LONDON & ASSOCIATED PROPERTIES

ANNUAL REPORT 2016

LAP

Contents

Financial calendar

Annual General Meeting
6 June 2017

Announcement of half year results to 30 June 2017
Late August 2017

Announcement of annual results for 2017
Late April 2018

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/or manages £221 million 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. In accordance with IFRS 10 the results of Bisichi have been consolidated in the group accounts.

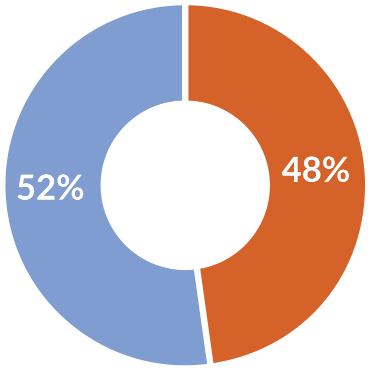
LOOKING TO CREATE ENVIRONMENTS WHERE RETAILERS CAN THRIVE.

FINANCIAL HIGHLIGHTS

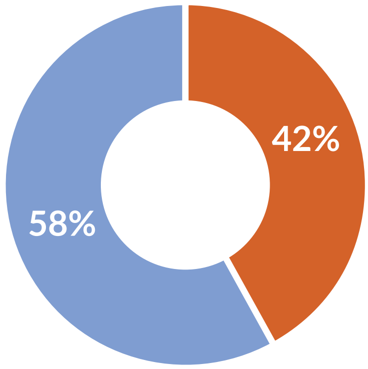
FULLY DILUTED NET ASSETS PER SHARE	IFRS NET ASSETS	PORTFOLIO VALUATION*
44.83p	**£48.6m**	**£221m**
2015: 47.26p	2015: £49.7m	2015: £246m

*Including properties under management

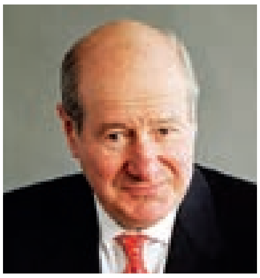
OVERALL PORTFOLIO SPLIT



PORTFOLIO BY RENTAL INCOME



	KEY PROJECTS	HIGHLIGHT
WHOLLY OWNED	• Orchard Square, Sheffield • Market Row and Brixton Village Brixton • King Square, West Bromwich	A number of value enhancing lettings at Orchard Square, Sheffield
JOINT VENTURES AND MANAGEMENT	• Langney Shopping Centre Eastbourne	Joint venture with Columbus Capital in Langney. Investment in joint venture sold in March 2016
INVESTMENTS AND MANAGEMENT	• Kingsgate Centre, Dunfermline • The Rushes Centre, Loughborough • The Vancouver Quarter Centre Kings Lynn	Co-investment with Oaktree Capital Management and manage three of their shopping centres
COAL PRODUCTION	• In South Africa, Black Wattle produced 1.26 million metric tonnes of Run of Mine Coal in 2016 (2015: 1.58 million metric tonnes)	



Chairman and Chief Executive's statement

We are pleased to report another satisfactory year in the property business of LAP despite a continuing backdrop of uncertainty and transition in the retailing world. Our comments below deal primarily with the LAP property business with supplementary comments about our investment in Bisichi Mining PLC, in which we own 41.5%, being based on the comments of the Bisichi management.

The Referendum in June 2016 for the United Kingdom's planned withdrawal from the European Union has led to a number of retailers delaying their expansion plans as adverse currency movements and political upheaval combine to create a much more difficult trading environment. In addition, the ongoing shift towards online retailing has led to further consolidation within the occupier market, which, in turn, has led to a greater surfeit of units. Many retailers have either reduced their estate or merged. Finally, retailer insolvencies have added further to the number of vacant units competing for tenants.

Total property assets under management in which we have a financial interest were valued at £220.7 million as at 31 December 2016 compared to £226.9 million in 2015. This includes those of Bisichi, Dragon Retail Properties (our joint venture with Bisichi) and Project Harrogate (our joint venture with Oaktree Capital Management).

Total occupancy of the group property portfolio stands at 97.9%.

For shareholders to get a proper understanding of the accounts, it is necessary to consider separately the position of LAP and Bisichi. Although both are consolidated into group accounts (as required by IFRS 10), they are managed independently.

CONSOLIDATED RESULTS

Group net assets at the year-end were £48.63 million (2015: £49.65 million). Most of this change is attributable to a reduction of £1.3 million in recoverable deferred tax. It should be noted that the group has a potential future benefit of £5.4 million in respect of unrecognised taxation losses available to offset future profits and gains.

At the same time £0.8 million (2015: £0.6 million) of liabilities relates to a mark to market of interest rate derivatives, primarily swaps that were taken out to hedge a loan from Santander and which expire at the same date. We do not intend to repay the loan early and therefore these derivative liabilities are unlikely to crystalise.

The Group loss after valuation movements and before taxation for the year was £0.97 million (2015: £2.09 million). A full breakdown of group income and results by sector is included in the financial review on page 15 and in the segmental analysis in Note 1 to the accounts.

Over the course of the next 18 months, a legacy debenture of which £3.75million is outstanding, with a coupon of 11.6% will be repaid. We are already talking to potential lenders about a refinancing of the properties held as collateral and are confident that this will lead to a significant reduction in interest payable. We will keep shareholders informed as negotiations progress.

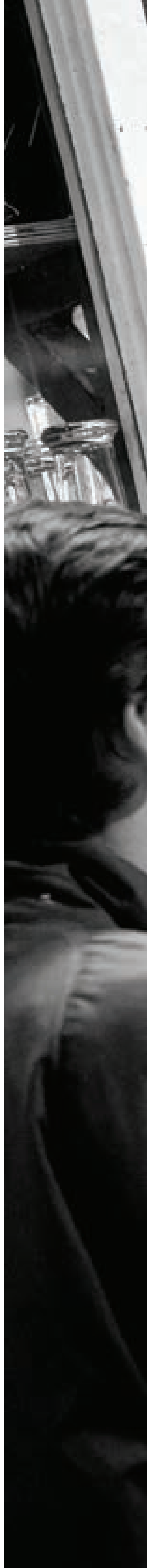
LAP PROPERTY ACTIVITIES

LAP's rental income actually rose from £6.1 million to £6.2 million. Once again our intensive management style has enabled us to maintain our total revenue levels at £6.7 million (2015: £6.8 million). The small drop in total property revenue was due to lower management income from third party properties of £0.5 million as compared to £0.7 million in 2015 following the disposal of an investment.

At the same time, LAP's direct property costs fell from £1.5 million to £1.2 million. Much of this drop is attributable to lower vacancy costs following new lettings but we also worked hard to reduce expenses and fees.

Shopping centre values generally were affected by deteriorating market sentiment and we were unable to escape this market shift altogether. Nevertheless, our directly owned properties were valued at the year-end at £89.2 million compared to £88.9 million in the preceding year.

We believe our core property holdings will continue to interest investors as they are all either part of a major city that will remain a destination in its own right; a differentiated offer which forms part of a leisure experience; or they fulfil a role providing convenient retail facilities.



ORCHARD SQUARE, SHEFFIELD

Orchard Square continued to trade well in 2016. Currently there is only one vacant unit within the Square, which arose following the insolvency of a tenant in the second half of the year. The unit is being let on a temporary basis, and we are in discussions with a number of retailers for a permanent lease.

In May 2016, we re-geared our lease with TK Maxx, the anchor tenant of the Centre which trades from a 45,000 square feet unit. We now have an unbroken 10 year lease from March 2016 at an annual rent of £475,000 compared to £625,000 previously. This rental adjustment reflects in part market conditions – particularly the competition we faced from other landlords within Sheffield for this highly regarded retailer – and partly the lack of a rent free period that such a letting would normally attract.

We are very pleased that TK Maxx confirmed Orchard Square to be its favoured location in Sheffield, and believe that this re-gearing will assist us in attracting new retailers to the scheme as well as securing lease renewals from our existing tenants.

Elsewhere within the Centre, Virgin Money completed the development of its cutting-edge banking offer which incorporates a bowling alley, cinema, reading room and other non-traditional banking services. The end result is dramatic, and makes for an exciting experience for visitors to the Centre.

We are also carrying out a number of smaller lettings in the Centre where existing leases are expiring. These include a nail bar/beautician and a tattooist, which all form part of the shopping-as-leisure experience. We have also worked with pop-up retail operators to put food trucks within our Centre to attract shoppers. These retailers have been well received by the public.

Finally, we refurbished the common parts and a floor of offices over Virgin Money during the course of the year. As a result, we have signed a new lease with one of the existing office tenants whose lease was expiring, and we are in discussions for a new lease on the only vacant office floor.

BRIXTON

These two markets remain fully let with an ever-lengthening waiting list of retailers.

Brixton exemplifies successful modern shopping as it combines independent retail with interesting street food and a non-High Street feel. This tangible experience cannot be replicated online and our markets are a destination for shoppers and diners from all over London and beyond. We expect this strong trend towards experiential shopping to continue enhancing the prospects of these markets.

The redevelopment of the land opposite the rear of Brixton Village is now to commence in 2017 following a number of unforeseen delays resulting from the need to assemble all of the land on behalf of the Council. This will see a further 303 apartments being built to the rear of our markets

WEST BROMWICH

This Shopping Centre has, for some years, felt the effect of too many available shops within the town centre following the 473,000 square feet development of a large Tesco and additional retail space on the opposite side of the High Street to our own Centre. Nevertheless, we continue to benefit from the bus station and tram interchange at the rear of our scheme which has ensured the Centre remains popular with shoppers.

We have steadily filled the void units caused by aggressive poaching of our tenants on terms we were unwilling to match by the adjacent developer, and the Centre is once again approaching full occupancy. Retailers aiming at value and convenience, trade extremely well from this location, and we are confident that trading will continue to be positive here in the future.

OTHER

The rest of our portfolio continues to trade well and LAP's portfolio has a void level of just 2.15% (2015: 2.07%).


HORALOCA
Tuesday
Monte Alban
SIERRA

HARROGATE PORTFOLIO

Kings Lynn

This Centre continues to trade well. During the year, we secured planning permission and freeholder consent for the redevelopment of a former Beales department store whose lease had recently expired. The consent is for 33,000 square feet of retail across five units, including a 20,000 square feet anchor store, and the headlease was re-geared to enable us to extend the footprint of the building over existing walkways. We have agreed a new lease with an anchor tenant, and will shortly exchange an agreement for lease, enabling demolition of the existing building and construction of the new property to commence.

Elsewhere within the scheme, our Sainsbury foodstore sub-let half its space to B&M Retail. While we do not benefit in rental terms, this sub-letting has contributed to increased footfall throughout the Centre

Loughborough

Occupancy at this Centre has remained extremely high throughout the year, restricting the number of asset management initiatives we have been able to undertake.

Dunfermline

This Centre has traded well all year and we have been able to carry out a number of lease extensions to existing retailers as well as new lettings to various retailers.

DRAGON RETAIL PROPERTIES

Dragon's principal asset is a building in Clifton, Bristol. During the year, the building remained fully occupied and was valued at £2.6 million (2015: £2.6 million).


PULL
FREE
COSTA


babcock
babcock

MINING ACTIVITIES BY BISICHI MINING PLC

The management of Bisichi report that for the year ended 31 December 2016, the company achieved earnings before interest, tax, depreciation and amortisation (EBITDA) of £2.4 million (2015: £1.4 million), a significant improvement on the previous year despite the impact on Black Wattle, its direct coal mining subsidiary in South Africa, of both mining challenges and a sluggish coal market for most of the year.

For the first half of 2016 Black Wattle continued to supplement production from its own reserves with coal mined at Blue Nightingale under an agreement to purchase Run of Mine coal. Unfortunately, the quality of the Blue Nightingale coal deteriorated as the reserve came to an end and the higher cost per tonne produced, along with supressed coal prices, impacted on overall earnings during the first half of the year.

In anticipation of the Blue Nightingale reserve coming to an end, management plans were already in place to increase production from Black Wattle's own reserves. Part of this plan entailed increasing the production from an existing opencast area at Black Wattle as well as the development of a new opencast area to replace the coal purchased from Blue Nightingale.

In these new opencast areas Bisichi has had to deal with stone contamination issues which have affected both yield and mining production through the washing plant and have consequently impacted on their earnings in the second half of the year. Management are initiating various infrastructure improvements to the coal washing plant which will be completed by the end of the second quarter of 2017. The new infrastructure will assist in reducing stone contamination through the plant and will allow Black Wattle to mine at a higher rate of production at our opencast areas and increase yield.

As a result of the lower production in the second half of the year, overall Run of Mine production from Black Wattle decreased in 2016, with total production for the year of 1.26 million metric tonnes (2015: 1.58 million metric tonnes).

Black Wattle continues to perform well under the Quattro Programme, which allows junior black-economic empowerment coal producers direct access to the coal export market via Richards Bay Coal Terminal.

Looking forward into 2017, coal prices have continued to remain stable at somewhat higher levels compared to the prior year and Bisichi continues to see strong demand for coal in both the domestic and export markets.

Bisichi's property portfolio is managed by LAP and continues to perform well. Overall, net Property revenue (excluding joint ventures) was £1.06 million (2015: £1.01 million). The increase, compared to the prior year, can mainly be attributed to the contribution to revenue from a new retail property in Northampton, which was acquired in October 2015.

The property portfolio was externally valued at 31 December 2016 and the value of UK investment properties attributable to the group at year end was £13.25 million (2015: £12.8 million).

Bisichi has decided to hold the dividend at the 2015 level and will recommend a final dividend of 3p (2015: 3p). LAP's cash share of this is £177,000 (2015: £177,000).

DIVIDEND

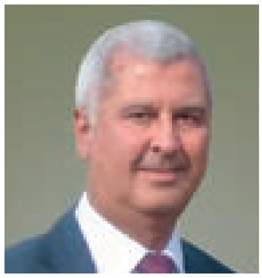
Your directors are pleased to recommend a dividend of 0.165p, an increase of 3% over 2015.

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

Sir Michael Heller,	**John Heller,**
Chairman	Chief Executive

27 April 2017

STRATEGIC REPORT



Financial review

The financial statements for 2016 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 separately in the equity section as a non-controlling interest. 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.

Shareholders are aware that LAP is a property business with a significant investment in a listed mining company. The effect of consolidating the results, assets and liabilities of the property business and the mining company make the figures complex and less transparent. Property company accounts are already subject to significant volatility as valuations of property assets as well as derivative liabilities can be subject to major movements based on market sentiment. Most of these changes, though, have little or no effect on the cash position and it is, of course, self-evident that cash flow is the most important factor influencing the success of a property business. We have endeavoured to explain the factors affecting the property business first, clearly separating these from factors affecting the mining business which we do not manage. Comments about Bisichi (the mining business) are based on information provided by the independent management of that company.

LOANS

Long term debt of LAP (excluding Bisichi and Dragon which are detailed separately below), consists of a £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 £0.75 million and £3 million repayable in August 2017 and August 2018, respectively. As in previous years, all loans and debentures are secured on core property and cash deposits 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 and at the year end, 50% of the loan was swapped at a rate of 2.25% and the remaining 50% was covered by an interest cap at 2.25%. This gives a blended current interest rate of 4.71% for the total £45 million debt. In February 2016, an interest cap swaption was replaced by an interest cap at 2.25%.

CASH FLOW

The operating cash flow and net cash balances at the year-end were as follows:

CASH FLOW FROM OPERATIONS	2016 £'000	2015 £'000
LAP	**2,623**	2,380
Bisichi	**2,879**	1,931
Dragon	**84**	64
Group total	**5,586**	4,375

Note: The figures exclude inter-company transactions.

NET CASH BALANCES	2016 £'000	2015 £'000
LAP	**3,706**	3,192
Bisichi	**(890)**	(626)
Dragon	**115**	9
Group total	**2,931**	2,575

Our investment with Oaktree Capital Management (HRGT Shopping Centres LP), remains profitable and generates management fees (2016: £0.46 million and 2015: £0.46 million) for our wholly owned subsidiary (London & Associated Management Services Limited). We also received £0.1 million (2015: £0.2 million) as a partial repayment of our loan.

