

Chairman and Chief Executive's review 2024

I am pleased to present our accounts for the 12 months to 31 December 2024

CONSOLIDATED RESULTS

Total net assets of the Group at the year end were £50.6 million (2023: £48.3 million). Total net assets attributable to shareholders were £28.1 million (2023: £28.5 million). The Group profit before tax was £4.4 million (2023: loss £3.5 million), with losses attributable to shareholders of £0.4 million (2023: £3.9 million). The performance of the Group this year has been supported by improvements in property values and Bisichi's profits (as detailed in the Bisichi section below).

Our consolidated property portfolio was valued at £48.0 million at 31 December 2024 compared to £46.1 million on a like-for-like basis a year earlier. This reflects a pleasing valuation increase (including head leases) of £1.8 million.

Rental income for the Group (excluding sold properties and bad debt charges) increased by £0.1 million (3.0%) to £3.5 million (2023: £3.4 million). This result reflects the resilience of our assets; even in the current high interest rate environment we have achieved increased rents on many new lettings.

Rental income resilience can also be seen in our occupancy levels, which were 96.4% at year end (2023: 97.3%). Rent collection levels have similarly remained strong, with an improved 94% of Q1 2025 rents received to date compared to 92% at the corresponding time last year.

We continue to monitor our cost base following the outsourcing of our property management functions and our relocation to smaller offices. LAP's overheads were £0.3 million (11.3%) lower than in 2023.

LAP PROPERTY ACTIVITIES

Industrial

Industrial constitutes 29% (2023: 27%) of our investment property portfolio by value.

At Manor Park, Runcorn, our 100,000 sq ft industrial estate had been fully let, however we currently have one lease expiry where the tenant will hand back the unit. We are negotiating with a number of parties to take a new lease there. Demand remains excellent and we are confident that we will have grown both the rent on this unit and the estimated rental levels of the estate once a new tenant has been identified.

At Adlington Court, Warrington, our 25,000 sq ft industrial estate, our largest tenant by rental value who occupied two units went into administration during the year. We took the decision to split the units and have subsequently re-let one of them at a rent of £9.25 psf. This compares very favourably with the previous passing rent of £6.25 psf. The second unit required a higher level of refurbishment and is now being marketed with strong interest being shown.

Essential Community Retail

Essential community retail constitutes 71% (2023: 73%) of our investment property portfolio by value.

This part of our portfolio continues to perform well and remains close to fully let. Income from these properties on a like for like basis has risen by 6.1%. We continue to monitor each property's performance closely and spend significant energy seeking to minimise residual costs and cash leakage. We did not dispose of any of these assets during the year.

West Ealing

As previously reported, in 2024 we fully implemented the planning consent for 56 flats and four retail units held by our joint venture, Broadway Regen Limited.

In common with the rest of the residential development market this project has experienced a difficult 2024. There have been headwinds throughout, of which the most severe has been inflation in construction costs. Contractors have responded with tender prices in the range of £18-19 million. We and our advisors are currently reviewing these tenders and looking to find savings where possible. Pricing has also been affected by the perceived risk now brought about by new regulation, particularly for tall buildings, which is being factored into the tender process by construction companies.

We are exploring a pre-sale of all the flats to minimise risk and interest costs, and we are working with our lenders to agree the best financial outcome for all parties. All of these elements are still underway, and we remain hopeful that we will achieve a satisfactory outcome, but there remain significant risks that may impact our overall financial return from this project including further write-downs of our equity position.

During the year, we terminated our relationship with the sponsor and project manager of this development.

Purley

A planning application submitted in 2022 for 44 flats and 4 town houses was rejected in January 2024 despite being recommended for approval by the planning officer. Our appeal, although we won on design and construction matters, was ultimately unsuccessful and due to the cost and time involved in submitting a new planning application, we have decided not to proceed with the project. The business has since been closed. Impairment provisions for investments of £0.5 million were made in 2023, accordingly the cessation of this development has had limited financial effect in 2024.

DEBT MANAGEMENT

Our £13.6 million 5-year term loan with QIB (UK) PLC, expiring in 2027, is fully compliant and secured against a portfolio of retail and industrial properties. The interest rate on the loan with QIB is at the Bank of England base rate + 3.95% and there is no amortisation. The lender has agreed to reduce the margin to 2.95% from May 2025, although this has not been formally documented.

