LAP

London & Associated Properties PLC
Annual Report 2008

Annual General Meeting
Wednesday 10 June 2009

Payment of final dividend for 2008
3 July 2009

Announcement of half year results to 30 June 2009
Late August 2009

Announcement of annual results for 2009
Late April 2010

London & Associated Properties PLC

We are a fully listed UK shopping centre and Central London retail property specialist. We own and manage £244m of retail investments.

We look to create environments where major brands can thrive.

Fully diluted net assets per share (p)

04	98
05	116
06	133
07	117
08	*53

*adjusted fully diluted net assets per share 71p (page 19)

Dividend per share (p)

04	1.65
05	1.725
06	1.85
07	1.95
08	†1.95

†equivalent dividend includes new issue shares equal to 0.8p

Overall property portfolio (£m)

04	250
05	272
06	301
07	266
08	244

orchard square centre, sheffield

chairman's statement

In future years 2008 may well be seen by historians as the beginning of one of the harshest economic periods in history. Within this crisis, one of the hardest hit areas has been commercial property, where an imbalance between a high number of sellers, often in distressed situations, and an extremely low level of buyers caused values to collapse. This collapse has been across all sectors and has affected all property investors, including LAP.

As at 31st December 2008, our property portfolio was valued at £218.5m, a drop of 13.2% on a like-for-like basis. While this is a significant reduction in value, it nevertheless compares favourably with the Investment Property Databank (IPD), the property market benchmark, which showed retail property capital values fell by some 28% during 2008. Our relative outperformance can be attributed to a number of factors:

Firstly, it is now becoming increasingly clear that our recent development programme was well-timed as it was completed prior to the current economic difficulties. A number of our centres are now benefiting from significant increases in income as the tenants to whom we pre-let units before development commenced have started paying rent. This increase in income has provided a cushion and helped to limit the fall in the value of our properties.

Secondly, between 2006 and 2008, we sold approximately £140m of properties at prices which can now be seen to be the top of the market. These disposals were from the more secondary end of our portfolio, the retail property sector that has faced the steepest decline. Additionally we disposed of Chenil House, King's Road, in July 2008 for £14.9m. This reflected our desire to move away from developments that were not pre-let as we predicted correctly the onset of the fall in values of residential property.

Finally, we have upgraded the quality of our portfolio over the last few years. 56% by value of our holdings is in prime locations within London and the South East, and additionally the quality of our tenants has never been higher. Our top 52 tenants account for approximately 75% of our income, and all are household names. While in these difficult times this does not provide the same level of comfort that it used to, we feel relatively confident that we should experience more limited tenant default.

During December and since the year-end, only 11 tenants have gone into some form of insolvency. In total, those units that became non-income producing accounted for £0.6m per year out of our total annualised rent roll of £17.3m, representing less than 3.5%. This figure is heavily skewed by the loss of Zavvi at Orchard Square, our shopping centre in Sheffield, who were paying £368,000 per annum. Zavvi occupied a flagship store and we quickly received three offers, all from national retailers, at levels in excess of the previous rent passing. This unit is now under offer to a leading fashion retailer, and we will complete soon.

We currently have units under offer with a rental income approaching £0.5m per annum. Once these units in the LAP portfolio are let, total vacant units other than those that are deliberately held empty for redevelopment will account for just £0.3m per annum of additional rental income.

Naturally, our net assets have been adversely affected by the write-down of our property. On a management adjusted accounting basis, which excludes certain fair value adjustments, our net assets are £54.4m compared to £88.0m for 2007, and our net assets per share are 71p (2007:115p). These numbers are shown in more detail in the Finance Director's Report. The non cash adjustments required under IFRS relating to interest rate hedges produce results that do not reflect the board's view of the underlying value of the group or the prudent manner in which the business has been managed, notably in minimising the impact of interest rate volatility. Applying this hedging adjustment to the IFRS accounts has resulted in a further £14.1m being deducted from our net assets. Last year, the same interest rate swaps were valued at a surplus of £1.0m, an adverse swing of some £15.1m. Net assets under IFRS as a result stand at £40.3m compared to £89.0m at the end of 2007, while net assets per share are 52.7p (2007: 116.9p).

In support of its view that this adjustment is unrealistic, the Board has noted that if the hedge had been valued on the same basis as at 7 April 2009 this would have resulted in an adjustment of £8.4m, a positive swing of £5.7m in the space of three months.

It is important to note that £70.0m, or 43% of our loans, are non-recourse to the Group's balance sheet. Crucially, we remain within our banking covenants.

Notwithstanding the valuation reduction, which was industry-wide, we performed well in 2008. Annual revenue rose 27% to £16.5m from £13.0m. This reflects, in part, the full consolidation of Analytical Properties following our acquisition in September 2007 from Bank of Scotland of the 50% of the equity that we did not previously own. Rental income also rose following the completion of new retail units in Sheffield which now generate £0.9m per annum. There were also key lettings elsewhere in the portfolio and we received full contributions from our recent acquisitions in Chesterfield and Solihull. The Chief Executive's Review provides fuller details.

On a management adjusted basis (as detailed in the Finance Director's Report), we made a small loss in 2008 of £1.0m (2007: £0.5m profit). This loss principally reflects the fact that we have held empty a number of units for redevelopment. As stated above, our development programme has been well timed and is now mostly completed, although we are still intending to develop two further properties in Islington and Chelsea. Both properties have been pre-let to excellent covenants.

Our developments in 2008 were all funded from existing cash resources. We will also fund the future works at Islington and Chelsea from cash resources.

In this constrained market, we will defer certain developments that are still at an early stage. These include a residential-led scheme at Brixton Village, which was reappraised following the fall in residential values and the lack of likely joint venture partners from within the housebuilding industry. Associated costs of £0.2m have been written-off through the income statement. Under IFRS total property expenses include £0.6m of pre-development costs which have been written off in the year.

The Board feels that in the current economic conditions it is imperative that the Group maximises its financial flexibility, including conserving cash wherever appropriate. The Board is therefore recommending an amount equivalent to a final dividend for 2008 of 1.2p per ordinary share. This will be satisfied by paying 0.4p per ordinary share by way of a cash dividend and by issuing new ordinary shares to existing shareholders with a value equal to 0.8p per ordinary share. This results in a total for 2008 of an equivalent nominal amount equal to 1.95p per ordinary share and is consistent with our 26 year record of increasing or holding our dividend. Subject to shareholder approval, the cash dividend will be paid on 3 July 2009 to shareholders on the register at the close of business on 5 June 2009 and the issue of shares will take effect on 3 July 2009 to shareholders registered at the close of business on 5 June 2009.

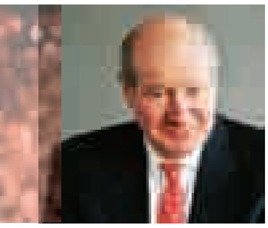
Total assets under management, including those of Bisichi Mining Plc, our associate company, and Dragon Retail Properties, our joint venture with Bisichi, stood at £244m at the year end.

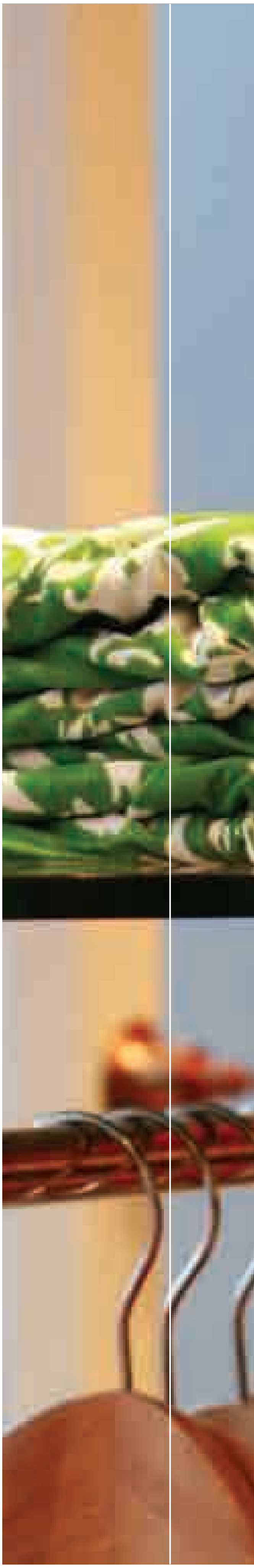
Bisichi had a very successful year and generated trading profits of £6.0m before the write-down of its property portfolio. Net of the write-down, Bisichi's profits were £2.1m.

Our performance in 2008 has been satisfactory given the rapid deterioration of the property investment market. I am particularly encouraged that our property valuations exceeded industry benchmarks. I am also content that we have made significant progress in improving and managing our property portfolio, and this is part of the reason that so far we appear to have avoided the worst of the tenant defaults within the retail sector.

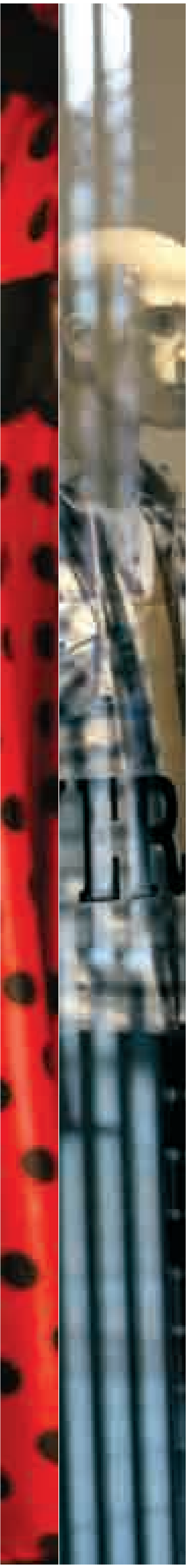
There seems to be a polarisation within the property investment market between prime properties, where there are some early indications of a return of investor appetite, and the remainder of the market which has yet to find investor support. We expect these trends to continue and that the quality of our portfolio should mitigate the effects of this market correction.

Michael Heller, Chairman
17 April 2009






TOPSHO



chief executive's report

2008 was a very difficult year for the UK property investment market during which capital values declined across the board by 27.1% in aggregate. Retail property values were down by 28.0%, caused by reduced consumer spending, a lack of available funds due to the banking crisis and investor fears over tenant default.

We can take considerable comfort from the fact that LAP's portfolio fell by just 13.2% over this period. This can be attributed in part to our successful strategy over the last few years of selling mature and more secondary properties into what was an unsustainably strong market. We reinvested the proceeds into high quality, well located property as well as into improvements to our core portfolio. Few disposals are likely in the coming months, although we do not rule out the possibility of certain targeted sales where we are able to take advantage of opportunities and relatively strong investor demand.

As a result of the quality of our portfolio and the continued drive to upgrade it through selective development, our valuations have held up relatively well. The decision to focus our portfolio more towards central London and the South East has also been beneficial. We believe this market will retain value better than elsewhere in the UK, particularly in the more prime areas, as international buyers are still looking to invest in one of the world's most important capital cities. This trend has been reinforced by the substantial decline of sterling over the last 18 months.

We have also invested some £8.8m into developing our existing portfolio, and this has generated annual incremental rental flows of £0.5m to date. This also strengthens our cash flow and extends the average lease term of our tenants.

Our strategy of investing in quality property means we have suffered limited tenant defaults. In total, tenants accounting for annual rental income of £0.8m suffered some form of insolvency from the fourth quarter of 2008 until now. Of this total, tenants vacating their units and leaving us with non income-producing space amounted to £0.6m per annum. Zavvi, the largest single one of these tenants, accounted for £368,000 per annum. This space is now under offer at a higher rent than had previously been passing, and we have a total of approximately £0.5m per annum under offer. Once these lettings complete our voids, not including those units held for redevelopment will stand at 1.7% of our total rent roll of £17.3m.

Cash collection from our tenants in December 2008 and March 2009 has remained as strong as ever. We collected in excess of 95% of all rent, service charge and other sums due within 14 days of each quarter day.

The economic and financial environment declined sharply at the end of 2008. Notwithstanding this, we successfully completed a number of new leases, lease renewals and rent reviews during the year. These amounted to a net £0.9m per annum.

Our performance in 2008 has been satisfactory given the rapid deterioration of the property investment market.

I am particularly encouraged that our property valuations exceeded industry benchmarks.

new look, windsor

Windsor

Our development at King Edward Court, Windsor, undertaken in 2006, continues to underpin the strong performance of this centre. Further lettings were achieved which generated £0.3m per annum. The centre agreed net incremental rents during 2008 of £0.1m after taking into account the two voids accounting for £0.2m that occurred when Officers Club and Barratts both went into administration and vacated their units. Our agents are currently marketing the vacant units and report encouraging interest in them. We are confident of maintaining a strong tenant mix at this centre, which we believe to be an important factor in its continued long term performance.

New tenants to King Edward Court in 2008 include Benefit, an international cosmetics retailer, which has taken a unit opposite the redeveloped shops at £50,000 per annum. This letting shows a zone A level of £115 per sq. ft.

Income from the car park has also increased and now stands at approximately £2.0m per annum. This compares favourably with £1.2m per annum two years ago and reflects both the increases in price that we have been able to implement and increased usage following the upgrading of the centre.

Locations and high quality tenants will continue to reap rewards for us.

The quality of our asset base will be at the forefront of any market recovery.

Sheffield

Orchard Square has been dramatically transformed over the last few years, and 2008 was probably its most successful year to date. The principal development was the creation of a new flagship 45,000 sq. ft. store for TK Maxx which anchors the rear of the centre. TK Maxx took possession of the unit in August and they have informed us that this unit has performed at the very top of their expectations and is one of the company's best performing stores in the UK.

Total costs for the construction were approximately £5.0m, and the incremental rent of this unit is some £0.4m per annum.

Elsewhere in the centre, we completed the extension of four shop units. These units were "shaded" by the River Island unit, and they have now become much more prominent. Three of the four units were pre-let to Starbucks, Evans and Blue Banana, while the fourth was subsequently let to La Coupe Hairdressers at a record Zone A rent for the centre of £91 per sq. ft. The fact that this letting took place right at the end of the year, in the midst of what is now known to be the worst lettings market during the economic crisis to date, underscores the strength of demand for space in this centre.

