISIONS
Provisions are recognised when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated.

A provision for rehabilitation of the mine is initially recorded at present value and the discounting effect is unwound over time as a finance cost. Changes to the provision as a result of changes in estimates are recorded as an increase/decrease in the provision and associated decommissioning asset. The decommissioning asset is depreciated in line with the Group's depreciation policy over the life of mine. The provision includes the restoration of the underground, opencast, surface operations and de-commissioning of plant and equipment. The timing and final cost of the rehabilitation is uncertain and will depend on the duration of the mine life and the quantities of coal extracted from the reserves.

MINE IMPAIRMENT

Whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable that asset is reviewed for impairment. A review involves determining whether the carrying amounts are in excess of the recoverable amounts.

An asset's recoverable amount is determined as the higher of its fair value less costs of disposal and its value in use. Such reviews are undertaken on an asset-by-asset basis, except where assets do not generate cash flows independent of other assets, in which case the review is undertaken on a company or group level.

If the carrying amount of an asset exceeds its recoverable amount an asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less cost to sell and value in use). Any change in carrying value is recognised in the comprehensive income statement.

MINE RESERVES AND DEVELOPMENT COST

The purpose of mine development is to establish secure working conditions and infrastructure to allow the safe and efficient extraction of recoverable reserves. Depreciation on mine development is not charged until production commences or the assets are put to use. On commencement of full commercial production, depreciation is charged over the life of the associated mine reserves extractable using the asset on a unit of production basis. The unit of production calculation is based on tonnes mined as a ratio to proven and probable reserves and also includes future forecast capital expenditure.

POST PRODUCTION STRIPPING

In surface mining operations, the Group may find it necessary to remove waste materials to gain access to coal reserves prior to and after production commences. Prior to production commencing, stripping costs are capitalised until the point where the overburden has been removed and access to the coal seam commences. Subsequent to production, waste stripping continues as part of the extraction process as a run of mine activity. There are two benefits accruing to the Group from stripping activity during the production phase: extraction of coal that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. Economic coal extracted is accounted for as inventory. The production stripping costs relating to improved access to further quantities in future periods are capitalised as a stripping activity asset, if and only if, all of the following are met:

- it is probable that the future economic benefit associated with the stripping activity will flow to the Group;
- the Group can identify the component of the ore body for which access has been improved; and
- the costs relating to the stripping activity associated with that component or components can be measured reliably.

In determining the relevant component of the coal reserve for which access is improved, the Group componentises its mine into geographically distinct sections or phases to which the stripping activities being undertaken within that component are allocated. Such phases are determined based on assessment of factors such as geology and mine planning.

The Group depreciates deferred costs capitalised as stripping assets on a unit of production method, with reference the tons mined and reserve of the relevant ore body component or phase.

International Accounting Standards (IAS/IFRS)

The financial statements are prepared in accordance with International Financial Reporting Standards and Interpretations in force at the reporting date. These are prepared under the historic cost basis as modified by the revaluation of investment properties and held for trading and available for sale investments.

Annual Improvements to IFRSs 2011–2013 Cycle were mandatory for the accounting period but were not relevant to the operations of the Group.

The Group has not adopted any standards or interpretations in advance of the required implementation dates. The following new or revised standards that are applicable to the Group were issued but not yet effective:

- Annual Improvements to IFRSs 2010–2012 Cycle
- Amendments to IAS 19: Defined Benefit Plans
- Amendments to IAS 16 and IAS 41: Bearer Plants
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Annual Improvements to IFRSs 2012–2014 Cycle
- Amendments to IAS 1: Disclosure Initiative
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities – Applying the Consolidation Exception
- IFRS 9 – Financial instruments
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 Leases

It is not expected that adoption of any standards or interpretations which have been issued by the International Accounting Standards Board but have not been adopted will have a material impact on the financial statements.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Under IFRS 10 Bisichi is accounted for as a subsidiary. Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes.

All intra Group transactions, balances, income and expenses are eliminated on consolidation. Details of Group's trading subsidiary companies are set out in Note 15.

Joint ventures

Investments in joint ventures, being those entities over whose activities the Group has joint control, as established by contractual agreement, include the appropriate share of the results and net assets of those undertakings.

Goodwill

Goodwill arising on acquisition is recognised as an intangible asset and initially measured at cost, being the excess of the cost of the acquired entity over the Group's interest in the fair value of the assets and liabilities acquired. Goodwill is carried at cost less accumulated impairment losses. Goodwill arising from the difference in the calculation of deferred tax for accounting purposes and fair value in negotiations is judged not to be an asset and is accordingly impaired on completion of the relevant acquisition.

Revenue

Revenue comprises sales of coal, property rental income and property management fees.

RENTAL INCOME

Rental income arises from operating leases granted to tenants. An operating lease is a lease other than a finance lease. A finance lease is one whereby substantially all the risks and rewards of ownership are passed to the lessee. Rental income is recognised in the Group income statement on a straight–line basis over the term of the lease. This includes the effect of lease incentives to tenants, which are normally in the form of rent free periods. Contingent rents, being the difference between the rent currently receivable and the minimum lease payments, are recognised in property income in the periods in which they are receivable. Rent reviews are recognised when such reviews have been agreed with tenants.

REVERSE SURRENDER PREMIUMS

Payments received from tenants to surrender their lease obligations are recognised immediately in the income statement.

DILAPIDATIONS

Dilapidations monies received from tenants in respect of their lease obligations are recognised immediately in the income statement.

OTHER REVENUE

Revenue in respect of listed investments held for trading represents investment dividends received and profit or loss recognised on realisation. Dividends are recognised in the income statement when the dividend is received.

Property operating expenses

Operating expenses are expensed as incurred and any property operating expenditure not recovered from tenants through service charges is charged to the income statement.

Employee benefits

SHARE BASED REMUNERATION

The Company operates a long–term incentive plan and two share option schemes. The fair value of the conditional awards on shares granted under the long–term incentive plan and the options granted under the share option scheme is determined at the date of grant. This fair value is then expensed on a straight–line basis over the vesting period, based on an estimate of the number of shares that will eventually vest. At each reporting date, the fair value of the non–market based performance criteria of the long–term incentive plan is recalculated and the expense is revised. In respect of the share option scheme, the fair value of options granted is calculated using a binomial method.

PENSIONS

The Company operates a defined contribution pension scheme. The contributions payable to the scheme are expensed in the period to which they relate.

Foreign currencies

Monetary assets and liabilities are translated at year end exchange rates and the resulting exchange rate differences are included in the consolidated income statement within the results of operating activities if arising from trading activities and within finance cost / income if arising from financing.

For consolidation purposes, income and expense items are included in the consolidated income statement at average rates, and assets and liabilities are translated at year end exchange rates. Translation differences arising on consolidation are recognised in other comprehensive income. Where foreign operations are sold or closed, the cumulative exchange differences attributable to that foreign operation are recognised in the consolidated income statement when the gain or loss on disposal is recognised.

Transactions in foreign currencies are translated at the exchange rate ruling on transaction date.

Financial instruments

INVESTMENTS

Held to maturity investments are stated at amortised cost using the effective interest rate method.

Investments held for trading are included in current assets at fair value. For listed investments, fair value is the bid market listed value at the balance sheet date. Realised and unrealised gains or losses arising from changes in fair value are included in the income statement of the period in which they arise.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value. A provision for impairment of trade receivables is made when there is evidence that the Group will not be able to collect all amounts due.

TRADE AND OTHER PAYABLES

Trade and other payables are non-interest bearing and are stated at their nominal value.

BANK LOANS AND OVERDRAFTS

Bank loans and overdrafts are included as financial liabilities on the Group balance sheet net of the unamortised discount and costs of issue. The cost of issue is recognised in the Group income Statement over the life of the bank loan. Interest payable on those facilities is expensed as a finance cost in the period to which it relates.

DEBENTURE LOANS

The debenture loans are included as a financial liability on the balance sheet net of the unamortised costs on issue. The cost of issue is recognised in the Group income statement over the life of the debenture. Interest payable to debenture holders is expensed in the period to which it relates.

FINANCE LEASE LIABILITIES
Finance lease liabilities arise for those investment properties held under a leasehold interest and accounted for as investment property. The liability is calculated as the present value of the minimum lease payments, reducing in subsequent reporting periods by the apportionment of payments to the lessor. Lease payments are allocated between the liability and finance charges so as to achieve a constant financing rate. Contingent rents payable, such as rent reviews or those related to rental income, are charged as an expense in the period in which they are incurred.

INTEREST RATE DERIVATIVES
The Group uses derivative financial instruments to hedge the interest rate risk associated with the financing of the Group's business. No trading in such financial instruments is undertaken. At each reporting date, these interest rate derivatives are recognised at their fair value to the business, being the Net Present Value of the difference between the hedged rate of interest and the market rate of interest for the remaining period of the hedge.

ORDINARY SHARES
Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

TREASURY SHARES
When the Group's own equity instruments are repurchased, consideration paid is deducted from equity as treasury shares until they are cancelled. When such shares are subsequently sold or reissued, any consideration received is included in equity.

Investment properties

VALUATION
Investment properties are those that are held either to earn rental income or for capital appreciation or both, including those that are undergoing redevelopment. They are reported on the Group balance sheet at fair value, being the amount for which an investment property could be exchanged between knowledgeable and willing parties in an arm's length transaction. The directors' property valuation is at fair value.

The external valuation of properties is undertaken by independent valuers who hold recognised and relevant professional qualifications and have recent experience in the locations and categories of properties being valued. Surpluses or deficits resulting from changes in the fair value of investment property are reported in the Group income statement in the period in which they arise.

CAPITAL EXPENDITURE
Investment properties are measured initially at cost, including related transaction costs. Additions to capital expenditure, being costs of a capital nature, directly attributable to the redevelopment or refurbishment of an investment property, up to the point of it being completed for its intended use, are capitalised in the carrying value of that property. The redevelopment of an existing investment property will remain an investment property measured at fair value and is not reclassified. Capitalised interest is calculated with reference to the actual rate payable on borrowings for development purposes, or for that part of the development costs financed out of borrowings the capitalised interest is calculated on the basis of the average rate of interest paid on the relevant debt outstanding.

DISPOSAL
The disposal of investment properties is recorded on completion of the contract. On disposal, any gain or loss is calculated as the difference between the net disposal proceeds and the valuation at the last year end plus subsequent capitalised expenditure in the period.

DEPRECIATION AND AMORTISATION
In applying the fair value model to the measurement of investment properties, depreciation and amortisation are not provided in respect of investment properties.

Other assets and depreciation

The cost, less estimated residual value, of other property, plant and equipment is written off on a straight–line basis over the asset's expected useful life. Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Changes to the estimated residual values or useful lives are accounted for prospectively. The depreciation rates generally applied are:

Motor vehicles	25–33 per cent per annum
Office equipment	10–33 per cent per annum

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs of sale. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investment is no longer equity accounted.

Available for sale investments

Financial assets available for sale are measured at fair value and movements in fair value are charged/credited to the statement of comprehensive income in the period.

Income taxes

The charge for current taxation is based on the results for the year as adjusted for disallowed or non–assessable items. Tax payable upon realisation of revaluation gains recognised in prior periods is recorded as a current tax charge with a release of the associated deferred tax. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the tax computations, and is recorded using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. In respect of the deferred tax on the revaluation surplus, this is calculated on the basis of the chargeable gains that would crystallise on the sale of the investment portfolio as at the reporting date.

The calculation takes account of indexation on the historic cost of properties and any available capital losses. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Group income statement, except when it relates to items charged or credited directly to equity, in which case it is also dealt with in equity.

DIVIDENDS

Dividends payable on the ordinary share capital are recognised as a liability in the period in which they are approved.

Cash and cash equivalents

Cash comprises cash in hand and on demand deposits, net of bank overdrafts. Cash equivalents comprise short–term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and original maturities of three months or less.

Segmental reporting

For management reporting purposes, the Group is organised into business segments distinguishable by economic activity. The Group's business segments are LAP operations, Bisichi operations and Dragon operations. These business segments are subject to risks and returns that are different from those of other business segments and are the primary basis on which the Group reports its segmental information. This is consistent with the way the Group is managed and with the format of the Group's internal financial reporting. Significant revenue from transactions with any individual customer, which makes up 10 per cent or more of the total revenue of the Group, is separately disclosed within each segment.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

1. RESULTS FOR THE YEAR AND SEGMENTAL ANALYSIS

Operating Segments are based on the internal reporting and operational management of the Group. LAP is focused primarily on property activities (which generate trading income), but it also holds and manages investments. IFRS 10 requires the Group to treat Bisichi as a subsidiary and it therefore is consolidated from 2014, rather than being included in the accounts as an associate using the equity method. The Group has also consolidated Dragon from 2014, a company which the Company jointly controls with Bisichi; Bisichi is a coal mining company with operations in South Africa and also holds investment property in the United Kingdom and derives income from property rentals. Dragon is a property investment company and derives its income from property rentals. These operating segments (LAP, Bisichi and Dragon) are each viewed separately and have been so reported below.

