

London & Associated Properties PLC
and
Bisichi PLC

Directors' Corporate Governance and Risk Control Guide 2019/2020

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London & Associated Properties PLC

Bisichi PLC

Corporate Governance and Audit Committee Annual Review 2019/2020

In order to comply with good practice the Boards of LAP and Bisichi are each required to review annually the following UK Corporate Governance Code provisions:

- 1) The Board's formal schedule of matters specifically reserved for its decision;
- 2) The procedure agreed by the Board for directors in the furtherance of their duties to take independent professional advice, if necessary, at the company's expense;
- 3) Terms of agreement of non-executive directors;
- 4) The directors' responsibility statement in the accounts;
- 5) Whether or not the directors' have conducted an annual review of controls covering financial, operational, compliance controls and risk management including immaterial risks;
- 6) The written terms of reference of the audit committee, along with details of members, three of which should be non-executive directors.

This is the fifteenth annual edition of the "Directors' Corporate Governance Handbook". Rather than listing old resolutions which were adopted several years ago the Board approved and adopted the contents of this handbook, thus updating all the resolutions as set out in the handbook. This 2019/2020 edition has updated all the resolutions and other matter within the handbook and for approval and adoption by the Boards of the two companies.

The UK Corporate Governance Code (The Code) applies to the Annual Review for year ending 31/12/2019

I have included in this publication all the information I believe a director, particularly a non-executive director may need to get an overview of our two PLCs, and the way in which we are applying corporate governance principles.

**Jonathan Mintz FCA
Group Company Secretary
London & Associated Properties PLC**

**Garrett Casey CA
Group Company Secretary
Bisichi PLC**

Directors and Board Committees London & Associated Properties PLC

Executive Directors	Appointed	Date of next re-election
Sir Michael A Heller (Executive Chairman)	15/04/1971	2022
John A Heller (Chief Executive)	02/03/1998	2021
Jonathan Mintz (Finance Director)	11/02/2019	2022
Non-Executive Directors		
Howard D Goldring	22/07/1992	2022
Clive A Parritt (Senior Independent Director & Chairman of the Audit Committee)	01/01/2006	2021
Robin Priest	31/07/2013	2020
Company Secretary		
Jonathan Mintz	11/02/2019	Not applicable

Corporate Governance best practice requires that all directors should be subject to election by shareholders at the first annual general meeting after their appointment and to re-election thereafter at intervals of no more than three years.

It is also now recommended that, in the case of companies with a premium listing on the LSE, non-executive directors who have served for longer than nine years (and therefore no longer meet the criteria for independence) should be subject to annual re-election. This is more frequent than the Articles (Article 86) which state that each director shall retire from office and shall be eligible for re-appointment at the third annual general meeting at which he was appointed or last re-appointed. However, as the company has a standard listing this is not a requirement.

Board Committees

Audit Committee

Clive Parritt (Chairman)
Howard Goldring

Remuneration Committee

Clive Parritt (Chairman)
Howard Goldring
(Sir Michael Heller in attendance)

Nomination Committee

Clive Parritt (Chairman)
Howard Goldring
Sir Michael Heller

Senior Managers

Accounts

Lee Eades (Finance Manager)

Property

Simon Wantman (Asset Manager)
James T Charlton (Asset Manager)

Directors and Board Committees

Bisichi PLC

Executive Directors	Appointed	Date of next re-election
Sir Michael A Heller (Executive Chairman)	08/11/1972	2022
Andrew R Heller (Managing Director)	24/02/1999	2021
Garrett J Casey (Finance Director)	01/06/2010	2020
Robert J Grobler – (Mining Manager- South Africa)	22/04/2008	2021
Non-Executive Directors		
Christopher A Joll	01/02/2001	2022
John A Sibbald	20/10/1988	2022
Company Secretary		
Garrett Casey	22/12/2014	Not Applicable

Corporate Governance best practice requires that all directors should be subject to election by shareholders at the first annual general meeting after their appointment and to re-election thereafter at intervals of no more than three years.

It is also now recommended that, in the case of companies with a premium listing on the LSE, non-executive directors who have served for longer than nine years (and therefore no longer meet the criteria for independence) should be subject to annual re-election. This is more frequent than the Articles (Article 86) which state that each director shall retire from office and shall be eligible for re-appointment at the third annual general meeting at which he was appointed or last re-appointed. However, as the company has a standard listing this is not a requirement.

Board Committees

Audit Committee

Christopher Joll (Chairman (a financial public relations consultant))
John Sibbald (a retired Chartered Accountant)

Remuneration Committee

Christopher Joll (Chairman)
John Sibbald
(Sir Michael Heller in attendance)

Nomination Committee

Christopher Joll (Chairman)
John Sibbald
Sir Michael Heller

General Information for Directors

Announcement of results and dividends

The final annual results are to be “published” within 4 months of the end of the financial year – i.e. 30 April for both LAP and Bisichi. The annual results are published by RNS announcements and the printed annual reports are posted to shareholders by 30 April. Both company’s annual reports are also published on their websites. **Because LAP’s results show the results of Bisichi it is imperative that Bisichi’s results are released first, or that both companies announce their results simultaneously.**

Preliminary announcements are now voluntary – accordingly neither LAP nor Bisichi generally make preliminary announcements.