We suffered our biggest single tenant default at Orchard Square when Zavvi went into administration at the end of December, although it traded there on full rent until mid-February. I am pleased to report that we quickly received three offers on this unit, all from leading fashion retailers. The unit is currently under offer at a rent in excess of the previous passing rent. We have agreed to give the incoming tenant an incentive package equivalent to 18 months of rent. Given that most retailers who are currently looking for larger stores are demanding substantially lower rents than those previously passing, and incentive packages of up to three years rent, we consider that this again shows the strength of Orchard Square.

Once this unit is let, some £1.7m per annum out of the centre's total annual rent of £2.8m will be produced by the three anchor tenants, all of whom are successful established retailers with excellent covenants.

The London Portfolio

The London Portfolio continues to perform well and we have achieved a number of notable successes.

We previously reported to shareholders that we sold Chenil House on King's Road, Chelsea for £14.9m in July last year. The market has now shown that this disposal was particularly well timed and we no longer have exposure to the weakening high-end residential development market.

At The Mall, Islington, we successfully appealed a refusal by Islington Council to grant listed building consent. We had applied to replace the ground floor slab and to remove kiosks at ground floor level. The Planning Inspector has allowed the works to proceed and we were awarded costs. This decision came after the end of 2008 and has therefore not been reflected in our valuations.

The ground and basement are pre-let to Jack Wills, the fashion retailer, at £275,000 per annum. This part of The Mall formerly produced a net £100,000 per annum. The cost of the works is anticipated to be around £1.0m, which will be funded from our existing resources.

At Antiquarius on King's Road, Chelsea, we have exchanged an agreement for the lease of the entire building with Anthropologie, one of the brands owned by Urban Outfitters Inc, at a rent of £1.1m per annum. This compares with an estimated net income of approximately £0.5m from Antiquarius in its current form. The anticipated costs of these works are approximately £2.0m, which will also be funded from our existing cash balances.

We have applied for the requisite listed building and freeholder consents. We are confident that we should receive both consents and will notify shareholders once they are obtained.

We have recently taken the decision to not proceed with a proposed redevelopment of Brixton Village, one of our two indoor markets in Brixton. This development would have created several blocks of flats and reinstated the market on the ground floor at completion. This decision is a consequence of the sharp fall in residential values, which we do not foresee improving sufficiently to make this project viable for some time. We are exploring a number of different ways to improve revenues at Brixton Village.

Market Row, our other investment in Brixton, has performed well in 2008 and is fully let. We believe that this market will continue to trade well in the current climate as shoppers look for good value and diverse ranges of products on offer.

Elsewhere, our portfolio continues to perform well in the current climate.

Analytical Ventures

This joint venture was established with Bank of Scotland, now Lloyds Banking Group, in March 2008 to acquire prime retail properties. So far, it has acquired Westgate House in Halifax, for which it paid £10.5m in July 2008. The ground floor shops are now fully let following the completion of the last remaining letting to William Hill at £45,000 per annum. The tenants at this property have strong covenants, and we are confident that this property will continue to perform well.

Outlook

Most commentators agree that 2009 is unlikely to witness a strong recovery in either the economy or the property market. We also remain cautious about the outlook and will continue to intensively manage our portfolio. Our successful strategy of focusing on prime locations and high quality tenants will continue to reap rewards for us. We believe that the quality of our asset base will be at the forefront of any market recovery. In addition, the further incremental rents we are generating from our remaining pre-let developments will stand us in good stead.

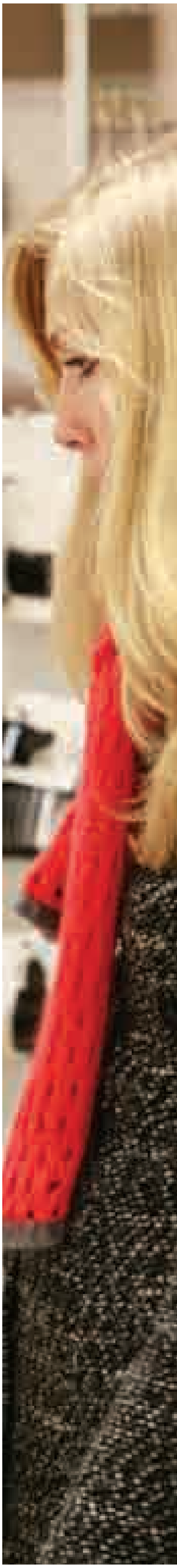
John Heller.

John Heller, Chief executive
17 April 2009

53,000 sq. ft. primark, chesterfield

zara flagship store, windsor


ZARA



new tk maxx store - 45,000 sq ft, sheffield

finance director's report

The exceptionally challenging conditions in the second half of 2008 have continued into the current year. We have always managed the group on a prudent cash flow basis and this remains the case today. This strategy has placed us in a strong position to cope with the difficult conditions, and is more relevant than ever in the current environment. Even in these difficult trading conditions we have met our loan covenants.

Due to the relatively long term nature of our financing, none of the Group's term loans expire for some time. The first loan that will require refinancing is our Revolving Credit Facility with Royal Bank of Scotland which expires in August 2011.

Cash Flow

The group remains in a satisfactory financial position and currently has some £25.9m of unencumbered cash and undrawn facilities.

During the year we sold Chenil House, Kings Road, London for £14.9m and a retail property in Bradford for £1.5m. The proceeds were used to pay down our Revolving Credit Facility, which is now £69.4m drawn against a peak of £83.6m during the year, and to boost our cash resources.

The group completed major developments in 2008 at our centre in Sheffield where some £5.3m was spent building a new 45,000 sq. ft. store for TK Maxx and extending four other units. These are discussed in the Chief Executive's report. In accordance with our normal practice, these developments were only undertaken once the majority of the space was pre-let.

Further works are planned for 2009 at The Mall, Islington where we will build a new store for Jack Wills, the fashion retailer, and potentially at Antiquarius where we intend to develop a new store for the American chain Anthropologie, subject to obtaining the necessary consents. The anticipated cost of these works is around £3.0m, and will be funded from our cash resources. Once completed the two units will produce an annual income of £1.4m, an incremental rent of £0.7m.

Income Statement

The group's loss before tax as reported under IFRS was £57.3m (2007: £23.9m). This figure is arrived at after deducting the fall in value of the property portfolio and a number of other non-cash items. These adjustments are required under IFRS accounting standards and they lead to significant volatility in the reporting of our results. However, the underlying performance of the group, on a management adjusted basis to reflect operations more clearly, was as shown in the table below.

The cash items loss of £1.0m has for the most part been caused by deliberately holding vacant a number of units in order to carry out development and the writing off to the income statement of certain costs that related to the early stages of some redevelopments. Most of these were completed during the year and are now income producing. Once our last remaining pre-let development activities are concluded, the group will on current forecasts be cash positive for the foreseeable future.

The average cost of debt has remained at 6.1% for the year. This is because we took out a series of interest rate swaps to fix the cost of debt going forward. These swaps are still in place and provide certainty of interest payments over a long period irrespective of the current rate prevailing.

The current tax charge for 2008 is £0.5m. With a deferred tax recovery of £10.3m, this has resulted in total tax credit for the year of £9.8m.

	2008 Cash items £'000	2008 Non-cash items £'000	2008 Per income statement £'000	2007 Cash items £'000	2007 Non-cash items £'000	2007 Per income statement £'000
Net rental income	8,958	-	8,958	5,577	-	5,577
Income and gains on investments held for trading	298	-	298	144	-	144
Cost of evaluation and goodwill	-	-	-	(339)	(173)	(512)
Profit on sale of investment properties	897	-	897	2,295	-	2,295
Net decrease on revaluation of investment properties	-	(33,125)	(33,125)	-	(25,208)	(25,208)
Net decrease in value of investments held for trading	-	(1,530)	(1,530)	-	(16)	(16)
Operating profit/(loss)	**10,153**	**(34,655)**	**(24,502)**	7,677	(25,397)	(17,720)
Share of joint ventures and associates	131	(547)	(416)	109	1,015	1,124
Interest rate derivative	-	(21,063)	(21,063)	-		-
Net interest	(11,285)	-	(11,285)	(7,291)	-	(7,291)
(Loss)/profit before taxation	**(1,001)**	**(56,265)**	**(57,266)**	495	(24,382)	(23,887)


COSTA

costa coffee, windsor

Balance Sheet

The overall property portfolio, including the properties owned by Bisichi Mining plc, Dragon Retail Properties and Analytical Ventures, was £243.7m. On a like-for-like basis this shows a fall of 13.3% for the year.

The valuation of the interest rate swaps has been calculated on the basis of the net present value of the additional cost of interest payable over the terms of the hedging arrangement against the prevailing rates as at 31 December 2008. The Directors consider this to be the most appropriate method for calculating the value of these products.

There is no independent market for our swap instruments which we could use to provide a realistic independent valuation. Whilst this calculation shows a substantial liability on the balance sheet at the year end, several points should be noted:

- the group has taken the swaps out in order to manage the business in a prudent manner going forward so that our cost of funds are a known amount;
- we do not intend to cash in the swap for the foreseeable future; and
- since taking out the derivatives the group has saved some £1.5m in interest payments up to the end of March 2009,

Our underlying net assets on a management adjusted basis were as shown in the tables below:

Should interest rates rise again in the future we will be protected against volatility, and the swaps would be shown in our balance sheet with a positive value. The volatility of the interest rates is clearly demonstrated in that if these hedges were revalued as at the 7 April 2009 the liability before deferred taxation relief would be £11.6m against £19.6m at 31 December 2008. It remains our policy not to repay the debt early and to maintain the interest rate protection.

	Per IFRS £'000	Deferred tax £'000	Mark-to-market of interest swaps £'000	Head leases £'000	2008 Adjusted net assets 2008 £'000
Investment properties	**245,770**			**(27,238)**	**218,532**
Other fixed assets	**2,722**				**2,722**
Investments in associate and joint ventures	**8,360**				**8,360**
Other net assets	**810**				**810**
Other non-current liabilities	**(49,662)**	**(5,493)**	**19,616**	**27,238**	**(8,301)**
Net debt	**(167,694)**				**(167,694)**
Net assets	**40,306**	**(5,493)**	**19,616**	**-**	**54,429**
Adjusted NAV per share					**71.2p**

					2007
Investment properties	279,747			(31,671)	248,076
Other fixed assets	886				886
Investments in associate and joint ventures	8,282				8,282
Other net assets	13,934		(1,447)		12,487
Other non-current liabilities	(44,742)	446		31,671	(12,625)
Net debt	(169,116)				(169,116)
Net assets	88,991	446	(1,447)	-	87,990
Adjusted NAV per share					115.5p

Under IFRS there was a write down of the property portfolio of £33.1m, and a revaluation of our interest rate swaps in light of current low interest rates, of £15.1m. As a result, the net assets of the group are now calculated at £40.3m (2007: £89.0m).

Accounting judgments

The most significant judgements made in preparing these accounts relate to the carrying value of the properties, investments and hedges which are stated at open market value. The Group uses external professional valuers to determine the values of our properties.

Based on the judgements used to prepare the accounts, the Directors also reviewed the cash flow forecasts of Group and the underlying assumptions on which they are based. They are satisfied that there are sufficient resources for the Group to continue to trade over the foreseeable future.

Dividends

In order to preserve cash in the business the company is proposing an amount equivalent to a final dividend of 1.2p. This makes a total for the year of 1.95p per share - an equivalent amount to the total dividend for 2007. This is to be made up of 0.4p per share in cash and 0.8p per share as a bonus share issue. This will save the company some £0.6m of cash.

Our associated company Bisichi, in which we hold a 41.7% stake, had a strong year and produced profits of £2.1m. This figure is after a revaluation deficit under IFRS of £3.9m. Of Bisichi's trading profit of £6.0m, £5.2m was earned in the second half of the year.

I feel confident that the policy of prudently managing the Group's cash resources will benefit us as we go through this period of uncertainty.

Robert Corry, Finance Director
17 April 2009

river island, sheffield

waterstones, sheffield

directors and advisors

Directors

Executive directors

* **Michael A Heller** MA FCA
(Chairman)

John A Heller LLB MBA
(Chief Executive)

Robert J Corry BA FCA
(Finance Director)

Michael C Stevens FCA

Non-executive directors

† **Howard D Goldring** BSC (ECON) ACA
Howard Goldring has been a member of the board since July 1992 and is a global asset allocation specialist. He is chairman of Delmore Asset Management Limited which manages investment portfolios and provides global asset allocation advice to private clients, family offices and pension funds. From 1997-2003 he was consultant director on global asset allocation to Liverpool Victoria Asset Management Limited.

#† **Clive A Parritt** FCA CF FIIA
Clive A Parritt joined the board on 1 January 2006. He is a chartered accountant with over 30 years experience of providing strategic, financial and commercial advice to businesses. He is chairman of Barronsmead VCT 2 plc and BG Consulting Group Limited as well as a non-executive director of F&C US Smaller Companies plc. He is also a member of the Council and Board of the Institute of Chartered Accountants in England and Wales. He is chairman of the Audit Committee and as Senior Independent Director, he chairs the Nomination and Remuneration Committees.

Secretary & registered office

Michael C Stevens FCA
Carlton House, 22a St James's Square,
London SW1Y 4JH

Director of Property

Mike J Dignan FRICS

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

Auditor

Baker Tilly UK Audit LLP

Principal bankers

HSBC Bank PLC
Lloyds Banking Group PLC
National Westminster Bank PLC
Royal Bank of Scotland PLC

Solicitors

Olswang
Pinsent Masons LLP

Stockbroker

Oriel Securities Limited

Registrars & transfer office

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Northern House,
Woodsome Park,
Fenay Bridge,
Huddersfield,
W. Yorkshire,
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Telephone 0871 664 0300
(Calls cost 10p per minute + network extras)
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Website: www.capitaregistrars.com
Email: ssd@capitaregistrars.com

Company registration number

341829 (England and Wales)

Website

www.lap.co.uk

E-mail

admin@lap.co.uk

directors' report

The directors submit their report and the audited accounts, for the year ended 31 December 2008.