During the year, LAP and Bisichi sold their entire investment (of 12.5% each) in Langney Shopping Centre Unit Trust for £2.28 million in cash. Additionally £0.2 million was received for dividends and loan repayment.

INCOME STATEMENT

The segmental analysis in note 1 to the financial statements gives more detail but the tables below give a clearer summary of the Group results.

RESULTS BEFORE REVALUATIONS AND NON-CASH MOVEMENTS	2016 £'000	2015 £'000
LAP	**(1,070)**	(1,900)
Bisichi	**(241)**	(431)
Dragon	**9**	69
Group total	**(1,302)**	(2,262)

Note: The figures exclude inter-company transactions.

Strenuous efforts to cut costs at LAP are reflected in lower overheads and property expenses, resulting in an improvement of £0.8 million in the operating result before revaluations of the core property business.

Our property portfolio (including Bisichi) of £105.1 million increased on revaluation by £0.5 million, a 0.5% increase.

As shown below the stable property revenues, reductions in running costs and increased property valuations, have resulted in the property business showing a reduction of £0.74 million in the LAP loss before taxation to £1.15 million (2015: £1.89 million).

(LOSS)/PROFIT BEFORE TAXATION	2016 £'000	2015 £'000
LAP	**(1,150)**	(1,886)
Bisichi	**216**	(217)
Dragon	**(40)**	10
Group loss before taxation	**(974)**	(2,093)

Note: The figures exclude inter-company transactions.

The LAP Group taxation charge of £1.17 million (2015: credit £0.05 million) is mainly due to writing off part of the deferred tax asset, because the current estimate of the amount of foreseeable taxable profit is insufficient to offset all of the carrying value.

BALANCE SHEET

Taking account of the changes required by IFRS 10 (see table below) LAP has group net assets of £48.6 million (2015: £49.7 million). This reduction of £1.1 million in net assets arises from the loss after taxation of £2.1 million offset by exchange differences on translation of Bisichi Mining PLC's foreign operations (£1.1 million), (see page 59).

Net assets attributable to equity shareholders at the year-end were 44.83p per share (2015: 47.26p per share).

2016	LAP ORIGINAL GROUP £'000	BISICHI MINING PLC GROUP £'000	DRAGON RETAIL PROPERTIES £'000	CONSOLIDATION ADJUSTMENTS £'000	LAP NET ASSETS £'000
Investment properties	93,791	13,426	2,630	-	109,847
Other fixed assets	112	8,520	21	-	8,653
Investments in Bisichi Mining PLC	6,918	-	-	(6,918)	-
Investments and loans in joint ventures	866	2,671	-	(1,732)	1,805
Other non current assets	3,008	32	-	-	3,040
Current assets	5,559	12,224	2,447	(4,347)	15,883
Current liabilities	(9,014)	(10,326)	(2,078)	4,347	(17,071)
Non-current liabilities	(62,697)	(9,541)	(1,288)	-	(73,526)
Net assets	**38,543**	**17,006**	**1,732**	**(8,650)**	**48,631**

2015					
Investment properties	93,510	12,994	2,668	–	109,172
Other fixed assets	148	5,374	30	–	5,552
Investments in Bisichi Mining PLC	6,357	–	–	(6,357)	–
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	40,378	15,631	1,747	(8,104)	49,652

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 Bisichi group results are stated in full in its published 2016 financial statements which are available on its website: www.bisichi.co.uk.

The Bisichi group increased its EBITDA to £2.4 million (2015: £1.4 million), mainly due to revaluation movements on UK investment property of £0.6 million (2015: £0.2 million) and exchange rate gains of £0.4 million (2015: loss £0.5 million). Profit for the year after tax was £0.3 million (2015: loss £0.1 million). Bisichi has two core revenue streams – investment in retail property in the UK and coal mining in South Africa.

The volatility in South African Rand against UK Sterling, continued to impact on the earnings during the year. The results of the year were positively impacted by an exchange rate gain of £0.4 million against an exchange rate loss of £0.5 million during the prior year. These exchange movements are mainly due to retranslation of Rand denominated inter-company trade receivable balances with the group's South African mining operations that are held within the UK. Before taking into account of the impact of the above exchange movements, the Bisichi group's operating activities achieved an adjusted EBITDA (Operating profit before depreciation, fair value adjustments and exchange movements) of £1.5 million (2015: £1.7 million). This decrease is mainly due to lower Run of Mine production at Black Wattle offsetting the impact of the higher coal prices in the last quarter.

The UK retail property portfolio was valued at the year end at £13.25 million (2015: £12.8 million). The increase is mainly due to higher valuation of a retail property in Northampton. The property portfolio is actively managed by LAP and generates rental income of £1.0 million (2015: £1.0 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) in October 2013 with Absa Bank Limited. This facility is renewable annually at 30 June and is secured against inventory, debtors and cash that are held in the Bisichi group's South African operations.

In the UK, the Bisichi group signed a £6 million five-year term loan with Santander in December 2014. £123,300 of this loan was repaid in the year. This loan is secured against UK investment property.

Overall the Bisichi group achieved a net increase in cash and cash equivalents of £0.4 million (2015: decrease of £1.7 million). This increase was mainly attributable to a one off cash receipt from the sale of its interest in Langney Shopping Centre Unit Trust for £1.14 million. After taking into account an exchange loss of £0.7 million on the translation of the Bisichi group's year end net cash borrowings that were held in South African Rand, the group's net balance owing of cash and cash equivalents (including bank overdrafts) at year end was £0.9 million (2015: £0.6 million). The Bisichi group's cash and cash equivalents (excluding bank overdrafts) at the year-end were £2.4 million (2015: £1.6 million).

The Bisichi group's financial position remains strong. Its net assets at 31 December 2016 were £17 million (2015: £15.6 million).The group expect to continue to achieve significant value from its existing mining operation. In addition, Bisichi seeks to expand its operations in South Africa through the acquisition of additional coal reserves.

DRAGON RETAIL PROPERTIES LIMITED

Dragon is a UK property investment company. The company has a Santander bank loan of £1.25 million secured against its investment property and is covenant compliant. It paid management fees of £72,000 (2015: £84,000) split equally to the two joint venture partners. Its results continue to be near breakeven after taxation. Dragon has net assets of £1.7 million (2015: £1.7 million).

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 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.

TAXATION

The LAP Group tax strategy is to account for tax on an accurate and timely basis. We only structure our affairs based on sound commercial principles and wish to maintain a low tax risk position. We do not engage in aggressive tax planning.

The LAP Group (excluding Bisichi and Dragon) has unused tax losses and deductions with a potential value of £10.18 million of which only £4.73 million has been recognised in the 2016 financial statements. As LAP returns to profit, these tax losses and deductions should be utilised.

DIVIDENDS AND FUTURE PROSPECTS

The directors are proposing a final dividend of 0.165p per ordinary share payable in September 2017. This is an increase of 3% compared to the 2015 dividend of 0.16p per ordinary share.

The Group remains confident about its trading and future outlook and is looking to further reduce its overhead costs and interest payable; while it stabilises its property income together with seeking out growth opportunities.


Kingsgate
Kingsgate
THANK YOU FOR SHOPPING AT
JD


Kings Square
Shopping Centre
Kings Square
Shelter

Principal activities, 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 2016 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.

Risks 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 risks and uncertainties

Bisichi (although it is consolidated into group accounts as required by IFRS 10) is managed independently of LAP. The risks outlined below are an abbreviated summary of the risks reported by the Directors of Bisichi to the shareholders of that Company. Full details are available in the published accounts of Bisichi (www.bisichi.co.uk).

These risks, although critical to Bisichi, are of less significance to LAP which only has a minority investment of 41.52% in the company. In the unlikely event that Bisichi was unable to continue trading, it would not affect the ability of LAP to continue operating as a going concern.

DESCRIPTION OF RISK	DESCRIPTION OF IMPACT	MITIGATION
COAL PRICES CAN BE IMPACTED MATERIALLY BY MARKET AND CURRENCY VARIATIONS	Affects sales value and therefore margins.	Forward sales contracts are used to manage value expectations.
MINING OPERATIONS ARE INHERENTLY RISKY. MINERAL RESERVES, REGULATIONS, LICENSING, POWER AVAILABILITY, HEALTH AND SAFETY CAN ALL DAMAGE OPERATIONS	Loss of production causing loss of revenue.	Use of geology experts, careful attention to regulations, health and safety training, employee dialogue to minimise controllable risks.
CURRENCY RISK	Affects realised sales value and therefore margins.	Regular monitoring and review of forward currency situation.
CASHFLOW VARIATION BECAUSE OF MINING RISKS, COMMODITY PRICE OR CURRENCY VARIATIONS	Variations can deliver significant shifts in cash flow.	UK property investments used to offset high risk mining operations.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The Rushes
Shopping Centre


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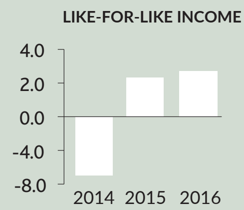
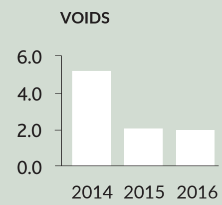
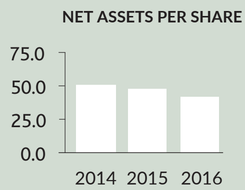
Waterstone's
Waterstone's

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.

<table>
<tr><th>STRATEGIC PRIORITY</th><th>KPI</th><th>PERFORMANCE</th><th></th></tr>
<tr><td colspan="4">MAXIMISING INCOME – LIKE FOR LIKE PROPERTY INCOME</td></tr>
<tr><td>To increase the like-for-like income from the property year on year.</td><td>Like-for-like rental income as a percentage of the prior year rental.</td><td>The like-for-like rental income has increased by £0.18m.</td><td>
</td></tr>
<tr><td colspan="4">MAXIMISING INCOME – OCCUPANCY</td></tr>
<tr><td>We aim to maximise the total income in our properties by achieving full occupancy.</td><td>The ERV of the empty units as a percentage of our total income.</td><td>Void levels have stabilised.</td><td>
</td></tr>
<tr><td colspan="4">CAPITAL STRENGTH – GROWTH IN NET ASSET VALUE PER SHARE</td></tr>
<tr><td>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.</td><td>Movement in the net assets per share.</td><td>The net assets per share fell by 2.43 pence per share or 5.1%.
The small reduction in NAV was to be expected as the assets and liabilities are re-organised and positioned for growth.</td><td>
</td></tr>
</table>

Corporate responsibility

SUSTAINABLE DEVELOPMENT

Bisichi's Black Wattle continues to strive to conduct business in a safe, environmentally and socially responsible manner. Some highlights of their Health, Safety and Environment performance in 2016:

- Black Wattle Colliery recorded one Lost Time Injury during 2016 (2015: Two).
- No cases of Occupational Diseases were recorded.
- Zero claims for the Compensation for Occupational Diseases were submitted.

They continue to adhere and make progress in terms of their Social and Labour Plan and their various BEE initiatives. A fuller explanation of these can be found in Bisichi's 2016 Financial Statements which are available on their web site: www.bisichi.co.uk

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 2016 to 31st December 2016. 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 both 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 2016.

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. The intensity figure represented below shows the emissions in tCO_2e per thousand pounds revenue.

TABLE1. LANDLORD & TENANT CONTROLLED AREAS

	EMISSIONS SOURCE	2016	2015
Scope 1 emissions	Natural gas (tCO_2e)	234	245
	Refrigerants (tCO_2e)	5	-
Scope 2 emissions	Electricity (tCO_2e)	3,491	3,948
	Total tCO_2e	**3,730**	4,193
	Intensity ratio (tCO_2e/£thousand)	***0.076***	*0.089*

TABLE 2. LAP CONTROLLED AREAS

	EMISSIONS SOURCE	2016	2015
Scope 1 emissions	Natural gas (tCO_2e)	234	245
	Refrigerants (tCO_2e)	5	-
Scope 2 emissions	Electricity (tCO_2e)	236	297
	Total tCO_2e	**475**	542

TABLE 3. TENANT CONTROLLED AREAS

	EMISSIONS SOURCE	2016	2015
Scope 1 emissions	Natural gas (tCO_2e)	-	-
	Refrigerants (tCO_2e)	-	-
Scope 2 emissions	Electricity (tCO_2e)	3,255	3,651
	Total tCO_2e	**3,255**	3,651

1. 2015 and 2016 Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting, Department for environment, Food and Rural Affairs (DEFRA) and Department for Energy and Climate Change (DECC)

2. 2015 electricity and natural gas consumption figures have been restated due to an increase of data accuracy.

TABLE 4. COAL MINING CARBON FOOTPRINT

	2016 CO_2e TONNES	2015 CO_2e TONNES
Emissions source:		
Scope 1 Combustion of fuel & operation of facilities	**11,860**	10,571
Scope 1 Emissions from coal mining activities	**22,171**	27,789
Scope 2 Electricity, heat, steam and cooling purchased for own use	**8,530**	7,571
Total	**42,561**	45,931
Intensity:		
Intensity 1 Tonnes of CO_2 per pound sterling of revenue	**0.0019**	0.00179
Intensity 2 Tonnes of CO_2 per pound of coal produced	**0.034**	0.0291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TRADITIONAL ARTISANA
BISTRO
CHAMPAGNE
FROMAGE

ENVIRONMENT

United Kingdom

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.

South Africa

The Bisichi group's principal activity in South Africa is coal mining. Under the terms of the mine's Environmental Management Programme approved by the Department of Mineral Resource ("DMR"), Black Wattle undertakes a host of environmental protection activities to ensure that the approved Environmental Management Plan is fully implemented. A performance assessment audit was conducted to verify compliance to Their Environmental Management Programme and no significant deviations were found.

EMPLOYEE, SOCIAL, COMMUNITY AND HUMAN RIGHTS

The Group's policy 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 and operates in compliance with all relevant national legislation.

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 26 employees (13 male, 13 female).

BISICHI MINING PLC

Bisichi Mining PLC's group at the year end had 6 directors (6 male, 0 female), 7 senior managers (6 male, 1 female) and 187 employees (143 male, 44 female).

Detailed information relating to Bisichi Strategic Report is available in its 2016 financial statements.

Approved on behalf of the board of directors

Anil Thapar,
Finance Director

27 April 2017

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ERNANCE

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 is Executive Chairman of Delmore Asset Management Limited which specialises in the discretionary management of investment portfolios for pension funds, charities, family trusts and private clients. He also acts as an advisor providing high level asset allocation advice to family offices and pension schemes, including Tesco Pension Investment Ltd. He has been a member of the LAP Board since July 1992, and has over 30 years' experience of the real estate market. From 1997-2003 he was consultant director on global asset allocation to Liverpool Victoria Asset Management Limited and was a director of Living Bridge VCT 2 from 2010-2016. Howard is a regular guest host for CNBC 'Squawk Box'.

Clive A Parritt FCA CF FIIA #†
Clive Parritt joined the board on 1 January 2006. He is a chartered accountant with over 40 years' experience of providing strategic, financial and commercial advice to businesses of all sizes. He is Chairman of BG Training Limited and a director of Jupiter US Smaller Companies plc. Until April 2016 he was Group Finance Director of Audiotonix Limited (an international manufacturer of audio mixing consoles). He has chaired and been a director of a number of other public and private companies. 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 chairman of private real estate company Property Alliance Group and a senior advisor to Alvarez & Marsal LLP ("A&M") and to a German real estate investment fund manager. He has more than 35 years' experience in real estate and structured finance. He was formerly Managing Director of A&M's real estate practice, advising private sector and public sector clients on both operational and financial real estate matters. Prior to joining A&M, Robin 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

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 financial statements for the year ended 31 December 2016.

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 5 to 31 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 14 to 31.

FUTURE DEVELOPMENTS

The Group continues to look for new opportunities to acquire real estate assets where it feels it can increase value by applying its intensive management skills. At the same time, it seeks to reduce its interest payments on its loans as they expire or where opportunities arise to refinance on better terms. We also seek to improve our existing estate through the continued pursuit of asset management initiatives.

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. Income may be affected adversely by the inability of tenants to pay their rent, but careful monitoring of rent collection and tenant quality helps to mitigate this risk. 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 over time.
- **Financing costs** – the exposure of the Group to interest rate movements is managed partly by the use of swap and cap arrangements (see note 23 on page 84 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 63.
- **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 and 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 2016 of 0.165p per share (2015 0.16p per share).