BUSINESS SEGMENTS

BUSINESS ANALYSIS	2015 LAP £000	BISICHI £000	DRAGON £000	TOTAL £000
Rental income	6,129	1,014	187	**7,330**
Management income from third party properties	696	–	–	**696**
Mining	–	24,640	–	**24,640**
Group Revenue	6,825	25,654	187	**32,666**
Direct property costs	(1,530)	(110)	(13)	**(1,653)**
Direct mining costs	–	(19,177)	–	**(19,177)**
Overheads	(3,301)	(4,651)	(67)	**(8,019)**
Exchange losses	–	(497)	–	**(497)**
Depreciation	(39)	(1,284)	(6)	**(1,329)**
Operating profit/(loss) before listed investments held for trading	1,955	(65)	101	**1,991**
Listed investments held for trading	1	–	2	**3**
Operating profit/(loss)	1,956	(65)	103	**1,994**
Finance income	16	107	–	**123**
Finance expenses	(3,714)	(473)	(34)	**(4,221)**
Debenture break costs	(158)	–	–	**(158)**
Result before valuation movements	(1,900)	(431)	69	**(2,262)**
Other segment items				
Net (decrease)/increase on revaluation of investment properties	(368)	225	(42)	**(185)**
Decrease in value of other investments	–	(11)	–	**(11)**
Net decrease on revaluation of investments held for trading	(1)	–	–	**(1)**
Loss on sale of investment property	–	–	(32)	**(32)**
Adjustment to interest rate derivative	69	–	15	**84**
Share of loss in joint ventures, net of tax	(67)	138	–	**71**
Loss on reclassification of asset as held for sale	(138)	(138)	–	**(276)**
Result including revaluation and other movements	(2,405)	(217)	10	**(2,612)**
Profit from discontinued operations	519	–	–	**519**
Loss for the year before taxation	(1,886)	(217)	10	**(2,093)**
Segment assets				
- Non-current assets – property	93,510	12,994	2,668	**109,172**
- Non-current assets – plant & equipment	148	5,374	30	**5,552**
- Cash & cash equivalents	3,192	1,608	9	**4,809**
- Non-current assets – other	1,995	14	–	**2,009**
- Non-current assets – deferred tax asset	2,390	–	–	**2,390**
- Current assets – others	2,355	5,794	60	**8,209**
Total assets excluding investment in joint ventures and assets held for sale	103,590	25,784	2,767	**132,141**
Segment liabilities				
Borrowings	(57,815)	(8,207)	(1,196)	**(67,218)**
Current liabilities	(6,390)	(3,918)	(199)	**(10,507)**
Non-current liabilities	(5,177)	(3,043)	(104)	**(8,324)**
Total liabilities	(69,382)	(15,168)	(1,499)	**(86,049)**
Net assets	34,208	10,616	1,268	**46,092**
Investment in joint ventures non segmental	–	–	–	**1,225**
Assets held for sale	–	–	–	**2,335**
Net assets as per balance sheet	–	–	–	**49,652**
Major customers				
Customer A	–	14,126	–	**14,126**

This customer is for mining revenue in South Africa.

1. RESULTS FOR THE YEAR AND SEGMENTAL ANALYSIS CONTINUED

GEOGRAPHIC ANALYSIS	UNITED KINGDOM £'000	SOUTH AFRICA £'000	**2015 TOTAL £'000**
Revenue	8,058	24,608	**32,666**
Operating profit	2,779	(785)	**1,994**
Non-current assets excluding investments	111,759	5,355	**117,114**
Total net assets	47,588	2,064	**49,652**
Capital expenditure	1,349	1,990	**3,339**

BUSINESS ANALYSIS	2014 LAP £'000	BISICHI £'000	DRAGON £'000	TOTAL £'000
Rental income	6,000	930	180	7,110
Management income from third party properties	880	–	–	880
Mining	–	25,536	–	25,536
Group Revenue	6,880	26,466	180	33,526
Direct property costs	(1,468)	(63)	(31)	(1,562)
Direct mining costs	–	(18,244)	–	(18,244)
Overheads	(4,743)	(3,783)	(30)	(8,556)
Exchange losses	–	(143)	–	(143)
Depreciation	(46)	(2,682)	(4)	(2,732)
Operating profit before listed investments held for trading	623	1,551	115	2,289
Listed investments held for trading	1	–	2	3
Operating profit	624	1,551	117	2,292
Finance income	18	97	–	115
Finance expenses	(4,248)	(593)	(34)	(4,875)
Interest rate derivative costs	(1,117)	–	–	(1,117)
Result before valuation movements	(4,723)	1,055	83	(3,585)
Other segment items				
Net increase/(decrease) on revaluation of investment properties	859	(6)	–	853
Net increase in value of other investments	–	1	–	1
Net decrease on revaluation of investments held for trading	(2)	(82)	(2)	(86)
Adjustment to interest rate derivative	(1,086)	–	–	(1,086)
Share of profit of joint ventures, net of tax	561	563	–	1,124
Result including revaluation and other movements	(4,391)	1,531	81	(2,779)
Profit from discontinued operations	86	–	–	86
(Loss)/profit for the year before taxation	(4,305)	1,531	81	(2,693)
Segment assets				
- Non – current assets – property	93,563	11,770	3,110	108,443
- Non – current assets – plant and equipment	178	6,064	15	6,257
- Cash and cash equivalents	6,286	2,838	113	9,237
- Non – current assets – other	2,196	152	–	2,348
- Non – current assets – deferred tax asset	2,324	–	–	2,324
- Current assets – others	2,073	7,277	137	9,487
Total assets excluding investment in joint ventures	106,620	28,101	3,375	138,096
Segment liabilities				
Borrowings	(59,014)	(8,152)	(1,900)	(69,066)
- Current liabilities	(6,702)	(4,566)	(79)	(11,347)
- Non-current liabilities	(5,249)	(3,333)	(202)	(8,784)
Total liabilities	(70,965)	(16,051)	(2,181)	(89,197)
Net assets	35,655	12,050	1,194	48,899
Investment in joint ventures non segmental				4,474
Net assets as per balance sheet				53,373
Major customers				
Customer A	–	12,607	–	12,607
Customer B	–	6,455	–	6,455

These customers are for mining revenue in South Africa.

1. RESULTS FOR THE YEAR AND SEGMENTAL ANALYSIS CONTINUED

GEOGRAPHIC ANALYSIS	UNITED KINGDOM £'000	SOUTH AFRICA £'000	2014 TOTAL £'000
Revenue	7,990	25,536	33,526
Operating profit	1,571	721	2,292
Non–current assets excluding investments	110,994	6,030	117,024
Total net assets	48,077	5,296	53,373
Capital expenditure	724	1,877	2,601

Group revenue is external to the Group and the directors consider that inter segmental revenues are not material. Revenue includes contingent rents of £0.3 million (2014: £0.1 million).

Operating profit excludes the share of profit and losses of joint ventures, finance income and expenses, movement on revaluation of investment properties and investments held for trading and the movement on interest rate derivatives.

2. LOSS BEFORE TAXATION

	2015 £'000	2014 £'000
Loss before taxation is stated after charging/(crediting):		
Staff costs (see note 29)	**7,219**	7,786
Depreciation on tangible fixed assets – owned assets	**1,329**	2,732
Operating lease rentals – land and buildings	**422**	610
Exchange loss	**497**	143
Profit on disposal of motor vehicles and office equipment	**–**	(43)
Amounts payable to the auditor in respect of both audit and non-audit services		
Audit services		
Statutory – Company and consolidation	**115**	87
Subsidiaries	**61**	78
Further assurance services	**15**	8
Other services	**–**	28
	191	201

Staff costs are included in overheads.

3. LISTED INVESTMENTS HELD FOR TRADING

	2015 £'000	2014 £'000
Dealing loss	**(6)**	–
Dividends receivable	**9**	3
Net profit from listed investments	**3**	3

4. DIRECTORS' EMOLUMENTS

	2015 £'000	2014 £'000
Emoluments	**1,199**	1,367
Defined contribution pension scheme contributions	**73**	69
	1,272	1,436

Details of directors' emoluments and share options are set out in the remuneration report.

5. FINANCE INCOME AND EXPENSES

	2015 £'000	2014 £'000
Finance income	**123**	115
Finance expenses		
Interest on bank loans and overdrafts	**(2,258)**	(2,366)
Unwinding of discount (Bisichi)	**(79)**	(87)
Other loans	**(1,359)**	(1,508)
Interest on derivatives	**(295)**	(655)
Interest on obligations under finance leases	**(230)**	(259)
Total finance expenses	**(4,221)**	(4,875)
	(4,098)	(4,760)

6. INCOME TAX

	2015 £'000	2014 £'000
Current tax		
Corporation tax on profit of the period	**10**	17
Corporation tax on profit of previous periods	**(20)**	29
Total current tax	**(10)**	46
Deferred tax		
Origination of timing differences	**864**	(1,554)
Revaluation of investment properties	**(1,035)**	192
Accelerated capital allowances	**(97)**	299
Fair value of interest derivatives	**22**	4,702
Adjustment in respect of prior years	**209**	17
Total deferred tax (notes 24 and 25)	**(37)**	3,656
Tax on profit on ordinary activities	**(47)**	3,702

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The corporation tax assessed for the year is different from that at the effective rate of corporation tax in the United Kingdom of 20.25 per cent (2014: 21.5 per cent). The differences are explained below:

	2015 £'000	2014 £'000
Loss for the year before taxation	**(2,093)**	(2,693)
Taxation at 20.25 per cent (2014: 21.5 per cent)	**(424)**	(579)
Effects of:		
Other differences	**(701)**	4,051
Joint ventures	**94**	(14)
Adjustment in respect of prior years	**189**	46
Deferred tax rate adjustment	**795**	198
Income tax (credit)/charge for the year	**(47)**	3,702

The main component of other differences in the reconciliation relates to capital gains of £1.1 million (2014: (£0.1 million)), indexation allowances of (£0.1 million) (2014: (£0.5 million)), fair value of interest derivatives of £Nil (2014: (£4.7 million)) and others (£0.3 million) (2014: £Nil).

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES:

Based on current capital expenditure plans, the Group expects to continue to be able to claim capital allowances in excess of depreciation in future years, but at a slightly lower level than in the current year.

A deferred tax provision has been made for gains on revaluing investment properties. At present it is not envisaged that any tax will become payable in the foreseeable future.

7. DISCONTINUED OPERATIONS

A. DISPOSALS

As part of the Group's strategy to focus on core assets, the Group disposed of King Edward Court, Windsor in 2013. The profits and losses arising from this disposal were classified as discontinued operations. Contracts for the sale of King Edward Court had been exchanged in 2013 and completion took place in January 2014. Following the settlement of a dispute additional proceeds are payable to the Group as below.

B. RESULT FOR THE YEAR OF DISCONTINUED OPERATIONS

	2015 £'000	2014 £'000
Gross property income	–	464
Direct property costs	–	(144)
Net property income	–	320
Overheads	8	(70)
Net revenue from property	8	250
Profit on sale of investment properties	424	–
	432	250
Finance expenses	87	(164)
Profit before tax attributable to shareholders	519	86

C. CASH FLOWS FROM DISCONTINUED OPERATIONS

	2015 £'000	2014 £'000
Cash flows from operating activities	432	250
Cash flows from investing activities	–	102,670
Cash flows from financing activities	87	(85,766)
Net cash inflow from discontinued operations	519	17,154

8. DIVIDEND

	2015 PER SHARE	£'000	2014 PER SHARE	£'000
Dividends paid during the year relating to the prior period	0.156p	133	0.125p	106
Dividends to be paid:				
Proposed final dividend for	0.16p	136	0.156p	133

9. (LOSS)/PROFIT PER SHARE AND NET ASSETS PER SHARE

(Loss)/ profit per share has been calculated as follows:

	2015	2014
Loss for the year for the purposes of basic and diluted profit per share (£'000)	(1,899)	(7,140)
Weighted average number of ordinary shares in issue for the purpose of basic profit per share ('000)	84,951	84,500
Basic loss per share	(2.24)p	(8.45)p
Weighted average number of ordinary shares in issue for the purpose of diluted profit per share ('000)	84,951	84,500
Fully diluted loss per share	(2.24)p	(8.45)p

Weighted average number of shares in issue is calculated after excluding treasury shares of 734,816 (2014: 1,032,991).