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 in which the company holds a 42 per cent interest. Bisichi Mining PLC is listed on the London Stock Exchange and operates in England and South Africa with subsidiaries which are involved in overseas mining and mining investment.

Business Review
Review of the group's development and performance
The Chairman's Statement, Chief Executive's Report and Finance Director's Report on the preceding pages 2 to 19 provide 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.

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 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. Rent collection and tenant quality are monitored carefully. This risk is minimised as a result of the 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 taking one year with another.
- Financing costs – the exposure of the group to interest rate movements is managed by the use of swap arrangements (see note 18 on page 46 for full details of the contracts in place). These swap arrangements are designed to ensure that our interest costs are fixed and always covered by anticipated rental income. Once put in place we intend that such swaps are generally retained until maturity. Details of key estimates adopted are contained in the accounting policies note on page 38.
- Property valuations – market sentiment and economic conditions have a direct effect on property valuations, which therefore 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 the associate are for the long term.

The group is an investor in the associate and manages the UK property assets of the associate. However the principal activity of the associate is overseas mining investment (principally in South Africa). The investment is held to generate income and capital growth over the longer term.

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 and spreading of risk make it desirable.

Corporate responsibility
Environment
The group's principal UK activity is property investment providing premises which are rented 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. Wherever possible, improvements, repairs and replacements are made in an environmentally efficient manner and waste re-cycling arrangements are in place at all the company's locations.

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.

Performance indicators
Our success is principally measured in terms of net asset value per share and trading cash flow (where we aim over a period of time to deliver a positive cash return) and net asset value per share after adjusting for valuation volatility and excluding IFRS adjustments. The directors consider that the Key Performance Indicator of the Group is the Net Asset per Share value shown at the foot of the Balance Sheet on page 34. Cash flow is shown on page 36.

Dividend Policy and Capitalisation Issue
An interim dividend for 2008 of 0.75p was paid on 23 January 2009 (2007 interim dividend: 0.65p paid on 25 January 2008). The directors recommend payment of a final dividend for 2008 of 0.40p per ordinary share of 10 pence each (the **Final Dividend** and **Ordinary Share** respectively). In addition to the Final Dividend the directors propose to issue Ordinary Shares in lieu of the full final dividend that would otherwise have been paid, by issuing to existing shareholders new Ordinary Shares (the **Capitalisation Issue**) with an aggregate value equal to 0.80p (the **Capitalisation Amount**) for each Ordinary Share held by them.

Subject to shareholder approval, the total dividend per Ordinary Share for 2008 will be 1.15p per Ordinary Share. When added to the Capitalisation Amount, this results in an equivalent nominal amount of 1.95p per Ordinary Share (2007 total dividend: 1.95p).

The Final Dividend of 0.40p per Ordinary Share will be payable on 3 July 2009 to shareholders registered at the close of business on 5 June 2009. The Capitalisation Issue will take effect on 3 July 2009 to shareholders registered at the close of business on 5 June 2009.

The Capitalisation Issue is conditional on, amongst other things, shareholders' approval at the AGM of the company to be held on 10 June 2009 of the granting of authority to the directors to allot and issue Ordinary Shares in connection with the Capitalisation Issue (the **Capitalisation Issue Shares**). The Capitalisation Issue also requires shareholders to authorise the capitalisation of reserves to allow the Capitalisation Issue Shares to be issued.

Further details concerning the Capitalisation Issue (including certain general taxation considerations in respect of the Capitalisation Issue) are set out below and a summary and explanation of the resolution to be proposed at the Annual General Meeting in respect of the Capitalisation Issue is set out on page 23 of this Directors' Report.

The Capitalisation Issue
Reason for Dividend Policy and Capitalisation Issue
In light of current economic conditions, the board of directors feels that it is imperative that the group maximises its financial flexibility, including conserving cash wherever possible, and accordingly considers that it would be prudent to issue the Capitalisation Issue Shares in lieu of a cash dividend equal to 0.80p per Ordinary Share. Also, the Capitalisation Issue enables shareholders to build up their shareholding in the company without incurring dealing costs or stamp duty.

The board of directors reserves the right not to complete the Capitalisation Issue if it considers such action would not be in the best interests of the company or its shareholders.

Entitled Shareholders
Holders of Ordinary Shares on the register as at 5 June 2009 will be entitled to receive Capitalisation Issue Shares. Accordingly, the last date that transfers will be accepted for registration to participate in the Capitalisation Issue will be 5 June 2009 (the **Capitalisation Issue Record Date**).

Entitlement to Capitalisation Issue Shares
Each shareholder's entitlement to Capitalisation Issue Shares will be calculated by taking the Capitalisation Amount per Ordinary Share multiplied by the number of Ordinary Shares held by that shareholder at the Capitalisation Issue Record Date and dividing that amount by the Capitalisation Issue Price. The Capitalisation Issue Price will be the average of the middle market quotations for Ordinary Shares for the three dealing days starting on, and including, 3 June 2009, the day when the Ordinary Shares are first quoted "ex-dividend", as derived from the Official List of the UK Listing Authority. The Capitalisation Issue Price, once fixed, will also be notified on the company's website at www.lap.co.uk.

Entitlements to Capitalisation Issue Shares will be rounded down to the nearest whole number of Ordinary Shares. No fraction of an Ordinary Share will be allotted.

The Capitalisation Issue Shares
The company will apply to the UK Listing Authority for the Capitalisation Issue Shares to be admitted to the Official List and to the London Stock Exchange for the Capitalisation Issue Shares to be admitted to trading on its market for listed securities on 3 July 2009. Subject to the applications being successful, the Capitalisation Issue Shares are expected to be allotted on and dealings in Capitalisation Issue Shares are expected to begin on or around 3 July 2009.

The Capitalisation Issue Shares will be issued fully paid and will rank pari passu in all respects with the existing Ordinary Shares, including the right to receive all dividends or other distributions declared, made or paid after the date of their issue (but excluding for the avoidance of doubt the Final Dividend).

Subject to the Capitalisation Issue becoming effective:

(a) in respect of Ordinary Shares held in certificated form on the Capitalisation Issue Record Date, share certificates will be issued in respect of Capitalisation Issue Shares and posted to shareholders as soon as reasonably practicable after the Capitalisation Issue becomes effective; and

(b) in respect of Ordinary Shares held in uncertificated form (i.e. CREST) on the Capitalisation Issue Record Date, prior to the commencement of dealings in the Capitalisation Issue Shares on the London Stock Exchange, the appropriate stock account in CREST of the relevant shareholder will be credited with such person's entitlement to Capitalisation Issue Shares. The Capitalisation Issue Shares are expected to be eligible to be traded through the CREST system with effect from the date of commencement of dealings on the London Stock Exchange.

Dividends
The timing of the payment of the company's cash dividends will not be affected by the Capitalisation Issue. All mandates and other instructions in force relating to dividend payments will, unless and until revoked, remain in force.

Share Plans
The company operates an HMRC approved share incentive plan. Executive director and staff participations may be adjusted to take account of the Capitalisation Issue in accordance with the rules of the scheme. Participants will be contacted separately and further information provided as to how their entitlements might be affected.

UK tax treatment of the Capitalisation Issue
The directors have sought advice as to the expected tax treatment of shareholders on receipt of Capitalisation Issue Shares. The following statements are intended only as a general guide to current UK tax law and practice of Her Majesty's Revenue & Customs (HMRC). They are intended to apply only to shareholders who are resident or ordinarily resident in the UK for UK tax purposes, who hold their Ordinary Shares as investments and who are the beneficial owners of their Ordinary Shares. The statements may not apply to certain classes of shareholders such as dealers in securities. Shareholders who are in any doubt as to their tax position regarding the acquisition, ownership and disposition of the Capitalisation Issue Shares or who are subject to tax in a jurisdiction other than the UK should consult their own tax advisers.

The Capitalisation Issue should be treated as a reorganisation of the company's share capital for the purposes of taxation of chargeable gains. Accordingly, a shareholder should not be subject to a charge to tax on capital gains (CGT) upon receipt of Capitalisation Issue Shares. Instead, a shareholder's existing Ordinary Shares and the Capitalisation Issue Shares should, taken together, be treated for CGT purposes as the same asset, acquired at the time and for the same price that the shareholder acquired their existing Ordinary Shares. A subsequent sale or other disposal by a shareholder of some or all of the Capitalisation Issue Shares might give rise to a CGT liability for that shareholder.

The receipt of Capitalisation Issue Shares should not give rise to a charge to tax on income for shareholders. The Capitalisation Issue should not be subject to stamp duty or stamp duty reserve tax.

Overseas Shareholders
It is the responsibility of overseas shareholders to ensure that all relevant laws and regulations in overseas jurisdictions applicable to them or their shareholdings (for example, exchange control laws or regulations) are complied with and that they obtain any permissions or consents required to be obtained, or make any filings required to be made by them. Shareholders should consult their professional advisers if they are not sure whether any formalities must be observed in order to receive Capitalisation Issue Shares. It is the responsibility of any person resident outside the UK wishing to receive Capitalisation Issue Shares to be satisfied as to full observance of the laws of the relevant territory, including obtaining any government or other consents which may be required and observing other formalities in such territories.

Movements in Treasury shares during the year:	Transaction price	Number of shares
Treasury shares held at 1 January 2008		6,167,545
November 2008 - Issue of Treasury shares in connection		
with the HMRC approved share incentive plan	44.00p	(293,680)
Treasury shares held at 31 December 2008		**5,873,865**

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

The company's ordinary shares held in treasury
During 2008 the company issued 293,680 of its own shares from Treasury for an average price of 44.0p which increased the "issued share capital" by the same number of shares (see table above for details).

At 31 December 2008 5,873,865 (2007: 6,167,545) shares were held in treasury with a market value of £1,468,466 (2007:£5,273,250). At the Annual General Meeting (AGM) in June 2008 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 in June 2009.

Investment properties
All of the freehold and long leasehold properties of the company and its subsidiaries were revalued as at 31 December 2008 by external professional firms of chartered surveyors - Allsop LLP, London (98.31 per cent of the portfolio), and Atisreal Limited, Leeds (1.69 per cent). The valuations, which are reflected in the financial statements, amount to £218.5 million (2007: £248.1 million).

Taking account of prevailing market conditions, the valuation of group properties at 31 December 2008 resulted in a reduction of £33.1 million (2007: £25.2 million). This has been reflected in the income statement in accordance with the requirements of IFRS. The impact of property revaluations on the company's joint ventures (Analytical Ventures Limited and Dragon Retail Properties Limited) and the associate company (Bisichi Mining plc) was a reduction of £4.2 million (2007 £3.1 million). The proportion of this revaluation attributable to the Group (net of taxation) is reflected in the income statement and the consolidated balance sheet.

Financial instruments

Note 18 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. These are used to manage the financial risks facing the group - speculative transactions are prohibited. Treasury operations are reported at each board meeting and are subject to weekly internal reporting. Hedging arrangements have been put in place in the company, subsidiaries and joint ventures in order to limit the exposure to interest rate risk.

Directors

M A Heller, J A Heller, R J Corry, H D Goldring, C A Parritt and M C Stevens were directors of the company for the whole of 2008.

R J Corry, H D Goldring, J A Heller and C A Parritt are retiring by rotation at the Annual General Meeting in 2009 and offer themselves for re-election. Brief details of the directors offering themselves for re-election are as follows:

Robert Corry has been Finance Director since 1993. He has a contract of employment determinable at six months notice. Robert Corry is a Chartered Accountant and has worked in the retail and real estate sectors for much of his career.

Howard Goldring has been a director since 1992 and has a contract of service determinable at three months notice. He is a member of the audit, remuneration and nomination committees. Howard Goldring is a Chartered Accountant and global asset allocation specialist. He is executive chairman of Delmore Asset Management Limited which specialises in the management of investment portfolios and the provision of asset allocation advice for private clients, family offices and pension funds. The board has considered the re-appointment of Howard Goldring and recommends his re-election as a director. His specialised economic knowledge and broad business experience are of significant benefit to the business.

John Heller has been a director since 1998 and was appointed Chief Executive in September 2001. He has a contract of employment determinable at twelve months notice.

Clive Parritt has been a director since January 2006 and has a contract of service determinable at three months notice and is the Senior Independent Director and chairman of the audit, remuneration and nomination committees. He is a Chartered Accountant with over 30 years experience in providing strategic, financial and commercial advice to business. The board has considered the re-appointment of Clive Parritt and recommends his re-election as a director. His financial knowledge and broad commercial experience are of significant benefit to the business.

Substantial shareholdings

At 31 December 2008 M A Heller and his family had an interest in 43.09 million shares of the company, representing 56.4 per cent of the issued share capital net of treasury shares (2007: 43.08 million shares representing 56.6 per cent). Cavendish Asset Management Limited has an interest in 3,470,351 shares representing 4.54 per cent of the issued share capital of the company (2007: 2,685,200 shares representing 3.5 per cent).

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 31 Dec 08	Beneficial interests 1 Jan 08	Non-beneficial interests 31 Dec 08	Non-beneficial interests 1 Jan 08
M A Heller	**4,871,757**	4,871,757	**18,520,634**	18,520,634
R J Corry	**359,110**	342,065	**-**	-
H D Goldring	**11,080**	11,080	**-**	-
J A Heller	**1,153,971**	1,139,691	†**13,520,634**	†13,520,634
C A Parritt	**24,364**	24,364	**-**	-
M C Stevens	**492,267**	475,222	+**777,534**	+483,854

No director had any material interest in any contract or agreement with the group during the year other than as shown in this annual report. (Please see note 21 and the remuneration report).