Half-year results for both companies are required to be announced within 2 months of the end of the half-year (i.e. by 31 August). They are published by RNS announcements and a copy of the announcement of the half-year results is published on the websites. Half-year reports no longer need to be printed and posted to shareholders. **Interim dividends** are also usually announced when the half-year results are released.

Dividends

The decision to pay dividends (interim or final) is one for the Board. In making the decision the criteria to be considered include the results achieved, the cash flow delivered and gearing. While shareholders are keen to receive dividends as a reward for their investment, it is incumbent on the Board to maintain the financial stability of the Company. Thus, dividends can only be paid if the cash flow supports such payments.

LAP has not paid interim dividends for some years and, in view of its continuing tight cash flow, the final dividends have been at a very low level and this is expected to be the case for the foreseeable future.

Bisichi, on the other hand, has paid both interim and final dividends consistently and is expected to continue to have adequate cash flow to maintain this approach.

There are three important dates associated with each dividend. These are:

1. The payment date;
2. The record date, being the date that a shareholder has to be registered in order to receive a dividend;
3. The ex-dividend date, being the date after which the buyer of a share will not expect to receive a declared dividend.

Once the board has chosen the payment date the Company Secretary will confirm the proposed record and ex-dividend dates with the Registrar.

Assessment of Directors’ performance

The Code requires that formal procedures are set up to review the performance of directors. The performance of the non-executive directors is assessed by the Chairman and Chief Executive (or Managing Director in the case of Bisichi) prior to proposals for re-election being recommended by the Board. In the case of executive directors, their performance is assessed by the Remuneration Committee. The company is expected to take outside advice to assess performance of directors if they consider it necessary and to report to members how performance is assessed and whether they have taken outside advice.

Auditors and rotation

Currently, audit partners are required to rotate every 5 years. There is no requirement to change firms. However, if we should change firms the outgoing auditors would have the right to address shareholders. However, recent legislation means that auditors

who have been in place for more than 10 years must be replaced by 2020. So the current auditors of both Bisichi and LAP will be changed in 2020.

LAP

RSM UK Audit LLP

Partner – Geoff Wightwick. No rotation possible – new auditor to be selected for 2020.

Bisichi

BDO LLP

Partner – Ryan Ferguson. No rotation possible – new auditor to be selected for 2020.

Strategic Report

All companies (including LAP and Bisichi) have to include a Strategic Report within their Annual Report and Accounts. Some information such as Greenhouse Gas Reporting, Diversity Reporting is new and some information was previously contained in the Chairman & Chief Executive’s Report and Finance Director’s Report for LAP and in the Chairman’s Report and Mining Review for Bisichi. These reports require greater emphasis on strategy; and business models must be explained.

Companies now also must obtain shareholder approval for their remuneration policy every 3 years and the remuneration reporting structure requires significant information to be given annually.

London Stock Exchange Listing Category

LAP and Bisichi have Standard Listings, which require reduced disclosure as compared with premium listed companies. Both companies are still classed as having full listings on the LSE.

UK Corporate Governance Code (The Code) – Guidance for Smaller Quoted Companies

The UK Corporate Governance Code was published in May 2010 by the Financial Reporting Council. Both LAP and Bisichi are required by the Listing Rules to comply with The Code. LAP and Bisichi have adopted the Guidance for Smaller Quoted Companies published by the Quoted Companies Alliance (QCA). The QCA provides guidance to companies outside the FTSE 350 index, described as Smaller Quoted Companies (SQCs). The QCA’s guidance covers the implementation of The Code for SQCs.

Company registration and brief corporate history

LAP	Company number 341829 (England & Wales)	Founded 25 June 1938
Bisichi	Company number 112115 (England & Wales)	Founded 13 October 1910

Both companies were originally mining companies.

LAP was formed on 25 June 1938 and was originally named London & Africa Mining Trust Limited, changing to London & Associated Investment Trust in 1961 and adopting its present name on 1 December 1995.

Bisichi was formed on 13 October 1910 and was originally named The Bisichi Tin Company (Nigeria) Limited, becoming Bisichi Tin Company in 1969 before adopting its present name on 4 July 1988.

Corporate structure and activities

LAP

LAP and Bisichi are both independent companies listed on the London Stock Exchange.

LAP holds 41.52% of Bisichi’s shares (as at 31 December 2019). Because of the disposition of other shareholders Bisichi is treated as a subsidiary for accounting purposes under IFRS 10. In management terms though, it remains an associated company which is run independently from LAP. We ensure that Bisichi is not treated as a subsidiary of LAP by maintaining the position whereby Bisichi has an independent Board which is not controlled by LAP. We ensure that the majority of Bisichi directors are not directors of LAP. Sir Michael Heller is Executive Chairman of both companies and no other person is currently a director of both companies.

LAP manages Bisichi’s property portfolio and provides Bisichi with premises, accounting and administrative services in return for a management fee. A relationship agreement was drawn up in 2005. Bisichi itself manages its mining activities and other investment activities. Jonathan Mintz is currently Company Secretary of LAP and Garrett Casey is currently Company Secretary of Bisichi.