Subject to shareholder approval, the ordinary final dividend will be payable on Friday 15 September 2017 to shareholders registered at the close of business on Friday 18 August 2017.

THE COMPANY'S ORDINARY SHARES HELD IN TREASURY

At 31 December 2016, 221,061 (2015: 734,816) ordinary shares were held in Treasury with a market value of £46,422 (2015: £181,867). At the Annual General Meeting (AGM) in June 2016 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 Tuesday 6 June 2017.

MOVEMENTS IN TREASURY SHARES DURING THE YEAR:	NUMBER OF SHARES
Treasury shares held at 1 January 2016	734,816
Issued for directors' bonuses (69,225 shares at 24.50p)	(69,225)
Issued for staff bonuses (154,073 shares at 24.50p)	(154,073)
Issued for Share Incentive Plan (Directors 24,488 shares at 24.50p)	(24,488)
Issued for Share Incentive Plan (Staff 36,732 shares at 24.50p)	(36,732)
Issued for Share Incentive Plan (1,936 shares at 25p)	(1,936)
Issued for directors' bonuses (224,470 shares at 21.25p)	(224,470)
Issued for Share Incentive Plan (2,831 shares at 21.25p)	(2,831)
Treasury shares held at 31 December 2016	**221,061**

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.

INVESTMENT PROPERTIES

The freehold and long leasehold properties of the Company, its subsidiaries and Bisichi were revalued as at 31 December 2016 by independent professional firms of chartered surveyors – Allsop LLP, London (85.66 per cent of the portfolio), Carter Towler, Leeds (12.60 per cent) – and by the Directors (1.74 per cent). The valuations, which are reflected in the financial statements, amount to £105.08 million (2015: £104.39 million).

Taking account of prevailing market conditions, the valuation of the properties at 31 December 2016 resulted in an increase of £0.53 million (2015: decrease of £0.18 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 2016.

R Priest is retiring by rotation at the Annual General Meeting in 2017 and offers himself for re-election.

Robin Priest is chairman of private real estate company Property Alliance Group and a senior advisor to Alvarez & Marsal LLP ("A&M") and to a German real estate investment fund manager. He has more than 35 years' experience in real estate and structured finance. He was formerly Managing Director of A&M's real estate practice, advising private sector and public sector clients on both operational and financial real estate matters. Prior to joining A&M, Robin 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. Robin Priest has a contract of service with the Company determinable upon three months notice. The board has considered the appointment of Robin Priest and recommends his re-election as Director. His knowledge of structured finance and experience of dealing with challenging and complex assets and portfolios is of significant benefit to the business.

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 44 of the Annual Remuneration Report.

SUBSTANTIAL SHAREHOLDINGS

At 31 December 2016, Sir Michael Heller and his family had an interest in 48.08 million shares of the Company, representing 56.35 per cent of the issued share capital net of treasury shares (2015: 47.8 million shares representing 56.4 per cent). Cavendish Asset Management Limited had an interest in 8,173,875 shares representing 9.58 per cent of the issued share capital of the Company (2015: 8,280,434 shares representing 9.76 per cent). James Hyslop had an interest in 4,456,258 shares representing 5.22 per cent of the issued share capital of the Company (2015: 3,856,258 shares representing 4.55 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.

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 by 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 (2015: £Nil). No donations for charitable purposes were made during the year (2015: £Nil).

CORPORATE RESPONSIBILITY

Environment

The environmental considerations of the group's South African coal mining operations are covered in the Bisichi Mining PLC Strategic Report.

The group's UK activities are principally property investment whereby premises are provided for rent to retail businesses. The group seeks to provide those tenants with good quality premises from which they can operate in an efficient and environmentally efficient manner and waste re-cycling arrangements are in place at all the company's locations.

Greenhouse gas emissions

Details of the group's greenhouse gas emissions for the year ended 31 December 2016 can be found on pages 28 and 29 of the Strategic Report.

Employment

The group's policy 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. The Bisichi Mining PLC Strategic Report gives details of the group's activities and policies concerning the employment, training, health and safety and community support and social development concerning the group's employees in South Africa.

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 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.

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.

The Bisichi directors continue to adopt the going concern basis of accounting in preparing the Bisichi annual financial statements.

CORPORATE GOVERNANCE

The Corporate governance report can be found on pages 39 and 40 of the annual report and accounts.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 24 Bruton Place, London W1J 6NE on Tuesday 6 June 2017 at 11.00 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 3 – Remuneration Policy

Resolution 3 is to approve the remuneration policy of the Company for the three year period from the date of this Annual General Meeting in compliance with section 439A of the Companies Act 2006. The vote on the remuneration policy is binding and the company may not 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. If Resolution 3 is passed, the remuneration policy will take effect from the conclusion of the Annual General Meeting. The remuneration policy will be put to shareholders again no later than the Company's Annual General Meeting in 2020.

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 21 April 2017 (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 21 April 2017 (being the last practicable date prior to the publication of this Directors' Report).

The Directors' authority will expire on the earlier of 31 August 2018 or 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 IA 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 21 April 2017 (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 the earlier of 31 August 2018 or 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 21 April 2017 (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 2018 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.

Resolution 11 – Notice of General Meetings

Resolution 11 shall be proposed to allow the Company to call general meetings (other than an Annual General Meeting) on 14 clear days' notice. A resolution in the same terms was passed at the Annual General Meeting in 2016. The notice period required by the Companies Act 2006 for general meetings of the Company is 21 days, unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. Annual General Meetings must always be held on at least 21 clear days' notice. It is intended that the flexibility offered by this resolution will only be used for time-sensitive, non-routine business and where merited in the interests of shareholders as a whole. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

OTHER MATTERS

RSM 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

27 April 2017
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 34. The board is responsible to shareholders for the proper management of the Group.

The Directors' responsibilities statement in respect of the accounts is set out on page 52. 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 may be 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 42 to 45.
- The audit committee comprises two non-executive Directors and is chaired by C A Parritt. The audit committee report, with its terms of reference, is set out on page 51. The Chief Executive and Finance Director are normally invited to attend.

BOARD AND BOARD COMMITTEE MEETINGS HELD IN 2016

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

		MEETINGS HELD	MEETINGS ATTENDED
Sir Michael Heller	Board	10	10
	Nomination committee	1	1
	Remuneration committee	1	1
J A Heller	Board	10	10
	Audit committee	2	2
A K Thapar	Board	10	10
	Audit committee	2	2
C A Parritt	Board	10	10
	Audit committee	2	1
	Nomination committee	1	1
	Remuneration committee	1	1
H D Goldring	Board	10	10
	Audit committee	2	2
	Nomination committee	1	1
	Remuneration committee	1	1
R Priest	Board	10	9

PERFORMANCE EVALUATION – BOARD, BOARD COMMITTEES AND DIRECTORS

The performance of the board as a whole, 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 the Executive Chairman. 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 senior advisor. 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 2016. 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 2016. 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 2017.

The current remuneration policy, which details the remuneration policy for directors, can be found at www.lap.co.uk. The current remuneration policy was subject to a binding vote which was approved by shareholders at the AGM in June 2014. The approval will continue to apply for a 3 year period up to the AGM on 6 June 2017.

The second part details the Remuneration Policy for Directors. This policy is subject to a binding vote which will be proposed to shareholders at the AGM in 2017 and if approved will apply for a 3 year period commencing from the conclusion of the AGM.

Both of the 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 that is indicated.

C A Parritt
Chairman, Remuneration Committee

27 April 2017

Annual remuneration report

THE FOLLOWING INFORMATION HAS BEEN AUDITED

Single total figure of remuneration for the year ended 31 December 2016

	SALARY AND FEES £'000	BONUSES £'000	BENEFITS £'000	PENSIONS £'000	**TOTAL BEFORE SHARE OPTIONS £'000**	SHARE OPTIONS £'000	**TOTAL 2016 £'000**
Executive Directors							
Sir Michael Heller*	7	-	43	-	**50**	n/a	**50**
Sir Michael Heller - Bisichi	75	-	-	-	**75**	n/a	**75**
J A Heller	333	166	40	30	**569**	n/a	**569**
A K Thapar	152	35	11	15	**213**	n/a	**213**
	567	201	94	45	**907**	-	**907**
Non-executive Directors							
H D Goldring*+	32	-	5	-	**37**	n/a	**37**
C A Parritt*+	38	-	-	-	**38**	n/a	**38**
R Priest*	51	-	-	-	**51**	n/a	**51**
	121	-	5	-	**126**	-	**126**
Total	**688**	**201**	**99**	**45**	**1,033**	**-**	**1,033**

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
Sir Michael Heller - Bisichi	75	-	-	-	75	n/a	75
J A Heller	333	366	30	33	762	n/a	762
A K Thapar	130	55	8	40	233	n/a	233
	545	421	80	73	1,119	-	1,119
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	693	421	85	73	1,272	-	1,272

* Note 28 "Related party transactions"

+ Members of the remuneration committee for years ended 31 December 2015 and 31 December 2016

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

Sir Michael Heller is a director of Bisichi Mining PLC, (a subsidiary for IFRS 10 purposes) and received a salary from that company of £75,000 (2015: £75,000) for services.

Although Sir Michael Heller receives reduced remuneration in respect of his services to LAP, the Company 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 annual value of these services, if supplied to a third party, would have been £300,000 (2015: £300,000). Further details of these services are set out in Note 28 to the financial statements "Related party transactions".

J A Heller is a director of Dragon Retail Properties Limited, (a subsidiary for IFRS 10 purposes) and received benefits from that company of £11,336 (2015: £7,250) for services. This is included in the remuneration figures disclosed above.

The remuneration figures disclosed for H D Goldring include fees paid to his company, Delmore Asset Management Limited for consultancy services provided to the Group. This is detailed in Note 28 to the financial statements.

The remuneration figures for C A Parritt include fees paid to his accountancy practice for consultancy services provided to the Group. This is detailed in Note 28 to the financial statements.

Until 31 July 2016 R Priest was a managing director of Alvarez & Marsal Real Estate Advisory Services who provide consultancy services to the Group. The figure of disclosed remuneration for Mr Priest includes the value of these services up to 31 July 2016. This is detailed in Note 28 to the financial statements.

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 £30,000 and £15,000 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: No free shares were issued for 2016 bonuses. 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	
	2016	2015	**2016**	2015	**2016 £**	2015 £
Directors:						
J A Heller	-	1	-	12,244	-	3,000
A K Thapar	-	1	-	12,244	-	3,000
Staff	-	3	-	36,732	-	9,000
Total at 31 December	-	5	-	61,220	-	15,000

2. Partnership shares: No partnership shares were issued between November 2015 and October 2016.

3. Matching shares: The partnership share agreements for the year to 31 October 2016 provide for two matching shares to be awarded free of charge for each partnership share acquired. No partnership shares were acquired in 2016 (2015: 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 2016 amounted to £602 (2015: £484).

DIVIDEND SHARES ISSUED:

	NUMBER OF MEMBERS		NUMBER OF SHARES		VALUE OF SHARES	
	2016	2015	**2016**	2015	**2016 £**	2015 £
Directors:						
J A Heller	1	1	402	255	85	64
A K Thapar	1	1	495	331	105	83
Staff	6	8	1,934	1,350	412	337
Total at 31 December	**8**	10	**2,831**	1,936	**602**	484

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 2016.

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 2016 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 2016.

PAYMENTS FOR LOSS OF OFFICE

No payments for loss of office were made in the year ended 31 December 2016.

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 16	1 JAN 16	**31 DEC 16**	1 JAN 16
Sir Michael Heller	**6,053,541**	6,353,541	**19,277,931**	19,277,931
H D Goldring	**19,819**	19,819	**-**	-
J A Heller	**1,867,393**	1,630,022	**†14,073,485**	†14,073,485
C A Parritt	**36,168**	36,168	**-**	-
R Priest	**-**	-	**-**	-
A K Thapar	**120,495**	150,047	**-**	-

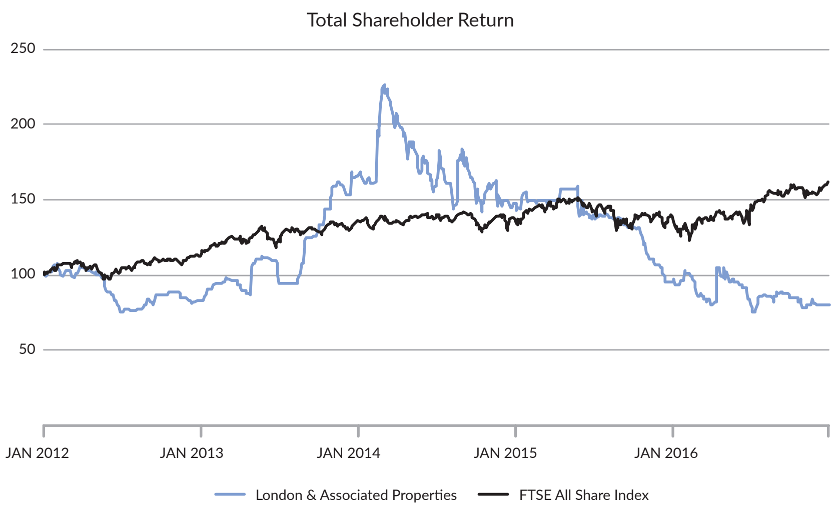
†These non-beneficial holdings are duplicated with those of Sir Michael Heller.

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 2016 was 21p (2015: 25p). During the year the share middle market price ranged between 19p and 28.38p.



REMUNERATION OF THE CHIEF EXECUTIVE OVER THE LAST TEN YEARS

YEAR	CEO	CHIEF EXECUTIVE SINGLE TOTAL FIGURE OF REMUNERATION £'000	ANNUAL BONUS PAYMENT AGAINST MAXIMUM OPPORTUNITY* %	LONG-TERM INCENTIVE VESTING RATES AGAINST MAXIMUM OPPORTUNITY* %
2016	**J A Heller**	**569**	**18 %**	**n/a**
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

*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) appears in the 2015 and 2016 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		
	2016	2015	**% CHANGE**	**2016**	2015	**% CHANGE**
Base salary and allowances	**333**	333	**0%**	**692**	691	**0%**
Taxable benefits	**40**	30	**33%**	**77**	67	**15%**
Annual bonus	**166**	366	**(55%)**	**97**	126	**(23%)**
Total	**539**	729	**(26%)**	**866**	884	**(2%)**

RELATIVE IMPORTANCE OF SPEND ON PAY

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

	2016 £'000	2015 £'000
Employee Remuneration	**7,173**	7,219
Distributions to shareholders	**136**	133

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. It is to be presented for approval at the forthcoming AGM.

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 2016. No increases were awarded and no external advice was taken in reaching this decision.

SHAREHOLDER VOTING

At the Annual General Meeting on 9 June 2016, 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 (9 June 2016)	83.78	1.27	8,541,374
Resolution to approve the Remuneration Policy (10 June 2014)	99.12	0.67	66,918

Remuneration policy summary

The remuneration policy summary below is an extract of the group's current remuneration policy on directors' remuneration, which was approved by a binding vote at the 2014 AGM. The approved policy took effect from 10 June 2014.

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

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 44)
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 42)
Share Options		Non-executive Directors do not participate in the share option schemes

The remuneration committee consider the performance measures outlined in the table above to be appropriate measures of performance and that the KPI's chosen align the interests of the directors and shareholders.

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 2016 is shown in the table on page 42
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 43
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

Remuneration policy

INTRODUCTION

Set out below is the LAP Group policy on directors' remuneration (excluding Bisichi). This will be proposed for a binding vote at the 2017 AGM. If approved the policy will take effect from 6 June 2017.

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
- The LAP Group's general aim of seeking to reward all employees fairly according to the nature of their role and their performance

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
Share options	To provide executive directors with a long-term interest in the company	Share options may be granted under existing schemes (see page 44) Where it is necessary to attract, retain, motivate and reward the right individuals, the directors may establish new schemes to replace any expired schemes
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 Responsibility Experience Risk 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 42)
Share options		Non-executive directors do not participate in the share option schemes

Notes to the Remuneration Policy

In order to ensure that shareholders have sufficient clarity over director remuneration levels, the company has, where possible, specified a maximum that may be paid to a director in respect of each component of remuneration. There have been no other significant changes made to the future remuneration policy from the previous remuneration policy.