Between 1 January 2009 and the date of this report the beneficial interests of a number of directors in the ordinary shares of the company have increased to the following totals:

M A Heller	5,351,757
R J Corry	631,403
J A Heller	1,438,744
M C Stevens	724,320

No other changes in these holdings have taken place between 31 December 2008 and the date of this report. Details of options granted to directors to subscribe for new ordinary shares of the company are shown in the Remuneration Report under "Share option schemes" on page 28. The beneficial holdings of directors above include their interests in the Share Incentive Plan.

† These non-beneficial holdings are duplicated with those of M A Heller.

+ The non-beneficial interest of M C Stevens arises by reason of his being a director of London & Associated Securities Limited, a company which acts as a trustee.

Between 1 January 2009 and the date of this report the following changes occurred:

The interest of M A Heller and his family increased to 43.86 million shares in the company, representing 56.42 per cent of the issued share capital net of Treasury shares.

Cavendish Asset Management Limited increased their interests to 4,739,228 shares representing 6.10 per cent of the issued share capital of the company net of Treasury shares.

The company is not aware of any other holdings exceeding 3 per cent of the issued share capital and no relevant changes have occurred since the year end.

Takeover Directive

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

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

The rights of the ordinary shares to which HMRC approved Share Incentive Plan relate, 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.

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 auditors

The directors in office on 31 December 2008 have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. All of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Corporate governance

The company has adopted the Guidance for Smaller Quoted Companies (SQC's) published by the Quoted Companies Alliance (QCA).

The QCA provides guidance to SQC's. The QCA's guidance covers the implementation of the Revised Combined Code on Corporate Governance for SQC's and the paragraphs below set out how the company has applied this guidance during the year. The company has complied with the QCA's guidance throughout the year, except insofar that non-executive directors are not appointed for fixed terms (section A.7.2).

Principles of corporate governance
The board promotes good corporate governance in the areas of accountability and risk management 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 four executive directors, being the chairman, chief executive, finance director and company secretary, and two non-executive directors. Their details appear on page 21. The board is responsible to shareholders for the proper management of the group. A directors' responsibility statement in respect of the accounts is set out on page 32. 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 as 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 the non-executive directors and the executive chairman. The committee is responsible for proposing candidates for appointment to the board, having regard to the balance and structure of the board. In appropriate cases recruitment consultants are used to assist the process. All directors are subject to re-election at least 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 the non-executive directors and it is chaired by C A Parritt. The executive chairman is normally invited to attend. The directors' remuneration report is set out on pages 27 to 29.
- The audit committee comprises the non-executive directors and is chaired by C A Parritt. The audit committee report is set out on page 30.

Performance evaluation - board, board committees and directors
The performance of the board as a whole and of its committees and the non-executive directors is assessed by the chairman and the chief executive and is discussed with the senior 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 director is H D Goldring. 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 a fee basis. H D Goldring's association with Delmore and the length of his service on the board mean that the criteria for independence set out in the Combined Code of Corporate Governance are not met.

However the board considers that the independence of H D Goldring is not impaired either because he has served on the board for more than nine years or because of his association with Delmore. The board therefore regards H D Goldring as being independent.

The independent directors regularly meet prior to or after board meetings to discuss corporate governance and other issues concerning the group.

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.

Internal control
The directors are responsible for the group's system of internal control and for reviewing its effectiveness at least annually. 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 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.

Board and board committee meetings in 2008
The number of regular meetings during the year and attendance was as follows:

		Meetings held	Meetings attended
R J Corry	Board	11	11
	Audit committee	2	2
H D Goldring	Board	11	10
	Audit committee	2	2
	Nomination committee	1	1
	Remuneration committee	1	1
M A Heller	Board	11	11
	Nomination committee	1	1
	Remuneration committee	1	1
J A Heller	Board	11	10
	Audit committee	2	2
C A Parritt	Board	11	11
	Audit committee	2	2
	Nomination committee	1	1
	Remuneration committee	1	1
M C Stevens	Board	11	10
	Audit committee	2	2

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 no internal control issues to report in the annual report and financial statements for the year ended 31 December 2008 and up to the date of approval of the report and 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
Communications with shareholders are given high priority. Extensive information about the group and its activities is provided in the Annual Report. The company's website www.lap.co.uk is also updated with all announcements and reports promptly when they are issued. There is a regular dialogue with the company's stockbroker and institutional investors. Enquiries from individuals on matters relating to their shareholdings and the business of the group are dealt with informatively and promptly.

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

Payments to suppliers
The company and the group agree the terms of contracts when orders are placed. It is group policy that payments to suppliers are made in accordance with those terms, provided that suppliers also comply with all relevant terms and conditions. Trade creditors outstanding at the year end represent 17.3 days annual trade purchases (2007: 10.0 days).

Donations
No political donations were made during the year (2007: £Nil). Donations for charitable purposes amounted to £250 (2007: £650).

Going concern
The group's business activities, together with the factors likely to affect its future development are set out in the Chairman's Statement, Chief Executive's Report and Finance Director's Report on the preceding pages 2 to 19. In addition Note 18 to the financial statements includes the group's treasury policy, interest rate risk, liquidity risk and hedging profile.

The group has considerable financial resources together with long term leases with the majority of its tenants. The directors believe the group is well placed to successfully manage its business risks through the current uncertain economic outlook.

After making enquiries and forecasts the directors confirm that they have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in the preparation of the financial statements.

Annual General Meeting
The Annual General Meeting will be held at the RAC Club, 89 Pall Mall, London SW1Y 5HS on Wednesday 10 June 2009 at 10.30 a.m. Items 1 to 10 will be proposed as ordinary resolutions. More than 50 per cent of shareholders' votes must be in favour for these resolutions to be passed. Items 11 and 12 will be proposed as special resolutions. At least 75 per cent of shareholders' votes must be in favour for these resolutions to be passed. The directors consider that the Capitalisation Issue and 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 not 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.

Ordinary Resolution
Resolution 10 - the Capitalisation Issue
In order to enable the directors to effect the Capitalisation Issue the following ordinary resolution will be proposed at the Annual General Meeting:

(a) To give the directors the authority to issue new Ordinary Shares in lieu of paying cash dividends of an amount equivalent to 0.8p per Ordinary Share

Paragraph (a) of Resolution 10 will grant the directors authority to capitalise such amount of the company's share premium account as the directors may determine up to £622,000 and to apply such sum in paying up the Capitalisation Issue Shares.

(b) To give the directors the authority to allot Ordinary Shares

Paragraph (b) of Resolution 10 will grant the directors the authority to allot authorised but unissued Ordinary Shares in the share capital of the company. If Resolution 10 is passed and taking into account the existing authority to allot shares granted to the directors at the Annual General Meeting held on 5 June 2007, the maximum aggregate amount the directors are authorised to allot represents 40.69 per cent of the total issued ordinary share capital of the company (excluding treasury shares) as at 16 April 2009 (being the latest practicable date prior to the date of this Directors' Report). The authority given by paragraph (b) of Resolution 10 shall expire at the conclusion of the company's Annual General Meeting to be held in 2010 or, if earlier, 15 months from the date of the Annual General Meeting at which Resolution 10 is passed.

The directors at present intend to use the authority conferred by paragraph (b) of Resolution 10 to allot the Capitalisation Issue Shares.

Further information relating to the proposed Capitalisation Issue is set out on pages 22 and 23 of this Directors' Report.

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

1. Resolution 11 - disapplication of pre-emption rights
Shares allotted for cash must normally first be offered to shareholders in proportion to their existing shareholdings. The directors will, at the forthcoming Annual General Meeting of the company (Resolution 11), seek authority to allot shares for cash as if the pre-emption rights contained in Section 89(1) of the Companies Act 1985 did not apply up to a maximum of 5% of the company's issued share capital. The authority will expire at the earlier of the conclusion of the company's next Annual General Meeting and 15 months from the passing of Resolution 11.

2. Resolution 12 - purchase of own Ordinary Shares
The effect of Resolution 12 to be proposed at the Annual General Meeting would be to give the company a general authority to purchase a maximum of 8,231,697 of its own Ordinary Shares of 10 pence each (representing approximately 10 per cent of the company's issued share capital). 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 the higher of (i) 105% of the average market price for an ordinary share for the five business days preceding any such purchase and (ii) the higher of the last independent trade for an ordinary share and the highest current independent bid for an ordinary share as derived from the trading venue where the purchase is carried out. The authority conferred by Resolution 12 will expire at the conclusion of the 2010 Annual General Meeting or 15 months from the passing of the resolution, whichever is the earlier.

If granted, the authority would only be exercised if 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 in treasury (or a combination of both). The total number of options to subscribe for new ordinary shares in the company as at 31 December 2008 was 120,000 shares representing 0.157% of the company's issued share capital as at 31 December 2008. Such number of options to subscribe for new ordinary shares would represent approximately 0.175% of the reduced issued share capital of the company assuming full use of the authority to make market purchases sought under Resolution 12.

Other matters
The company is not a close company as defined by the Income and Corporation Taxes Act 1988. Baker Tilly UK Audit LLP have expressed their willingness to continue in office as auditors. A proposal will be made at the Annual General Meeting for their reappointment.

By order of the board
M C Stevens, *Secretary*
17 April 2009
Carlton House
St James's Square
London SW1Y 4JH

remuneration report

The remuneration committee is pleased to present its report for the year ended 31 December 2008.

The remuneration committee is a formally constituted committee of the board and is comprised entirely of independent non-executive directors. The members of the committee are C A Parritt (chairman) and H D Goldring.

Remuneration policy for executive directors and non-executive directors
The principal function of the remuneration committee is to determine, on behalf of the board, the remuneration and other benefits of the executive directors and senior executives, including pensions, share options and service contracts. The company's policy is designed to attract, retain and motivate individuals of a calibre who will ensure the successful leadership and management of the company. Remuneration packages are designed to reward the executive directors and senior executives fairly for their contributions whilst remaining within the range of benefits offered by similar companies in the sector. The emoluments of each executive director comprise basic salary, a bonus at the discretion of the remuneration committee, provision of a car, premiums paid in respect of individual defined-contribution pension arrangements, health insurance premium and share options. 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. No pension costs are incurred on behalf of non-executive directors and they do not participate in the share option schemes.

The board's policy is to grant share incentives to executive directors, managers and staff at appropriate times to provide them with an interest in the longer term development of the group.

Service and employment 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. All directors' contracts, as amended from time to time, have run from the date of appointment. Details of the directors standing for re-election are provided under 'Directors' in the directors' report.

It is the policy of the 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.

Summary of directors' terms

	Date of contract	Unexpired term	Notice period
Executive directors			
M A Heller	1 Jan 1971	Continuous	6 months
J A Heller	1 May 2003	Continuous	12 months
R J Corry	1 Sept 1992	Continuous	6 months
M C Stevens	14 Oct 1985	Continuous	6 months
Non-executive directors			
H D Goldring	1 July 1992	Continuous	3 months
C A Parritt	1 Jan 2006	Continuous	3 months

The following information has been audited

Directors' Remuneration for the year ended 31 December 2008

	Salary and fees £'000	Bonus in cash £'000	Bonus in shares £'000	Other benefits £'000	**Total before pension contrib -utions £'000**	Pension contrib -utions £'000	**Total 2008 £'000**	Total before pension contrib -utions £'000	Pension contrib -utions £'000	Total 2007 £'000
Executive directors										
M A Heller*	7	-	150	47	**204**	-	**204**	353	-	353
J A Heller	300	150	156	52	**658**	30	**688**	1,002	30	1,032
R J Corry	166	25	6	24	**221**	118	**339**	272	113	385
M C Stevens	110	-	6	20	**136**	67	**203**	133	128	261
	583	175	318	143	**1,219**	215	**1,434**	1,760	271	2,031
Non-executive directors										
H D Goldring*	35	-	-	3	**38**	-	**38**	35	-	35
C A Parritt	25	-	-	-	**25**	-	**25**	23	-	23
B J O'Connell†	-	-	-	-	**-**	-	**-**	26	-	26
	60	-	-	3	**63**	-	**63**	84	-	84
Total remuneration for directors' service during year	643	175	318	146	**1,282**	215	**1,497**	1,844	271	2,115

* See "Directors" below and Note 21 "Related party transactions". Other benefits include the provision of car, health and other insurance and subscriptions.
† B J O'Connell retired from the board on 31 October 2007.

Pension schemes and incentives
Three (2007: three) directors have benefits under money purchase pension schemes. Contributions in 2008 were £215,000 (2007: £271,000) as set out in the table above. Directors are not entitled to benefits under any bonus or incentive schemes apart from the share option and share incentive plan, details of which are set out below.

Bonuses are awarded by the remuneration committee when merited. In assessing the performance of the executive team and, in particular to determine whether bonuses are merited the remuneration committee takes account of the overall performance of the business. Specific areas addressed include: enhancement of the asset base by effective development; changes in rental income generated; quality and risk profile of the tenant base; voids; timely acquisitions and disposals; security of funding arrangements; and overall teamwork. Bonuses were awarded by the remuneration committee to 4 executive directors during 2008 (2007: four).

Directors
Although M A Heller receives reduced remuneration in respect of his services to the group, the group does supply office premises, property management, general management accounting and administration services for a number of companies in which M A Heller has an interest. The board estimates that the value of these services, if supplied to a third party, would have been £275,000 (2007: £275,000) for the year. Further details of these services are set out in Note 21 "Related party transactions" to the financial statements.

H D Goldring's company, Delmore Asset Management Limited provides consultancy services to the group. This is dealt with in Note 21 to the financial statements.

Share option schemes
The company has two share option schemes:

1. The HMRC approved scheme (Approved Scheme) was set up in 1986 in accordance with HMRC rules to gain HMRC approved status which gave the members certain tax advantages. No director has any options outstanding under the Approved Scheme.
2. The non-HMRC approved scheme (Unapproved Scheme) was set up in 1998 and is not subject to HMRC rules for approval.

One executive director has options to subscribe for ordinary shares under the Unapproved Scheme as follows:

	Option price	Number of share options 1 January 2008	Exercised in 2008	Granted in 2008	31 December 2008	Exercisable from	to
Unapproved Scheme:							
M C Stevens	25.66p	50,000	-	-	50,000	8-Mar-02	7-Mar-09

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. The exercise of options under the Unapproved Scheme is subject to the satisfaction of objective performance conditions specified by the remuneration committee, which conform to institutional shareholder guidelines and best practice provisions. These performance conditions have been achieved.