LAP has two joint ventures:

1. **Dragon Retail Properties Limited (Dragon)**, in which each of Bisichi and LAP has a 50% interest. To ensure that Dragon is not a subsidiary of either LAP or Bisichi neither owner has control of Dragon's Board. An equal number of directors is drawn from the LAP and Bisichi Boards and the Chairman does not have a casting vote. Neither LAP nor Bisichi regard themselves as having control of Dragon. A written joint venture agreement dated 31 January 2007 is in place to reflect the previous verbal agreements relating to the Dragon joint venture. Under IFRS 10 because Bisichi is treated as a subsidiary for accounting purposes, Dragon is also treated as a subsidiary of LAP for accounting purposes.
2. **West Ealing Projects Ltd (West Ealing)**, in which each of LAP & Bisichi has a 50% interest. To ensure that West Ealing is not a subsidiary of either LAP or Bisichi neither owner has control of West Ealing's Board. An equal number of directors is drawn from the LAP and Bisichi Boards and the Chairman does not have a casting vote. Neither LAP nor Bisichi regard themselves as having control of West Ealing. Under IFRS 10 because Bisichi is treated as a subsidiary for accounting purposes, West Ealing is also treated as a subsidiary of LAP for accounting purposes.

LAP manages and collects rent for its own properties together with the property portfolios of Bisichi and some Heller family companies. External agents are used for new lettings, rent reviews and other work which is best done locally to the property. LAP earns fees for its property management activities.

On 26 April 2018 the sale of Market Row and Brixton Village to Market Village Limited was completed for a combined cash consideration of £37.25 million. Last valued as at 31 December 2016 the sale represented a substantial profit over the stated book value of £24.5 million. £15.9 million of the proceeds have been used to repay debt, and the balance has been added to LAP's cash reserves.

In 2013 LAMS was appointed by Oaktree Capital Management to asset manage a portfolio of three shopping centres in the UK. This portfolio is known as the Oaktree JV 1.

On 28 May 2019 Oaktree Capital Management declined to inject further capital into their Harrogate Portfolio ("the Portfolio") joint venture following a revaluation by the senior lender resulting in a breach of the loan to value covenant.

Consequently, the mezzanine provider, DRC, has indicated its intention to take over the equity of the Portfolio & as a result of LAP's interest in the joint venture has been written off and its interest in the JV sold to DRC.

The services provided to the companies owned by the Heller family (Managed Companies) are not the subject of direct charges but the costs are recovered by paying the Chairman remuneration which is £300,000 lower than the normal market rate and ensuring that expenses are paid directly by the companies. (This is explained in the related party notes in the annual report.)

The Board agrees the basis of charging for the services provided to the Managed Companies on an annual basis.

LAP PLC is the main property owning and operating company and, in the main, transactions go through the books of LAP. LAP also has a small number of operating companies, plus some dormant subsidiaries.

Bisichi

As explained above LAP has a 41.52% holding in Bisichi (as at 31 December 2019) And it also has a joint venture with LAP in **Dragon Retail Properties Limited**. In the UK Bisichi also has a 100% owned share dealing subsidiary – **Mineral Products Limited** which is managed and administered by LAP. Bisichi also has a portfolio of retail properties, also managed and administered by LAP. The directors of Bisichi confirm all sale and purchase decisions regarding the property and share portfolios before transactions are made on their behalf by LAP.

Bisichi's mining activities consist mainly of its coal mining subsidiary, **Black Wattle Colliery (Pty) Limited** in South Africa. Vunani Mining (Pty) Limited (a black-owned and managed company) acquired a 37.5% stake in the company in October 2010. Bisichi retains the contract for management of the mine.

Bisichi also has had an interest since 2007 in a coal deposit known as the Pegasus Project. Negotiations continue with potential joint venture partners for the sale or development of this project into a working coal mine.

In May 2018 LAP and Bisichi Mining Plc, have formed a joint venture that has exchanged contracts to acquire the freehold of five shops in West Ealing (West Ealing Projects Ltd) and will each own 45% of the joint venture, with the remaining 10% owned by Metroprop Real Estate Ltd.

Directors' dealings in the Group's shares

LAP and Bisichi both adopt the latest "**Model Code**" published by the FSA's UK Listing Authority.

Broadly, all directors' dealings must be made outside the close periods, after first obtaining permission of the Chairman, or in his absence the Company Secretary. In any case, please advise the Company Secretary in writing or by email of your proposed dealing. Even outside the close period dealing may not be permissible because of insider or price sensitive information which is known to the Board but which has not been released to the market. **The FSA requires that all dealings and permissions to deal are documented in writing. Therefore you must confirm any verbal discussions and decisions by email or letter, followed by full written details of any dealings which are carried out. All directors' dealings have to be announced as soon as possible after the dealings.**

Close periods:

Final results announcement – The two months before release (usually from 28 February to 30 April) and

Half-year results – The two months prior to announcement (usually from 30 June to 31 August).

Please check dates with the Company Secretary if you are contemplating dealing in February or May in case the announcement of results is planned to be made early.

If you are in possession of inside information (previously referred to as price sensitive information) which may be announced to the market you must not deal, and you must not give information to anyone else which may induce them to deal in our shares. The name of anyone in possession of inside information must be advised to the Company Secretary for inclusion in the 'Insider List' (see below).

Directors' meetings

LAP has ten monthly Board meetings (excluding August and December), usually on the last Wednesday of the month. In addition there is an AGM in early-mid June. There will occasionally be Audit and Remuneration Committee meetings which we try to hold prior to Board meetings.

Bisichi usually has six Board meetings each year, held every second month, usually on the third Wednesday of the month. In addition, there is an AGM in early June. There will occasionally be Audit and Remuneration Committee meetings which we try to hold prior to Board meetings.