- Remuneration packages offered to 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; and
- 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 individual director will be awarded a base salary in excess of £700,000 a year 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 director will receive benefits of a value in excess of 30% of their base salary No specific performance conditions are attached to contractual benefits
The remuneration committee determines the level of bonus on an annual basis. In assessing performance consideration is given to the level of net rental income, cash flow, voids, realised development gains and income from managing joint ventures. Achieved results are then compared with expectation taking account of market conditions Bonuses are generally offered in cash or shares	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	Entitlements 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. The aggregate number of shares over which options may be granted under all of the company's option schemes (including any options and awards granted under the company's employee share plans) in any period of ten years, will not exceed, at the time of grant, 10 % of the ordinary share capital of the company from time to time Share options will be offered by the remuneration committee as appropriate
Maximum participation levels are set by HMRC	Of any bonus awarded, Directors may opt to have maximum of £3,000 per year paid in 'Free Shares' under the SIP scheme rules
Reviewed annually	No individual non-executive director will be awarded a base salary in excess of £40,000 a year 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 non-executive director will receive benefits in excess of £10,000 a year No specific performance conditions are attached to contractual benefits

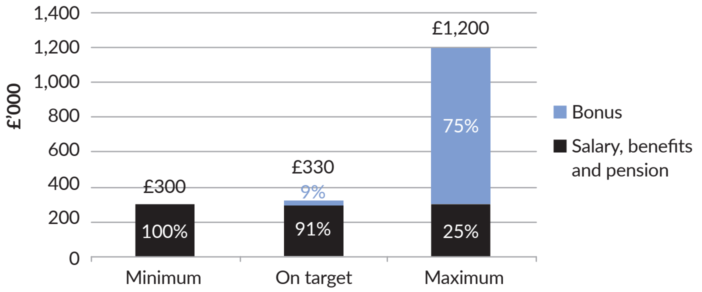
The remuneration committee considers the performance measures outlined in the table above to be appropriate measures of performance and that the KPI's chosen align the interests of the directors and shareholders.

For details of remuneration of other company employees please see page 45.

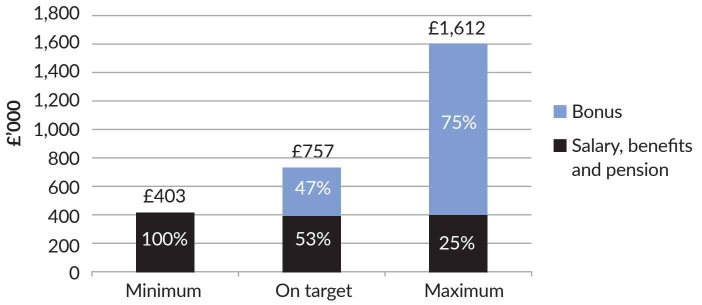
REMUNERATION SCENARIOS

An indication of the possible level of remuneration that would be received by each Executive director in the 12 months commencing 6 June 2017 in accordance with the director's remuneration policy is shown below.

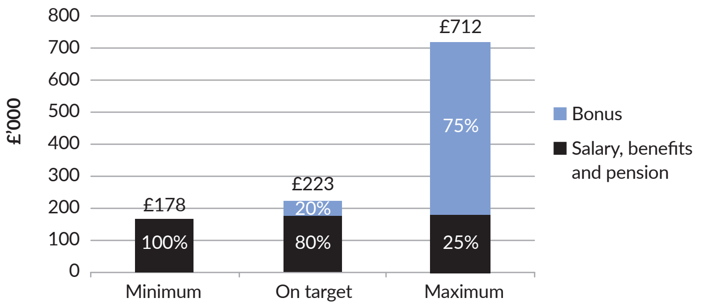
Sir Michael Heller



J A Heller



A K Thapar



The base salary level for Sir Michael Heller for the purpose of these graphs (and bonus calculations) is £300k as per note on page 42.

ASSUMPTIONS

Minimum

Consists of base salary, benefits and pension. Base salary, benefits and pension for 2017 are assumed at the levels included in the single total figure remuneration table for the year ended 31 December 2016.

On target

Based on the minimum, enhanced by a bonus calculated as the average percentage bonus awarded to the individual in the three years ending on 31 December 2016. As outlined in the policy summary above, the remuneration committee has discretion to award bonuses of up to 200% of base salary in any one year (up to 300% in an exceptional year). Base salary, benefits and pension for 2017 are assumed at the levels included in the single total figure remuneration table for the year ended 31 December 2016.

Maximum

Based on the minimum, enhanced by the maximum bonus available in an exceptional year (300% of base salary). Base salary, benefits and pension for 2017 are assumed at the levels included in the single total figure remuneration table for the year ended 31 December 2016.

APPROACH TO RECRUITMENT REMUNERATION

All appointments to the board are made on merit. The components of the remuneration package (for a new director who is recruited within the life of the approved remuneration policy) would comprise base salary, pension, benefits and an opportunity to earn an annual bonus and be granted share options as outlined above. The approach to such appointments is detailed within the policy summary above. The company will pay remuneration to new directors at a level that will enable it to attract appropriately skilled and experienced individuals but which is not, in the opinion of the remuneration committee excessive.

SERVICE CONTRACTS

All executive directors have full-time contracts of employment with the Company. Non-executive directors have contracts of service. No director has a contract of employment or contract of service with the company, its joint venture or associated companies with a fixed term which exceeds twelve months. Directors notice periods (see the annual remuneration report) are set in line with market practice and are of a length considered sufficient to ensure an effective handover of duties should a director leave the Company.

All directors' contracts as amended from time to time, have run from the date of appointment. Service contracts are kept at the registered office.

POLICY ON PAYMENT FOR LOSS OF OFFICE

There are no contractual provisions that could impact on a termination payment. Termination payments will be calculated in accordance with the existing contract of employment or service contract. It is the policy of the remuneration committee to issue employment contracts to executive directors with normal commercial terms and without extended terms of notice which could give rise to extraordinary termination payments.

CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE COMPANY

In setting this policy for directors' remuneration the remuneration committee has been mindful of the Company's objective to reward all employees fairly according to their role, performance and market forces. In setting the policy for Directors' remuneration the committee has considered the pay and employment conditions of the other employees within the Group, but no formal consultation has been undertaken with employees in drawing up the policy. The committee has not used formal comparison measures.

CONSIDERATION OF SHAREHOLDER VIEWS

No shareholder views have been taken into account when formulating this policy. In accordance with the new regulations, an ordinary resolution for approval of this policy will be put to shareholders at the AGM in June 2017.

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

27 April 2017

Directors' responsibilities 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 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.

DIRECTORS' STATEMENT PURSUANT TO THE DISCLOSURE AND TRANSPARENCY RULES

Each of the directors, whose names and functions are listed on page 34, confirms 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

OPINION ON FINANCIAL STATEMENTS

We have audited the Group and parent Company financial statements ("the financial statements") on pages 55 to 99. 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'.

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 2016 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.

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 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
- based on the work undertaken in the course of the audit, 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 and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required 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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As more fully explained in the Directors' Responsibilities Statement set out on page 52 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.

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.

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

28 April 2017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FINANCIAL STATEMENTS

Consolidated income statement

for the year ended 31 December 2016

	NOTES	2016 £'000	2015 £'000
Group revenue	1	**29,704**	32,666
Operating costs		**(26,860)**	(30,675)
Income from listed investments held for trading	3	**2**	3
Operating profit		**2,846**	1,994
Finance income	5	**144**	123
Finance expenses	5	**(4,292)**	(4,221)
Debenture break cost	23	**–**	(158)
Result before revaluation and other movements		**(1,302)**	(2,262)
Non–cash changes in valuation of assets and liabilities and other movements			
Increase/(decrease) in value of investment properties		**532**	(185)
Loss on disposal of investment properties		**–**	(32)
Increase/(decrease) in trading investments		**1**	(1)
Increase/(decrease) in value of other investments		**12**	(11)
Adjustment to interest rate derivative	23	**(217)**	84
Share of profit of joint ventures, net of tax	12	**–**	71
Loss on reclassification of asset as held for sale	12	**–**	(276)
Result including revaluation and other movements		**(974)**	(2,612)
Profit from discontinued operations	7	**–**	519
Loss for the year before taxation	2	**(974)**	(2,093)
Income tax (charge)/credit	6	**(1,175)**	47
Loss for the year		**(2,149)**	(2,046)
Attributable to:			
Equity holders of the Company		**(2,357)**	(1,899)
Non–controlling interest	27	**208**	(147)
Loss for the year		**(2,149)**	(2,046)
Earnings per share			
Loss per share – basic and diluted – continuing operations	9	**(2.77)p**	(2.85)p
Profit per share – basic and diluted – discontinued operations	9	**–**	0.61p
Total	9	**(2.77)p**	(2.24)p

Consolidated statement of comprehensive income

for the year ended 31 December 2016

	2016 £'000	2015 £'000
Loss for the year	**(2,149)**	(2,046)
Other comprehensive income/(expense):		
Items that may be subsequently recycled to the income statement:		
Exchange differences on translation of Bisichi Mining PLC foreign operations	**1,106**	(1,167)
Transfer of gain/(loss) on available for sale investments	**193**	(201)
Taxation	**(13)**	41
Other comprehensive income/(expense) for the year net of tax	**1,286**	(1,327)
Total comprehensive expense for the year net of tax	**(863)**	(3,373)
Attributable to:		
Equity shareholders	**(1,864)**	(2,414)
Non–controlling interest	**1,001**	(959)
	(863)	(3,373)

Consolidated balance sheet

at 31 December 2016

	NOTES	2016 £'000	2015 £'000
Non-current assets			
Market value of properties attributable to Group	10	**105,080**	104,388
Present value of head leases	31	**4,767**	4,784
Property		**109,847**	109,172
Mining reserves, plant and equipment	11	**8,653**	5,552
Investments in joint ventures	12	**455**	325
Loan to joint venture	13	**1,350**	900
Held to maturity investments	17	**1,874**	1,995
Other investments	17	**32**	14
Deferred tax	24	**1,134**	2,390
		123,345	120,348
Current assets			
Inventories	16	**1,721**	1,049
Assets held for sale	14	**–**	2,335
Trade and other receivables	18	**7,061**	6,502
Interest rate derivatives	23	**4**	15
Corporation tax recoverable		**32**	29
Available for sale investments	19	**781**	594
Investments held for trading	19	**19**	20
Cash and cash equivalents		**6,265**	4,809
		15,883	15,353
Total assets		**139,228**	135,701
Current liabilities			
Trade and other payables	20	**(12,942)**	(10,497)
Borrowings	21	**(4,108)**	(2,267)
Current tax liabilities		**(21)**	(10)
		(17,071)	(12,774)
Non-current liabilities			
Borrowings	21	**(64,401)**	(64,951)
Interest rate derivatives	23	**(793)**	(587)
Present value of head leases on properties	31	**(4,767)**	(4,784)
Provisions	22	**(1,236)**	(847)
Deferred tax liabilities	25	**(2,329)**	(2,106)
		(73,526)	(73,275)
Total liabilities		**(90,597)**	(86,049)
Net assets		**48,631**	49,652
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)		**(728)**	(1,145)
Capital redemption reserve		**47**	47
Retained earnings (excluding treasury shares)		**25,648**	28,238
Treasury shares	26	**(145)**	(482)
Retained earnings		**25,503**	27,756
Total equity attributable to equity shareholders		**38,242**	40,078
Non-controlling interest	27	**10,389**	9,574
Total equity		**48,631**	49,652
Net assets per share	9	**44.83p**	47.26p
Diluted net assets per share	9	**44.83p**	47.26p

These financial statements were approved by the board of directors and authorised for issue on 27 April 2017 and signed on its behalf by:

Sir Michael Heller
Director

Anil Thapar
Director

Company Registration No. 341829

Consolidated statement of changes in shareholders' equity

for the year ended 31 December 2016

	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 2015	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)
Loss 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)
Transactions with owners:									
Share options charge	–	–	–	–	–	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
(Loss)/profit for year	–	–	–	–	–	(2,357)	(2,357)	208	(2,149)
Other comprehensive income:									
Currency translation	–	–	417	–	–	–	417	689	1,106
Gain on available for sale investments (net of tax)	–	–	–	–	–	76	76	104	180
Total other comprehensive income	–	–	417	–	–	76	493	793	1,286
Total comprehensive income/ (expense)	–	–	417	–	–	(2,281)	(1,864)	1,001	(863)
Transactions with owners:									
Share options charge	–	–	–	–	–	45	45	64	109
Dividends – equity holders	–	–	–	–	–	(136)	(136)	–	(136)
Dividends – non-controlling interests	–	–	–	–	–	–	–	(250)	(250)
Disposal of own shares	–	–	–	–	119	–	119	–	119
Loss on transfer of own shares	–	–	–	–	218	(218)	–	–	–
Transactions with owners	–	–	–	–	337	(309)	28	(186)	(158)
Balance at 31 December 2016	**8,554**	**4,866**	**(728)**	**47**	**(145)**	**25,648**	**38,242**	**10,389**	**48,631**

Consolidated cash flow statement

for the year ended 31 December 2016

	2016 £'000	2015 £'000
Operating activities		
Loss for the year before taxation	**(974)**	(2,093)
Finance income	**(144)**	(123)
Finance expense	**4,292**	4,221
Debenture break cost	**–**	158
(Increase)/decrease in value of investment properties	**(532)**	185
Loss on disposal of investment properties	**–**	32
(Increase)/decrease in trading investments	**(1)**	1
(Increase)/decrease in value of other investments	**(12)**	11
Adjustment to interest rate derivative	**217**	(84)
Share of profit of joint ventures, net of tax	**–**	(71)
Loss on reclassification of asset as held for sale	**–**	276
Profit from discontinued operations	**–**	(511)
Depreciation	**1,818**	1,329
Profit on disposal of non-current assets	**(32)**	–
Share based payment expense	**109**	31
Gain on investment held for trading	**4**	122
Exchange adjustments	**(449)**	497
Change in inventories	**(258)**	393
Change in receivables – continuing operations	**468**	581
Change in receivables – discontinued operations	**–**	(424)
Change in payables	**1,080**	(156)
Cash generated from operations	**5,586**	4,375
Income tax paid	**(57)**	(1)
Cash inflows from operating activities	**5,529**	4,374
Investing activities		
Disposal of shares and loans held to maturity	**121**	201
Disposal of assets held for sale	**2,275**	–
Share of profit in joint ventures (assets held for sale)	**60**	210
Acquisition of investment properties, mining reserves, plant and equipment	**(3,022)**	(3,339)
Sale of investment properties, plant and equipment – continuing operations	**32**	368
Residual receipt from Windsor Shopping Centre disposal – discontinued operations	**414**	–
Interest received – continuing operations	**133**	88
– discontinued operations	**–**	87
Cash inflows/(outflows) from investing activities	**13**	(2,385)

	2016 £'000	2015 £'000
Financing activities		
Purchase of treasury shares	–	(111)
Sale of treasury shares	**119**	226
Interest paid	**(3,943)**	(3,996)
Interest obligation under finance leases	**(216)**	(247)
Debenture stock break costs paid	–	(158)
Receipt of bank loan – Bisichi Mining PLC	**37**	18
Repayment of bank loan – Bisichi Mining PLC	**(131)**	(66)
Receipt of bank loan – Dragon Retail Properties Ltd	–	1,250
Repayment of bank loan – Dragon Retail Properties Ltd	–	(1,900)
Repayment of bank loan	–	(201)
Repayment of debenture stocks	–	(1,250)
Equity dividends paid	**(136)**	(133)
Equity dividends paid – non-controlling interests	**(250)**	(250)
Cancelled share options – Bisichi Mining PLC	–	(109)
Cash outflows from financing activities	**(4,520)**	(6,927)
Net increase/(decrease) in cash and cash equivalents	**1,022**	(4,938)
Cash and cash equivalents at beginning of year	**2,575**	7,118
Exchange adjustment	**(666)**	395
Cash and cash equivalents at end of year	**2,931**	2,575

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:

	2016 £'000	2015 £'000
Cash and cash equivalents (before bank overdrafts)	**6,265**	4,809
Bank overdrafts	**(3,334)**	(2,234)
Cash and cash equivalents at end of year	**2,931**	2,575

£530,000 of cash deposits at 31 December 2016 were charged as security to debenture stocks.