The loss for continuing operations was £2,418,000 (2014: £7,226,000) and the profit for discontinued operations was £519,000 (2014: £86,000).

Net assets per share have been calculated as follows:

	2015	2014
Net assets (£'000)	40,078	42,547
Shares in issue ('000)	84,808	84,510
Basic net assets per share	47.26p	50.35p
Net assets diluted (£'000)	40,078	42,547
Shares in issue ('000)	84,808	84,510
Diluted net assets per share	47.26p	50.35p

10. INVESTMENT PROPERTIES

	TOTAL £000	FREEHOLD £000	LEASEHOLD OVER 50 YEARS £000	LEASEHOLD UNDER 50 YEARS £000
Cost or valuation at 1 January 2015	108,443	85,080	21,591	1,772
Acquisition of property	960	960	–	–
Additions in year	357	210	147	–
Disposals	(400)	(400)	–	–
Decrease in present value of head leases	(3)	–	–	(3)
Increase/ (decrease) on revaluation	(185)	618	(678)	(125)
At 31 December 2015	**109,172**	**86,468**	**21,060**	**1,644**
Representing assets stated at:				
Valuation	104,388	86,468	16,920	1,000
Present value of head leases	4,784	–	4,140	644
	109,172	**86,468**	**21,060**	**1,644**
At 31 December 2015	**109,172**	**86,468**	**21,060**	**1,644**
At 31 December 2014	108,443	85,080	21,591	1,772

	TOTAL £'000	FREEHOLD £'000	LEASEHOLD OVER 50 YEARS £'000	LEASEHOLD UNDER 50 YEARS £'000
Cost or valuation at 1 January 2014	106,911	82,644	23,986	281
Reclassification	–	–	(1,493)	1,493
Additions	684	684	–	–
Decrease in present value of head leases	(4)	–	(2)	(2)
Increase/(decrease) on revaluation	852	1,752	(900)	–
Cost or valuation at 31 December 2014	108,443	85,080	21,591	1,772
Representing assets stated at:				
Valuation	103,655	85,080	17,450	1,125
Present value of head leases	4,788	–	4,141	647
	108,443	85,080	21,591	1,772
At 1 January 2014	106,911	82,644	23,986	281
At 31 December 2014	108,443	85,080	21,591	1,772

The leasehold and freehold properties, excluding the present value of head leases and directors' valuations, were valued as at 31 December 2015 by external professional firms of chartered surveyors. The valuations were made at fair value. The directors' property valuations were made at fair value.

	2015 £'000	2014 £'000
Allsop LLP	**87,095**	87,145
Carter Towler	**12,800**	11,575
Directors' valuations	**4,493**	4,935
	104,388	103,655
Add: present value of headleases	**4,784**	4,788
	109,172	108,443

10. INVESTMENT PROPERTIES CONTINUED

The historical cost of investment properties, including total capitalised interest of £1,161,000 (2014: £1,161,000) was as follows:

	2015 FREEHOLD £000	2015 LEASEHOLD OVER 50 YEARS £000	2015 LEASEHOLD UNDER 50 YEARS £000	2014 FREEHOLD £000	2014 LEASEHOLD OVER 50 YEARS £000	2014 LEASEHOLD UNDER 50 YEARS £000
Cost at 1 January	71,601	17,506	1,939	70,917	18,660	785
Reclassification	–	–	–	–	(1,154)	1,154
Acquisition of property	960	–	–	–	–	–
Additions	210	147	–	684	–	–
Disposals	(220)	–	–	–	–	–
Cost at 31 December	**72,551**	**17,653**	**1,939**	71,601	17,506	1,939

Each year external valuers are appointed by the Executive Directors on behalf of the Board. The valuers are selected based upon their knowledge, independence and reputation for valuing assets such as those held by the Group.

Valuations are performed annually and are performed consistently across all properties in the Group's portfolio. At each reporting date appropriately qualified employees of the Group verify all significant inputs and review the computational outputs. Valuers submit their report to the Board on the outcome of each valuation.

Valuations take into account tenure, lease terms and structural condition. The inputs underlying the valuations include market rent or business profitability, likely incentives offered to tenants, forecast growth rates, yields, EBITDA, discount rates, construction costs including any specific site costs (for example section 106), professional fees, developer's profit including contingencies, planning and construction timelines, lease regear costs, planning risk and sales prices based on known market transactions for similar properties to those being valued.

Valuations are based on what is determined to be the highest and best use. When considering the highest and best use the valuer will consider, on a property by property basis, its actual and potential uses which are physically, legally and financially viable. Where the highest and best use differs from the existing use, the valuer will consider the cost and likelihood of achieving and implementing this change in arriving at its valuation.

There are often restrictions on Freehold and Leasehold property which could have a material impact on the realisation of these assets. The most significant of these occur when planning permission or lease extension and renegotiation of use are required or when a credit facility is in place. These restrictions are factored in the property's valuation by the external valuer.

The methods of fair value measurement are classified into a hierarchy based on the reliability of the information used to determine the valuation, as follows:

Level 1: valuation based on inputs on quoted market prices in active markets.

Level 2: valuation based on inputs other than quoted prices included within level 1 that maximise the use of observable data directly or from market prices or indirectly derived from market prices.

Level 3: where one or more inputs to valuations are not based on observable market data.

CLASS OF PROPERTY LEVEL 3	CARRYING / FAIR VALUE 2015 £'000	VALUATION TECHNIQUE	KEY UNOBSERVABLE INPUTS	RANGE (WEIGHTED AVERAGE) 2015
Freehold – external valuation	81,975	Income capitalisation	Estimated Rental Value Per sq ft p.a	£5 – £37 (£18)
			Equivalent Yield	5% – 15% (8%)
Leasehold over 50 years – external valuation	16,920	Income capitalisation	Estimated Rental Value Per sq ft p.a	£5 – £11 (£10)
			Equivalent Yield	7% –18% (11%)
Leasehold under 50 years – external valuation	1,000	Income capitalisation	Estimated Rental Value Per sq ft p.a	£4 – £5 (£4)
			Equivalent Yield	23% – 26% (25%)
Freehold – Directors' valuation	4,493	Income capitalisation	Estimated Rental Value Per sq ft p.a	£5 – £24 (£16)
			Equivalent Yield	6% – 6% (6%)
At 31 December 2015	**104,388**			

There are interrelationships between all these inputs as they are determined by market conditions. The existence of an increase in more than one input would be to magnify the input on the valuation. The impact on the valuation will be mitigated by the interrelationship of two inputs in opposite directions, for example, an increase in rent may be offset by an increase in yield.

10. INVESTMENT PROPERTIES CONTINUED

The table below illustrates the impact of changes in key unobservable inputs on the carrying / fair value of the Group's properties.

	ESTIMATED RENTAL VALUE 10% INCREASE OR (DECREASE) £'000	EQUIVALENT YIELD 25 BASIS POINT CONTRACTION OR (EXPANSION) £'000
Freehold – external valuation	8,064/(8,064)	3,288/(3,027)
Leasehold over 50 years – external valuation	1,692/(1,692)	440/(418)
Leasehold under 50 years – external valuation	100/(100)	10/(10)
Freehold – Directors' valuation	443/(443)	183/(169)

11. MINING RESERVES, PLANT AND EQUIPMENT

	TOTAL £'000	MINING RESERVES £'000	MINING EQUIPMENT £'000	OFFICE EQUIPMENT AND MOTOR VEHICLES £'000
Cost at 1 January 2015	19,536	1,266	17,539	731
Exchange adjustment	(4,361)	(271)	(4,048)	(42)
Additions	2,022	–	1,964	58
Disposals	(9)	–	(2)	(7)
At 31 December 2015	**17,188**	**995**	**15,453**	**740**
Accumulated depreciation at 1 January 2015	13,279	1,149	11,705	425
Exchange adjustment	(2,963)	(256)	(2,679)	(28)
Charge for the year	1,329	56	1,177	96
Disposals in year	(9)	–	(2)	(7)
Accumulated depreciation at 31 December 2015	**11,636**	**949**	**10,201**	**486**
Net book value at 31 December 2015	**5,552**	**46**	**5,252**	**254**
Cost at 1 January 2014	18,985	1,310	16,328	1,347
Exchange adjustment	(600)	(44)	(550)	(6)
Additions	1,917	–	1,838	79
Disposals	(766)	–	(77)	(689)
Cost at 31 December 2014	19,536	1,266	17,539	731
Accumulated depreciation at 1 January 2014	11,667	1,184	9,470	1,013
Exchange adjustment	(369)	(38)	(329)	(2)
Charge for the year	2,732	3	2,641	88
Disposals	(751)	–	(77)	(674)
Accumulated depreciation at 31 December 2014	13,279	1,149	11,705	425
Net book value at 31 December 2014	6,257	117	5,834	306

12. INVESTMENT IN JOINT VENTURES

SHARES IN JOINT VENTURES:

	2015 £'000	2014 £'000
At 1 January	**3,434**	2,310
Share of (loss)/profit after tax (Langney)	**71**	1,124
Dividends received (Langney)	**(210)**	–
Loss on reclassification of asset held for sale (Langney)	**(276)**	–
Exchange adjustment	**(359)**	–
Transfer to assets held for sale (Langney) (note 14)	**(2,335)**	–
At 31 December	**325**	3,434

12. INVESTMENT IN JOINT VENTURES CONTINUED

RESULTS OF JOINT VENTURES:

	LANGNEY 25% £'000	EZIMBOKODWENI 49% £'000	**2015 £'000**	2014 £'000
Turnover	344	–	**344**	1,048
(Loss)/profit before tax	(204)	–	**(204)**	4,496
(Loss)/profit after taxation	(204)	–	**(204)**	4,496
Balance sheet				
Non-current assets	4,572	895	**5,467**	21,808
Current assets	204	2	**206**	3,086
Current liabilities	(92)	(897)	**(989)**	(3,502)
Non-current liabilities	(2,349)	–	**(2,349)**	(10,392)
Share of net assets at 31 December	2,335	–	**2,335**	11,000

Reconciliation to amounts included in the financial statements:

GROUP SHARE OF:	EZIMBOKODWENI 49.00% £'000	**2015 £'000**	2014 £'000
Net assets at 1 January	–	**–**	1,626
Profit/(loss) before and after taxation	–	**–**	1,124
Share of net assets at 31 December	–	**–**	2,750
Investment not represented by net assets	325	**325**	684
Shares in joint venture	325	**325**	3,434

Ezimbokodweni Mining (Pty) Limited (Ezimbokodweni) – unlisted coal production company. The Group owns, via Bisichi Mining PLC, 49% of the issued share capital. The company is incorporated in South Africa. It has issued share capital of 100 (2014: 100) ordinary shares of ZAR1 each.

Langney Shopping Centre Unit Trust (Langney) – Prior to 11 March 2016, the Group owned 25% of the units of Langney Shopping Centre Unit Trust, an unlisted property unit trust incorporated in Jersey. 25% of the units in the trust were held by London & Associated Properties PLC and 75% were held by Columbus UK GP limited, a partner acting on behalf of Columbus UK Real Estate Fund. On the 11 March 2016, the Group disposed of its investment in Langney Shopping Centre Unit Trust. The net proceeds from the sale were £2,335,000 which includes £60k dividends repaid post year end. At 31 December 2015, the investment was transferred from investment in joint ventures to assets held for sale in the balance sheet. At year end, the share of the net assets of the trust held by the Group were £2,335,000 (2014: £2,750,000) which includes a loss on the reclassification of the asset to held for sale in the amount of £276,000.

13. LOAN TO JOINT VENTURE

	2015 £'000	2014 £'000
Loan to Ezimbokodweni Mining (Pty) Limited		
At 1 January	**1,040**	984
Exchange adjustment	**(235)**	(36)
Additions	**95**	92
At 31 December	**900**	1,040

14. ASSETS HELD FOR SALE

	2015 £'000	2014 £'000
Investment in Langney Shopping Centre Unit Trust		
At 1 January	**–**	–
Transfer from investment in joint venture (note 12)	**2,335**	–
At 31 December	**2,335**	–

On the 11 March 2016, the Group disposed of its investment in Langney Shopping Centre Unit Trust, an unlisted property unit trust incorporated in Jersey. At year end, the company owned 25% of the units of the trust. The net proceeds from the sale were £2,335,000 (including dividend). At year end, the Group's share of the net assets of the trust was £2,335,000 (2014: £2,750,000).