M C Stevens exercised the 50,000 options above on 12 February 2009 when the mid-market price was 31.25p.

The bid market price of London & Associated Properties PLC ordinary shares at 31 December 2008 was 25.0p (2007: 85.5p). During the year the share mid-market price ranged between 85.75p and 23.75p.

Share incentive plan
Following a recommendation of the remuneration committee the directors set up a HMRC approved share incentive plan (SIP) in May 2006. The purpose of the plan, which is open to all eligible LAP head office based executive directors and staff is to enable them to acquire shares in the company to 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 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 On 17 November 2008 (2007: 19 November) free shares of up to the annual maximum of £3,000 per member were awarded at 44.00p (2007: 96.25p) per share as follows:

	Number of members 2008	2007	Number of shares 2008	2007	Value of shares 2008 £	2007 £
Directors:						
R J Corry	1	1	6,818	3,117	3,000	3,000
J A Heller	1	1	6,818	3,117	3,000	3,000
M C Stevens	1	1	6,818	3,117	3,000	3,000
Staff	19	19	80,682	15,819	35,500	15,225
Total at 31 December	**22**	**22**	**101,136**	**25,170**	**44,500**	**24,225**

2. Partnership shares On 17 November 2008 (2007: 19 November) directors and staff were invited to complete partnership share agreements and commence saving for partnership shares over the period November 2008 to October 2009. At 31 December 2008 three directors and fifteen staff had saved a total of £2,847 towards the cost of partnership shares to be acquired in November 2009. The shares will be acquired at the prevailing market price on the day of acquisition.

Partnership shares issued:

	Number of members		Number of shares		Value of shares	
	2008	2007	2008	2007	2008 £	2007 £
Directors:						
R J Corry	1	1	3,409	1,558	1,500	1,500
J A Heller	1	1	3,409	1,558	1,500	1,500
M C Stevens	1	1	3,409	1,558	1,500	1,500
Staff	19	19	53,955	23,526	23,740	22,650
Total at 31 December	**22**	**22**	**64,182**	**28,200**	**28,240**	**27,150**

3. Matching shares The partnership share agreements for the year to 31 October 2008 provide for two matching shares to be awarded free of charge for each partnership share acquired in November 2008. On 17 November 2008 128,364 matching shares were allocated (2007: 56,417). Matching shares will usually be forfeited if a member leaves employment in the group within 5 years of their grant.

Matching shares granted:

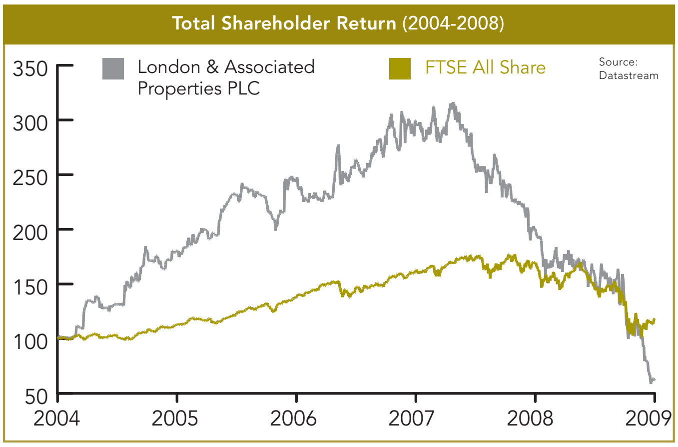
	Number of members		Number of shares		Value of shares	
	2008	2007	2008	2007	2008 £	2007 £
Directors:						
R J Corry	1	1	6,818	3,117	3,000	3,000
J A Heller	1	1	6,818	3,117	3,000	3,000
M C Stevens	1	1	6,818	3,117	3,000	3,000
Staff	19	19	107,910	47,066	47,480	45,301
Total at 31 December	**22**	**22**	**128,364**	**56,417**	**56,480**	**54,301**

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 2008 amounted to £6,833 (2007: £677).

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. (The trustee acquired the Dividend Shares on 6 March 2009).

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.

C A Parritt
Chairman - Remuneration Committee
17 April 2009



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 the two non-executive directors - H D Goldring and C A Parritt, both Chartered Accountants.

The audit committee's prime tasks are to:

- review the scope of external audit, to receive regular reports from Baker Tilly 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;
- consider once a year the need for an internal audit function;
- advise the board on the appointment of 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 the auditors' 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 at a board meeting and approves them with a committee of the board prior to their release. The audit committee meetings are attended by the external audit partner, chief executive, finance director and company secretary. Prior to monthly board meetings the members of the committee 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.
- the chairman of the audit committee had a separate meeting with the external audit partner.

External Auditors
Baker Tilly 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 PKF (UK) LLP, a separate and independent firm of registered auditors.

C A Parritt
Chairman - Audit Committee
17 April 2009

independent auditor's report

to the members of London & Associated Properties PLC

We have audited the group and parent company financial statements on pages 33 to 60. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Annual Report, and the group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union ("EU"), and for preparing the parent company financial statements and the Directors' Remuneration Report in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Directors' Responsibility Statement.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and whether, in addition, the group financial statements have been properly prepared in accordance with Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement, Chief Executive's Report and the Finance Director's Report that is cross referenced from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2006 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the unaudited part of the Directors' Remuneration Report, the Chairman's Statement, the Chief Executive's Report, the Finance Director's Report and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion
In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 December 2008 and of its loss for the year then ended;
- the group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 December 2008;
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Emphasis of matter
Without qualifying our opinion we draw attention to notes 18 and 26.8 to the financial statements concerning the fair values of the hedging arrangements entered into by the group and the company. Differences exist between the directors' valuations and those of the counterparty to the hedging instruments. As indicated in the notes, considerable volatility exists in these valuations as demonstrated by the marked reduction in the liabilities since the year-end and it is not the group's or company's intention to crystallise the instruments.

Baker Tilly UK Audit LLP
Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST
20 April 2009

directors' responsibility statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

UK Company law requires the directors to prepare Group and Company Financial Statements for each financial year. Under that law the directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 1985 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.

The company financial statements are required by law to give a true and fair view of the state of affairs of the company.

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 estimates that are reasonable and prudent;

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

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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

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

The directors confirm, to the best of their knowledge:

a. that the financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and of the group taken as a whole; and

b. the management report included within the Directors' Report includes a fair review of the development and performance of the business and the position of the company and the group taken as a whole, together with a description of the principal risks and uncertainties that they face.

valuers' certificates

To the Directors of London & Associated Properties PLC

In accordance with your instructions we have carried out a valuation of the freehold and leasehold property interests held as at 31 December 2008 by the group as detailed in our Valuation Report dated 27 January 2009.

Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 2008 of these interests was:

	£'000
Freehold	93,965
Leasehold	120,890
	214,855

27 Soho Square, London W1D 3AY **Allsop LLP**
27 January 2009 Property Consultants

To the Directors of London & Associated Properties PLC

In accordance with your instructions we have carried out a valuation of the freehold property interests held as at 31 December 2008 by the group as detailed in our Valuation Report dated 11 February 2009.

Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 2008 of these interests was:

	£'000
Freehold	**3,677**

Capitol House, Russell Street, Leeds LS1 5SP **Atisreal Limited**
11 February 2009 Chartered Surveyors and International Real Estate Consultants

consolidated income statement

for the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
Gross rental income			
Group and share of joint ventures		**16,775**	14,260
Less: joint ventures - share of rental income		**(272)**	(1,228)
Revenue	1	**16,503**	13,032
Direct property expenses		**(3,137)**	(2,481)
Overheads		**(4,408)**	(4,974)
Property overheads	1	**(7,545)**	(7,455)
Net rental income	1	**8,958**	5,577
Listed investments held for trading	3	**298**	144
Costs of evaluation	6	**-**	(339)
Goodwill impairment	6	**-**	(173)
		-	(512)
Profit on sale of investment properties		**897**	2,295
Net decrease on revaluation of investment properties		**(33,125)**	(25,208)
Net decrease in value of investments held for trading		**(1,530)**	(16)
Operating loss	1	**(24,502)**	(17,720)
Share of (loss)/profit of joint ventures after tax	11	**(588)**	1,572
Share of profit/(loss) of associate after tax	12	**172**	(448)
Loss before interest and taxation		**(24,918)**	(16,596)
Interest rate derivatives	18	**(21,063)**	-
Finance income	5	**681**	1,583
Finance expenses	5	**(11,966)**	(8,874)
Loss before taxation		**(57,266)**	(23,887)
Income tax	7	**9,812**	11,384
Loss for the year attributable to the equity shareholders of the company		**(47,454)**	(12,503)
Basic loss per share	9	**(62.30)p**	(16.40)p
Diluted loss per share	9	**(62.30)p**	(16.40)p

The revenue and operating result for the year is derived from continuing operations in the United Kingdom.

consolidated balance sheet

at 31 December 2008

	Notes	2008 £'000	2007 £'000
Non-current assets			
Market value of properties attributable to group		**218,532**	248,076
Present value of head leases		**27,238**	31,671
Property	10	**245,770**	279,747
Plant and equipment	10	**917**	881
Investments in joint ventures	11	**1,793**	1,881
Investments in associated company	12	**6,567**	6,401
Held to maturity investments	13	**1,805**	5
		256,852	288,915
Current assets			
Trade and other receivables	14	**3,974**	7,214
Financial assets-investments held for trading	15	**2,330**	5,113
Cash and cash equivalents		**8,191**	16,464
		14,495	28,791
Total assets		**271,347**	317,706
Current liabilities			
Trade and other payables	16	**(11,268)**	(12,988)
Financial liabilities – borrowings	17	**(7,277)**	(6,250)
Current tax liabilities		**(2,417)**	(1,869)
		(20,962)	(21,107)
Non-current liabilities			
Financial liabilities-borrowings	17	**(160,417)**	(162,866)
Interest rate derivatives	18	**(19,616)**	-
Present value of head leases on properties		**(27,238)**	(31,671)
Deferred tax	19	**(2,808)**	(13,071)
		(210,079)	(207,608)
Total liabilities		**(231,041)**	(228,715)
Net assets		**40,306**	88,991
Equity attributable to the equity shareholders of the company			
Share capital	20	**8,232**	8,232
Share premium account		**5,236**	5,236
Translation reserve in associate		**(504)**	(530)
Fair value reserve – interest rate derivatives		**-**	1,001
Capital redemption reserve		**47**	47
Retained earnings (excluding treasury shares)		**33,532**	81,554
Treasury shares	20	**(6,237)**	(6,549)
Retained earnings		**27,295**	75,005
Total shareholders' equity		**40,306**	88,991
Net assets per share	9	**52.73p**	116.86p
Diluted net assets per share	9	**52.70p**	116.73p

These financial statements were approved by the board of directors and authorised for issue on 17 April 2009 and signed on its behalf by:

M A Heller — Director

R J Corry — Director

consolidated statement of changes in shareholders' equity

for the year ended 31 December 2008

	Share capital £'000	Share premium £'000	Translation reserve £'000	Fair value reserve* £'000	Capital redemption reserve £'000	Retained earnings Treasury shares £'000	Retained earnings Retained Earnings excluding treasury shares £'000	Total equity £'000
Balance at 1 January 2007	8,232	5,236	(517)	-	47	(6,533)	95,395	101,860
Fair value of interest derivatives	-	-	-	1,388	-	-	-	1,388
Deferred taxation on interest derivatives	-	-	-	(387)	-	-	-	(387)
Currency translation in associate	-	-	(13)	-	-	-	-	(13)
Net (losses)/gains recognised directly in equity	-	-	(13)	1,001	-	-	-	988
Loss for year	-	-	-	-	-	-	(12,503)	(12,503)
Total recognised (expense)/income	-	-	-	-	-	-	(12,503)	(12,503)
Equity share options in associate	-	-	-	-	-	-	99	99
Acquisition of own shares	-	-	-	-	-	(278)	-	(278)
Disposal of own shares	-	-	-	-	-	262	-	262
Loss on disposal of own shares	-	-	-	-	-	-	(27)	(27)
Dividend	-	-	-	-	-	-	(1,410)	(1,410)
Balance at 31 December 2007	8,232	5,236	(530)	1,001	47	(6,549)	81,554	88,991
Reclassification of fair value of interest derivatives	-	-	-	(1,001)	-	-	1,001	-
Currency translation in associate	-	-	26	-	-	-	-	26
Net gains recognised directly in equity	-	-	26	(1,001)	-	-	1,001	26
Loss for year	-	-	-	-	-	-	(47,454)	(47,454)
Total recognised (expense)/income	-	-	-	-	-	-	(47,454)	(47,454)
Equity share options in associate	-	-	-	-	-	-	99	99
Disposal of own shares	-	-	-	-	-	312	-	312
Loss on disposal of own shares	-	-	-	-	-	-	(183)	(183)
Dividend	-	-	-	-	-	-	(1,485)	(1,485)
Balance at 31 December 2008	**8,232**	**5,236**	**(504)**	**-**	**47**	**(6,237)**	**33,532**	**40,306**

*Interest rate derivatives.