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 in can be found in note 15 for subsidiaries and Note 12 for joint arrangements.

The exchange rates used in the accounts were as follows:

	£1 STERLING: RAND		£1 STERLING: DOLLAR	
	2016	2015	**2016**	2015
Year-end rate	**16.9472**	22.9067	**1.23321**	1.47634
Annual average	**19.9269**	19.5017	**1.35477**	1.51750

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

In reviewing going concern it is necessary to consider separately the position of LAP and Bisichi. Although both are consolidated into group accounts (as required by IFRS 10), they are managed independently and in the unlikely event that Bisichi was unable to continue trading this would not affect the ability of LAP to continue operating as a going concern. The same would be true for Bisichi in reverse.

The directors have reviewed the cash flow forecasts of the LAP Group and the underlying assumptions on which they are based. The LAP 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 LAP Group has adequate resources to continue in operational existence for the foreseeable future and that the LAP 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.

The Bisichi directors continue to adopt the going concern basis of accounting in preparing the Bisichi annual financial statements.

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 and interest rate derivatives.

The following Amendments were mandatory for the accounting period:

- Amendments to IAS 1, Presentation of Financial Statements ("IAS 1")
- Amendments to IAS 16 and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IFRS 10, IFRS 12 and IAS 28, Investment Entities: Applying the Consolidation Exception
- Amendments to IFRS 11, Accounting for Acquisition of Interest in Joint Operations
- Amendments to IAS 27, Separate financial statements
- Annual Improvements to IFRSs 2012-2014 Cycle

The application of these amendments has had no effect on the Group's financial statements.

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 IFRS Standards 2014-2016 Cycle
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
- Amendments to IAS 7 – Statement of Cash Flows
- Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealized Losses
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions
- Amendments to IAS 40: Transfers of Investment Property

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

The directors are currently evaluating the financial and operational impact of the following new or revised standards and the impact of adopting these standards cannot be reliably measured until this work is substantially complete.

- IFRS 15 'Revenue from Contracts with Customers' was issued by the IASB in May 2014. It is effective for accounting periods beginning on or after 1 January 2018. The new standard will replace existing accounting standards, and provides enhanced detail on the principle of recognising revenue to reflect the transfer of goods and services to customers at a value which the company expects to be entitled to receive. The standard also updates revenue disclosure requirements. The standard was endorsed by the EU on 22 September 2016.
- IFRS 9 was published in July 2014 and will be effective for the Group from 1 January 2018. The standard was endorsed by the EU on 22 November 2016 It is applicable to financial assets and financial liabilities, and covers the classification, measurement, impairment and de-recognition of financial assets and financial liabilities together with a new hedge accounting model.
- IFRS 16 'Leases' – IFRS 16 'Leases' was issued by the IASB in January 2016 and is effective for accounting periods beginning on or after 1 January 2019. The new standard will replace IAS 17 'Leases' and will eliminate the classification of leases as either operating leases or finance leases and, instead, introduce a single lessee accounting model. The standard provides a single lessee accounting model, specifying how leases are recognised, measured, presented and disclosed. The standard has yet to be endorsed by the EU.

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.

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.

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 remaining life of the mine is currently estimated at 5 years. This life of mine is based on the group's existing coal reserves and excludes future run of mine coal purchases and coal reserve acquisitions. 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 2016 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 of 8% associated with new mining areas based on assessments by the Competent Person and empirical data. If export coal prices reduce by 10% a 5.25% decrease in yield below expectation would be required to create breakeven scenario. However, the Bisichi directors consider the forecasted yield levels to be achievable.

Carrying value of Ezimbokodweni joint venture

The Group holds a £1.8 million (2015: £1.2 million) net investment in Ezimbokodweni Mining (Pty) Limited ("Ezimbokodweni"), made up of a £1.35 million loan (2015: £0.9 million) and a £0.45 million (2015: £0.3 million) joint venture investment, as in note 12 and 13. The carrying value of the investment is dependent upon the completion of the acquisition of the Pegasus coal project ("the project") in South Africa.

Although the South African Department of Mineral Resources ("DMR") has previously approved the transfer of legal title for the reserve to Ezimbokodweni, a proposed sale and purchase agreement negotiated and a deposit paid for the project, the conclusion of the transaction has been delayed pending the commercial transfer of the prospecting right from the current owners of the project to Ezimbokodweni. Previous negotiations to complete the commercial acquisition of the project have been beset by various delays outside the control of the Bisichi Group. More recently, Ezimbokodweni has indicated to the current owners of the project their ability to fund and complete the transaction via a consortium of newly proposed shareholders of Ezimbokodweni. The proposed consortium includes Anglo American PLC, Butsunani Energy Investment Holdings, Vunani Limited, our BEE partner in Black Wattle, and Bisichi Mining PLC. The consortium meets the Black Economic Empowerment requirements as required for the transaction as per the DMR. The current owners of the project have very recently notified Ezimbokodweni that they do not wish to divest the project at this stage and, accordingly, the Bisichi Board have considered the likelihood of the acquisition ultimately completing in due course as part of its assessment of the carrying value of the investment in Ezimbokodweni. The Bisichi Board remain committed to engaging with the current owners, the DMR and relevant stakeholders in order to conclude the transaction and plan further discussions with these parties in the near future.

In light of the previously approved legal transfer from the DMR, our understanding of the potential concerns the DMR may have if current owners do not ultimately divest of the asset and the support expressed for the transaction by the DMR as an important stakeholder, the Bisichi Board remain confident of the transaction completing in due course. The Bisichi Board has exercised significant judgement in forming its assessment that the transaction will ultimately complete. We will continue to evaluate the status of our investment on an ongoing basis as the planned engagement with the relevant stakeholders is undertaken. However, at present, we believe the Bisichi Group is still able to achieve significant value from the project in excess of its carrying value.

The carrying value of the net investment in the joint venture was tested for impairment based on the economic model for the project and no impairment indicators were considered to exist in terms of the underlying value of the asset. 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.

Deferred tax

The calculation of deferred tax involves the exercise 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.

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. 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 the Group's trading subsidiary companies are set out in Note 15.

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 is also a subsidiary for accounting purposes, as LAP and Bisichi each own 50% of that joint venture business.

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.

Loans to joint ventures are classified as non-current assets when they are not expected to be received in the normal working capital cycle. The loan to Ezimbokodweni is included in joint ventures as a part of net investment in joint venture as it is not expected to be repaid in the foreseeable future, as the recoverability is dependent upon the acquisition of the Pegasus coal project in South Africa and development over the life of mine. Trading receivables and payables to joint ventures are classified as current assets and liabilities.

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, including inter-company trading balances 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. Foreign exchange differences on intercompany loans are recorded in other comprehensive income when the loans are not considered trading balances and are not expected to be repaid in the foreseeable future. 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 receivables do not carry any interest, as any interest that would be recognised from discounting future cash payments over the short period is not considered to be material.

Trade and other payables

Trade and other payables are non-interest bearing and are stated at their nominal value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

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 ASSETS

Financial assets available for sale are measured at fair value. Any changes in fair value above cost are recognised in other comprehensive income and accumulated in the available-for-sale reserve. For any changes in fair value below cost a provision for impairment is recognised in the profit or loss account.

Other investments classified as non-current available for sale investments comprise shares in listed companies and are carried at fair value.

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.

BISICHI MINING PLC

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 costs

Expenditure is recognised in respect of goods and services received. Where coal is purchased from third parties at point of extraction the expenditure is only recognised when the coal is extracted and all of the significant risks and rewards of ownership have been transferred.

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. The cost recognised includes the recognition of any decommissioning assets related to property, plant and equipment.

Heavy surface mining and other plant and equipment is depreciated at varying rates depending upon its expected usage. The depreciation rates generally applied are between 5-10 per cent per annum, but limited to 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. Cost is determined using the weighted average method. 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. The cost recognised includes the recognition of any decommissioning assets related to mine development.

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.

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. All coal exports are sales to coal traders at Richard Bay's terminal in South Africa with the risks and rewards passing to the coal trader at the terminal. Whilst the coal traders will ultimately sell the coal on the international markets the Group has no visibility over the ultimate destination of the coal. Accordingly, the export sales are recorded as South Africa revenue.

Notes to the financial statements

for the year ended 31 December 2016

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 therefore it is consolidated, rather than being included in the accounts as an associate using the equity method. The Group has also consolidated Dragon, 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	LAP £'000	BISICHI £'000	DRAGON £'000	2016 TOTAL £'000
Rental income	6,241	1,060	171	**7,472**
Management income from third party properties	501	–	–	**501**
Mining	–	21,731	–	**21,731**
Group Revenue	6,742	22,791	171	**29,704**
Direct property costs	(1,168)	(187)	5	**(1,350)**
Direct mining costs	–	(16,184)	–	**(16,184)**
Overheads	(2,926)	(4,903)	(128)	**(7,957)**
Exchange gains	–	449	–	**449**
Depreciation	(25)	(1,785)	(8)	**(1,818)**
Operating profit before listed investments held for trading	2,623	181	40	**2,844**
Listed investments held for trading	2	–	–	**2**
Operating profit	2,625	181	40	**2,846**
Finance income	11	132	1	**144**
Finance expenses	(3,706)	(554)	(32)	**(4,292)**
Result before valuation movements	(1,070)	(241)	9	**(1,302)**
Other segment items				
Net increase/(decrease) on revaluation of investment properties	125	445	(38)	**532**
Increase in value of other investments	–	12	–	**12**
Net increase on revaluation of investments held for trading	1	–	–	**1**
Adjustment to interest rate derivative	(206)	–	(11)	**(217)**
Revaluation and other movements	(80)	457	(49)	**328**
(Loss)/profit for the year before taxation	(1,150)	216	(40)	**(974)**
Segment assets				
- Non-current assets – property	93,791	13,426	2,630	**109,847**
- Non-current assets – plant & equipment	112	8,520	21	**8,653**
- Cash & cash equivalents	3,706	2,444	115	**6,265**
- Non-current assets – other	1,874	32	–	**1,906**
- Non-current assets – deferred tax asset	1,134	–	–	**1,134**
- Current assets – others	1,853	7,745	20	**9,618**
Total assets excluding investment in joint ventures and assets held for sale	102,470	32,167	2,786	**137,423**
Segment liabilities				
Borrowings	(58,068)	(9,234)	(1,207)	**(68,509)**
Current liabilities	(6,074)	(6,811)	(78)	**(12,963)**
Non-current liabilities	(5,379)	(3,665)	(81)	**(9,125)**
Total liabilities	(69,521)	(19,710)	(1,366)	**(90,597)**
Net assets	32,949	12,457	1,420	**46,826**
Investment in joint ventures non segmental				**1,805**
Net assets as per balance sheet				**48,631**
Major customers: Customer A	–	14,543	–	**14,543**

This customer is for mining revenue in South Africa.

GEOGRAPHIC ANALYSIS	UNITED KINGDOM £'000	SOUTH AFRICA £'000	2016 TOTAL £'000
Revenue	8,025	21,679	**29,704**
Operating profit/(loss)	3,441	(595)	**2,846**
Non-current assets excluding investments	111,117	8,517	**119,634**
Total net assets	43,916	4,715	**48,631**
Capital expenditure	164	2,858	**3,022**

1. RESULTS FOR THE YEAR AND SEGMENTAL ANALYSIS CONTINUED

BUSINESS ANALYSIS	LAP £'000	BISICHI £'000	DRAGON £'000	2015 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)/profit of joint ventures, net of tax	(67)	138	–	71
Loss on reclassification of asset as held for sale	(138)	(138)	–	(276)
Revaluation and other movements	(505)	214	(59)	(350)
Profit from discontinued operations	519	–	–	519
(Loss)/profit 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 and equipment	148	5,374	30	5,552
- Cash and 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.

GEOGRAPHIC ANALYSIS	UNITED KINGDOM £'000	SOUTH AFRICA £'000	2015 TOTAL £'000
Revenue	8,058	24,608	32,666
Operating profit/(loss)	2,779	(785)	1,994
Non–current assets excluding investments	111,759	5,355	117,114
Total net assets	46,293	3,359	49,652
Capital expenditure	1,349	1,990	3,339

Group revenue is external to the Group and the directors consider that inter segmental revenues are not material. Revenue includes contingent rents of £0.2 million (2015: £0.3 million).

2. LOSS BEFORE TAXATION

	2016 £'000	2015 £'000
Loss before taxation is stated after charging/(crediting):		
Staff costs (see note 29)	**7,173**	7,219
Depreciation on tangible fixed assets - owned assets	**1,818**	1,329
Operating lease rentals - land and buildings	**442**	422
Exchange (gain)/loss	**(449)**	497
Profit on disposal of motor vehicles and office equipment	**(32)**	–
Amounts payable to the auditor in respect of both audit and non-audit services		
Audit services		
Statutory - Company and consolidation	**88**	115
Subsidiaries - audited by RSM	**20**	22
Subsidiaries - audited by other auditors	**50**	39
Further assurance services	**4**	13
Other services	**32**	2
	194	191

Staff costs are included in overheads.

Gain on revaluation of investment properties

	2016 £'000	2015 £'000
Investment surplus/(deficit)	**549**	(181)
Loss on valuation movement in respect of head lease payments	**(17)**	(4)
	532	(185)

3. LISTED INVESTMENTS HELD FOR TRADING

	2016 £'000	2015 £'000
Dealing loss	**–**	(6)
Dividends receivable	**2**	9
Net profit from listed investments	**2**	3

4. DIRECTORS' EMOLUMENTS

	2016 £'000	2015 £'000
Emoluments	**988**	1,199
Defined contribution pension scheme contributions	**45**	73
	1,033	1,272

Sir Michael Heller received £75,000 (2015: £75,000) as a Director of Bisichi Mining PLC.

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

5. FINANCE INCOME AND EXPENSES

	2016 £'000	2015 £'000
Finance income	**144**	123
Finance expenses		
Interest on bank loans and overdrafts	**(2,243)**	(2,258)
Unwinding of discount (Bisichi)	**(78)**	(79)
Other loans	**(1,420)**	(1,359)
Interest on derivatives	**(302)**	(295)
Interest on obligations under finance leases	**(249)**	(230)
Total finance expenses	**(4,292)**	(4,221)
	(4,148)	(4,098)

6. INCOME TAX

	2016 £'000	2015 £'000
Current tax		
Corporation tax on profit of the period	**73**	10
Corporation tax on profit of previous periods	**–**	(20)
Total current tax	**73**	(10)
Deferred tax		
Origination of timing differences	**874**	864
Revaluation of investment properties	**472**	(1,035)
Accelerated capital allowances	**(48)**	(97)
Fair value of interest derivatives	**(40)**	22
Adjustment in respect of prior years	**(156)**	209
Total deferred tax (notes 24 and 25)	**1,102**	(37)
Tax on profit on ordinary activities	**1,175**	(47)

The 2016 deferred tax recognised in income of £1,102,000 includes a credit of £168,000 arising in the Bisichi Group on the correction of an error in the calculation of deferred tax in 2015 related to the accounting of a deferred tax liability incorrectly recognised in respect of management fees. The Group has adjusted the effect of this error in its 2016 financial statements by reducing the tax charge for the year by £168,000 and reducing the associated deferred tax liability as it is not considered to be material to the current or prior year financial statements.

Factors affecting tax charge/(credit) 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 per cent (2015: 20.25 per cent). The differences are explained below:

	2016 £'000	2015 £'000
Loss for the year before taxation	**(974)**	(2,093)
Taxation at 20 per cent (2015: 20.25 per cent)	**(195)**	(424)
Effects of:		
Other differences	**1,306**	(607)
Adjustment in respect of prior years	**(157)**	189
Deferred tax rate adjustment	**221**	795
Income tax charge/(credit) for the year	**1,175**	(47)

The main component of other differences in the reconciliation relates to capital gains of £0.8 million (2015: losses £1.1 million) and indexation allowances of £nil (2015: (£0.1 million)), and others £0.5 million (2015: £0.3 million).