15. SUBSIDIARY COMPANIES

In accordance with Section 409 of the Companies Act 2006 a full list of subsidiaries, the principal activity, the country of incorporation and the percentage of equity owned, as at 31 December 2015 is disclosed below:

ENTITY	ACTIVITY	PERCENTAGE OF SHARE CAPITAL	COUNTRY OF INCORPORATION
Analytical Investments Limited	Dormant	100%	England and Wales
Analytical Portfolios Limited	Dormant	100%	England and Wales
Analytical Properties Holdings Limited	Property	100%	England and Wales
Analytical Properties Limited	Property	100%	England and Wales
Analytical Ventures Limited	Property	100%	England and Wales
Analytical Ventures (Halifax) Limited	Property	100%	England and Wales
24 Bruton Place Limited	Dormant	100%	England and Wales
24 BPL (Harrogate) Limited	Investment	88%	England and Wales
24 BPL (Harrogate) Two Limited	Investment	100%	England and Wales
Brixton Village Limited	Property	100%	England and Wales
Market Row Limited	Property	100%	England and Wales
Newincco 1243 Limited	Property	100%	England and Wales
Newincco 1244 Limited	Property	100%	England and Wales
Newincco 1245 Limited	Property Management Services	100%	England and Wales
Newincco 1299 Limited	Property	100%	England and Wales
Newincco 1300 Limited	Property	100%	England and Wales
LAP Ocean Holdings Limited	Property	100%	England and Wales
London & Associated Limited	Dormant	100%	England and Wales
London & Associated (Rugeley) Limited	Dormant	100%	England and Wales
London & Associated Securities Limited	Dormant	100%	England and Wales
London & Associated Management Services Limited	Property Management Services	100%	England and Wales
London & African Investments Limited	Dormant	100%	England and Wales
Orchard Chambers Residential Limited	Dormant	100%	England and Wales
Bisichi Mining PLC (note D)	Coal mining	41.52%	England and Wales
Mineral Products Limited (note A)	Share dealing	100%	England and Wales
Bisichi (Properties) Limited (note A)	Property	100%	England and Wales
Bisichi Mining (Exploration) Limited (note A)	Holding company	100%	England and Wales
Black Wattle Colliery (Pty) Limited (note A)	Coal mining	62.5%	South Africa
Bisichi Coal Mining (Pty) Limited (note A)	Coal mining	100%	South Africa
Urban First (Northampton) Limited (note A)	Dormant	100%	England and Wales
Bisichi Trustee Limited (note A)	Property	100%	England and Wales
Bisichi Mining Management Services Limited (note A)	Dormant	100%	England and Wales
Ninghi Marketing Limited (note A)	Dormant	90.1%	England and Wales
Bisichi Northampton Limited (note A)	Property	100%	England and Wales
Amandla Ehtu Mineral Resource Development (Pty) Limited (note A)	Dormant	70%	South Africa
Ezimbokodweni Mining (Pty) Limtied (note A)	Dormant	49%	South Africa
Black Wattle Klipfontein (Pty) Limited (note A)	Coal mining	62.5%	South Africa
Dragon Retail Properties Limited (note B)(note D)	Property	50%	England and Wales
Newincco 1338 Limited (note C)	Property	100%	England and Wales

Details on the non–controlling interest in subsidiaries are shown under note 27.

Note A: these companies are owned by Bisichi and the equity shareholdings disclosed relate to that company.

Note B: this entity is a joint venture owned 50% by LAP and 50% by Bisichi.

Note C: this company is owned by Dragon and the equity shareholdings disclosed relate to that company.

Note D: these entities are included in the consolidated financial statements from 2014 as a result of the adoption of IFRS 10.

16. INVENTORIES

	2015 £'000	2014 £'000
Coal		
Washed	**778**	606
Run of mine	**110**	1,070
Work in progress	**122**	45
Other	**39**	39
	1,049	1,760

17. HELD TO MATURITY INVESTMENTS AND OTHER INVESTMENTS

Held to maturity investments:

	2015 TOTAL £000	UNLISTED SHARES £000	LOAN STOCK £000	2014 TOTAL £000	UNLISTED SHARES £000	LOAN STOCK £000
At 1 January	**2,196**	**1**	**2,195**	2,200	2,200	
Reclassification	**–**	**–**	**–**	300	(2,199)	2,499
Repayments	**(201)**	**–**	**(201)**	(304)	–	(304)
At 31 December	**1,995**	**1**	**1,994**	2,196	1	2,195

The Group owns a 6.95% interest in the equity and loans of HRGT Shopping Centres LP (HRGT), a limited partnership set up in England to acquire and own 3 shopping centres in Dunfermline, Kings Lynn and Loughborough. 92.10% of the equity and loans are owned by Oaktree Capital Management and 0.95% by Gooch Cunliffe Whale LLP. London & Associated Management Services Limited has a management contract to manage the properties on behalf of HRGT.

OTHER INVESTMENTS:

	2015 £'000	2014 £'000
Net book and market value of investments listed on overseas stock exchange	**14**	26
Net book value of unquoted investments	**–**	126
	14	152

18. TRADE AND OTHER RECEIVABLES

	2015 £'000	2014 £'000
Trade receivables	**4,129**	4,790
Amounts due from joint ventures	**–**	338
Other receivables	**1,385**	669
Prepayments and accrued income	**988**	977
	6,502	6,774

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

19. INVESTMENTS AVAILABLE FOR SALE AND HELD FOR TRADING

	2015 £'000	2014 £'000
Market bid value of the listed investment portfolio – available for sale	**594**	796
Market bid value of the listed investment portfolio – held for trading	**20**	122
Unrealised (loss)/gain of market value over cost	**(146)**	54
Listed investment portfolio at cost	**760**	763

Investments are listed on the London Stock Exchange with the exception of £26,000 (2014: £38,000) listed outside Great Britain.

20 TRADE AND OTHER PAYABLES

	2015 £'000	2014 £'000
Trade payables	**2,289**	1,905
Amounts owed to joint venture	**–**	7
Other taxation and social security costs	**661**	896
Other payables	**2,687**	3,229
Accruals and deferred income	**4,860**	5,286
	10,497	11,323

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

21. BORROWINGS

	2015 £'000 CURRENT	2015 £'000 NON-CURRENT	2014 £'000 CURRENT	2014 £'000 NON-CURRENT
Other loans (Bisichi)	**33**	**–**	20	–
£1.25 million term bank loan (secured) repayable for 2020 (Dragon)*	**–**	**1,196**	–	–
£3.75 million first mortgage debenture stock 2018 at 11.6 per cent	**–**	**3,750**	1,250	3,750
Bank overdrafts (secured) (Bisichi)	**2,234**	**–**	2,119	–
£1 million term bank loan (unsecured)	**–**	**–**	201	–
£10 million first mortgage debenture stock 2022 at 8.109 per cent*	**–**	**9,888**	–	9,871
Other loans (Bisichi)	**–**	**–**	–	111
£6 million term bank loan (secured) repayable by 2019 (Bisichi)*	**–**	**5,940**	–	5,902
£1.9 million revolving credit facility term bank loan (secured) (Dragon)	**–**	**–**	–	1,900
£34.897 million term bank loan (secured) repayable by 2019*	**–**	**34,296**	–	34,124
£10.105 million term bank loan (secured) repayable by 2019*	**–**	**9,881**	–	9,818
	2,267	**64,951**	3,590	65,476

* The £10 million debenture and bank loans are shown after deduction of un-amortised issue costs.

Interest payable on the term bank loans is variable being based upon the London inter–bank offered rate (LIBOR) plus margin.

During the year the Group repaid early £1.25 million of the £5 million first mortgage debenture stock 2018, at an additional cost of £158,000.

First Mortgage Debenture Stocks August 2018 and 2022 and the £34.897 million and £10.105 million term bank loans repayable in July 2019 are secured by way of a charge on specific freehold and leasehold properties which are included in the financial statements at a value of £87.1 million.

The Bisichi United Kingdom bank loans and overdraft are secured by way of a first charge over the investment properties in the UK which are included in the financial statements at a value of £11.6 million.

The Bisichi South African bank loans are secured by way of a first charge over specific pieces of mining equipment, inventory and the debtors of the relevant company which holds the loan which are included in the financial statements at a value of £4.8 million.

The £1.9 million bank loan (Dragon) was repaid in 2015. A new bank loan of £1.25 million which is repayable in November 2020 is secured by way of a first charge on specific freehold property and which is included in the financial statements at a value of £2.6 million.

The Group's objectives when managing capital are:

– To safeguard the Group's ability to continue as a going concern, so that it may provide returns for shareholders and benefits for other stakeholders; and
– To provide adequate returns to shareholders by ensuring returns are commensurate with the risk.

22. PROVISIONS

	2015 £'000	2014 £'000
At 1 January	**930**	874
Exchange adjustment	**(162)**	(31)
Unwinding of discount	**79**	87
At 31 December	**847**	930

The above provision relates to mine rehabilitation costs in Bisichi.

23. FINANCIAL INSTRUMENTS

TOTAL FINANCIAL ASSETS AND LIABILITIES

The Group's financial assets and liabilities and their fair values are as follows:

	2015 FAIR VALUE £'000	2015 CARRYING VALUE £'000	2014 FAIR VALUE £'000	2014 CARRYING VALUE £'000
Cash and cash equivalents	**4,809**	**4,809**	9,237	9,237
Assets held for sale	**2,335**	**2,335**	–	–
Investments held to maturity	**1,995**	**1,995**	2,196	2,196
Loan to joint venture	**900**	**900**	1,040	1,040
Other investments	**14**	**14**	152	152
Investments held for trading	**20**	**20**	918	918
Available for sale investments	**594**	**594**	–	–
Derivative assets	**15**	**15**	–	–
Other assets	**5,480**	**5,480**	5,485	5,485
Derivative liabilities	**(587)**	**(587)**	(656)	(656)
Bank overdrafts	**(2,234)**	**(2,234)**	(2,119)	(2,119)
Bank loans	**(52,286)**	**(51,346)**	(53,137)	(52,076)
Present value of head leases on properties	**(4,784)**	**(4,784)**	(4,788)	(4,788)
Other liabilities	**(5,603)**	**(5,603)**	(5,689)	(5,689)
Total financial liabilities before debentures	**(49,332)**	**(48,392)**	(47,361)	(46,300)

FAIR VALUE OF DEBENTURE STOCKS

Fair value of the Group's debenture liabilities:

	BOOK VALUE £'000	FAIR VALUE £'000	2015 FAIR VALUE ADJUSTMENT £'000	2014 FAIR VALUE ADJUSTMENT £'000
Debenture stocks	(13,750)	(17,325)	**(3,575)**	(4,320)
Tax at 20 per cent (2014: 20 per cent)			**715**	864
Post tax fair value adjustment			**(2,860)**	(3,456)
Post tax fair value adjustment – basic pence per share			**(3.3)p**	(4.0)p

There is no material difference in respect of other financial liabilities or any financial assets.

The fair values were calculated by the directors as at 31 December 2015 and reflect the replacement value of the financial instruments used to manage the Group's exposure to adverse rate movements.

The fair values of the debentures are based on the net present value at the relevant gilt interest rate of the future payments of interest on the debentures. The bank loans and overdrafts are at variable rates and there is no material difference between book values and fair values.

23. FINANCIAL INSTRUMENTS CONTINUED

Investments held for trading and available for sale fall under level 1 of the fair value hierarchy into which fair value measurements are recognised in accordance with the levels set out in IFRS 7. Other investments are held at cost. The directors are of the opinion that the difference in value between cost and fair value of other investments is not significant or material. The comparative figures for 2014 fall under the same category of financial instrument as 2015.

TREASURY POLICY

The Group enters into derivative transactions such as interest rate swaps and forward exchange contracts in order to help manage the financial risks arising from the Group's activities. The main risks arising from the Group's financing structure are interest rate risk, liquidity risk and market price risk, credit risk, commodity price risk and foreign exchange risk. The policies for managing each of these risks and the principal effects of these policies on the results are summarised below.

SENSITIVITY ANALYSIS

As all variable interest term debt has been covered by derivatives it is not considered that there is any material sensitivity for the Group to changes in interest rates.