DRAGON RETAIL PROPERTIES

Since 2001, Dragon has owned a property in Clifton, Bristol let partly to Boots the Chemist and partly to one of Bristol's best-known nightclubs. Dragon's loan of £0.7 million from Santander was renewed to July 2027, during the year.

BISICHI PLC

For 2024, Bisichi plc, our 41.6% owned subsidiary, made a profit before interest, tax, depreciation and amortisation (EBITDA) of £10.8 million (2023: £3.4 million) and an operating profit before depreciation, fair value adjustments and exchange movements (Adjusted EBITDA) of £10.4 million (2023: £2.6 million).

During 2024, Bisichi benefited from a significant improvement in mining production and lower mining costs at their South African coal mining asset, Black Wattle Colliery. This offset the lower prices for its coal sold by Sisonke Coal Processing, Bisichi's South African coal processing operation.

A successful transition to Bisichi's new mining area at Black Wattle in late 2023 resulted in a steady improvement in mining production in 2024 and lower mining costs compared to the reserves mined in 2023. We are pleased to report that Bisichi achieved production of 1.5 million metric tonnes in 2024, compared to 0.8 million metric tonnes in 2023.

The increased production at Black Wattle also positively impacted Sisonke Coal Processing, with coal sales increasing to 1.2 million metric tonnes (2023: 1.0 million metric tonnes). As previously reported, Transnet, the South African state rail operator and the wider South African coal industry are working hard collectively to implement measures to increase rail capacity. We are pleased to report that during the period, Bisichi's rail exports increased to 209,000 metric tonnes, compared to 134,000 metric tonnes in 2023. In 2024, the improved rail exports were offset by lower prices of Free on Board (FOB) coal from Richards Bay Coal Terminal (API4 price) and achievable domestic prices. During the year, the API4 price averaged US\$106 compared to US\$120 in 2023. While lower coal prices achievable during the year impacted revenue, the increased coal sales volume enabled Bisichi's revenue to rise to £52.3 million (2023: £49.3 million).

Looking ahead to 2025, Bisichi remains optimistic about the continued benefits from Black Wattle's enhanced production and the positive developments in rail logistics. However, it is mindful of the current coal market volatility, with lower seaborne coal prices reflecting a temporary build up in global coal supply and a slowdown in demand. Bisichi is proactively managing this by maintaining a diversified customer base and remains confident in the long-term value of its South African operations.

Bisichi recognises the need for, and is committed to, the diversification of its future business activities. Bisichi is continually looking at alternative mining, commodity and renewable energy related opportunities, as well as new opportunities to add to its existing UK property and equities investment portfolios. In the interim, Bisichi continues to work closely with Vunani Mining, its BEE partner in Black Wattle and Sisonke Coal Processing, to ensure that it is a responsible steward of its legacy coal operations taking into account the climate-related risks outlined in our climate report on page 12 and the impact these risks may have on all our stakeholders.

Bisichi's total non-current and current listed equity related investments held at fair value through profit and loss were valued at £15.0 million (2023: £15.0 million). Bisichi realised dividend income from investments during the period of £0.34 million (2023: £0.56 million) and a gain in value from investments of £0.07 million (2023: £0.76 million). Bisichi's investment portfolios comprise primarily listed equities and listed equity related funds involved or invested in extractive and energy related business activities, including entities involved in the extraction of commodities needed for the clean energy transition.

In the UK, rental revenue from Bisichi's retail property portfolio remains a stable contributor, aggregating £1.3 million (2023: £1.3 million). We are also pleased to report that, in December 2024, Bisichi executed a renewed five year term facility with Hodge Bank limited for £3.9 million secured against Bisichi's UK property portfolio.

The directors of Bisichi recommend a final dividend of 4p (2023: 4p) per share, of which LAP would receive £0.2 million. This would take the total dividend per share for the year to 7p (2023: 7p) if approved by its shareholders.

Finally, we would like to thank employees, advisers and stakeholders for their ongoing efforts and support.

John Heller,
Chairman and Chief Executive
29 April 2025