A timetable for Board and other meetings is normally drafted in October for consideration by the Directors.

Insider Lists

FSA rules oblige each company to maintain an 'Insider List', namely a list of people who are or could be in possession of inside price sensitive information. These lists must be kept up to date constantly and will be inspected by the FSA and their agents in the event of unusual share price movements. The Company Secretary will maintain the Insider Lists and copies will be circulated with the Board papers for scheduled Board meetings. Directors are requested to keep the Company Secretary updated with any changes required to the lists. All directors and head office staff are included on both company's Insider Lists.

Independent Directors

The LSE has a requirement for three independent directors to be on the Board.

The concept of "independent directors" was introduced in the Combined Code. These are non-executive directors who, if they meet certain criteria, can be treated as independent. Where an independent director does not meet all the Code's criteria for independence the Board should decide whether it still regards him or her as independent, and the annual report must explain the reasoning behind the Board's decision. None of the non-executive directors of LAP meet the criteria for independence. No Bisichi non-executive directors meet all the criteria for independence. Appropriate explanations will be included in the annual reports.

Insurance

General insurance

Our brokers are Arthur J Gallagher Insurance Brokers Ltd. Zurich remain our principal insurers.

We employ the specialist business insurance brokers Arthur J Gallagher. We review the appointment of the insurance brokers from time to time and the current brokers were appointed on 31 May 2011.

The main property insurance contracts are usually made on three-year long term agreements and the appointment of the lead insurance company is reviewed at each third anniversary from appointment. Other insurers are reviewed annually by our insurance brokers as part of their annual review of our insurance contracts prior to the annual renewals.

Brokers - Arthur J Gallagher - David Briggs (Divisional Director) Telephone - 020 7234 4954

David_briggs@ajg.com

Life Assurance, Pensions and Health Insurance

Ascot Lloyd are our advisers for the Life Assurance, Pension & Health Insurance policies.

Ascot Lloyd – Three Charter Court, Broadlands, Wolverhampton, WV10 6TD – Mike Palmer, Corporate Financial Adviser 0345 345 5111 Mike.Palmer@ascotlloyd.co.uk

Registrars

Link Asset Managers are responsible for maintaining the share registers, dealing with proxy votes for general meetings, dividends and any matters relating to the issue of shares. In general, enquiries from shareholders regarding their shares should be first referred to Link Registrars. Both companies are dealt with by:

Link Asset Managers
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Contact: Relationship Manager – Gareth Horsfall - email Gareth.Horsfall@linkgroup.co.uk Telephone 020 7397 6272

The register is maintained at Link Asset Managers' office at -
Northern House, Woodsome Park, Fenay Bridge, Huddersfield, West Yorkshire HD8 0LA

Shareholders should normally be given the following contact details:

Telephone 0871 664 0300

Email enquiries@linkgroup.co.uk

Website www.linkassetsservices.com

Seals

The common company seals are kept by the Company Secretary and applied with the signatures of one director and a second director or the Company Secretary. More recently formed companies do not require the physical impression of a seal but we maintain the same procedures for signing these documents whether or not a physical seal is impressed. All documents sealed are recorded in the Register of Seals, a summary of which is presented at each Board meeting.

A securities seal is applied to each new share certificate by Link Asset Managers. The registrar prepares a monthly report of all sealing activity which is presented at each Board meeting.

Shareholder relations, share price listings, media contact and announcements

Financial PR consultants have been appointed as follows:

LAP – Baron Philips Associates – contact: Baron Philips – Telephone 020 7920 3150 Mobile 07050 124 119

Bisichi – MJ2 Limited – contact: Christopher Joll – Telephone 020 7491 7776

Share listing

Both LAP and Bisichi have full listings on the London Stock Exchange.

Press, radio, television and other media contact

LAP – all matters should be directed to John Heller. In John's absence Jonathan Mintz will deal with financial matters.

Bisichi – all matters should be directed to Andrew Heller. In Andrew's absence, Garrett Casey will deal with financial matters.

Stockbrokers

LAP – Shore Capital & Corporate Ltd – contact: Robert Finley/Rose Ramsden – Telephone 020 7601 6115

Bisichi – Shore Capital & Corporate Ltd – Contact: Patrick Castle/ Dru Danford – Telephone 020 7468 7923

Board resolutions re Corporate Governance matters

Matters specifically reserved for decision by the full Board

- 1) Acquisition and disposal of fixed assets and development projects of the company and its subsidiaries of £250,000 or more;
- 2) Acquisition and disposal of current asset investments and derivatives to be ratified by the full Board following approval of the transaction (and prior to its implementation) by the Chairman or Chief Executive Officer and at least one other director;

- 3) The company seal may be used by two directors, or one director and the Company Secretary provided its use is recorded in the Register of Seals for ratification by the full Board. The use of the Securities Seal by the Registrars is also to be ratified by the full Board;
- 4) Bank facilities, interest rate hedging and other borrowing;
- 5) Share, loan stock and debenture issues;
- 6) Property valuations;
- 7) Any forward exchange contracts, derivatives, options and other contracts of a similar nature.
- 8) Establishing Board committees to approve: the release of the annual report and accounts and interim management statement, interim and final dividends.