Analysis of United Kingdom and overseas tax:
United Kingdom tax included in above:

	2016 £'000	2015 £'000
Corporation tax	**13**	10
Adjustment in respect of prior years	**–**	(23)
Current tax	**13**	(13)
Deferred tax	**1,241**	(153)
	1,254	(166)

Overseas tax included above:

	2016 £'000	2015 £'000
Corporation tax	**60**	–
Adjustment in respect of prior years	**–**	3
Current tax	**60**	3
Deferred tax	**(139)**	116
	(79)	119

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.

The Finance Bill 2016 was substantively enacted on 7 September 2016. This includes a reduction in the rate of Corporation tax from 19% effective 1 April 2017 to 17% from 1 April 2020.

7. DISCONTINUED OPERATIONS

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 of £414,000 were received by the Group in 2016.

8. DIVIDEND

	2016 PER SHARE	£'000	2015 PER SHARE	£'000
Dividends paid during the year relating to the prior period	**0.16p**	**136**	0.156p	133
Dividends to be paid:				
Proposed final dividend for the year	**0.165p**	**141**	0.16p	136

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

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

	2016	2015
Loss for the year for the purposes of basic and diluted profit per share (£'000)	**(2,357)**	(1,899)
Weighted average number of ordinary shares in issue for the purpose of basic profit per share ('000)	**85,107**	84,951
Basic loss per share	**(2.77)p**	(2.24)p
Weighted average number of ordinary shares in issue for the purpose of diluted profit per share ('000)	**85,107**	84,951
Fully diluted loss per share	**(2.77)p**	(2.24)p

Weighted average number of shares in issue is calculated after excluding treasury shares of 221,061 (2015: 734,816).

The loss for continuing operations was £2,357,000 (2015: £2,418,000) and the profit for discontinued operations was £nil (2015: £519,000).

Net assets per share have been calculated as follows:

	2016	2015
Net assets (£'000)	**38,242**	40,078
Shares in issue ('000)	**85,322**	84,808
Basic net assets per share	**44.83p**	47.26p
Net assets diluted (£'000)	**38,242**	40,078
Shares in issue ('000)	**85,322**	84,808
Diluted net assets per share	**44.83p**	47.26p

10. INVESTMENT PROPERTIES

	TOTAL £'000	FREEHOLD £'000	LEASEHOLD OVER 50 YEARS £'000	LEASEHOLD UNDER 50 YEARS £'000
Cost or valuation at 1 January 2016	109,172	86,468	21,060	1,644
Additions in year	160	160	–	–
Decrease in present value of head leases	(17)	–	(15)	(2)
Increase/(decrease) on revaluation	532	1,957	(1,425)	–
At 31 December 2016	**109,847**	**88,585**	**19,620**	**1,642**
Representing assets stated at:				
Valuation	105,080	88,585	15,495	1,000
Present value of head leases	4,767	–	4,125	642
	109,847	**88,585**	**19,620**	**1,642**
At 31 December 2016	**109,847**	**88,585**	**19,620**	**1,642**
At 31 December 2015	109,172	86,468	21,060	1,644

10. INVESTMENT PROPERTIES CONTINUED

	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

The leasehold and freehold properties, excluding the present value of head leases and directors' valuations, were valued as at 31 December 2016 by professional firms of chartered surveyors. The valuations were made at fair value. The directors' property valuations were made at fair value.

	2016 £'000	2015 £'000
Allsop LLP	**90,010**	87,095
Carter Towler	**13,245**	12,800
Directors' valuations	**1,825**	4,493
	105,080	104,388
Add: present value of headleases	**4,767**	4,784
	109,847	109,172

The historical cost of investment properties, including total capitalised interest of £1,161,000 (2015: £1,161,000) was as follows:

		2016			2015	
	FREEHOLD £'000	**LEASEHOLD OVER 50 YEARS £'000**	**LEASEHOLD UNDER 50 YEARS £'000**	FREEHOLD £'000	LEASEHOLD OVER 50 YEARS £'000	LEASEHOLD UNDER 50 YEARS £'000
Cost at 1 January	72,551	17,653	1,939	71,601	17,506	1,939
Acquisition of property	–	–	–	960	–	–
Additions	160	–	–	210	147	–
Disposals	–	–	–	(220)	–	–
Cost at 31 December	**72,711**	**17,653**	**1,939**	72,551	17,653	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 the valuation.

10. INVESTMENT PROPERTIES CONTINUED

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 into 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 2016 £'000	CARRYING/ FAIR VALUE 2015 £'000	VALUATION TECHNIQUE	KEY UNOBSERVABLE INPUTS	RANGE (WEIGHTED AVERAGE) 2016	RANGE (WEIGHTED AVERAGE) 2015
Freehold – external valuation	**86,760**	81,975	Income capitalisation	Estimated Rental Value	**£5 – £37**	£5 – £37
				Per sq ft p.a	**(£19)**	(£18)
				Equivalent Yield	**5% – 14%**	5% – 15%
					(8%)	(8%)
Leasehold over 50 years – external valuation	**15,495**	16,920	Income capitalisation	Estimated Rental Value	**£5 – £11**	£5 – £11
				Per sq ft p.a	**(£9)**	(£10)
				Equivalent Yield	**7% – 18%**	7% –18%
					(11%)	(11%)
Leasehold under 50 years – external valuation	**1,000**	1,000	Income capitalisation	Estimated Rental Value	**£3 – £5**	£4 – £5
				Per sq ft p.a	**(£4)**	(£4)
				Equivalent Yield	**18% – 23%**	23% – 26%
					(19%)	(25%)
Freehold – Directors' valuation	**1,825**	4,493	Income capitalisation	Estimated Rental Value	**£5 – £5**	£5 – £24
				Per sq ft p.a	**(£5)**	(£16)
				Equivalent Yield	**6% – 6%**	6% – 6%
					(6%)	(6%)
At 31 December	**105,080**	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.

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)		EQUIVALENT YIELD 25 BASIS POINT CONTRACTION OR (EXPANSION)	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Freehold – external valuation	**8,671/(8,671)**	8,064/(8,064)	**3,585/(3,298)**	3,288/(3,027)
Leasehold over 50 years – external valuation	**1,545/(1,545)**	1,692/(1,692)	**394/(375)**	440/(418)
Leasehold under 50 years – external valuation	**100/(100)**	100/(100)	**13/(13)**	10/(10)
Freehold – Directors' valuation	**183/(183)**	443/(443)	**78/(72)**	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 2016	17,188	995	15,453	740
Exchange adjustment	6,273	349	5,858	66
Additions	2,862	–	2,814	48
Disposals	(506)	–	(401)	(105)
At 31 December 2016	**25,817**	**1,344**	**23,724**	**749**
Accumulated depreciation at 1 January 2016	11,636	949	10,201	486
Exchange adjustment	4,202	336	3,824	42
Charge for the year	1,818	2	1,746	70
Disposals in year	(492)	–	(401)	(91)
Accumulated depreciation at 31 December 2016	**17,164**	**1,287**	**15,370**	**507**
Net book value at 31 December 2016	**8,653**	**57**	**8,354**	**242**
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)
Cost 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	(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

12. INVESTMENT IN JOINT VENTURE

Shares in joint venture:

	2016 £'000	2015 £'000
At 1 January	**325**	3,434
Share of profit after tax (Langney)	**–**	71
Dividends received (Langney)	**–**	(210)
Loss on reclassification of asset held for sale (Langney)	**–**	(276)
Exchange adjustment	**130**	(359)
Transfer to assets held for sale (Langney) (note 14)	**–**	(2,335)
At 31 December	**455**	325

Results of joint venture:

	EZIMBOKODWENI 49% £'000	**2016 £'000**	2015 £'000
Turnover	–	**–**	344
Loss before tax	–	**–**	(204)
Loss after taxation	–	**–**	(204)
Balance sheet			
Non-current assets	1,346	**1,346**	5,467
Current assets	3	**3**	206
Current liabilities	(1,349)	**(1,349)**	(989)
Non-current liabilities	–	**–**	(2,349)
Share of net assets at 31 December	–	**–**	2,335

12. INVESTMENT IN JOINT VENTURE CONTINUED

Reconciliation to amounts included in the financial statements:

GROUP SHARE OF:	EZIMBOKODWENI 49.00% £'000	**TOTAL 2016 £'000**	TOTAL 2015 £'000
Amount invested in excess of net assets	455	**455**	325
Shares in joint venture	455	**455**	325

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 and its registered address is Samora Machel Street, Bethal Road, Middelburg, Mpumalanga, 1050. It has issued share capital of 100 (2015: 100) ordinary shares of ZAR1 each. No dividends were received during the period. Included in the carrying value of the net investment in the joint venture assets in note 13 is a loan to Ezimbokodweni of £1,350,000 (2015: £900,000) and an equity investment of £455,000 (2015: £325,000). The loan bears interest at the South African prime overdraft rate plus 1.5%. The loan is unsecured and repayable on demand.

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 Bisichi Mining PLC equally 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 £60,000 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 £nil (2015: £2,335,000) which includes a loss on the reclassification of the asset to held for sale in the amount of £nil (2015: £276,000).

13. LOAN TO JOINT VENTURE

	2016 JOINT VENTURES ASSETS £'000	2015 JOINT VENTURES ASSETS £'000
Loan to Ezimbokodweni Mining (Pty) Limited		
At 1 January	**900**	1,040
Exchange adjustment	**336**	(235)
Additions – interest	**114**	95
At 31 December	**1,350**	900

14. ASSETS HELD FOR SALE

	2016 £'000	2015 £'000
Investment in Langney Shopping Centre Unit Trust		
At 1 January	**2,335**	–
Transfer from investment in joint venture (note 12)	**–**	2,335
Disposal	**(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. The Group 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 £nil (2015: £2,335,000).

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 2016 is disclosed below:

ENTITY	ACTIVITY	PERCENTAGE OF SHARE CAPITAL	REGISTERED ADDRESS	COUNTRY OF INCORPORATION
Analytical Investments Limited	Dormant	100%	24 Bruton Place, London, W1J 6NE	England and Wales
Analytical Portfolios Limited	Dormant	100%	24 Bruton Place, London, W1J 6NE	England and Wales
Analytical Properties Holdings Limited	Property	100%	24 Bruton Place, London, W1J 6NE	England and Wales
Analytical Properties Limited	Property	100%	24 Bruton Place, London, W1J 6NE	England and Wales
Analytical Ventures Limited	Property	100%	24 Bruton Place, London, W1J 6NE	England and Wales
24 Bruton Place Limited	Dormant	100%	24 Bruton Place, London, W1J 6NE	England and Wales
24 BPL (Harrogate) Limited	Investment	88%	24 Bruton Place, London, W1J 6NE	England and Wales
24 BPL (Harrogate) Two Limited	Investment	100%	24 Bruton Place, London, W1J 6NE	England and Wales
Brixton Village Limited	Property	100%	24 Bruton Place, London, W1J 6NE	England and Wales
Market Row Limited	Property	100%	24 Bruton Place, London, W1J 6NE	England and Wales
Newincco 1243 Limited	Property	100%	24 Bruton Place, London, W1J 6NE	England and Wales
Newincco 1244 Limited	Property	100%	24 Bruton Place, London, W1J 6NE	England and Wales
Newincco 1245 Limited	Property Management Services	100%	24 Bruton Place, London, W1J 6NE	England and Wales
Newincco 1299 Limited	Property	100%	24 Bruton Place, London, W1J 6NE	England and Wales
Newincco 1300 Limited	Property	100%	24 Bruton Place, London, W1J 6NE	England and Wales
LAP Ocean Holdings Limited	Property	100%	24 Bruton Place, London, W1J 6NE	England and Wales
LAP Ocean Two Limited	Property	100%	24 Bruton Place, London, W1J 6NE	England and Wales
London & Associated Limited	Dormant	100%	24 Bruton Place, London, W1J 6NE	England and Wales
London & Associated (Rugeley) Limited	Dormant	100%	24 Bruton Place, London, W1J 6NE	England and Wales
London & Associated Securities Limited	Dormant	100%	24 Bruton Place, London, W1J 6NE	England and Wales
London & Associated Management Services Limited	Property Management Services	100%	24 Bruton Place, London, W1J 6NE	England and Wales
London & African Investments Limited	Dormant	100%	24 Bruton Place, London, W1J 6NE	England and Wales
Orchard Chambers Residential Limited	Dormant	100%	24 Bruton Place, London, W1J 6NE	England and Wales
Bisichi Mining PLC (note D)	Coal mining	41.52%	24 Bruton Place, London, W1J 6NE	England and Wales
Mineral Products Limited (note A)(note D)	Share dealing	100%	24 Bruton Place, London, W1J 6NE	England and Wales
Bisichi (Properties) Limited (note A)(note D)	Property	100%	24 Bruton Place, London, W1J 6NE	England and Wales
Bisichi Mining (Exploration) Limited (note A)(note D)	Holding company	100%	24 Bruton Place, London, W1J 6NE	England and Wales
Black Wattle Colliery (Pty) Limited (note A)(note D)	Coal mining	62.5%	Samora Machel Street, Bethal Road, Middelburg, Mpumalanga, 1050	South Africa
Bisichi Coal Mining (Pty) Limited (note A)(note D)	Coal mining	100%	Samora Machel Street, Bethal Road, Middelburg, Mpumalanga, 1050	South Africa
Urban First (Northampton) Limited (note A)(note D)	Dormant	100%	24 Bruton Place, London, W1J 6NE	England and Wales
Bisichi Trustee Limited (note A)(note D)	Property	100%	24 Bruton Place, London, W1J 6NE	England and Wales
Bisichi Mining Management Services Limited (note A)(note D)	Dormant	100%	24 Bruton Place, London, W1J 6NE	England and Wales
Ninghi Marketing Limited (note A)(note D)	Dormant	90.1%	24 Bruton Place, London, W1J 6NE	England and Wales
Bisichi Northampton Limited (note A)(note D)	Property	100%	24 Bruton Place, London, W1J 6NE	England and Wales
Amandla Ehtu Mineral Resource Development (Pty) Limited (note A)(note D)	Dormant	70%	Samora Machel Street, Bethal Road, Middelburg, Mpumalanga, 1050	South Africa
Ezimbokodweni Mining (Pty) Limited (note A)(note D)	Dormant	49%	Samora Machel Street, Bethal Road, Middelburg, Mpumalanga, 1050	South Africa
Black Wattle Klipfontein (Pty) Limited (note A)(note D)	Coal mining	62.5%	Samora Machel Street, Bethal Road, Middelburg, Mpumalanga, 1050	South Africa
Dragon Retail Properties Limited (note B)(note D)	Property	50%	24 Bruton Place, London, W1J 6NE	England and Wales
Newincco 1338 Limited (note C)	Property	100%	24 Bruton Place, London, W1J 6NE	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: Bisichi and Dragon and their subsidiaries are included in the consolidated financial statements in accordance with IFRS 10.

16. INVENTORIES

	2016 £'000	2015 £'000
Coal		
Washed	**1,139**	778
Run of mine	**83**	110
Work in progress	**458**	122
Other	**41**	39
	1,721	1,049

17. HELD TO MATURITY INVESTMENTS AND OTHER INVESTMENTS

Held to maturity investments:

	2016 TOTAL £'000	UNLISTED SHARES £'000	LOAN STOCK £'000	2015 TOTAL £'000	UNLISTED SHARES £'000	LOAN STOCK £'000
At 1 January	**1,995**	**1**	**1,994**	2,196	1	2,195
Repayments	**(121)**	**–**	**(121)**	(201)	–	(201)
At 31 December	**1,874**	**1**	**1,873**	1,995	1	1,994

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:

	2016 £'000	2015 £'000
Net book and market value of investments listed on overseas stock exchange	**32**	14
	32	14

18. TRADE AND OTHER RECEIVABLES

	2016 £'000	2015 £'000
Trade receivables	**4,701**	4,129
Other receivables	**1,010**	1,385
Prepayments and accrued income	**1,350**	988
	7,061	6,502

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

	2016 £'000	2015 £'000
Market bid value of the listed investment portfolio - available for sale	**781**	594
Market bid value of the listed investment portfolio - held for trading	**19**	20
Unrealised gain/(loss) of market value over cost	**45**	(146)
Listed investment portfolio at cost	**755**	760

Investments are listed on the London Stock Exchange with the exception of £60,000 (2015: £26,000) listed outside Great Britain.