INTEREST RATE RISK

Treasury activities take place under procedures and policies approved and monitored by the Board to minimise the financial risk faced by the Group. The £34.897 million bank loan and Bisichi United Kingdom bank loans and overdraft are secured by way of a first charge on certain fixed assets. The rates of interest vary based on LIBOR in the UK.

The £10.105 million term bank loan is secured by way of a second charge on certain fixed assets. This loan is based on a fixed interest rate.

The Bisichi South African bank loans are secured by way of a first charge over specific pieces of mining equipment, inventory and the debtors of the relevant company which holds the loan. The rates of interest vary based on PRIME in South Africa.

The £1.25 million bank loan (Dragon) is secured by way of a first charge on specific freehold property. The rate of interest varies based on LIBOR in the UK.

LIQUIDITY RISK

The Group's policy is to minimise refinancing risk by balancing its exposure to interest risk and to refinancing risk. In effect the Group seeks to borrow for as long as possible at the lowest acceptable cost. Efficient treasury management and strict credit control minimise the costs and risks associated with this policy which ensures that funds are available to meet commitments as they fall due. Cash and cash equivalents earn interest at rates based on LIBOR in the UK. These facilities are considered adequate to meet the Group's anticipated cash flow requirements for the foreseeable future.

In South Africa, an increase in the structured trade facility from R60 million (South African Rand) to R80 million was signed by Black Wattle Colliery (Pty) Limited with Absa Bank Limited, a South African subsidiary of Barclays Bank PLC. The facility is renewable annually at 30 June and is secured against inventory, debtors and cash that are held by Black Wattle Colliery (Pty) Limited.

The table below analyses the Group's financial liabilities into maturity Groupings and also provides details of the liabilities that bear interest at fixed, floating and non–interest bearing rates.

	2015 TOTAL £'000	LESS THAN 1 YEAR £'000	2–5 YEARS £'000	OVER 5 YEARS £'000
Bank overdrafts (floating)	**2,234**	**2,234**	**–**	**–**
Debentures (fixed)	**13,638**	**–**	**3,750**	**9,888**
Bank loans (fixed)	**9,881**	**–**	**9,881**	**–**
Bank loans (floating)*	**41,465**	**33**	**41,432**	**–**
Trade and other payables (non–interest)	**6,646**	**5,776**	**737**	**133**
	73,864	**8,043**	**55,800**	**10,021**

	2014 TOTAL £'000	LESS THAN 1 YEAR £'000	2–5 YEARS £'000	OVER 5 YEARS £'000
Bank overdrafts (floating)	2,119	2,119	–	–
Debentures (fixed)	14,871	1,250	3,750	9,871
Bank loans (fixed)	9,818	–	9,818	–
Bank loans (floating)*	42,258	221	42,037	–
Trade and other payables (non–interest)	6,572	5,689	749	134
	75,638	9,279	56,354	10,005

The Group would normally expect that sufficient cash is generated in the operating cycle to meet the contractual cash flows as disclosed above through effective cash management.

*Certain bank loans are fully hedged with appropriate interest derivatives. Details of all hedges are shown below.

23. FINANCIAL INSTRUMENTS CONTINUED

MARKET PRICE RISK

The Group is exposed to market price risk through interest rate and currency fluctuations.

CREDIT RISK

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The Group only deposits surplus cash with well–established financial institutions of high quality credit standing.

COMMODITY PRICE RISK

Commodity price risk is the risk that the Group's future earnings will be impacted adversely by changes in the market of commodities. Bisichi is exposed to commodity price risk as its future revenues will be derived based on a contract with a physical off–take partner at prices that will be determined by reference to market prices of coal at the delivery date.

From time to time Bisichi may manage its exposure to commodity price risk by entering into forward sales contracts with the goal of preserving future revenue streams.

FOREIGN EXCHANGE RISK

Only Bisichi is subject to this risk. For Bisichi all trading is undertaken in the local currencies. Funding is also in local currencies other than inter–company investments and loans and it is not the Group's policy to obtain forward contracts to mitigate foreign exchange risk on these amounts. During 2015 and 2014 the Group did not hedge its exposure of foreign investments held in foreign currencies.

The table below shows the Bisichi currency profiles of cash and cash equivalents:

	2015 £'000	2014 £'000
Sterling	**1,135**	1,697
South African Rand	**470**	1,138
US Dollar	**3**	3
	1,608	2,838

Cash and cash equivalents earn interest at rates based on LIBOR in Sterling and Prime in Rand.

The tables below shows the Bisichi currency profiles of net monetary assets and liabilities by functional currency:

2015:	**UK £'000**	**SOUTH AFRICA £'000**
Sterling	(3,221)	–
South African Rand	89	(136)
US Dollar	13	–
	(3,119)	**(136)**

2014:	UK £'000	SOUTH AFRICA £'000
Sterling	(2,515)	–
South African Rand	153	618
US Dollar	20	–
	(2,342)	618

The directors consider there to be no significant risk from exchange rate movements of foreign currencies against the functional currencies of the reporting companies within the Group. As such no sensitivity analysis is prepared.

23. FINANCIAL INSTRUMENTS CONTINUED

BORROWING FACILITIES

At 31 December 2015 the Group was within its bank borrowing facilities and was not in breach of any of the covenants. Term loan repayments are as set out below. Details of other financial liabilities are shown in Notes 20 and 21.

INTEREST RATE AND HEDGE PROFILE

	2015 £'000	2014 £'000
Fixed rate borrowings	**23,855**	25,105
Floating rate borrowings		
– Subject to interest rate swap	**36,148**	34,898
	60,003	60,003
Average fixed interest rate	**9.24%**	9.36%
Weighted average swapped interest rate	**3.41%**	4.79%
Weighted average cost of debt on overdrafts, bank loans and debentures	**5.71%**	5.90%
Average period for which borrowing rate is fixed	**4.8 years**	5.5 years
Average period for which borrowing rate is swapped	**3.5 years**	4.5 years

The Group's floating rate debt bears interest based on LIBOR for the term bank loans and bank base rate for the overdraft.

At 31 December 2015 the Group had hedges totalling £35 million to cover the £34.9 million bank loan. These consisted of a 5 year swap for £17.5 million, taken out in July 2014 at 2.25% and a £17.5 million cap agreement taken out in July 2014 at 2.25% until 29 January 2016 and a swaption at 2.25% on the capped portion from 29 January 2016 to 1 July 2019. Since the year end the swaption was not exercised and was replaced in January 2016 with a £17.4 million cap agreement to 1 July 2019.

Under IFRS 13 the hedges are not deemed to be eligible for hedge accounting and any movement in the value of the hedges is therefore charged directly to the consolidated income statement.

At the year end the fair value liability in the accounts was £587,000 (2014: £656,000) as valued by the hedge provider.

At 31 December 2015, Dragon had hedges of £1.25 million to cover the £1.25 million bank loan. This consists of a 5 year £1.25 million cap agreement taken out in November 2015 at 2.5%. At the year end, the fair value asset in the accounts was £15,000, as valued by the hedge provider.

FAIR VALUE OF FINANCIAL INSTRUMENTS

FAIR VALUE ESTIMATION

The Group has adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires the methods of fair value measurement to be classified into a hierarchy based on the reliability of the information used to determine the valuation, as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (level 3).

23. FINANCIAL INSTRUMENTS CONTINUED

	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000	2015 GAIN/LOSS TO INCOME STATEMENT £'000
Financial assets					
Other financial assets held for trading and available for sale					
Quoted equities	**614**	**–**	**–**	**614**	**(12)**
Derivative financial instruments					
Interest rate swaps		**15**		**15**	**–**
Financial liabilities					
Derivative financial instruments					
Interest rate swaps	**–**	**587**	**–**	**587**	**84**

	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000	2014 LOSS TO INCOME STATEMENT £'000
Financial assets					
Other financial assets held for trading and available for sale					
Quoted equities	918	–	–	918	(86)
Financial liabilities					
Derivative financial instruments					
Interest rate swaps	–	656	–	656	(1,086)

CAPITAL STRUCTURE

The Group sets the amount of capital in proportion to risk. It ensures that the capital structure is commensurate to the economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may vary the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group considers its capital to include share capital, share premium, capital redemption reserve, translation reserve and retained earnings, but excluding the interest rate derivatives.

Consistent with others in the industry, the Group monitors its capital by its debt to equity ratio (gearing levels). This is calculated as the net debt (loans less cash and cash equivalents) as a percentage of the equity calculated as follows:

	2015 £'000	2014 £'000
Total debt	**67,218**	69,066
Less cash and cash equivalents	**(4,809)**	(9,237)
Net debt	**62,409**	59,829
Total equity	**49,652**	53,598
	125.7%	111.6%

The Group does not have any externally imposed capital requirements.

FINANCIAL ASSETS

The Group's principal financial assets are bank balances and cash, trade and other receivables and investments. The Group has no significant concentration of credit risk as exposure is spread over a large number of counterparties and customers. The credit risk in liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit–rating agencies. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment.

23. FINANCIAL INSTRUMENTS CONTINUED

FINANCIAL ASSETS MATURITY

Cash and cash equivalents all have a maturity of less than three months.

	2015 £'000	2014 £'000
Cash at bank and in hand	**4,809**	9,237

These funds are primarily invested in short term bank deposits maturing within one year bearing interest at the bank's variable rates.

FINANCIAL LIABILITIES MATURITY

Repayment of borrowings

	2015 £'000	2014 £'000
Bank loans and overdrafts:		
Repayable on demand or within one year	**2,267**	2,340
Repayable between two and five years	**51,313**	51,855
	53,580	54,195
Debentures:		
Repayable within one year	**–**	1,250
Repayable between two and five years	**3,750**	3,750
Repayable in more than five years	**9,888**	9,871
	67,218	69,066

Certain borrowing agreements contain financial and other conditions that if contravened by the Group, could alter the repayment profile.

24. DEFERRED TAX ASSET

	2015 £'000	2014 £'000
Balance at 1 January	**2,324**	5,651
Transferred to consolidated income statement	**66**	(3,327)
Balance at 31 December	**2,390**	2,324
The deferred tax balance comprises the following:		
Revaluation of properties	**(2,226)**	(3,211)
Accelerated capital allowances	**(952)**	(1,052)
Fair value of interest derivatives	**111**	131
Short-term timing differences	**(131)**	(143)
Loss relief	**5,588**	6,599
Deferred tax asset provision at end of period:	**2,390**	2,324

The directors consider the temporary differences arising in connection with the interests in joint ventures are insignificant. There is no time limit in respect of the Group tax loss relief.

25. DEFERRED TAX LIABILITIES

	2015 £'000	2014 £'000
Balance at 1 January	**2,410**	2,070
Transferred to consolidated income statement	**29**	378
Transferred to other comprehensive income	**(41)**	–
Exchange adjustment	**(292)**	(38)
Balance at 31 December	**2,106**	2,410
The deferred tax balance comprises the following:		
Revaluation of properties	**724**	929
Accelerated capital allowances	**1,490**	1,421
Short-term timing differences	**(111)**	60
Fair value of interest derivatives	**3**	–
Deferred tax liability provision at end of period:	**2,106**	2,410

26. SHARE CAPITAL

	NUMBER OF ORDINARY 10P SHARES 2015	NUMBER OF ORDINARY 10P SHARES 2014	2015 £'000	2014 £'000
Authorised: ordinary shares of 10p each	**110,000,000**	110,000,000	**11,000**	11,000
Allotted, issued and fully paid share capital	**85,542,711**	85,542,711	**8,554**	8,554
Less: held in Treasury (see below)	**(734,816)**	(1,032,991)	**(73)**	(103)
"Issued share capital" for reporting purposes	**84,807,895**	84,509,720	**8,481**	8,451

The Company has one class of ordinary shares which carry no right to fixed income.

TREASURY SHARES

	NUMBER OF ORDINARY 10P SHARES		COST/ISSUE VALUE	
	2015	2014	2015 £'000	2014 £'000
Shares held in Treasury at 1 January	**1,032,991**	1,254,738	**883**	1,159
Issued to meet directors bonuses (Jan 2015 – 37.75p) 2014: (Feb 14 – 58.25p)	**(431,476)**	(264,257)	**(369)**	(244)
Issued to meet staff bonuses (Jan 2015 – 37.75p) 2014: (Feb 14 – 58.25p)	**(111,678)**	(91,728)	**(95)**	(84)
Issued for new directors share incentive plan (Jan 2015 – 37.75p) 2014: (Feb 14 – 58.25p)	**(7,947)**	(5,150)	**(7)**	(5)
Issued for new staff share incentive plan (Jan 2015 – 37.75p) 2014: (Feb 14 – 58.25p)	**(47,271)**	(30,368)	**(40)**	(28)
Purchase of shares (Jun 2015 – 37.69p) 2014: (Apr 14 – 50.65p)	**133,333**	171,674	**50**	87
Purchase of shares (Oct 2015 – 36.18p)	**166,864**	–	**60**	–
Issued to meet staff bonuses (Dec 14 – 39.5p)	**–**	(1,918)	**–**	(2)
Shares held in Treasury at 31 December	**734,816**	1,032,991	**482**	883

26. SHARE CAPITAL CONTINUED

SHARE OPTION SCHEMES

Employees' share option scheme (Approved scheme)
At 31 December 2015 there were no options to subscribe for ordinary shares outstanding, issued under the terms of the Employees' Share Option Scheme.