Urgent decisions

In the event of urgent decisions being required on matters which are normally reserved for decision by the full Board, the Chairman is authorised to take such decisions after discussion with those directors who are available by telephone, fax or email, etc. Any decisions agreed in this way will be brought to the attention of the next Board meeting for ratification.

Arrangements for directors to take independent advice

It is agreed that any director may individually or in conjunction with other directors take independent professional advice in furtherance of their duties (at the expense of the company). The procedure is for the director(s) concerned initially to discuss with the Chairman their intentions, for the Board then to be advised and, if the cost is estimated to be in excess of £10,000, to agree a maximum sum for the cost to be borne by the company.

Non-executives' terms of engagement

Each non-executive director has a contract of service determinable at not more than six months' notice. In accordance with The Code, non-executive directors will **not** be invited to join any share option or incentive schemes. Each director is subject to the Model Code for directors share transactions as published by the UK Listing Authority. Each director is subject to re-election at intervals of three years or less. The Code requirement that non-executive directors who do not meet the definition of 'independent', are subject to annual re-election, does not apply to Standard Listed companies.

Directors' responsibilities statement in the annual report

The directors are required to acknowledge their responsibility for the accounts with a defined form of words in the annual report. This is an important statement and every director should ensure that he/she is able to concur with the statement. It reads

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 IFRS 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 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 Regulations. 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.

The directors are also responsible for the maintenance and integrity of the corporate and financial information included in the companies' websites (www.lap.co.uk and www.bisichi.co.uk).

The directors are also required to confirm, to the best of their knowledge:

- a) That 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 loss 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.

Whistle-blowers

It is agreed that all reports on material wrongdoing, whether received anonymously or in confidence, should be referred to the Chairman. He will decide on the action to be taken after consulting with other directors as he thinks fit. It is agreed that staff who are whistle-blowers will not be affected adversely unless their intention was clearly malicious.

Bribery Act

The Bribery Act came into force on 1 July 2011. Jonathan Mintz has been appointed compliance officer for LAP and Garrett Casey for Bisichi. All directors and staff undergo an e-learning course.

GDPR

Bisichi Mining PLC and London & Associated Properties PLC and their Subsidiary companies are committed to protecting the rights and freedoms of data subjects and safely and securely processing their data in accordance with all of our legal obligations.

Both companies hold personal data about our employees, tenants, suppliers and other individuals for a variety of business purposes. Both companies have a Data Protection Policy and this policy sets out how we seek to protect personal data and ensure that our staff understand the rules governing their use of the personal data to which they have access in the course of their work.

Anti-Slavery & Human Trafficking

Bisichi Mining PLC & London & Associated Properties PLC operate an Anti-slavery and human trafficking policy which sets out the steps that the Companies have taken, and will take, to prevent human trafficking and slavery within their business and their supply chain. The Modern Slavery Act 2015 (Act) requires any commercial organisation in any sector, which supplies goods or services, and carries on a business or part of a business in the United Kingdom, and is above a specified total turnover, to produce and publish an annual slavery and human trafficking statement. Both companies have published their annual slavery and human trafficking statement on their websites.

Board Committees

Committee to release annual, half-year and interim management reports

It is normal practice for the Boards of both LAP and Bisichi, after reviewing draft reports, to appoint a committee to release the annual results and the half-year results and also to announce dividends. This committee normally consists of the Chairman and the executive directors available at the time of the announcement.

Nomination Committee

Membership of the committee is limited to the Chairman and the non-executive directors. They may also invite others to their meetings who they consider could assist them. Meetings will be held as and when required, usually prior to a Board meeting.

Terms of reference

- 1) To implement a formal, rigorous and transparent procedure for the appointment of new directors;
- 2) To review candidates and recommend new appointments of non-executive directors to the Board;
- 3) To determine on behalf of the Board the remuneration and other benefits of the non-executive directors and their service contracts;
- 4) To apply the company's policy that the non-executive directors are rewarded competitively;
- 5) To discuss the assessment of non-executive directors' performance made by the Chairman, Chief Executive/Managing Director and senior non-executive director and to agree which directors they should recommend to the Board for re-election;
- 6) To nominate the senior independent director;
- 7) To commission outside advice if considered necessary by the committee, on matters concerning the remuneration, recruitment and assessment of non-executive directors.

Remuneration Committee

Membership of the committee is restricted to the non-executive directors. They will appoint a chairman of the committee who will conduct their meetings. The company Executive Chairman will also normally attend their meetings by invitation. They may also invite others to attend their meetings whom they consider could assist them. Meetings will normally be held in October or November and otherwise as and when required, usually prior to a Board meeting.

Terms of reference

- 1) To determine on behalf of the Board the remuneration and other benefits of the executive directors and senior executives, including their pensions, share incentives and other benefits and their service and employment contracts;
- 2) To apply the company's policy that the executive directors are rewarded competitively in relation to other companies in order to retain and motivate them;
- 3) To commission outside advice if considered necessary by the committee, on matters concerning the remuneration, recruitment and assessment of executive directors and senior managers.
- 4) To consider recommendations from the Chairman for rewarding exceptional performance with additional remuneration and/or bonus and share and performance schemes;
- 5) To oversee the implementation of new incentive schemes for directors and staff;
- 6) To make annual salary and benefit reviews of executive directors and senior managers.