The directors have reviewed the individual investments for impairment and do not consider the investments which are below cost to be impaired.

20 TRADE AND OTHER PAYABLES

	2016 £'000	2015 £'000
Trade payables	**3,618**	2,289
Other taxation and social security costs	**739**	661
Other payables	**2,815**	2,687
Accruals and deferred income	**5,770**	4,860
	12,942	10,497

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

21. BORROWINGS

	2016 £'000 CURRENT	2016 £'000 NON-CURRENT	2015 £'000 CURRENT	2015 £'000 NON-CURRENT
Other loans (Bisichi)	**24**	**–**	33	–
£1.25 million term bank loan (secured) repayable by 2020 (Dragon)*	**–**	**1,207**	–	1,196
£3.75 million first mortgage debenture stock 2018 at 11.6 per cent	**750**	**3,000**	–	3,750
Bank overdrafts (secured) (Bisichi)	**3,334**	**–**	2,234	–
Bank loan (secured)(Bisichi)	**–**	**66**	–	13
£10 million first mortgage debenture stock 2022 at 8.109 per cent*	**–**	**9,905**	–	9,888
£5.876 million term bank loan (secured) repayable by 2019 (Bisichi)*	**–**	**5,810**	–	5,927
£34.897 million term bank loan (secured) repayable by 2019*	**–**	**34,468**	–	34,296
£10.105 million term bank loan (secured) repayable by 2019 at 9.5 per cent*	**–**	**9,945**	–	9,881
	4,108	**64,401**	2,267	64,951

Borrowings analysis by origin:

	2016 £'000	2015 £'000
United Kingdom	**65,085**	64,938
South Africa	**3,424**	2,280
	68,509	67,218

* 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.

In 2015, 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 £87.38 million. In addition, £0.53 million of cash deposits are charged as security to debenture stocks. The £34.897 million bank loan has an interest cost of 2 per cent above LIBOR. An interest rate swap and cap agreements have been entered into as detailed in note 23.

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 £13.2 million. During the year, Bisichi breached a loan to value covenant on the bank loan. Bisichi made a £123,300 payment against the loan and remedied the covenant breach, leaving a loan due of £5.876 million. The interest cost of the bank loan is 2.35 per cent above LIBOR.

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 £6.057 million.

The bank loan of £1.25 million (Dragon) 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 £2.58 million. The interest cost of the loan is 2 per cent above LIBOR.

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

	2016 £'000	2015 £'000
At 1 January	**847**	930
Exchange adjustment	**311**	(162)
Unwinding of discount	**78**	79
At 31 December	**1,236**	847

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:

	2016 FAIR VALUE £'000	2016 CARRYING VALUE £'000	2015 FAIR VALUE £'000	2015 CARRYING VALUE £'000
Cash and cash equivalents	**6,265**	**6,265**	4,809	4,809
Assets held for sale	**–**	**–**	2,335	2,335
Investments held to maturity	**1,874**	**1,874**	1,995	1,995
Loan to joint venture	**1,350**	**1,350**	900	900
Other investments	**32**	**32**	14	14
Investments held for trading	**19**	**19**	20	20
Available for sale investments	**781**	**781**	594	594
Derivative assets	**4**	**4**	15	15
Other assets	**5,711**	**5,711**	5,514	5,514
Derivative liabilities	**(793)**	**(793)**	(587)	(587)
Bank overdrafts	**(3,334)**	**(3,334)**	(2,234)	(2,234)
Bank loans	**(52,218)**	**(51,520)**	(52,298)	(51,346)
Present value of head leases on properties	**(4,767)**	**(4,767)**	(4,784)	(4,784)
Other liabilities	**(12,942)**	**(12,942)**	(10,497)	(10,497)
Total financial liabilities before debentures	**(58,018)**	**(57,320)**	(54,204)	(53,252)

Fair value of debenture stocks

Fair value of the Group's debenture liabilities:

	2016 BOOK VALUE £'000	2016 FAIR VALUE £'000	2016 FAIR VALUE ADJUSTMENT £'000	2015 FAIR VALUE ADJUSTMENT £'000
Debenture stocks	**(13,750)**	**(17,276)**	**(3,526)**	(3,575)
Tax at 20 per cent (2015: 20 per cent)	**–**	**–**	**705**	715
Post tax fair value adjustment	**–**	**–**	**(2,821)**	(2,860)
Post tax fair value adjustment – basic pence per share	**–**	**–**	**(3.3)p**	(3.3)p

23. FINANCIAL INSTRUMENTS CONTINUED

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 2016 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.

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. Held to maturity investments are held at cost and other investments are held at fair value. 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 2015 fall under the same category of financial instrument as 2016.

The carrying amount of short term (less than 12 months) trade receivable and other liabilities approximates its fair values. The fair value of non-current borrowings in note 21 approximates its carrying value and was determined under level 2 of the fair value hierarchy and is estimated by discounting the future contractual cash flows at the current market interest rates for UK borrowings and for the South African overdraft facility. The fair value of the finance lease liabilities in note 31 approximates its carrying value was determined under level 2 of the fair value hierarchy and is estimated by discounting the future contractual cash flows at the current market interest rates.

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

LAP and Dragon have variable interest term debts which are covered by derivatives. Additionally, LAP has variable interest term debt covered by interest caps. At 31 December 2016, with other variables unchanged, a 1% increase in interest rates would change the profit/loss for the year by £173,000 (2015: £173,000). Bisichi has variable loans and a 1% increase in interest rates would change the profit/loss for the year by £56,000 (2015: £67,000).

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.

23. FINANCIAL INSTRUMENTS CONTINUED

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

	2016 TOTAL £'000	LESS THAN 1 YEAR £'000	2-5 YEARS £'000	OVER 5 YEARS £'000
Bank overdrafts (floating)	**3,334**	**3,334**	**–**	**–**
Debentures (fixed)	**13,655**	**750**	**3,000**	**9,905**
Bank loans (fixed)	**9,945**	**–**	**9,945**	**–**
Bank loans (floating)*	**41,575**	**24**	**41,551**	**–**
Trade and other payables (non–interest)	**12,942**	**12,942**	**–**	**–**
	81,451	**17,050**	**54,496**	**9,905**

	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)	11,506	10,636	737	133
	78,724	12,903	55,800	10,021

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.

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.

Foreign exchange risk

Only Bisichi is subject to this risk. All trading is undertaken in the local currencies except for certain export sales that commenced during 2016 which are invoiced in US Dollars. It is not the Bisichi Group's policy to obtain forward contracts to mitigate foreign exchange risk on these contracts as payment terms are within 15 days of invoice or earlier. Funding is also in local currencies other than inter-company investments and loans and it is also not the Bisichi Group's policy to obtain forward contracts to mitigate foreign exchange risk on these amounts. During 2016 and 2015 the Bisichi Group did not hedge its exposure of foreign investments held in foreign currencies.

The Bisichi 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 Bisichi Group, excluding inter-company balances. The principle currency risk to which the Bisichi Group is exposed in regard to inter-company balances is the exchange rate between Pounds sterling and South African Rand. It arises as a result of the retranslation of Rand denominated inter-company trade receivable balances held within the UK which are payable by South African Rand functional currency subsidiaries.

Based on the Bisichi Group's net financial assets and liabilities as at 31 December 2016, a 25% strengthening of Sterling against the South African Rand, with all other variables held constant, would decrease the Bisichi Group's profit after taxation by £435,000 (2015: £344,000). A 25% weakening of Sterling against the South African Rand, with all other variables held constant would increase the Bisichi Group's profit after taxation by £725,000 (2015: £573,000).

The 25% sensitivity has been determined based on the average historic volatility of the exchange rate for 2015 and 2016.

23. FINANCIAL INSTRUMENTS CONTINUED

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

	2016 £'000	2015 £'000
Sterling	**1,717**	1,135
South African Rand	**725**	470
US Dollar	**2**	3
	2,444	1,608

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:

2016:	**UK £'000**	**SOUTH AFRICA £'000**
Sterling	(2,522)	–
South African Rand	36	(2,262)
US Dollar	35	–
	(2,451)	**(2,262)**

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

Borrowing facilities

At 31 December 2016 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

	2016 £'000	2015 £'000
Fixed rate borrowings	**23,855**	23,855
Floating rate borrowings		
– Subject to interest rate swap	**36,147**	36,148
– Other borrowings	**9,300**	8,280
	69,302	68,283
Average fixed interest rate	**9.24%**	9.24%
Weighted average swapped interest rate	**3.3%**	3.41%
Weighted average cost of debt on overdrafts, bank loans and debentures	**5.8%**	5.71%
Average period for which borrowing rate is fixed	**3.8 years**	4.8 years
Average period for which borrowing rate is swapped	**2.5 years**	3.5 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 2016 the Group had hedges totaling £34.897 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. During the year the swaption was not exercised and was replaced in January 2016 with a £17.397 million cap agreement to 1 July 2019.

At the year end the fair value liability in the accounts was £793,000 (2015: £587,000) as valued by the hedge provider.

At 31 December 2016, 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 £4,000, as valued by the hedge provider.

23. FINANCIAL INSTRUMENTS CONTINUED

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).

	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000	2016 GAIN/(LOSS) TO INCOME STATEMENT £'000
Financial assets					
Other financial assets held for trading and available for sale					
Quoted equities	832	–	–	832	13
Derivative financial instruments					
Interest rate swaps	–	4	–	4	(11)
Financial liabilities					
Derivative financial instruments					
Interest rate swaps	–	793	–	793	(206)

	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

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:

	2016 £'000	2015 £'000
Total debt	68,509	67,218
Less cash and cash equivalents	(6,265)	(4,809)
Net debt	62,244	62,409
Total equity	48,631	49,652
	128.0%	125.7%

The Group does not have any externally imposed capital requirements.

23. FINANCIAL INSTRUMENTS CONTINUED

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.

Financial assets maturity

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

	2016 £'000	2015 £'000
Cash at bank and in hand	**6,265**	4,809

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

	2016 £'000	2015 £'000
Bank loans and overdrafts:		
Repayable on demand or within one year	**3,358**	2,267
Repayable between two and five years	**51,496**	51,313
	54,854	53,580
Debentures:		
Repayable within one year	**750**	–
Repayable between two and five years	**3,000**	3,750
Repayable in more than five years	**9,905**	9,888
	68,509	67,218

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

24. DEFERRED TAX ASSET

	2016 £'000	2015 £'000
Balance at 1 January	**2,390**	2,324
Transferred to consolidated income statement	**(1,256)**	66
Balance at 31 December	**1,134**	2,390
The deferred tax balance comprises the following:		
Revaluation of properties	**(2,719)**	(2,226)
Accelerated capital allowances	**(904)**	(952)
Fair value of interest derivatives	**151**	111
Short-term timing differences	**(124)**	(131)
Loss relief	**4,730**	5,588
Deferred tax asset at end of year:	**1,134**	2,390

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.

In addition, the Group has unused losses and reliefs with a potential value of £5,455,000 (2015: £4,945,000), which have not been recognised as a deferred tax asset. As the Group returns to profit, these losses and reliefs can be utilised.

25. DEFERRED TAX LIABILITIES

	2016 £'000	2015 £'000
Balance at 1 January	**2,106**	2,410
Transferred to consolidated income statement	**(154)**	29
Transferred to other comprehensive income	**13**	(41)
Exchange adjustment	**364**	(292)
Balance at 31 December	**2,329**	2,106
The deferred tax balance comprises the following:		
Revaluation of properties	**793**	724
Accelerated capital allowances	**1,347**	1,490
Short-term timing differences	**191**	(111)
Fair value of interest derivatives	**–**	3
Unredeemed capital deductions	**(642)**	–
Losses and other deductions	**640**	–
Deferred tax liability provision at end of year:	**2,329**	2,106

Refer to note 6 for details of a Bisichi Group adjustment in respect of the prior year deferred tax, in the current year.

26. SHARE CAPITAL

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

	NUMBER OF ORDINARY 10P SHARES 2016	NUMBER OF ORDINARY 10P SHARES 2015	2016 £'000	2015 £'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)	**(221,061)**	(734,816)	**(22)**	(73)
"Issued share capital" for reporting purposes	**85,321,650**	84,807,895	**8,532**	8,481

Treasury shares

	NUMBER OF ORDINARY 10P SHARES		COST/ISSUE VALUE	
	2016	2015	2016 £'000	2015 £'000
Shares held in Treasury at 1 January	**734,816**	1,032,991	**482**	883
Issued for share incentive plan -dividends investment (Jan 2016 - 25p)	**(1,936)**	–	**(1)**	–
Issued to meet directors bonuses (Jan 2016 - 24.50p) (Jan 2015 - 37.75p)	**(69,225)**	(431,476)	**(45)**	(369)
Issued to meet staff bonuses (Jan 2016 - 24.50p) (Jan 2015 - 37.75p)	**(154,073)**	(111,678)	**(101)**	(95)
Issued for new directors share incentive plan (Jan 2016 - 24.50p) (Jan 2015 - 37.75p)	**(24,488)**	(7,947)	**(16)**	(7)
Issued for new staff share incentive plan (Jan 2016 - 24.50p) (Jan 2015 - 37.75p)	**(36,732)**	(47,271)	**(24)**	(40)
Purchase of shares (Jun 2015 - 37.69p)	**–**	133,333	**–**	50
Purchase of shares (Oct 2015 - 36.18p)	**–**	166,864	**–**	60
Issued for share incentive plan - dividends investment (Nov 2016 - 21.25p)	**(2,831)**	–	**(2)**	–
Issued to meet directors bonuses (Nov 2016 - 21.25p)	**(224,470)**	–	**(148)**	–
Shares held in Treasury at 31 December	**221,061**	734,816	**145**	482

26. SHARE CAPITAL CONTINUED

Share Option Schemes

Employees' share option scheme (Approved scheme)

At 31 December 2016 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 2016 is as follows:

		CHANGES DURING THE YEAR			
	AT 1 JANUARY 2016	OPTIONS EXERCISED	OPTIONS GRANTED	OPTIONS LAPSED	**AT 31 DECEMBER 2016**
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 2016 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 2016 is as follows:

		CHANGES DURING THE YEAR			
	AT 1 JANUARY 2016	OPTIONS EXERCISED	OPTIONS GRANTED	OPTIONS LAPSED	**AT 31 DECEMBER 2016**
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 2015	NUMBER OF SHARE OPTIONS ISSUED/EXERCISED/ (CANCELLED) DURING YEAR	**NUMBER OF SHARES FOR WHICH OPTIONS OUTSTANDING AT 31 DECEMBER 2016**
2006	237.5p	Oct 2009 – Oct 2016	325,000	(325,000)	**–**
2010	202.5p	Aug 2013 – Aug 2020	80,000	–	**80,000**
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 conform 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 2015 options which are outstanding at 31 December 2016 which vested in 2015.

	2016 NUMBER	**2016 WEIGHTED AVERAGE EXERCISE PRICE**	2015 NUMBER	2015 WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at 1 January	**705,000**	**133.1p**	598,000	167.1p
Granted during year	**–**	**–**	300,000	87.0p
Lapsed during the year	**(325,000)**	**237.5p**	(193,000)	34.0p
Outstanding at 31 December	**380,000**	**111.5p**	705,000	133.1p
Exercisable at 31 December	**380,000**	**111.5p**	705,000	133.1p

26. SHARE CAPITAL CONTINUED

The 2016 share based payment charge of £109,000 relates to the remaining grant date fair value in respect of the 300,000 share options granted to A R Heller and G J Casey in 2015, with a corresponding entry to the share based payment reserve. There were no vesting conditions attached to these share options and therefore they should have been fully expensed in 2015, rather than spread over the estimated life of the options. As the error is not considered to be material to the current or prior year financial statements it has been corrected in the current period.