This share option scheme was approved by members in 1986, and has been approved by Her Majesty's Revenue and Customs (HMRC).

There are no performance criteria for the exercise of options under the Approved scheme, as this was set up before such requirements were considered to be necessary.

A summary of the shares allocated and options issued under the scheme up to 31 December 2015 is as follows:

		CHANGES DURING THE YEAR			
	AT 1 JANUARY 2015	OPTIONS EXERCISED	OPTIONS GRANTED	OPTIONS LAPSED	**AT 31 DECEMBER 2015**
Shares issued to date	2,367,604	–	–	–	**2,367,604**
Shares allocated over which options have not been granted	1,549,955	–	–	–	**1,549,955**
Total shares allocated for issue to employees under the scheme	3,917,559	–	–	–	**3,917,559**

Non–approved Executive Share Option Scheme (Unapproved scheme)
A share option scheme known as the "Non–approved Executive Share Option Scheme" which does not have HMRC approval was set up during 2000. At 31 December 2015 there were no options to subscribe for ordinary shares outstanding.

The exercise of options under the Unapproved scheme is subject to the satisfaction of objective performance conditions specified by the remuneration committee which confirms to institutional shareholder guidelines and best practice provisions.

A summary of the shares allocated and options issued under the scheme up to 31 December 2015 is as follows:

		CHANGES DURING THE YEAR			
	AT 1 JANUARY 2015	OPTIONS EXERCISED	OPTIONS GRANTED	OPTIONS LAPSED	**AT 31 DECEMBER 2015**
Shares issued to date	450,000	–	–	–	**450,000**
Shares allocated over which options have not yet been granted	550,000	–	–	–	**550,000**
Total shares allocated for issue to employees under the scheme	1,000,000	–	–	–	**1,000,000**

THE BISICHI MINING PLC UNAPPROVED OPTION SCHEMES

Details of the share option schemes in Bisichi are as follows:

YEAR OF GRANT	SUBSCRIPTION PRICE PER SHARE	PERIOD WITHIN WHICH OPTIONS EXERCISABLE	NUMBER OF SHARES FOR WHICH OPTIONS OUTSTANDING AT 31 DECEMBER 2014	NUMBER OF SHARE OPTIONS ISSUED/EXERCISED/ (CANCELLED) DURING YEAR	**NUMBER OF SHARES FOR WHICH OPTIONS OUTSTANDING AT 31 DECEMBER 2015**
2006	237.5p	Oct 2009 – Oct 2016	325,000	–	**325,000**
2010	202.5p	Aug 2013 – Aug 2020	80,000	–	**80,000**
2012	34.0p	Oct 2012 – Sep 2022	193,000	(193,000)	**–**
2015	87.0p	Sep 2015 – Sep 2025	–	300,000	**300,000**

The exercise of options under the Unapproved Share Option Schemes, for certain option issues, is subject to the satisfaction of objective performance conditions specified by the remuneration committee, which will confirm to institutional shareholder guidelines and best practice provisions in force from time to time. The performance conditions for the 2010 scheme, agreed by members on 31 August 2010 respectively, requires growth in net assets over a three year period to exceed the growth of the retail prices index by a scale of percentages. There are no performance or service conditions attached to the other schemes.

The 2015 options were valued at £118,000 at date of grant using the Black-Scholes-Merton model with the following assumptions:

Expected volatility	36.30%
Expected life	4 years
Risk free rate	0.994%
Expected dividends	4.47%

Expected volatility was determined by reference to the historical volatility of the share price over a period commensurate with the option's expected life. The expected life used in the model is used on the risk-average balance likely to be required by the option holders.

26. SHARE CAPITAL CONTINUED

	2015 NUMBER	2015 WEIGHTED AVERAGE EXERCISE PRICE	2014 NUMBER	2014 WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at 1 January	**598,000**	**167.1p**	718,000	157.7p
Granted during year	**300,000**	**87.0p**	–	–
Cancelled during the year	**(193,000)**	**34.0p**	(80,000)	(149.0p)
Exercised during the year	**–**	**0.0p**	(40,000)	(34.0p)
Outstanding at 31 December	**705,000**	**133.1p**	598,000	167.1p
Exercisable at 31 December	**705,000**	**133.1p**	598,000	167.1p

27. NON–CONTROLLING INTEREST ("NCI")

	2015 £'000	2014 £'000
As at 1 January	**10,826**	10,001
Share of (loss)/profit for the year	**(147)**	745
Share of gain on available for sale investments	**(94)**	24
Dividends received	**(250)**	(292)
Shares issued	**18**	313
Shares cancelled	**(64)**	–
Exchange movement	**(718)**	(76)
Other changes in equity	**3**	111
As at 31 December	**9,574**	10,826

The following subsidiaries had material NCI:

Bisichi Mining PLC
Black Wattle Colliery (Pty) Ltd

Summarised financial information for these subsidiaries is set out below. The information is before inter–company eliminations with other companies in the Group.

BISICHI MINING PLC	2015 £'000	2014 £'000
Revenue	**25,655**	26,500
Profit for the year attributable to owners of the parent	**(259)**	458
Profit for the year attributable to NCI	**4**	745
Profit for the year	**(255)**	1,203
Other comprehensive income attributable to owners of the parent	**(1,241)**	(67)
Other comprehensive income attributable to NCI	**(87)**	(13)
Other comprehensive income for the year	**(1,328)**	(80)
Balance sheet		
Non–current assets	**20,480**	21,924
Current assets	**10,635**	12,289
Total assets	**31,115**	34,213
Current liabilities	**(6,501)**	(7,148)
Non–current liabilities	**(8,983)**	(9,346)
Total liabilities	**(15,484)**	(16,494)
Net current assets at 31 December	**15,631**	17,719
Cash flows		
From operating activities	**1,979**	3,406
From investing activities	**(2,773)**	(1,903)
From financing activities	**(947)**	488
Net cash flows	**(1,741)**	1,991

27. NON–CONTROLLING INTEREST ("NCI") CONTINUED

The non–controlling interest comprises of a 37.5% shareholding in Black Wattle Colliery (Pty) Ltd, a coal mining company incorporated in South Africa.

Summarised financial information reflecting 100% of the underlying subsidiary's relevant figures, is set out below.

BLACK WATTLE COLLIERY (PTY) LIMITED ("BLACK WATTLE")	**2015 £'000**	2014 £'000
Revenue	**24,608**	25,536
Expenses	**(24,582)**	(24,866)
Profit for the year	**26**	670
Total comprehensive income for the year	**26**	670
Balance sheet		
Non–current assets	**5,355**	6,030
Current assets	**5,932**	8,054
Current liabilities	**(7,156)**	(9,125)
Non–current liabilities	**(1,988)**	(2,260)
Net assets at 31 December	**2,143**	2,699

The non–controlling interest relates to the disposal of a 37.5% shareholding in Black Wattle in 2010. The total issued share capital in Black Wattle Colliery (Pty) Ltd was increased from 136 shares to 1,000 shares at par of ZAR1 (South African Rand) through the following shares issue:

- a subscription for 489 ordinary shares at par by Bisichi Mining (Exploration) Limited increasing the number of shares held from 136 ordinary shares to a total of 675 ordinary shares;
- a subscription for 110 ordinary shares at par by Vunani Mining (Pty) Ltd;
- a subscription for 265 "A" shares at par by Vunani Mining (Pty) Ltd

Bisichi Mining (Exploration) Limited is a wholly owned subsidiary of Bisichi Mining PLC incorporated in England and Wales.

Vunani Mining (Pty) Ltd is a South African Black Economic Empowerment company and minority shareholder in Black Wattle.

The "A" shares rank pari passu with the ordinary shares save that they will have no dividend rights until such time as the dividends paid by Black Wattle Colliery (Pty) Ltd on the ordinary shares subsequent to 30 October 2008 will equate to ZAR832,075,000.

A non–controlling interest of 15% in Black Wattle is recognised for all profits distributable to the 110 ordinary shares held by Vunani Mining (Pty) Ltd from the date of issue of the shares (18 October 2010). An additional non–controlling interest will be recognised for all profits distributable to the 265 "A" shares held by Vunani Mining (Pty) Ltd after such time as the profits available for distribution, in Black Wattle Colliery (Pty) Ltd, before any payment of dividends after 30 October 2008, exceeds ZAR832,075,000.

28. RELATED PARTY TRANSACTIONS

	COST RECHARGED TO (BY) RELATED PARTY £'000		AMOUNTS OWED BY (TO) RELATED PARTY £'000	ADVANCED TO (BY) RELATED PARTY £'000
Related party:				
Langney Shopping Centre Unit Trust				
Current account	99	(i)	12	–
Loan account	–		127	(208)
Simon Heller Charitable Trust				
Current account	(63)		–	–
Loan account	–		(700)	–
Directors and key management				
M A Heller and J A Heller	6	(i)	4	–
H D Goldring (Delmore Asset Management Limited)	(30)	(ii)	–	–
C A Parritt	(19)	(ii)	–	–
R Priest (A & M Europe LLP)	(34)	(ii)	–	–
Ezimbokodweni Mining (Pty) Limited	94		897	–
Totals at 31 December 2015	**53**		**340**	**(208)**
Totals at 31 December 2014	65		702	(128)

Nature of costs recharged – (i) Property management fees (ii) Consultancy fees.

28. RELATED PARTY TRANSACTIONS CONTINUED

LANGNEY SHOPPING CENTRE UNIT TRUST (JOINT VENTURE)
Langney Shopping Centre Unit Trust (Langney) is owned 12.5 per cent by the Company and 12.5 per cent by Bisichi Mining PLC. The remaining 75 per cent is owned by Columbus Capital Management LLP. At the year-end LAP and Bisichi each had a loan of £63,500 repayable and which has been received since the year-end.

The Company provides property management services to Langney. The investment was sold since the year end and is shown as an asset available for sale in the Balance Sheet.

EZIMBOKODWENI MINING (PTY) LIMITED (JOINT VENTURE)
Ezimbokodweni Mining is a Bisichi joint venture and is treated as a non-current asset investment. It is a prospective coal production company based in South Africa.

DIRECTORS
London & Associated Properties PLC provides office premises, property management, general management, accounting and administration services for a number of private property companies in which Sir Michael Heller and J A Heller have an interest. Under an agreement with Sir Michael Heller no charge is made for these services on the basis that he reduces by an equivalent amount the charge for his services to London & Associated Properties PLC. The board estimates that the value of these services, if supplied to a third party, would have been £300,000 for the year (2014: £300,000).

The companies for which services are provided are: Barmik Properties Limited, Cawgate Limited, Clerewell Limited, Cloathgate Limited, Ken–Crav Investments Limited, London & South Yorkshire Securities Limited, Metroc Limited, Penrith Retail Limited, Shop.com Limited, South Yorkshire Property Trust Limited, Wasdon Investments Limited, Wasdon (Dover) Limited, and Wasdon (Leeds) Limited.

In addition the Company received management fees of £10,000 (2014: £10,000) for work done for two charitable foundations, the Michael & Morven Heller Charitable Foundation and the Simon Heller Charitable Trust.

The Simon Heller Trust has placed on deposit with LAP £700,000 at an interest rate of 9% which is refundable on demand.

Delmore Asset Management Limited (Delmore) is a Company in which H D Goldring is a majority shareholder and director. Delmore provides consultancy services to the Company on an invoiced fee basis.

Alvarez & Marsal Real Estate Advisory Services LLP (A&M) is a company in which R Priest is a director. A&M provides consultancy services to the Company on an invoiced fee basis.

J A Heller received a loan of £30,000, which has been repaid in the year.

In 2012 a loan of £116,000 was made by Bisichi to one of the Bisichi directors – A R Heller. The loan amount outstanding at the year end was £86,000 (2014: £101,000) and a repayment of £15,000 (2014: £15,000) was made during the year.