Audit Committee

The audit committee normally meets in January to discuss the planning of the audit with the external auditors and again in March to consider the annual results, and may also meet to consider the half-year results if the chairman of the committee considers that to be necessary. The company's auditors are normally invited to attend meetings and the executives concerned in preparing and reviewing the results are also normally invited to attend at least part of the meetings. The chairman of the committee also has free access to discuss matters with the audit partner. The Company Secretary acts as secretary to the committee.

Terms of reference

Constitution

- 1) The Board resolves to establish a committee of the Board to be known as the Audit Committee. These terms apply to both LAP and Bisichi except where different terms for Bisichi are mentioned.

Membership

- 2) The committee shall be appointed by the Board. All members of the committee shall be non-executive directors of the company. A quorum shall be one member with the Company Secretary in attendance;
- 3) The chairman of the committee shall be appointed by the Board from amongst the non-executive directors.

Attendance

- 4) The finance director and a representative of the external auditors shall attend meetings at the invitation of the committee;
- 5) The Chairman of the Board, the CEO/Managing Director and other Board members shall attend if invited by the committee;
- 6) There should be at least one meeting a year, or part of a meeting, where the external auditors attend without management being present;
- 7) The Company Secretary shall be secretary of the committee.

Frequency of meetings

- 8) Meetings shall be held not less than once a year and where appropriate, should coincide with key dates in the company's financial reporting cycle;
- 9) External auditors or internal auditors may request a meeting if they consider that one is necessary.

Authority

- 10) The committee is authorised by the Board to:
 - a) Investigate any activity within its terms of reference;
 - b) Seek any information that it requires from any employee of the company and all employees are directed to co-operate with any request made by the committee;
 - c) Obtain outside legal or independent professional advice with such advisors eligible to attend meetings as necessary.

Responsibilities

- 11) The responsibilities of the committee shall be:
 - a) To consider the appointment of the external auditor and assess independence of the external auditor, ensuring that key partners are rotated at appropriate intervals;
 - b) To recommend the audit fee to the Board and pre-approve any fees in respect of non-audit services provided by the external auditor and to ensure that the provision of non-audit services does not impair the external auditors' independence or objectivity;

- c) To discuss with the external auditor, before the audit commences, the nature and scope of the audit and to review the auditors' quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements;
- d) To oversee the process for selecting the external auditor and make appropriate recommendations through the Board to the shareholders to consider at the AGM;
- e) To review the external auditors' management letter and management response;
- f) To review annually whether to recommend the creation of an internal audit function;
- g) To consider management's response to any major external or internal audit recommendations;
- h) To approve the appointment or dismissal of the head of internal audit (if applicable);
- i) To review the company's procedures for handling allegations from whistleblowers;
- j) To review management's and the internal auditor's reports on the effectiveness of systems for internal financial control, financial reporting and risk management;
- k) To review, and challenge where necessary, the actions and judgements of management in relation to the half-year and annual financial reports before submission to the Board, paying particular attention to: clarity and completeness, critical accounting policies and practices and any changes in the decisions requiring a major element of judgement;
- l) The extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
- m) The clarity of disclosures;
- n) Significant adjustments resulting from the audit;
- o) The going concern assumption;
- p) Compliance with accounting standards;
- q) Compliance with Stock Exchange and other legal requirements, reviewing the company's statement on internal control systems prior to endorsement by the Board and to review the policies and process for identifying and assessing business risk and the management of those risks by the company;
- r) To consider other topics, as defined by the Board;

Reporting procedures

- 12) The Secretary shall circulate the minutes of meetings of the committee to all members of the Board and the chairman of the committee or, as a minimum, another member of the committee shall attend the Board meeting at which the accounts are approved;
- 13) The committee members shall conduct an annual review of their work and these terms of reference and make recommendations to the Board;
- 14) The committee's duties and activities during the year shall be disclosed in the annual financial statements;
- 15) The chairman of the audit committee shall attend the AGM and shall answer questions, through the Chairman of the Board, on the audit committee's activities and their responsibilities.

Internal Control and Key Risks –2019/2020 Annual Review

Prepared for the Board by Jonathan Mintz

London & Associated Properties PLC and Bisichi PLC

The Board of each company has a responsibility to regularly review their group's internal controls and risks, and this is not limited to financial controls.

The annual reports of both LAP and Bisichi now set out their respective areas of KEY RISKS and this review has been conducted with those risks in mind.

Bisichi

The internal control and key risks of the UK operations of Bisichi Mining PLC and its subsidiaries are covered by this report, but not the South African companies and their operations. The South African internal controls and key risks have been the subject of a separate review by Garrett Casey, Finance Director of Bisichi Mining PLC, who is based in London but makes regular and frequent visits to the operating companies in South Africa. His report is attached for the Bisichi directors only.

LAP

In the UK, the rental income (excluding VAT) for all LAP group companies is the most significant source of revenue.

In September 2019 significant elements of LAP's property management were transferred to Carter Towler, chartered surveyors. This included a change of property management systems to T&H. LAP assessed Carter Towler's internal controls as well as the T&H system and are satisfied that internal controls are as robust as they were previously and stronger in most areas. Risks noted include the continued risk from compliance requirements of the increasing regulation in the areas of personnel, corporate governance, taxation, disclosure and financial reporting and company law and EU regulation.

Insurance

Our current agreement with Zurich for the major property and operational risks expires in 31 May 2020. Currently both companies are satisfied with the level of service and premium costs offered.