27. NON–CONTROLLING INTEREST ("NCI")

	2016 £'000	2015 £'000
As at 1 January	**9,574**	10,826
Share of profit/(loss) for the year	**208**	(147)
Share of gain/(loss) on available for sale investments	**104**	(94)
Dividends received	**(250)**	(250)
Shares issued	**64**	18
Shares cancelled	**–**	(64)
Exchange movement	**689**	(718)
Other changes in equity	**–**	3
As at 31 December	**10,389**	9,574

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	2016 £'000	2015 £'000
Revenue	**22,791**	25,654
Profit/(loss) for the year attributable to owners of the parent	**479**	(259)
(Loss)/profit for the year attributable to NCI	**(72)**	4
Profit/(loss) for the year	**407**	(255)
Other comprehensive income/(expense) attributable to owners of the parent	**1,186**	(1,241)
Other comprehensive income/(expense) attributable to NCI	**100**	(87)
Other comprehensive income/(expense) for the year	**1,286**	(1,328)
Balance sheet		
Non–current assets	**24,649**	20,480
Current assets	**12,224**	10,635
Total assets	**36,873**	31,115
Current liabilities	**(10,326)**	(6,501)
Non–current liabilities	**(9,541)**	(8,983)
Total liabilities	**(19,867)**	(15,484)
Net current assets at 31 December	**17,006**	15,631
Cash flows		
From operating activities	**2,941**	1,979
From investing activities	**(1,570)**	(2,773)
From financing activities	**(969)**	(947)
Net cash flows	**402**	(1,741)

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

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

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

BLACK WATTLE COLLIERY (PTY) LIMITED ("BLACK WATTLE")	2016 £'000	2015 £'000
Revenue	**21,703**	24,608
Expenses	**(22,185)**	(24,582)
(Loss)/profit for the year	**(482)**	26
Total comprehensive (expense)/income for the year	**(482)**	26
Balance sheet		
Non–current assets	**8,516**	5,355
Current assets	**8,600**	5,932
Current liabilities	**(12,151)**	(7,156)
Non–current liabilities	**(2,635)**	(1,988)
Net assets at 31 December	**2,330**	2,143

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	19	(i)	–	–
Loan account	–		–	(128)
Simon Heller Charitable Trust				
Current account	(63)		–	–
Loan account	–		(700)	–
Directors and key management				
M A Heller and J A Heller	6	(i)	6	–
H D Goldring (Delmore Asset Management Limited)	(30)	(ii)	(15)	–
C A Parritt	(19)	(ii)	(18)	–
R Priest (A & M Europe LLP)	(34)	(ii)	(34)	–
Ezimbokodweni Mining (pty) Limited	114		1,350	–
Totals at 31 December 2016	**(7)**		**589**	**(128)**
Totals at 31 December 2015	53		340	(208)

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) was 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. This investment was sold in March 2016.

The Company provided property management services to Langney.

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. Ezimbokodweni Mining (Pty) Limited is a joint venture and a loan to the joint venture is treated as part of the net investment in the joint venture. Further details on the net investment in Ezimbokodweni can be found in note 12.

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 (2015: £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 (2015: £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 was a director. A&M provided consultancy services to the Company on an invoiced fee basis.

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 £71,000 (2015: £86,000) and a repayment of £15,000 (2015: £15,000) was made during the year. Interest is payable on the loan at a rate of 6.14 percent. There is no fixed repayment date for the loan.

The directors are considered to be the only key management personnel and their remuneration including employer's national insurance for the year were £1,103,000 (2015: £1,341,000). 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:

	2016	2015
Production	**185**	191
Administration	**46**	44
	231	235

Staff costs during the year were as follows:

	2016 £'000	2015 £'000
Salaries and other costs	**6,396**	6,459
Social security costs	**332**	361
Pension costs	**335**	368
Share based payments	**110**	31
	7,173	7,219

30. CAPITAL COMMITMENTS

	2016 £'000	2015 £'000
Commitments for capital expenditure approved but for which contracts have not been placed at the year end	**–**	306
Commitments for capital expenditure approved and contracted for at the year end	**762**	–
Share of commitment of capital expenditure in joint venture	**1,489**	1,102

All the above relates to Bisichi Mining PLC.

31. OPERATING AND FINANCE LEASES

Operating leases on land and buildings

At 31 December 2016 the Group had commitments under non–cancellable operating leases on land and buildings expiring as follows:

	2016 £'000	2015 £'000
After five years	**1,680**	1,920

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	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Within one year	**305**	306	**305**	306
Second to fifth year	**1,222**	1,225	**1,130**	1,139
After five years	**29,734**	30,142	**3,332**	3,339
	31,261	31,673	**4,767**	4,784
Future finance charges on finance leases	**(26,494)**	(26,889)	**–**	–
Present value of finance lease liabilities	**4,767**	4,784	**4,767**	4,784

Finance lease liabilities are in respect of leased investment property. Many 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:

	2016 £'000	2015 £'000
Within one year	**6,684**	6,491
Second to fifth year	**20,104**	20,207
After five years	**36,736**	35,622
	63,524	62,320

32. CONTINGENT LIABILITIES AND EVENTS AFTER THE REPORTING PERIOD

There were no contingent liabilities at 31 December 2016 (2015: £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:

	2016 £'000	2015 £'000
Rail siding & transportation	**63**	47
Rehabilitation of mining land	**1,364**	1,009
Water & electricity	**57**	42
	1,484	1,098

33. COMPANY FINANCIAL STATEMENTS

Company balance sheet at 31 December 2016

	NOTES	2016 £'000	2015 £'000
Fixed assets			
Tangible assets	33.3	**27,383**	28,468
Other investments:			
Associated company – Bisichi Mining PLC	33.4	**489**	489
Subsidiaries and others including Dragon Retail Properties Limited	33.4	**42,492**	57,472
		42,981	57,961
		70,364	86,429
Current assets			
Assets held for sale	33.5	**–**	964
Debtors	33.6	**1,130**	1,084
Deferred tax due after more than one year	33.10	**2,082**	3,055
Investments	33.7	**19**	20
Bank balances		**2,625**	2,233
		5,856	7,356
Creditors			
Amounts falling due within one year	33.8	**(34,790)**	(53,769)
Borrowings	33.9	**(750)**	–
Net current liabilities		**(29,684)**	(46,413)
Total assets less current liabilities		**40,680**	40,016
Creditors			
Amounts falling due after more than one year	33.9	**(17,491)**	(18,228)
Net assets		**23,189**	21,788
Capital and reserves			
Share capital	33.11	**8,554**	8,554
Share premium account		**4,866**	4,866
Capital redemption reserve		**47**	47
Treasury shares	33.11	**(145)**	(482)
Retained earnings		**9,867**	8,803
Shareholders' funds		**23,189**	21,788

These financial statements were approved by the board of directors and authorised for issue on 27 April 2017 and signed on its behalf by:

Sir Michael Heller
Director

Anil Thapar
Director

Company Registration No. 341829

33. COMPANY FINANCIAL STATEMENTS CONTINUED

Company statement of changes in equity for the year ended 31 December 2016

	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 2015	8,554	4,866	47	(883)	13,366	25,950
Loss for year	–	–	–	–	(4,144)	(4,144)
Total comprehensive income	–	–	–	–	(4,144)	(4,144)
Transactions with owners:						
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
Profit for year	–	–	–	–	1,418	1,418
Total comprehensive income	–	–	–	–	1,418	1,418
Transaction with owners:						
Dividends – equity holders	–	–	–	–	(136)	(136)
Disposal of own shares	–	–	–	119	–	119
Loss on transfer of own shares	–	–	–	218	(218)	–
Transactions with owners	–	–	–	337	(354)	(17)
Balance at 31 December 2016	**8,554**	**4,866**	**47**	**(145)**	**9,867**	**23,189**

£7.9 million (2015: £5.7 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 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.

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 and in the Group accounting policies.

33.1. COMPANY CONTINUED

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 62 to 68 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. RESULT FOR THE FINANCIAL YEAR

The Company's result for the year was a profit of £1,418,000 (2015 loss: £4,144,000). 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 2016	28,769	8,460	18,216	1,644	449
Additions	31	28	–	–	3
Disposals	(105)	–	–	–	(105)
Decrease in present value of head leases	(4)	–	(2)	(2)	–
(Decrease)/increase on revaluation	(1,073)	397	(1,470)	–	–
Cost or valuation at 31 December 2016	**27,618**	**8,885**	**16,744**	**1,642**	**347**
Representing assets stated at:					
Valuation	27,271	8,885	16,744	1,642	–
Cost	347	–	–	–	347
	27,618	**8,885**	**16,744**	**1,642**	**347**
Depreciation at 1 January 2016	301	–	–	–	301
Charge for the year	25	–	–	–	25
Disposals	(91)	–	–	–	(91)
Depreciation at 31 December 2016	**235**	**–**	**–**	**–**	**235**
Net book value at 1 January 2016	28,468	8,460	18,216	1,644	148
Net book value at 31 December 2016	**27,383**	**8,885**	**16,744**	**1,642**	**112**

The freehold and leasehold properties, excluding the present value of head leases and directors' valuations, were valued as at 31 December 2016 by professional firms of chartered surveyors. The valuations were made at fair value. The directors' property valuations were made at fair value.

	2016 £'000	2015 £'000
Allsop LLP	**20,860**	21,905
Directors' valuation	**1,825**	1,825
	22,685	23,730
Add: Present value of headleases	**4,586**	4,590
	27,271	28,320

33.3. TANGIBLE ASSETS CONTINUED

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 2016	4,861	13,966	1,939
Additions	28	–	–
Cost at 31 December 2016	**4,889**	**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 OR VALUATION	TOTAL £'000	SHARES IN SUBSIDIARY COMPANIES £'000	SHARES IN JOINT VENTURES £'000	SHARES IN ASSOCIATE £'000
At 1 January 2016	57,961	57,308	164	489
Impairment provision	(14,980)	(14,980)	–	–
At 31 December 2016	**42,981**	**42,328**	**164**	**489**

Subsidiary companies

Details of the Company's subsidiaries are set out in Note 15. As stated on page 78, under IFRS 10 Bisichi Mining Plc and its subsidiaries and Dragon Retail Properties Limited are accounted for as subsidiaries of the Company.

Impairment reflects reduction in value of investment due to receipt of dividend of £15 million from a subsidiary.

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

	2016 £'000	2015 £'000
Investment in Langney Shopping Centre Unit Trust		
At 1 January	**964**	–
Transfer from investment in joint venture (note 12)	**–**	964
Disposal	**(964)**	–
At 31 December	**–**	964

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

33.6. DEBTORS

	2016 £'000	2015 £'000
Trade debtors	**343**	315
Amounts due from associate and joint ventures	**35**	123
Amounts due from subsidiary companies	**150**	–
Other debtors	**173**	159
Prepayments and accrued income	**429**	487
	1,130	1,084

33.7. INVESTMENTS

	2016 £'000	2015 £'000
Market value of the listed investment portfolio	**19**	20
Unrealised gain/(deficit) of market value over cost	**1**	(3)
Listed investment portfolio at cost	**18**	23

All investments are listed on the London Stock Exchange.

33.8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Amounts owed to subsidiary companies	**28,750**	47,511
Amounts owed to joint ventures	**2,190**	2,215
Other taxation and social security costs	**388**	314
Other creditors	**1,323**	1,364
Accruals and deferred income	**2,139**	2,365
	34,790	53,769

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

	2016 £'000	2015 £'000
Present value of head leases on properties	**4,586**	4,590
Term Debenture stocks:		
£3.75 million First Mortgage Debenture Stock 2018 at 11.6 per cent	**3,000**	3,750
£10 million First Mortgage Debenture Stock 2022 at 8.109 per cent*	**9,905**	9,888
	12,905	13,638
	17,491	18,228

*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:		
Debentures:		
Repayable within one year	**750**	–
Repayable between two and five years	**3,000**	3,750
Repayable in more than five years	**9,905**	9,888
	13,655	13,638

33.10. DEFERRED TAX ASSET

	2016 £'000	2015 £'000
Deferred Taxation		
Balance at 1 January	**3,055**	4,699
Transfer to profit and loss account	**(973)**	(1,644)
Balance at 31 December	**2,082**	3,055

The deferred tax balance comprises the following:

Accelerated capital allowances	**(823)**	(868)
Short–term timing differences	**(124)**	(131)
Revaluation of investment properties	**100**	217
Loss relief	**2,929**	3,837
Deferred tax asset provision at end of period	**2,082**	3,055

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	(101)	(i)	(190)	30
Loan account	–		(2,000)	–
Langney Shopping Centre Unit Trust				
Current account	19		–	–
Loan account	–		–	(64)
Bisichi Mining PLC				
Current account	138	(ii)	35	–
Simon Heller Charitable Trust				
Current account	(63)		–	–
Loan account	–		(700)	–
Directors and key management				
M A Heller and J A Heller	6	(i)	6	–
H D Goldring (Delmore Asset Management Limited)	(30)	(iii)	(15)	–
C A Parritt	(19)	(iii)	(18)	–
R Priest (A & M Europe LLP)	(34)	(iii)	(34)	–
Totals at 31 December 2016	**(84)**		**(2,916)**	**(34)**
Totals at 31 December 2015	(97)		(2,788)	(22)

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 was owned 12.5 per cent by the Company and 12.5 per cent by Bisichi Mining PLC until March 2016.

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 2016 (2015: £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:

	2016 £'000	2015 £'000
Expiring in more than five years	**1,680**	1,920

In addition, the Company has an annual commitment to pay ground rents on its leasehold investment properties which amount to £246,000 (2015: £246,000).

33.14. OPERATING AND FINANCE LEASES CONTINUED

Present value of head leases on properties

	MINIMUM LEASE PAYMENTS		PRESENT VALUE OF MINIMUM LEASE PAYMENTS	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Within one year	**294**	294	**294**	294
Second to fifth year	**1,177**	1,177	**1,094**	1,094
After five years	**28,298**	28,593	**3,198**	3,202
	29,769	30,064	**4,586**	4,590
Future finance charges on finance leases	**(25,183)**	(25,474)	**–**	–
Present value of finance lease liabilities	**4,586**	4,590	**4,586**	4,590

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:

	2016 £'000	2015 £'000
Within one year	**1,661**	1,603
Second to fifth year	**4,446**	3,961
After five years	**2,393**	2,316
	8,500	7,880

33.15. CONTINGENT LIABILITIES AND POST BALANCE SHEET EVENTS

There were no contingent liabilities at 31 December 2016 (2015: £Nil).

Five year financial summary

	2016 £M	2015 £M	2014 £M	2013 £M	2012* £M
Portfolio size					
Investment properties–LAP^	**89**	89	89	87	205
Investment properties–joint ventures	**–**	19	20	16	27
Investment properties–Dragon Retail Properties	**3**	3	3	3	–
Investment properties–Bisichi Mining^	**13**	13	12	12	12
	105	124	124	118	244
Portfolio activity	**£M**	£M	£M	£M	£M
Acquisitions	**–**	1.00	0.68	–	–
Disposals	**–**	(0.40)	–	(9.47)	–
Capital Expenditure	**0.16**	0.36	–	–	0.97
	0.16	0.96	0.68	(9.47)	0.97
Consolidated income statement	**£M**	£M	£M	£M	£M
Group income	**29.70**	32.67	33.53	43.29	15.17
(Loss)/profit before tax	**(0.97)**	(2.09)	(2.69)	1.14	7.62
Taxation	**(1.18)**	0.04	(3.70)	2.55	(0.35)
(Loss)/profit attributable to shareholders	**(2.36)**	(1.90)	(7.14)	3.47	7.27
Earnings/(loss) per share – basic and diluted	**(2.77)p**	(2.24)p	(8.45)p	4.12p	8.65p
Dividend per share	**0.165p**	0.160p	0.156p	0.125p	–
Consolidated balance sheet	**£M**	£M	£M	£M	£M
Shareholders' funds attributable to equity shareholders	**38.24**	40.08	42.55	49.73	46.46
Net borrowings	**62.22**	62.39	59.71	53.96	131.27
Net assets per share – basic	**44.83p**	47.26p	50.35p	59.00p	55.30p
– fully diluted	**44.83p**	47.26p	50.35p	59.00p	55.29p
Consolidated cash flow statement	**£M**	£M	£M	£M	£M
Cash generated from operations	**5.59**	4.37	2.96	12.23	12.72
Capital investment and financial investment	**(0.18)**	(2.77)	100.42	4.35	(0.87)

Notes:

* Original LAP group – pre IFRS 10 amendments
^ Excluding the present value of head leases

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