All the above are attributable to the equity shareholders of the parent.

consolidated cash flow statement

for the year ended 31 December 2008

	2008 £'000	2007 £'000
Operating activities		
Loss before interest and taxation	**(24,918)**	(16,596)
Depreciation	**200**	201
Goodwill impairment	**-**	173
Costs of evaluation	**-**	339
	-	512
(Profit)/loss on disposal of non-current assets	**(2)**	9
Profit on sale of investment properties	**(897)**	(2,295)
Net decrease on revaluation of investment properties	**33,125**	25,208
Share of loss/(profit) of joint ventures and associate after tax	**416**	(1,124)
Net decrease in value of investments held for trading	**1,530**	16
Decrease/(increase) in net current assets	**2,566**	(1,966)
Cash generated from operations	**12,020**	3,965
Income tax repaid/(paid)	**104**	(3,420)
Cash inflows from operating activities	**12,124**	545
Investing activities		
Investment in shares and loan stock in joint ventures	**(2,300)**	-
Acquisition of subsidiary investments (net of cash acquired)	**-**	(11,097)
Costs on evaluation of subsidiary investments	**-**	(339)
Property acquisitions and improvements	**(19,788)**	(22,455)
Sale of properties	**16,229**	43,804
Purchase of office equipment and motor cars	**(294)**	(104)
Sale of office equipment and motor cars	**61**	29
Interest received	**681**	1,916
Dividends received	**131**	3,343
Cash (outflows)/inflows from investing activities	**(5,280)**	15,097
Financing activities		
Purchase of treasury shares	**-**	(278)
Sale of treasury shares	**129**	235
Equity dividends paid	**(1,485)**	(1,410)
Interest paid	**(12,210)**	(9,303)
Repayment of short term loan from joint ventures	**(7)**	(163)
Repayment of medium term bank loan	**(2,571)**	(3,371)
Cash outflows from financing activities	**(16,144)**	(14,290)
Net (decrease)/increase in cash and cash equivalents	**(9,300)**	1,352
Cash and cash equivalents at beginning of year	**10,214**	8,862
Cash and cash equivalents at end of year	**914**	10,214

Cash and cash equivalents

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

	2008 £'000	2007 £'000
Cash and cash equivalents (before bank overdrafts)	**8,191**	16,464
Bank overdrafts	**(7,277)**	(6,250)
Cash and cash equivalents at end of year	**914**	10,214

£9.5million of cash deposits at 31 December 2007 was charged as security to the Prudential. This was released in 2008.

group accounting policies

The following are the principal group accounting policies:

Basis of accounting

The group financial statements for the year ended 31 December 2008 are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The company has elected to prepare the parent company's financial statements in accordance with UK GAAP, as applied in accordance with the provisions of the Companies Act 1985 and these are presented in note 26. 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 and 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 group financial statements have been prepared on a going concern basis. Further details of which are contained in the Directors' Report.

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.

International Accounting Standards (IAS/IFRS)

At the date of approval of these financial statements, the following new Standards and interpretations which have not been applied in these Financial statements, were in issue but not yet effective:

IAS 1 *(amended)* Presentation of financial statements

IAS 23 *(amended)* Borrowing costs.

IAS 27 *(revised)* Consolidated and separate financial statements.

IAS 39 *(amended)* Eligible hedged items.

IFRS 1 *(amended)* Cost of investment in a subsidiary, jointly controlled entity or associate.

IFRS 2 *(amended)* Share-based payments – vesting conditions and cancellations.

IFRS 3 *(revised)* Business combinations.

IFRS 8 Operating segments.

IFRIC 15 Agreements for the construction of real estate.

IFRIC 17 Distributions of non-cash assets to owners.

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group.

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 and associate.

Subsidiaries

Subsidiaries are those entities controlled by the group. Control is assumed when the group has the power to govern the financial and operating policies of an entity or business and to economically benefit from its activities. Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes.

All intra group transactions, balances, income and expenses are eliminated on consolidation. Details of group subsidiary companies are set out in note 26.4.

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

Associates

Undertakings in which the group has a participating interest of not less than 20% of the voting capital and over which it has the power to exert significant influence are defined as associated undertakings. The financial statements include the appropriate share of the results and reserves of those undertakings.

Goodwill

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

Revenue

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 or capital contributions in lieu of rent free periods. For income from property leased out under a finance lease, a lease receivable asset is recognised in the balance sheet at an amount equal to the net investment in the lease, as defined in IAS 17. Minimum lease payments receivable, again as defined in IAS 17, are apportioned between finance income and the reduction of the outstanding lease receivable so as to produce a constant periodic rate of return on the remaining net investment in the lease. 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.

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

Property 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 are 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.

Financial instruments

Investments

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

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

Trade and other receivables

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

Trade and other payables

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

Bank loans and overdrafts

Bank loans and overdrafts are included as financial liabilities on the group balance sheet net of the unamortised discount and costs of issue. Interest payable on those facilities is expensed as a finance cost in the period to which it relates.

Debenture loan

The debenture loan is 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 rate of interest for the remaining period of the hedge.

Where a derivative is designated as a hedge of the variability of a highly probable forecast transaction i.e. an interest payment, the element of the gain or loss on the derivative that is an effective hedge is recognised directly in equity. When the forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly in equity are reclassified into the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement i.e. when interest income or expense is recognised.

The gain or loss arising from any adjustment to the fair value to the business is recognised immediately in the group income statement when the criteria set out in IAS 32 allowing the movements to be shown in equity have not been met.

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 valuation 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 accounted for on completion of 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.

Plant and equipment

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.

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 accounted for 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.

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.

notes to the financial statements

for the year ended 31 December 2008

1. Segmental analysis

Business segments

	2008 Property £'000	2008 Listed investments £'000	2008 Total £'000	2007 Property £'000	2007 Listed investments £'000	2007 Total £'000
Rental income	**16,503**	**-**	**16,503**	13,032	-	13,032
Property overheads	**(7,545)**	**-**	**(7,545)**	(7,455)	-	(7,455)
Net rental income	**8,958**	**-**	**8,958**	5,577	-	5,577
Other income	**-**	**298**	**298**	-	144	144
Net decrease on revaluation of investment properties	**(33,125)**	**-**	**(33,125)**	(25,208)	-	(25,208)
Net decrease on revaluation of investments held for trading	**-**	**(1,530)**	**(1,530)**	-	(16)	(16)
Segment result	**(23,270)**	**(1,232)**	**(24,502)**	(17,336)	128	(17,208)
Costs of evaluation	**-**	**-**	**-**	(339)	-	(339)
Goodwill impairment	**-**	**-**	**-**	(173)	-	(173)
Operating (loss)/profit	**(23,270)**	**(1,232)**	**(24,502)**	(17,848)	128	(17,720)
Total assets (excluding investments in associate and joint ventures)	**258,857**	**2,330**	**261,187**	304,311	5,113	309,424
Total liabilities (excluding borrowings and current tax)	**(60,930)**	**-**	**(60,930)**	(57,730)	-	(57,730)
Borrowings	**(167,694)**	**-**	**(167,694)**	(169,116)	-	(169,116)
Net assets	**30,233**	**2,330**	**32,563**	77,465	5,113	82,578
Current tax liabilities: non segmental			**(2,417)**			(1,869)
Investments in joint ventures: non segmental (note 11)			**3,593**			1,881
Investments in associate: non segmental (note 12)			**6,567**			6,401
Net assets as per balance sheet			**40,306**			88,991
Other segment items:						
Depreciation	**200**	**-**	**200**	201	-	201
Capital expenditure	**19,208**	**-**	**19,208**	121,952	-	121,952

Rental income

	Property £'000	Analytical Ventures £'000	Dragon Retail Properties Total £'000	Total £'000	Group Share 2008 £'000	2007 £'000
Rental income	**16,503**	**341**	**203**	**17,047**	**16,775**	14,260
Direct property expenses	**(3,137)**	**(12)**	**(26)**	**(3,175)**	**(3,156)**	(2,840)
Overheads	**(4,408)**	**(262)**	**(48)**	**(4,718)**	**(4,563)**	(5,128)
	8,958	**67**	**129**	**9,154**	**9,056**	6,292
Less: attributable to joint ventures					**(98)**	(715)
Net rental income					**8,958**	5,577

Geographical segments

At net rental income level, the Group operates in the United Kingdom only. The directors consider it to be the only geographical segment of the business.

2. Loss before taxation

Loss before taxation is arrived at after charging/(crediting):	2008 £'000	2007 £'000
Staff costs (note 22)	**2,829**	3,620
Depreciation on tangible fixed assets - owned assets	**200**	201
Operating lease rentals - land and buildings	**373**	334
(Profit)/loss on disposal of motor vehicles and office equipment	**(2)**	9
Amounts payable to the auditors in respect of both audit and non-audit services		
Audit services:		
Statutory - company and consolidation	**82**	78
- subsidiaries	**65**	47
Further assurance services	**11**	12
Services related to corporate finance	**-**	55
Other services	**8**	28
	166	220

Staff costs and depreciation of tangible fixed assets are included in overheads.

3. Listed investments held for trading

	2008 £'000	2007 £'000
Investment sales	**1,603**	628
Dividends receivable	**141**	164
	1,744	792
Cost of sales	**(1,421)**	(623)
	323	169
Attributable overheads	**(25)**	(25)
	298	144

4. Directors' emoluments

	2008 £'000	2007 £'000
Emoluments	**1,282**	1,844
Defined contribution pension scheme contributions	**215**	271
	1,497	2,115

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

5. Finance costs

	2008 £'000	2007 £'000
Finance income	**681**	1,583
Finance expenses		
Interest on bank loans and overdrafts	**(9,575)**	(6,592)
Interest on other loans	**(2,178)**	(3,138)
Hedging	**1,614**	509
Interest on obligations under finance leases	**(1,989)**	(798)
Total borrowing costs	**(12,128)**	(10,019)
Amounts included in the cost of qualifying assets	**162**	1,145
	(11,966)	(8,874)
	(11,285)	(7,291)

£162,000 interest payable (2007: £1,145,000) has been transferred to the cost of investment properties (Note 10).
The amount transferred represents the cost of funds forming part of the group's borrowings which were used in financing major capital projects.

6. Exceptional items

	2008 £'000	2007 £'000
Costs of evaluation	-	339
Goodwill impairment	-	173
	-	512

The costs of evaluation represent fees incurred by the Company, prior to the decision being taken that the company should acquire the 50% interest in the issued share capital of Analytical Properties Holdings Limited (Analytical Group) not already owned by the Company. Goodwill impairment arose on the acquisition of the Analytical Group on 25 September 2007. This goodwill arose primarily as a result of recognising the deferred tax which would arise if the properties within Analytical Group were realised at the fair valuation applied on acquisition. This goodwill is immediately written off to the income statement. The company also acquired £1,829,000 of B loan stock of Analytical Group at par value.

7. Income tax

	2008 £'000	2007 £'000
Current tax:		
Corporation tax on loss of the period	**299**	1,700
Adjustments in respect of previous periods	**152**	21
Total current tax	**451**	1,721
Deferred tax		
Origination and reversal of timing differences	**2,269**	711
Revaluation of investment properties	**(7,726)**	(12,962)
Revaluation of investments held for trading	**-**	(587)
Accelerated capital allowances	**397**	(267)
Fair value of interest derivatives	**(5,898)**	-
Adjustments in respect of previous periods	**695**	-
Total deferred tax (note 19)	**(10,263)**	(13,105)
Tax on loss on ordinary activities	**(9,812)**	(11,384)

Factors affecting tax charge for the year

The corporation tax assessed for the year is different from that at the standard rate of corporation tax in the United Kingdom of 28.5 per cent (2007: 30 per cent). The differences are explained below:

	2008 £'000	2007 £'000
Loss on ordinary activities before taxation	**(57,266)**	(23,887)
Taxation on ordinary activities at 28.5 per cent (2007: 30%)	**(16,321)**	(7,166)
Effects of:		
Expenses not deductible for tax purposes	**8**	30
Other differences	**5,243**	(3,166)
Joint ventures and associate	**119**	(150)
Deferred tax rate adjustment	**292**	(953)
Adjustment in respect of prior years	**847**	21
Tax credit for the period	**(9,812)**	(11,384)

The main component of other differences in the reconciliation relates to indexation allowance of £4.8 million.

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.

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.

8. Dividend

	2008 Per share	£'000	2007 Per share	£'000
Dividends paid during the year relating to the prior period	**1.95p**	**1,485**	1.85p	1,410
Dividends to be paid:				
Interim dividend for 2008 paid on 23 January 2009	**0.75p**	**571**	0.65p	497
Proposed equivalent final dividend for 2008 (0.4p in cash and 0.8p in ordinary shares)	**1.20p**	**933**	1.30p	988
	1.95p	**1,504**	1.95p	1,485

The proposed final dividend will be payable on 3 July 2009 to shareholders registered at the close of business on 5 June 2009.

9. Losses per share and net assets per share

Losses per share have been calculated as follows:	**2008**	2007
Loss for the year for the purposes of basic and diluted losses per share (£'000)	**(47,454)**	(12,503)
Weighted average number of ordinary shares in issue for the purpose of basic losses per share ('000)	**76,172**	76,230
Basic losses per share	**(62.30)p**	(16.40)p
Weighted average number of ordinary shares in issue for the purpose of diluted losses per share ('000)	**76,172**	76,230
Fully diluted losses per share	**(62.30)p**	(16.40)p

Weighted average number of shares in issue is calculated after excluding treasury shares of 5,873,865 (2007: 6,167,545).
On the basis that the Group has made a loss for the year, there is no dilutive effect of the outstanding options.