Most of our insurance is concerned with the properties we own and manage, with the premiums being recharged by us to the tenants. We also have policies covering our staff, offices and other assets and business risks and disruption. We do not self-insure. Each year the risk values insured are reviewed to ensure they are adequate to meet any perceived losses.

Cash

We try, where possible, to avoid handling cash and in order to reduce our exposure to cash, all centre managers have been requested not to accept cash from tenants and instead to request that they pay funds directly into our bank accounts. Apart from small petty cash balances and floats held to facilitate day to day operations there is now only one other area of our business which involves cash handling. This is the cafe at Rugeley. Cash controls at the cafe are reviewed regularly and we are not aware of any issues in this area during 2019.

Empty/Void units at Centres

Our centre managers are on site at all our centres. There are two controls in place to ensure that no empty/void units are being let without the knowledge of head office. Firstly, management from LAP and Bisichi visit the centres unannounced on a regular basis and secondly, the respective councils check that the units are actually empty as we claim empty rates relief.

Fraudulent cheques and bank transfers

Our cash flow, apart from cash mentioned above, is principally in the form of cheques, bank giro credits and other direct transfers into and out of our bank accounts. We have had several instances in the past where criminals have presented forged cheques or bank transfers. Where they have been successful the banks have taken the loss. We and the banks are now being careful, particularly with large sums, and cash books are reconciled regularly and promptly with bank statements. We have not had any problems in this area for more than 24 months.

Control of cash flow

The executive directors pay particular attention to the monitoring and control of cash flow. Cash flow is forecast annually in advance and actual cash flows and borrowing levels are monitored by weekly and monthly management reports, the monthly reports being presented at each Board meeting. Day to day control is as follows:

- 1) All cash books and cheque books are maintained at head office in the accounts office. Cash books and rent registers are maintained on Excel spreadsheets and are frequently reconciled with the accounting system and bank statements. All cheques require two signatures, one of which must be an executive director. Cheques and bank instructions over £40,000 require both signatures to be executive directors. Backing documents are as a matter of course presented to the signatories with the document to be signed, which gives them opportunity to verify the payment;
- 2) Virtually all receipts are received by cheque or are paid direct into our banks. Infrequently, large sums of cash are received and a senior member of the accounts department will ensure that this is held securely and banked as soon as possible;
- 3) In instances where we must not accept payment from tenants their accounts are flagged preventing posting – so we endeavour to post all receipts before banking them;
- 4) Debtor levels are monitored closely and there are regular meetings to review uncollected debts;
- 5) A suite of specialised property software, T&H, is used for property management. The system is widely available at head office with password protection but with few other restrictions, but the system cannot be accessed from any of our shopping centres. We have a relatively small team of experienced people at head office dealing with all aspects of our business (apart from the South African operations of Bisichi referred to above);
- 6) Internal and external Property managers have full details of all tenants' accounts on their workstations and there is a constant dialogue with the accounts department on rental income, service charges and payment of accounts.

Income

The major sources of income are rents, service charges, surrenders and dilapidations, management fees, dividends and dealing profits and commissions.

- 1) Rents are budgeted annually and updated several times during the year. Rents are closely monitored against budgets and prior years. Any un-invoiced rents should be quickly discovered. Service charges are closely monitored by the tenants and un-recovered service charges are reported in the management accounts;
- 2) Dividends are monitored against our investment schedules;
- 3) Investment dealing and profit/losses are reported at each Board meeting;
- 4) Management fees and commissions are monitored against budgets.

Expenditure and contracts for building work and maintenance

- 1) The potential abuse of purchasing and ordering powers is a risk of which we are aware. Most maintenance charges are recharged to tenants as service charges and are measured against budgets presented to the tenants with their annual statements. All expenditure is authorised at head office as well as at the centre office, if applicable. Complaints from tenants are monitored at head office. Competitive tenders are obtained for long term cleaning, security and services, as well as major repair work;
- 2) Executive directors and property managers closely supervise all capital works and external professionals are always involved. Competitive tenders are the rule.

Overheads

All overhead expenditure is budgeted annually and reported in the management accounts.

Loan terms, conditions, covenants and warranties

The debenture and loan agreements contain many covenants and warranties which we must ensure we do not breach. A breach on one loan will usually trigger breaches on all the other loans. The finance director keeps the warranties and covenants under continuous review and produces a summary for the directors at regular Board meetings. Insurance policies are noted with a lenders interest when specified.

Safeguarding assets

Property

At 31 December 2019 the valuation of properties directly owned by LAP was £49.9million and by Bisichi £13.045 million. Most other assets are property related except the listed portfolios which were worth over £799k on 31 December 2019. The lenders or trustees hold the title documents to the property on which they are lending and, if not charged, the Land Registry certification or original deeds are with our lawyers. Original leases are with lawyers or in our long term secure storage facility. We normally work off copies held in the office. Only recently used originals will be in the office pending return to lawyers or long term secure storage.

Other tangible and intangible assets

Share certificates and other valuable documents are held in fireproof safes. Paintings are on the walls of head office and are closely monitored.

Data

One of our most important assets is data in our property and accounts database. All system data is backed up each evening by a member of the accounts department. A backup of the entire contents of the server (including word-processing files, spreadsheets and e-mail records) is made to the cloud each night.

Day to day management of the IT system is outsourced to T-One, a firm that specialises in the management of IT systems.