The directors are considered to be the only key management personnel and their remunerations including employer's national insurance for the year were £1,341,000 (2014: £1,521,000). All other disclosures required including interest in share options in respect of those directors are included within the remuneration report.

29. EMPLOYEES

The average number of employees, including directors, of the Group during the year was as follows:

	2015	2014
Production	**191**	213
Administration	**44**	45
	235	258

Staff costs during the year were as follows:

	2015 £'000	2014 £'000
Salaries and other costs	**6,459**	6,843
Social security costs	**361**	378
Pension costs	**368**	510
Share based payments	**31**	55
	7,219	7,786

30. CAPITAL COMMITMENTS

	2015 £'000	2014 £'000
Commitments for capital expenditure approved but for which contracts have not been placed at the year end	**306**	389
Share of commitment of capital expenditure in joint venture	**1,102**	1,402

All the above relates to Bisichi Mining PLC.

31. OPERATING AND FINANCE LEASES

OPERATING LEASES ON LAND AND BUILDINGS

At 31 December 2015 the Group had commitments under non–cancellable operating leases on land and buildings expiring as follows:

	2015 £'000	2014 £'000
After five years	**1,920**	2,160

Operating lease payments represent rentals payable by the Group for its office premises.

The leases are for an average term of ten years and rentals are fixed for an average of five years.

PRESENT VALUE OF HEAD LEASES ON PROPERTIES

	MINIMUM LEASE PAYMENTS		**PRESENT VALUE OF MINIMUM LEASE PAYMENTS**	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Within one year	**306**	306	**306**	306
Second to fifth year	**1,225**	1,226	**1,139**	1,139
After five years	**30,142**	30,456	**3,339**	3,343
	31,673	31,988	**4,784**	4,788
Future finance charges on finance leases	**(26,889)**	(27,200)	**–**	–
Present value of finance lease liabilities	**4,784**	4,788	**4,784**	4,788

Finance lease liabilities are in respect of leased investment property. A few leases provide for contingent rent in addition to the rents above, usually a proportion of rental income.

Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

FUTURE AGGREGATE MINIMUM RENTALS RECEIVABLE

The Group leases out its investment properties to tenants under operating leases. The future aggregate minimum rentals receivable under non–cancellable operating leases are as follows:

	2015 £'000	2014 £'000
Within one year	**6,491**	6,129
Second to fifth year	**20,207**	19,479
After five years	**35,622**	35,141
	62,320	60,749

32. CONTINGENT LIABILITIES AND EVENTS AFTER THE REPORTING PERIOD

There were no contingent liabilities at 31 December 2015 (2014: £Nil), except as disclosed in Note 23.

Bank guarantees have been issued by the bankers of Black Wattle Colliery (Pty) Limited on behalf of the Company to third parties. The guarantees are secured against the assets of the Company and have been issued in respect of the following:

	2015 £'000	2014 £'000
Rail siding & transportation	**47**	158
Rehabilitation of mining land	**1,009**	1,114
Water & electricity	**42**	52
	1,098	1,324

Following the year end the Group has sold its investment in Langney Shopping Centre Unit Trust and it is shown as an 'Asset held for Sale' in the Consolidated Balance Sheet.

33. COMPANY FINANCIAL STATEMENTS

COMPANY BALANCE SHEET AT 31 DECEMBER 2015

	NOTES	**2015 £'000**	2014 £'000	01-JAN-2014 £'000
Fixed assets				
Tangible assets	33.3	**28,468**	28,641	70,509
Other investments:				
Associated company – Bisichi Mining PLC	33.4	**489**	489	489
Subsidiaries and others including Dragon Retail Properties Limited	33.4	**57,472**	57,917	47,649
		57,961	58,406	48,138
		86,429	87,407	118,647
Current assets				
Assets held for sale	33.5	**964**	–	–
Debtors	33.6	**1,084**	1,830	11,730
Deferred tax due after more than one year	33.10	**3,055**	4,699	3,605
Investments	33.7	**20**	21	23
Bank balances		**2,233**	3,793	4,969
		7,356	10,343	20,327
Creditors				
Amounts falling due within one year	33.8	**(53,769)**	(53,226)	(78,711)
Net current liabilities		**(46,413)**	(42,883)	(58,384)
Total assets less current liabilities		**40,016**	44,164	60,263
Creditors				
Amounts falling due after more than one year	33.9	**(18,228)**	(18,214)	(29,222)
Net assets		**21,788**	25,950	31,041
Capital and reserves				
Share capital	33.11	**8,554**	8,554	8,554
Share premium account		**4,866**	4,866	4,866
Capital redemption reserve		**47**	47	47
Treasury shares	33.11	**(482)**	(883)	(1,159)
Retained earnings		**8,803**	13,366	18,733
Shareholders' funds		**21,788**	25,950	31,041

These financial statements were approved by the board of directors and authorised for issue on 28th April 2016 and signed on its behalf by:

Michael Heller   Anil Thapar

Sir Michael Heller
Director

Anil Thapar
Director

Company Registration No. 341829

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	CAPITAL REDEMPTION RESERVE £'000	TREASURY SHARES £'000	RETAINED EARNINGS EXCLUDING TREASURY SHARES £'000	TOTAL EQUITY £'000
Balance at 1 January 2014	8,554	4,866	47	(1,159)	18,733	31,041
Loss for year					(5,126)	(5,126)
Total comprehensive income	–	–	–	–	(5,126)	(5,126)
Dividends – equity holders	–	–	–	–	(106)	(106)
Acquisition of own shares	–	–	–	(88)	–	(88)
Disposal of own shares	–	–	–	229	–	229
Loss on transfer of own shares	–	–	–	135	(135)	–
Transactions with owners	–	–	–	276	(241)	35
Balance at 31 December 2014	8,554	4,866	47	(883)	13,366	25,950
Loss for year	–	–	–	–	(4,144)	(4,144)
Total comprehensive income	–	–	–	–	(4,144)	(4,144)
Dividends – equity holders	–	–	–	–	(133)	(133)
Acquisition of own shares	–	–	–	(111)	–	(111)
Disposal of own shares	–	–	–	226	–	226
Loss on transfer of own shares	–	–	–	286	(286)	–
Transactions with owners	–	–	–	401	(419)	(18)
Balance at 31 December 2015	**8,554**	**4,866**	**47**	**(482)**	**8,803**	**21,788**

£5.9 million of retained earnings (excluding treasury shares) is distributable.

33.1. COMPANY

ACCOUNTING POLICIES
The following are the main accounting policies of the Company:

BASIS OF PREPARATION
The financial statements have been prepared on a going concern basis and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and Companies Act 2006. The financial statements are prepared under the historical cost convention as modified to include the revaluation of freehold and leasehold properties and fair value adjustments in respect of current asset investments and interest rate hedges.

The results of the Company are included in the consolidated financial statements. No profit or loss is presented by the Company as permitted by Section 408 of the Companies Act 2006.

In transition to FRS 101, the Company has applied International Financial Reporting Standard 1 'First Time Adoption of International Financial Reporting Standards' (IFRS 1) subject to the exemptions available under FRS 101 and listed below.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives.

An explanation of how the transition to FRS 101 has affected the reported financial position of the company is provided in note 33.16.

KEY JUDGEMENTS AND ESTIMATES
The preparation of the financial statements requires management to make assumptions and estimates that may affect the reported amounts of assets and liabilities and the reported income and expenses, further details of which are set out below. Although management believes that the assumptions and estimates used are reasonable, the actual results may differ from those estimates. Further details of the estimates are contained in the Directors' Report.

INVESTMENTS IN SUBSIDIARIES, ASSOCIATED UNDERTAKINGS AND JOINT VENTURES
Investments in subsidiaries, associated undertakings and joint ventures are held at cost less accumulated impairment losses.

FAIR VALUE MEASUREMENTS OF INVESTMENT PROPERTIES AND INVESTMENTS
An assessment of the fair value of certain assets and liabilities, in particular investment properties, is required to be performed. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged between market participants. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to uncertainty. The directors note that the fair value measurement of the investment properties may be considered to be less judgemental where external valuers have been used and as a result of the nature of the underlying assets.

The following accounting policies are consistent with those of the Group and are disclosed on page 54 to 59 of the Group financial statements.

- Revenue
- Property operating expenses
- Employee benefits
- Financial instruments
- Investment properties
- Other assets and depreciation
- Assets held for sale
- Income taxes
- Leases

33.2. LOSS FOR THE FINANCIAL YEAR

The Company's result for the year was a loss of £4,144,000 (2014 loss: £5,126,000). In accordance with the exemption conferred by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account.

33.3. TANGIBLE ASSETS

		INVESTMENT PROPERTIES			
	TOTAL £'000	FREEHOLD £'000	LEASEHOLD OVER 50 YEARS £'000	LEASEHOLD UNDER 50 YEARS £'000	OFFICE EQUIPMENT AND MOTOR VEHICLES £'000
Cost or valuation at 1 January 2015	28,910	7,945	18,746	1,772	447
Additions	157	–	148	–	9
Decrease in present value of head leases	(3)	–	–	(3)	–
(Decrease)/increase on revaluation	(295)	515	(678)	(125)	(7)
Cost or valuation at 31 December 2015	**28,769**	**8,460**	**18,216**	**1,644**	**449**
Representing assets stated at:					
Valuation	28,320	8,460	18,216	1,644	–
Cost	449	–	–	–	449
	28,769	**8,460**	**18,216**	**1,644**	**449**
Depreciation at 1 January 2015	269	–	–	–	269
Charge for the year	39	–	–	–	39
Disposals	(7)	–	–	–	(7)
Depreciation at 31 December 2015	**301**	**–**	**–**	**–**	**301**
Net book value at 1 January 2015	28,641	7,945	18,746	1,772	178
Net book value at 31 December 2015	**28,468**	**8,460**	**18,216**	**1,644**	**148**

The freehold and leasehold properties, excluding the present value of head leases and directors' valuations, were valued as at 31 December 2015 by external professional firms of chartered surveyors. The valuations were made at fair value. The directors' property valuations were made at fair value.

	2015 £'000	2014 £'000
Allsop LLP	**21,905**	22,045
Directors' valuation	**1,825**	1,825
	23,730	23,870
Add: Present value of headleases	**4,590**	4,593
	28,320	28,463

The historical cost of investment properties was as follows:

	FREEHOLD £'000	LEASEHOLD OVER 50 YEARS £'000	LEASEHOLD UNDER 50 YEARS £'000
Cost at 1 January 2015	4,861	13,818	1,939
Additions	–	148	–
Cost at 31 December 2015	**4,861**	**13,966**	**1,939**

Long leasehold properties are held on leases with an unexpired term of more than fifty years at the balance sheet date.

33.4. OTHER INVESTMENTS

COST	TOTAL £'000	SHARES IN SUBSIDIARY COMPANIES £'000	SHARES IN JOINT VENTURES £'000	SHARES IN ASSOCIATE £'000
At 1 January 2015	58,406	56,789	1,128	489
Additions	–	–	–	–
Repayments	–	–	–	–
Reclassified as assets held for sale	(964)	–	(964)	–
Reversal of impairment provision	519	519	–	–
At 31 December 2015	**57,961**	**57,308**	**164**	**489**

SUBSIDIARY COMPANIES

Details of the Company's subsidiaries are set out in Note 15. As stated on page 55 under IFRS 10 Bisichi Mining Plc and its subsidiaries and Dragon Retail Properties Limited are accounted for as subsidiaries of the Company.

In the opinion of the directors the value of the investment in subsidiaries is not less than the amount shown in these financial statements.

Details of the joint ventures are set out in Notes 12 and 13.

33.5. ASSETS HELD FOR SALE

	2015 £'000	2014 £'000
Investment in Langney Shopping Centre Unit Trust		
At 1 January	**–**	–
Transfer from investment in joint venture (note 12)	**964**	–
At 31 December	**964**	–

On the 11 March 2016, the Company disposed of its investment in Langney Shopping Centre Unit Trust, an unlisted property unit trust incorporated in Jersey. At year end, the company owned 12.5% of the units of the trust. The net proceeds from the sale were £1,168,000 (including dividend). At year end, the Company's share of the net assets of the trust was £1,168,000 (2014: £1,375,000).

33.6. DEBTORS

	2015 £'000	2014 £'000
Trade debtors	**315**	384
Amounts due from subsidiary companies	**–**	390
Amounts due from associate and joint ventures	**123**	308
Other debtors	**159**	157
Prepayments and accrued income	**487**	591
	1,084	1,830

33.7. INVESTMENTS

	2015 £'000	2014 £'000
Market value of the listed investment portfolio	**20**	21
Unrealised deficit of market value over cost	**(3)**	(2)
Listed investment portfolio at cost	**23**	23

All investments are listed on the London Stock Exchange.