Net assets per share have been calculated as follows:

	Net assets		Shares in issue		Net assets per share	
	2008 £'000	2007 £'000	**2008 '000**	2007 '000	**2008 Pence**	2007 Pence
Basic						
At 31 December	**40,306**	88,991	**76,443**	76,149	**52.73**	116.86
Dilution adjustments for shares subject to option agreements:						
Issue of outstanding share options	**40**	40	**120**	120		
Diluted	**40,346**	89,031	**76,563**	76,269	**52.70**	116.73

10. Property and plant and equipment

	Investment Properties			Office equipment and motor vehicles
	Freehold £'000	**Leasehold over 50 years £'000**	**Total £'000**	**£'000**
Cost or valuation at 1 January 2008	116,206	163,541	279,747	1,554
Additions	15,438	3,476	18,914	294
Disposals	(15,333)	-	(15,333)	(166)
Decrease in present value of head leases	-	(4,433)	(4,433)	-
Decrease on revaluation	(21,039)	(12,086)	(33,125)	-
Cost or valuation at 31 December 2008	**95,272**	**150,498**	**245,770**	**1,682**
Representing assets stated at:				
Valuation	95,272	123,260	218,532	-
Present value of head leases	-	27,238	27,238	-
Cost	-	-	-	1,682
	95,272	**150,498**	**245,770**	**1,682**
Depreciation at 1 January 2008	-	-	-	673
Charge for the year	-	-	-	200
Disposals	-	-	-	(108)
Depreciation at 31 December 2008	**-**	**-**	**-**	**765**
Net book value at 1 January 2008	116,206	163,541	279,747	881
Net book value at 31 December 2008	**95,272**	**150,498**	**245,770**	**917**

10. Property and plant and equipment continued

	Investment Properties Freehold £'000	Leasehold over 50 years £'000	Total £'000	Office equipment and motor vehicles £'000
Cost or valuation at 1 January 2007	109,102	93,026	202,128	1,633
Additions	16,309	7,299	23,608	87
Additions through business combinations	4,875	93,382	98,257	-
Present value of head leases through business combination	-	25,771	25,771	-
Disposals	(4,835)	(36,534)	(41,369)	(166)
Decrease in present value of head leases	-	(3,440)	(3,440)	-
Decrease on revaluation	(9,245)	(15,963)	(25,208)	-
Cost or valuation at 31 December 2007	116,206	163,541	279,747	1,554
Representing assets stated at:				
Valuation	116,206	131,870	248,076	-
Present value of head leases	-	31,671	31,671	-
Cost	-	-	-	1,554
	116,206	163,541	279,747	1,554
Depreciation at 1 January 2007	-	-	-	600
Charge for the year	-	-	-	201
Disposals	-	-	-	(128)
Depreciation at 31 December 2007	-	-	-	673
Net book value at 1 January 2007	109,102	93,026	202,128	1,033
Net book value at 31 December 2007	116,206	163,541	279,747	881

The leasehold over fifty years and freehold properties, excluding the present value of head leases, were valued as at 31 December 2008 by external professional firms of chartered surveyors. The valuations were made at open market value.

	2008 £'000	2007 £'000
Allsop LLP, Chartered Surveyors	**214,855**	243,205
Atisreal Limited, Chartered Surveyors	**3,677**	4,839
Directors' valuation	**-**	32
	218,532	248,076
Add: Present value of headleases	**27,238**	31,671
	245,770	279,747

The historical cost of investment properties, including total capitalised interest of £6,051,000 (2007: £5,889,000) was as follows:

	2008 Freehold £'000	**2008 Leasehold over 50 years £'000**	2007 Freehold £'000	2007 Leasehold over 50 years £'000
Cost at 1 January	94,957	127,975	77,402	46,623
Additions (including through business combination)	15,438	3,476	21,184	100,681
Disposals	(14,087)	-	(3,629)	(19,329)
Cost at 31 December	**96,308**	**131,451**	94,957	127,975

11. Investment in joint ventures

	2008 £'000	2007 £'000
Group share of:		
Turnover	**272**	1,228
(Loss)/profit before tax	**(684)**	346
Taxation	**96**	1,226
(Loss)/profit after tax	**(588)**	1,572
Non-current assets	**6,712**	1,746
Current assets	**1,874**	1,578
Current liabilities	**(1,485)**	(75)
Non-current liabilities	**(5,308)**	(1,368)
Net assets	**1,793**	1,881

Analytical Ventures Limited (Analytical Ventures) - unlisted property investment company. During the year a new joint venture was set up with the Bank of Scotland. The company owns 50 per cent of the issued share capital and 50 per cent of the issued loan stock. The remaining 50 per cent is owned by the Bank of Scotland. Analytical Ventures is incorporated and operates in England and Wales and has issued share capital of 7,558,000 ordinary shares. Analytical Ventures is managed by a board of directors with neither party having overall control.

Dragon Retail Properties Limited (Dragon) - unlisted property trading and investment company. The company owns 50 per cent of the issued share capital of Dragon Retail Properties Limited. The remaining 50 per cent is owned by Bisichi Mining PLC. Dragon is incorporated and operates in England and Wales and has issued share capital of 500,000 ordinary shares of £1 each (2007:500,000 ordinary shares of £1 each). Dragon is managed by a board of directors with neither party having overall control.

(2007: Analytical Properties Holdings Limited (Analytical) - unlisted property investment company. The company owned 50 per cent of the issued share capital and 50 per cent of the issued 7.3 per cent loan stock of Analytical Properties Holdings Limited. The remaining 50 per cent was owned by the Bank of Scotland. Analytical is incorporated and operates in England and Wales and has issued share capital of 100 ordinary shares of £1 each (2006: 7,558,000 ordinary shares of £1 each). Analytical was managed by a board of directors with neither party having overall control. On 25 September 2007 the Company acquired Analytical's remaining 50 per cent issued share capital and has been treated as a wholly owned subsidiary from that date.)

Shares in joint ventures:	2008 £'000	2007 £'000
At 1 January	1,881	15,263
Share of (loss)/profit after tax	(588)	1,572
Dividend received	-	(3,234)
Investment valuation	500	-
Transferred to subsidiary undertaking	-	(11,720)
	(88)	(13,882)
At 31 December	**1,793**	1,881

12. Investments in associated company

	2008 £'000	2007 £'000
Bisichi Mining PLC - listed mining and property investment company		
Group share of:		
Turnover	**10,828**	6,958
Profit/(loss) before tax	**929**	(191)
Taxation	**(757)**	(257)
Profit/(loss) after tax	**172**	(448)
Non-current assets	**9,573**	9,937
Current assets	**4,574**	2,673
Current liabilities	**(5,929)**	(3,527)
Non-current liabilities	**(1,651)**	(2,682)
Net assets	**6,567**	6,401

12. Investments in associated company continued

	2008 £'000	2007 £'000
Shares in associate:		
At 1 January	6,401	6,872
Share of profit/(loss) after tax	172	(448)
Equity share options	99	99
Currency translation	26	(13)
Dividend received	(131)	(109)
	166	(471)
At 31 December	**6,567**	6,401

The company owns 42 per cent (2007: 42 per cent) of the issued share capital of Bisichi Mining PLC (Bisichi), a company registered in England and Wales. Bisichi has an issued share capital of 10,451,506 ordinary shares of 10p each, and its principal countries of operation are the United Kingdom (property investment) and South Africa (coal mining). Bisichi is an associated undertaking by virtue that London & Associated Properties PLC has a participating interest. Bisichi has an independent board of directors which controls its operating and financial policies. The market (bid) value of this investment at 31 December 2008 was £6,087,000 (2007: £11,532,000).

13. Held to maturity investments

	2008 Total £'000	2008 Unlisted shares £'000	2008 Loan Stock in joint ventures £'000	2007 Total £'000	2007 Unlisted shares £'000	2007 Loan Stock in joint ventures £'000
Cost						
At 1 January	5	5	-	1,834	5	1,829
Transferring to subsidiary undertaking	-	-	-	(1,829)	-	(1,829)
Loan stock	1,800	-	1,800	-	-	-
At 31 December	**1,805**	**5**	**1,800**	5	5	-

14. Trade and other receivables

	2008 £'000	2007 £'000
Trade receivables	**966**	1,533
Amounts due from associate and joint ventures	**148**	191
Interest rate swap - cash flow hedges	**-**	1,447
Other receivables	**474**	2,335
Prepayments and accrued income	**2,386**	1,708
	3,974	7,214

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

15. Investments held for trading

	2008 £'000	2007 £'000
Market bid value of the listed investment portfolio	**2,330**	5,113
Unrealised (deficit)/excess of market value over cost	(490)	1,812
Listed investment portfolio at cost	2,820	3,301

All investments are listed on the London Stock Exchange.

16. Trade and other payables

	2008 £'000	2007 £'000
Trade payables	**1,070**	927
Amounts owed to joint ventures	**1,454**	1,437
Other taxation and social security costs	**303**	344
Other payables	**1,124**	2,329
Accruals and deferred income	**7,317**	7,951
	11,268	12,988

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

17. Borrowings

Current borrowings - amounts falling due within one year	**2008 £'000**	2007 £'000
Bank overdrafts (unsecured)	**7,277**	6,250

Non-current borrowings - amounts falling due after more than one year		
Term borrowings		
Debenture stocks:		
£5 million First Mortgage Debenture Stock 2013 at 11.3 per cent	**5,000**	5,000
£1.7 million First Mortgage Debenture Stock 2016 at 8.67 per cent	**1,700**	1,700
£5 million First Mortgage Debenture Stock 2018 at 11.6 per cent	**5,000**	5,000
£10 million First Mortgage Debenture Stock 2022 at 8.109 per cent*	**9,770**	9,753
	21,470	21,453
Term bank loans:		
£90 million revolving credit facility repayable in 2011*	**69,184**	71,694
£70 million term bank loan repayable in 2014*	**69,763**	69,719
	138,947	141,413
	160,417	162,866

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

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

First Mortgage Debenture Stocks 2013, 2016, 2018 and 2022, the long term £90 million bank revolving credit facility repayable in September 2011 and the long term £70 million term bank loan repayable in November 2014 are secured on specific freehold and leasehold properties which are included in the financial statements at a value of £212.6 million.

The bank loans and debentures are secured by way of a first charge over the investment properties in the UK.

The groups 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.

18. Financial instruments

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. The policies for managing each of these risks and the principal effects of these policies on the results are summarised below.

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 bank loans are secured by way of a first charge on certain fixed assets. The rates of interest vary based on LIBOR in the UK.

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

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.

18. Financial instruments continued

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

	Less than 1 year £'000	**2-5 years £'000**	**Over 5 years £'000**	**2008 Total £'000**
Bank overdrafts (floating)	**7,277**	**-**	**-**	**7,277**
Debentures (fixed)	**-**	**5,000**	**16,700**	**21,700**
Bank loans (floating)*	**-**	**69,429**	**70,000**	**139,429**
Trade and other payables (non-interest)	**11,268**	**-**	**-**	**11,268**
	18,545	**74,429**	**86,700**	**179,674**

	Less than 1 year £'000	2-5 years £'000	Over 5 years £'000	2007 Total £'000
Bank overdrafts (floating)	6,250	-	-	6,250
Debentures (fixed)	-	-	21,700	21,700
Bank loans (floating)*	-	72,000	70,000	142,000
Trade and other payables (non-interest)	12,988	-	-	12,988
	19,238	72,000	91,700	182,938

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.

*All the 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.

Borrowing facilities
At 31 December 2008 the Group was within its bank borrowing facilities and was not in breach of any of the covenants. Overdrafts are renewable annually. Term loan repayments are as set out below. Details of other financial liabilities are shown in notes 16 and 17.

The group has undrawn facilities of £22,544,000 (2007: £21,000,000) as follows:

	2008 £'000	2007 £'000
Overdrafts	**1,973**	3,000
Term facilities expiring in two to five years	**20,571**	18,000
	22,544	21,000

Hedge profile

a) There is a hedge to cover part of the £90 million revolving credit facility, which currently covers the full £69 million drawn. It consists of a 20 year swap for £35 million with a 7 year call option in favour of the bank, taken out in November 2007, at 4.76 per cent and a 20 year swap for £40 million with a 7 year call option in favour of the bank, taken out in December 2007, at 4.685 per cent.

b) There is a hedge to cover the £70 million term bank loan drawn. It consists of a 20 year swap for £70 million with a 7 year call option in favour of the bank, taken out in November 2007, at 4.76 per cent.

At the year end the amount recognised was £14,146,000 deficit (2007: £1,001,000 surplus) being the estimated financial effect of the fair value to the business of these hedging instruments less the deferred tax thereon.

The Directors have estimated the financial effect of the fair value to the business of these hedging instruments. This has been calculated as the Net Present Value of the difference between the 19 year interest rate, which was 3.73 per cent at 31 December 2008 against the rate payable under the specific hedge. This has given a liability at 31 December 2008 of £19,616,000 as shown in the balance sheet. The banks own initial quotations at 31 December 2008 to close each of the hedges were £28,010,000.

Since the end of the year the long term 19 year interest rate has increased and at 7 April 2009 it was 4.12 per cent. This rate would give a fair value of £11,623,000, a decrease in the liability of £7,993,000. The banks quote to close the hedges at the same date would have been £21.4 million, a decrease of £6.6 million. It is not the company's intention to crystallise the derivatives.

Under IAS 39 the hedges are not deemed to be eligible for hedge accounting, as the banks have an option to cancel the hedge in January 2015, even though this is after the expiry of the term loans and the level of the hedges closely equate to the amount of the loans outstanding. Any movement in the value of the hedges has therefore to be charged directly to the Consolidated Income Statement.

18. Financial instruments continued

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 to the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the capital structure, 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 fair value reserve and the interest rate derivatives.

Consistently 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. During 2008 this increased to 266.2 per cent (2007: 173.5 per cent) which was calculated as follows:

	2008 £'000	2007 £'000
Total debt	**167,694**	169,116
Less cash and cash equivalents	**(8,191)**	(16,464)
Net debt	**159,503**	152,652
Total equity	**59,922**	87,990
	266.2%	173.5%

The gearing increased primarily due to the fall in the asset values in the year. All the debt, apart from the overdrafts, is at fixed rates of interest as shown in notes 17 and 18. The group does not have any externally imposed capital requirements.

Financial assets
Financial assets are disclosed in notes 13, 14 and 15 and above.

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.

	2008 £'000	2007 £'000
Cash at bank and in hand	**8,191**	16,464

These funds are primarily invested in short term bank deposits maturing within one year bearing interest at the bank's variable rates. (2007: £9.5 million of the cash was secured against the 2013, 2016 and 2018 First Mortgage Debentures).