Management reporting

A weekly report is circulated each Monday of bank and loan balances and facilities. Management accounts, cash flow, rent and debtors reports are prepared monthly and presented at Board meetings. Budgets are prepared annually and regularly updated and included in the reports to the Board.

Accounting records

The books are closed each month and reconciled and a trial balance prepared which is the basis from which management accounts are prepared.

International Financial Reporting Standards (IFRS)

Annual and half-year reports are prepared using IFRS. The underlying accounting systems and cash control and day to day operations up to management accounts level are largely unaffected by IFRS. Cash flow, cash and bank balance monitoring are of paramount importance and are closely monitored.

Compliance

Accounting standards, Rules, new legislation, data registration, EU directives and good practice guides for our industry are constantly monitored. We endeavour to comply with all relevant best practice as it becomes applicable to us.

Health and safety

This has become an important consideration in our operations. We receive regular updates from our professional advisors and it is our policy to comply with any changes which affect us.

Communications, the internet, our local network

This is an area which is undergoing rapid change. Fax and the postal services, which we continue to monitor closely, are being replaced by email and the internet. These are more difficult to monitor and control. At present we are constrained from monitoring email communications which go through our system by consideration of data protection and privacy. There is potential for abuse, but there is a restraint in that all head office workstations are open to use by anyone and inspection if anything goes wrong.

In order to adopt the latest internet and email systems we have had to make our systems more open to the outside world. As a consequence, we could be open to attack from hackers, viruses and 'spam' email if we do not take precautions. We have in place firewalls and software to protect us. We subscribed to a service to have all incoming and outgoing email screened (MessageLabs).

KEY RISKS AND UNCERTAINTIES AND HOW WE MANAGE THEM

<i>RISK</i>	<i>DESCRIPTION</i>	<i>GROSS RISK</i>	<i>DESCRIPTION OF IMPACT</i>	<i>MITIGATION</i>	<i>RISIDUAL RISK</i>
ASSET MANAGEMENT:					
Tenant	Tenant failure	HIGH	Increase in level of voids	No single tenant accounted for more than 9% of total rent roll. Initial and subsequent assessment of tenant covenant strength combined with an active credit control function.	MEDIUM
	Leases not renewed		Financial loss	Lease expiries regularly reviewed. Experienced in-house teams with strong tenant and market knowledge.	
Voids	Tenant failure		Increase in level of voids	Relationships with major tenants Strong credit control procedures Regular cash flow reporting	
	Leases not renewed		Financial loss	Lease expires under regular review Empty rates mitigation	
Asset illiquidity	Size and geographical	MEDIUM	Assets may be illiquid and affect flexing of balance sheet gearing	Multi geographic asset portfolio Asset liquidity of portfolio is renewed regularly	LOW
PEOPLE / HR:					
Staff	Recruitment and retention of key staff	MEDIUM	Failure to have the right people in the right positions	Skill gaps and succession planning reviewed by Nomination Committee and senior management	LOW
			Unable to attract and retain best people for the key roles	Performance evaluation	

			Loss of Knowledge and key skills	Training and development offered	
			Staff lack the skills to deliver business objectives	Remuneration review by Remuneration Committee and Board incentive reward	
REPUTATION:					
Business interruption	Lost access to head office or shopping centres	HIGH	Loss in revenue Impact on footfall Adverse publicity/ impact on reputation	Documented Business Recovery Plan in place Trained security in shopping centres Terrorism Insurance policies in place	MEDIUM
Responsibility to visitors to our properties	Health & Safety failure	HIGH	Potential criminal/civil proceedings	Health and safety policies in place Insurance policies in place	MEDIUM
			Adverse publicity/impact on reputation	Visible security presence/CCTV	
FINANCING:					
Volatility of asset values/ Economic and market downturn	Fluctuation in property valuations Increase in void properties	HIGH	Impact on covenants and other law agreement obligations Decrease in property values Reduction in rental income	Secure income flows Regular monitoring of LTV and IC covenants and other obligations Regular market valuations Focus on quality assets	LOW
Liquidity	Reduced availability	HIGH	Insufficient funds to meet existing debt/interest payments and operational payments	Efficient treasury management Strict credit control and regular reporting to management Production of weekly cash report Loan facilities extended when possible	MEDIUM
Failure of banks and financial institutions	Loss of cash deposits	MEDIUM	Financial loss	Use of more than one bank Only use national banks and financial institutions	LOW

Interest cover	Fluctuation of interest rates	MEDIUM	Uncertainty of interest rate payments	Hedging in place	LOW
Market price risk of fixed rate derivatives	Fluctuation of interest rates results in significant asset or liability on existing derivatives contracts	MEDIUM	Cash outflow if interest rates deviate from contract	Close management of derivative contracts to minimise increase in cash outflow	MEDIUM
Fraud/ Treasury loss	Loss of cash and deposits	LOW	Financial loss	Strong treasury management and effective credit control Internal controls Clearly defined segregation of duties Regular reconciliations	LOW

JOINT VENTURES AND ASSOCIATED COMPANY:

Joint ventures	Reliance on performance and reporting of JV partners	MEDIUM	Partners provide incorrect information or underperform	Written agreements in place, regular meetings with JV partners	LOW
Associated company	Reliance on performance and reporting of associated company	LOW	Associated company provides incorrect information	Relationship agreement, regular meetings	LOW

Jonathan Mintz

March 2020