33.8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £'000	2014 £'000
Bank loans (unsecured)	–	201
Debenture stocks £5 million First Mortgage Debenture Stock 2018 at 11.6 per cent	–	1,250
Amounts owed to subsidiary companies	**47,511**	44,947
Amounts owed to joint ventures	**2,215**	2,406
Other taxation and social security costs	**314**	536
Other creditors	**1,364**	1,630
Accruals and deferred income	**2,365**	2,256
	53,769	53,226

During the year, the Company repaid early £1.25 million of the £5 million First Mortgage Debenture Stock 2018, at an additional cost of £158,000.

33.9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2015 £'000	2014 £'000
Present value of head leases on properties	**4,590**	4,593
Term Debenture stocks:		
£3.75 million First Mortgage Debenture Stock 2018 at 11.6 per cent	**3,750**	3,750
£10 million First Mortgage Debenture Stock 2022 at 8.109 per cent*	**9,888**	9,871
	13,638	13,621
	18,228	18,214

*The £10 million debenture is shown after deduction of un–amortised issue costs.

Details of terms and security of overdrafts, loans and loan renewal and debentures are set out in note 21.

Repayment of borrowings:		
Bank loans and overdrafts:		
Repayable within one year	–	201
Debentures:		
Repayable within one year	–	1,250
Repayable between two and five years	**3,750**	3,750
Repayable in more than five years	**9,888**	9,871
	13,638	15,072

33.10. DEFERRED TAX ASSET

	2015 £'000	2014 £'000
Deferred Taxation		
Balance at 1 January	**4,699**	3,605
Transfer to profit and loss account	**(1,644)**	1,094
Balance at 31 December	**3,055**	4,699

The deferred tax balance comprises the following:

Accelerated capital allowances	**(868)**	(955)
Short–term timing differences	**(131)**	(146)
Revaluation of investment properties	**217**	38
Loss relief	**3,837**	5,762
Deferred tax asset provision at end of period	**3,055**	4,699

33.11. SHARE CAPITAL

Details of share capital, treasury shares and share options are set out in Note 26.

33.12. RELATED PARTY TRANSACTIONS

	COST RECHARGED TO (BY) RELATED PARTY £'000		AMOUNTS OWED BY (TO) RELATED PARTY £'000	ADVANCED TO (BY) RELATED PARTY £'000
Related party:				
Dragon Retail Properties Limited				
Current account	(95)	(i)	(215)	82
Loan account	–		(2,000)	–
Langney Shopping Centre Unit Trust				
Loan account	–		64	(104)
Bisichi Mining PLC				
Current account	138	(ii)	59	–
Simon Heller Charitable Trust				
Current account	(63)		–	–
Loan account	–		(700)	–
Directors and key management				
M A Heller and J A Heller	6	(i)	4	–
H D Goldring (Delmore Asset Management Limited)	(30)	(iii)	–	–
C A Parritt	(19)	(iii)	–	–
R Priest (A & M Europe LLP)	(34)	(iii)	–	–
Totals at 31 December 2015	**(97)**		**(2,788)**	**(22)**
Totals at 31 December 2014	(96)		(2,782)	836

Nature of costs recharged – (i) Management fees (ii) Property management fees (iii) Consultancy fees

During the period, the company entered into transactions, in the ordinary course of business, with other related parties. The company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with wholly owned subsidiaries.

Dragon Retail Properties Limited – 'Dragon' is owned equally by the company and Bisichi Mining PLC. During 2012 Dragon lent the company £2 million at 6.875 per cent annual interest.

Langney Shopping Centre Unit Trust – 'Langney' is an unlisted property unit trust incorporated in Jersey. It is owned 12.5 per cent by the Company and 12.5 per cent by Bisichi Mining PLC.

Bisichi Mining PLC – The company has 41.52 per cent ownership of 'Bisichi'.

Other details of related party transactions are given in note 28.

33.13. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2015 (2014: £Nil).

33.14. OPERATING AND FINANCE LEASES

At 31 December 2015 the Company had commitments under non–cancellable operating leases on land and buildings as follows:

	2015 £'000	2014 £'000
Expiring in more than five years	**1,920**	2,160

In addition, the Company has an annual commitment to pay ground rents on its leasehold investment properties which amount to £246,000 (2014: £299,000).

33.14. OPERATING AND FINANCE LEASES CONTINUED

PRESENT VALUE OF HEAD LEASES ON PROPERTIES

	MINIMUM LEASE PAYMENTS		PRESENT VALUE OF MINIMUM LEASE PAYMENTS	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Within one year	**294**	294	**294**	294
Second to fifth year	**1,177**	1,177	**1,094**	1,094
After five years	**28,593**	28,887	**3,202**	3,205
	30,064	30,358	**4,590**	4,593
Future finance charges on finance leases	**(25,474)**	(25,765)	**–**	–
Present value of finance lease liabilities	**4,590**	4,593	**4,590**	4,593

Finance lease liabilities are in respect of leased investment property. A few leases provide for contingent rent in addition to the rents above, usually a proportion of rental income.

Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

FUTURE AGGREGATE MINIMUM RENTALS RECEIVABLE

The Company leases out its investment properties to tenants under operating leases. The future aggregate minimum rentals receivable under non–cancellable operating leases are as follows:

	2015 £'000	2014 £'000
Within one year	**1,603**	1,870
Second to fifth year	**3,961**	4,809
After five years	**2,316**	2,948
	7,880	9,627

33.15. CONTINGENT LIABILITIES AND POST BALANCE SHEET EVENTS

There were no contingent liabilities at 31 December 2015 (2014: £Nil).

Following the year end the Company sold its investment in Langney Shopping Centre Unit Trust and is shown as an 'Asset held for sale' in the Balance Sheet.

33.16. TRANSITION TO FRS 101

For all periods up to and including the year ended 31 December 2014 the Company prepared its Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP"). These Financial Statements for the year ended 31 December 2015 are the first the Company has prepared in accordance with FRS 101 "Reduced Disclosure Framework".

The table below shows the restated prior year comparative figures for the Parent Company balance sheet as at 1 January 2014 and 31 December 2014. The restatement reflects the retrospective adjustments required on first time adoption of FRS 101.

33.16. TRANSITION TO FRS 101 CONTINUED

		31 DECEMBER 2014			1 JANUARY 2014		
	NOTES	REPORTED £000	IMPACT OF FRS 101	RESTATED £000	REPORTED £000	IMPACT OF FRS 101	RESTATED £000
Fixed assets							
Tangible assets	(1)	24,048	4,593	28,641	65,912	4,597	70,509
Other investments:							
Associated company – Bisichi Mining PLC		489	–	489	489	–	489
Subsidiaries and others including Dragon Retail Properties Limited		57,917	–	57,917	47,649	–	47,649
		58,406	–	58,406	48,138	–	48,138
		82,454	4,593	87,047	114,050	4,597	118,647
Current assets							
Debtors		1,830	–	1,830	11,730	–	11,730
Deferred tax due after more than one year	(3)	4,661	38	4,699	3,706	(101)	3,605
Investments		21	–	21	23	–	23
Bank balances		3,793	–	3,793	4,969	–	4,969
		10,305	38	10,343	20,428	(101)	20,327
Creditors							
Amounts falling due within one year		(53,226)	–	(53,226)	(78,711)	–	(78,711)
Net current liabilities		(42,921)	38	(42,883)	(58,283)	(101)	(58,384)
Total assets less current liabilities		39,533	4,631	44,164	55,767	4,496	60,263
Creditors							
Amounts falling due after more than one year	(1)	(13,621)	(4,593)	(18,214)	(24,625)	(4,597)	(29,222)
Net assets		25,912	38	25,950	31,142	(101)	31,041
Capital and reserves							
Share capital		8,554	–	8,554	8,554	–	8,554
Share premium account		4,866	–	4,866	4,866	–	4,866
Capital redemption reserve		47	–	47	47	–	47
Revaluation reserve	(2)	3,212	(3,212)	–	2,151	(2,151)	–
Treasury shares		(883)	–	(883)	(1,159)	–	(1,159)
Retained earnings	(2),(3)	10,116	3,250	13,366	16,683	2,050	18,733
Shareholders' funds		25,912	38	25,950	31,142	(101)	31,041

Reconciliation of total comprehensive income for the year ended 31 December 2014.

	NOTES	£'000
Loss as previously reported		(4,114)
Impact of FRS 101:		
Change in fair value of investment properties	(2)	(1,151)
Deferred tax	(3)	139
Restated loss and total comprehensive income		(5,126)

33.16. TRANSITION TO FRS 101 CONTINUED

(1) GROSSING UP OF HEAD LEASE LIABILITIES
IAS 17, Leases, requires that the liability to make future lease payments on a leasehold investment property is provided for in full, based on the present value of the minimum lease payments. This liability is included within net debt and the investment property is reported gross of the liability.

The rent paid on such leases is re-categorised, split between interest payable and repayment of the lease liability. As the unexpired term of these leasehold properties decreases, the balance between interest payable and lease liability repayment will begin to reverse. The rent currently payable that exceeds the minimum payable when the liability was first calculated as a result of, for example, review increases, is referred to as contingent rent and is included within property outgoings in the income statement.

Previously, leasehold investment properties were reported net of the leasehold liability and the lease payments were reported as ground rents payable within property outgoings.

(2) REVALUATION SURPLUS ON INVESTMENT PROPERTIES
IAS 40, Investment property, requires that all changes in fair value of investment properties to be recognised in profit or loss. Previously, revaluation surpluses or deficits, to the extent that any deficit was not permanent, were reported as a movement in the revaluation reserve.

(3) DEFERRED TAX ON THE REVALUATION SURPLUS REPORTED AS PART OF THE TAX CHARGE
IAS 12, Income Taxes, requires deferred tax to be recognised on any difference between the carrying amount of an asset or liability and its tax base. The movement in this provision in any reporting period is recognised as part of the tax charge. Previously under UK GAAP, FRS 19, Deferred Tax, specifically prohibited this provision being made in respect of revalued non-monetary assets unless a binding agreement to sell the revalued assets had been entered into; and the gains and losses expected to arise on sale had been recognised.

FIVE YEAR FINANCIAL SUMMARY

	2015 £M	2014 £M	2013 £M	2012* £M	2011* £M
Portfolio size					
Investment properties–LAP^	**89**	89	87	205	194
Investment properties–joint ventures	**19**	20	16	27	29
Investment properties–Dragon Retail Properties	**3**	3	3	–	–
Investment properties–Bisichi Mining^	**13**	12	12	12	12
	124	124	118	244	235

PORTFOLIO ACTIVITY	**£M**	£M	£M	£M	£M
Acquisitions	**1.00**	0.68	–	–	–
Disposals	**(0.40)**	–	(9.47)	–	(0.60)
Capital Expenditure	**0.32**	–	–	0.97	0.42
	0.92	0.68	(9.47)	0.97	(0.18)

CONSOLIDATED INCOME STATEMENT	**£M**	£M	£M	£M	£M
Group income	**32.67**	33.53	43.29	15.17	16.38
Profit/(loss) before tax	**(2.09)**	(2.69)	1.14	7.62	(18.56)
Taxation	**0.40**	(3.70)	2.55	(0.35)	3.74
Loss/profit attributable to shareholders	**(1.90)**	(7.14)	3.47	7.27	(14.82)
Earnings/(loss) per share – basic and diluted	**(2.24)p**	(8.45)p	4.12p	8.65p	(17.63)p
Dividend per share	**0.160p**	0.156p	0.125p	–	0.75p

CONSOLIDATED BALANCE SHEET	**£M**	£M	£M	£M	£M
Shareholders' funds attributable to equity shareholders	**40.08**	42.55	49.73	46.46	39.93
Net borrowings	**62.39**	59.71	53.96	131.27	133.03
Net assets per share – basic	**47.26p**	50.35p	59.00p	55.30p	47.53p
– fully diluted	**47.26p**	50.35p	59.00p	55.29p	45.53p

CONSOLIDATED CASH FLOW STATEMENT	**£M**	£M	£M	£M	£M
Cash generated from operations	**4.01**	2.96	12.23	12.72	10.89
Capital investment and financial investment	**(2.47)**	100.42	4.35	(0.87)	(0.50)

Notes:

* Original LAP group – pre IFRS 10 amendments

^ Excluding the present value of head leases

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