Financial liabilities maturity

Repayment of borrowings

Bank loans and overdrafts:	2008 £'000	2007 £'000
Repayable on demand or within one year	**7,277**	6,250
Repayable between two and five years	**69,184**	71,694
Repayable after more than five years	**69,763**	69,719
	146,224	147,663
Debentures:		
Repayable between two and five years	**5,000**	-
Repayable in more than five years	**16,470**	21,453
	167,694	169,116

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

Group undrawn banking facilities		
which expire within one year	**1,973**	3,000
which expire in two to five years	**20,571**	18,000
	22,544	21,000

18. Financial instruments continued

	2008 £'000	2007 £'000
Interest rate risk and hedge profile		
Fixed rate borrowings	**21,700**	21,700
Floating rate borrowings		
- Subject to interest rate swap	**145,000**	145,000
- Not hedged	**1,706**	3,250
	168,406	169,950
Average fixed interest rate	**9.69%**	9.69%
Weighted average swapped interest rate	**5.59%**	5.59%
Weighted average cost of debt on overdrafts, bank loans and debentures	**6.10%**	6.14%
Average period for which borrowing rate is fixed	**10.5 years**	11.5 years
Average period for which borrowing rate is swapped	**18.9 years**	19.9 years
The swapped interest rate have calls by the bank	**5.9 years**	6.9 years

The group's floating rate debt bears interest based on LIBOR for the term bank loans and Bank base rate for the overdrafts.

Total financial assets and liabilities

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

	2008 Fair value £'000	2008 Carrying value £'000	2007 Fair value £'000	2007 Carrying value £'000
Cash and cash equivalents	**8,191**	**8,191**	16,464	16,464
Financial assets - investments held for trading	**2,330**	**2,330**	5,113	5,113
Other assets	**3,974**	**3,974**	5,767	5,767
Derivative (liabilities)/assets	**(19,616)**	**(19,616)**	1,447	1,447
Bank overdrafts	**(7,277)**	**(7,277)**	(6,250)	(6,250)
Bank loans	**(139,429)**	**(138,947)**	(142,000)	(141,413)
Present value of head leases on properties	**(27,238)**	**(27,238)**	(31,671)	(31,671)
Other liabilities	**(11,268)**	**(11,268)**	(12,988)	(12,988)
Before debentures	**(190,333)**	**(189,851)**	(164,118)	(163,531)

Fair value of debenture stocks

Fair value of the Group's debenture liabilities:

	2008 Book Value £'000	2008 Fair Value £'000	2008 Fair Value adjustment £'000	2007 Fair Value adjustment £'000
Debenture stocks	**21,700**	**29,279**	**(7,579)**	(4,126)
Tax at 28 per cent (2007: 30 per cent)			**2,122**	1,238
Post tax fair value adjustment			**(5,457)**	(2,888)
Post tax fair value adjustment - basic pence per share			**(9.91)p**	(3.79)p

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

The fair values were calculated by the directors as at 31 December 2008 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.

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19. Deferred tax

	2008 £'000	2007 £'000
Balance at 1 January	13,071	22,223
Deferred tax on acquisition of subsidiary undertakings	-	3,566
Transfer to profit and loss account	(10,263)	(13,105)
Transfer to reserves	-	387
Balance at 31 December	**2,808**	13,071

The deferred tax balance comprises the following:		
Revaluation of investment properties	**5,075**	12,801
Accelerated capital allowances	**1,852**	1,306
Fair value of interest derivatives	**(5,493)**	-
Short-term timing differences	**1,374**	208
	2,808	14,315
Loss relief	**-**	(1,244)
Provision at end of period	**2,808**	13,071

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

20. Share capital

	Number of ordinary 10p shares 2008	2007	2008 £'000	2007 £'000
Authorised: Ordinary shares of 10p each	**110,000,000**	110,000,000	**11,000**	11,000
Allotted, issued and fully paid	**82,316,972**	82,316,972	**8,232**	8,232
Less: held in Treasury (see below)	**(5,873,865)**	(6,167,545)	**(588)**	(617)
"Issued share capital" for reporting purposes	**76,443,107**	76,149,427	**7,644**	7,615

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

Treasury shares

	Date	Price. excl. costs	Number of ordinary 10p shares 2008	2007	Cost/issue value 2008 £'000	2007 £'000
Shares held in Treasury at 1 January			6,167,545	6,088,355	6,549	6,533
Market purchases (Oct 07 – 100.00p)				25,000		25
Market purchases (Oct 07 – 103.51p)				49,030		51
Issued to meet directors and staff bonuses (Dec 07 – 107.25p)	Nov-08	107.25p	(293,680)	(244,840)	(312)	(262)
Market purchases (Dec 07 – 80.00p)				250,000		202
Shares held in Treasury at 31 December			**5,873,865**	6,167,545	**6,237**	6,549

20. Share capital continued

Share Option Schemes
Employees' share option scheme (Approved scheme)

At 31 December 2008 the following options to subscribe for ordinary shares were outstanding, issued under the terms of the Employees' Share Option Scheme:

Number of shares	Date of grant	Option Price	Normal Exercise Date
70,000	14 October 2003	39.5p	14 October 2006 to 13 October 2013

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 2008 is as follows:

		Changes during year			
	At 1 January 2008	Options exercised	Options granted	Options lapsed	**At 31 December 2008**
Shares issued to date	2,337,604	-	-	-	**2,337,604**
Options granted which have not been exercised	70,000	-	-	-	**70,000**
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	3,957,559	-	-	-	**3,957,559**

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 2008 the following options to subscribe for ordinary shares were outstanding, issued under the terms of the scheme:

Number of shares	Date of grant	Option Price	Normal Exercise Date
50,000	8 March 1999	25.66p	8 March 2002 - 7 March 2009

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.

A summary of the shares allocated and options issued under the scheme up to 31 December 2008 is as follow

		Changes during year			
	At 1 January 2008	Options exercised	Options granted	Options lapsed	**At 31 December 2008**
Shares issued to date	400,000	-	-	-	**400,000**
Options granted which have not been exercised	50,000	-	-	-	**50,000**
Shares allocated over which options have not been granted	550,000	-	-	-	**550,000**
Total shares allocated for issue to employees under the scheme	1,000,000	-	-	-	**1,000,000**

On 12 February 2009 the 50,000 share options were exercised at the option price of 25.66 pence.

21. Related party transactions

	Cost recharged to (by) related party £'000		Amounts Owed to (by) related party £'000	Cash advanced to (by) related party £'000
Related party:				
Analytical Ventures Limited				
Current Account	37		1	-
Dragon Retail Properties Limited				
Current account	(1)		(24)	-
Loan account	(80)		(1,430)	7
Bisichi Mining PLC				
Current account	355	(i)	147	-
Directors and key management				
M A Heller and J A Heller	8	(ii)	-	-
H D Goldring (Delmore Asset Management Limited)	(17)	(iii)	-	-
Totals at 31 December 2008	**302**		**(1,306)**	**7**
Totals at 31 December 2007	294		(1,247)	162

Nature of costs recharged - (i) Management fees (ii) Property management fees (iii) Portfolio management fee.
The related party companies above are the associate and joint ventures and are treated as non current asset investments - details are shown in Note 11 and 12.

Analytical Ventures Limited (joint venture)
Analytical Ventures Limited (Analytical Ventures) is owned 50 per cent by the company and 50 per cent by the Bank of Scotland.

Dragon Retail Properties Limited (joint venture)
Dragon Retail Properties Limited (Dragon) is owned 50 per cent by the company, and 50 per cent by Bisichi Mining PLC.
Dragon had surplus cash which was deposited equally with London & Associated Properties PLC and Bisichi Mining PLC.

The company provides office premises, property management, general management, accounting and administration services for both joint ventures.

Bisichi Mining PLC (associate)
The company provides office premises, property management, general management, accounting and administration services for Bisichi Mining PLC and its subsidiaries.

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 M A Heller and J A Heller have an interest. Under an agreement with M A 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 £275,000 for the year (2007: £275,000).

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 £40,000 (2007: £40,000) for work done for two charitable foundations, the Michael & Morven Heller Charitable Foundation and the Simon Heller Charitable Trust.

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.

M A Heller is a director of Bisichi Mining PLC, the associated company and received a salary of £75,000 (2007: £75,000) for services.

The directors are considered to be the only key management personnel and their remunerations including employers national insurance for the year was £1,656,000 (2007: £2,346,000). All other disclosures required including interest in share options in respect of those directors are included within the remuneration report.

22. Employees

The average number of employees, including directors, of the group during the year involved in management and administration was 43 (2007: 48).

	2008 £'000	2007 £'000
Staff costs during the year were as follows:		
Salaries and other costs	**2,113**	2,773
Social security costs	**280**	376
Pension costs	**416**	471
	2,829	3,620

23. Capital Commitments

	2008 £'000	2007 £'000
Commitments to capital expenditure contracted for at the year end	**-**	6,755

The group's share of capital commitments of joint ventures at the year end amounted to £Nil (2007: £Nil).

24. Commitments under operating leases

Operating leases
At 31 December 2008 the group has total of future minimum commitments under non-cancellable operating leases on land and buildings as follows:

	2008 £'000	2007 £'000
Within one year	**392**	334
In the second to fifth years inclusive	**1,566**	1,336
After five years	**325**	612
	2,283	2,282

Operating lease payments represent rentals payable by the group for its office premises.
The leases are for an average term of 7 years and rentals are fixed for an average of one year.

	Minimum lease payments		**Present value of minimum lease payments**	
	2008 £'000	2007 £'000	**2008 £'000**	2007 £'000
Present value of head leases on properties				
Accounts payable under finance leases:				
Within one year	**1,874**	1,847	**1,874**	1,847
In the second to fifth years inclusive	**7,497**	7,389	**6,925**	6,908
After five years	**236,019**	233,762	**18,439**	22,916
	245,390	242,998	**27,238**	31,671
Future finance charges on finance leases	**(218,152)**	(211,327)	**-**	-
Present value of finance lease liabilities	**27,238**	31,671	**27,238**	31,671

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.

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:

	2008 £'000	2007 £'000
Within one year	**12,842**	10,691
In the second to fifth years inclusive	**46,793**	38,272
After five years	**65,613**	55,734
	125,248	104,697

25. Contingent Liabilities

There were no contingent liabilities at 31 December 2008 (2007: £Nil).

26. Company financial statements

Company balance sheet at 31 December 2008

	Notes	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	26(3)	**98,101**	103,151
Other investments:			
Associated company	26(4)	**358**	358
Subsidiaries and others	26(4)	**46,400**	44,490
	26(4)	**46,758**	44,848
		144,859	147,999
Current assets			
Debtors	26(5)	**38,970**	36,555
Investments	26(6)	**2,330**	5,113
Bank balances		**5,849**	12,334
		47,149	54,002
Creditors			
Amounts falling due within one year	26(7)	**(39,387)**	(22,158)
Net current assets		**7,762**	31,844
Total assets less current liabilities		**152,621**	179,843
Creditors			
Amounts falling due after more than one year	26(8)	**(100,580)**	(93,147)
Provisions for liabilities and charges	26(9)	**-**	(1,337)
Net assets		**52,041**	85,359
Capital and reserves			
Share capital	26(10)	**8,232**	8,232
Share premium account	26(11)	**5,236**	5,236
Capital redemption reserve	26(11)	**47**	47
Revaluation reserve	26(11)	**10,549**	31,968
Fair value reserve – interest rate derivatives	26(11)	**-**	688
Treasury shares	26(10)	**(6,237)**	(6,549)
Retained earnings	26(11)	**34,214**	45,737
Shareholders' funds		**52,041**	85,359

These financial statements were approved by the board of directors and authorised for issue on 17 April 2009 and signed on its behalf by:

M A Heller	**R J Corry**
Director	Director

26.1. Company accounting policies

The following are the main accounting policies of the company:

Basis of accounting
The financial statements have been 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 and in accordance with applicable accounting standards. All accounting policies applied are consistent with those of prior periods.

Investment properties are accounted for in accordance with SSAP 19, "Accounting for Investment Properties", which provides that these should not be subject to periodic depreciation charges, but should be shown at open market value. This is contrary to the Companies Act 1985 which states that, subject to any provision for deprecation or diminution in value, fixed assets are normally to be stated at purchase price or production cost. Current cost accounting or the revaluation of specific assets to market value, as determined at the date of their last valuation, is also permitted.

The treatment of investment properties under the Companies Act 1985 does not give a true and fair view as these assets are not held for consumption in the business but as investments, the disposal of which would not materially affect any manufacturing or trading activities of the enterprise. In such a case it is the current value of these investments, and changes in that current value, which are of prime importance. Consequently, for the proper appreciation of the financial position, the accounting treatment required by SSAP 19 is considered appropriate for investment properties. Details of the current value and historical cost information for investment properties are set out in note 26(3). Depreciation or amortisation is only one of the many factors reflected in the annual revaluation and the amount that might otherwise have been shown cannot be separately identified or quantified.

The financial statements have been prepared on a going concern basis. Further details of which are contained in the Directors' Report.

Revenue
Revenue comprises rental income, listed investment sales, dividends and other income. The profit or loss on disposal of properties is recognised on completion of sale.

Dividends receivable
Dividends are credited to the profit and loss account when the dividend is received.

Tangible fixed assets
a) Investment properties
An external professional valuation of investment properties is carried out every year. Properties professionally valued by Chartered Surveyors are on an existing use open market value basis, in accordance with the Practice Statements contained within the RICS valuation standards 2008 prepared by the Royal Institution of Chartered Surveyors.

The cost of improvements includes attributable interest.

b) Other tangible fixed assets
Other tangible fixed assets are stated at historical cost. Depreciation is provided on all other tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life. The rates generally used are - office equipment - 10 to 33 per cent per annum, and motor cars - 20 per cent per annum, on a straight line basis.

Investments
Long term investments are described as participating interests and are classified as fixed assets. Short term investments are classified as current assets.

a) Investments held as fixed assets:
These comprise investments in subsidiaries and investments in Analytical Properties Holdings Limited and Dragon Retail Properties Limited (unlisted joint ventures), Bisichi Mining PLC (listed associate), and in unlisted companies which are all held for the long term. Provision is made for any impairment in the value of fixed asset investments. Analytical Properties Holdings Limited's remaining 50 per cent issued share capital was acquired on 25 September 2007, and is since treated as a wholly owned subsidiary.

b) Investments held as current assets:
Investments held for trading are included in current assets and are revalued to 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.

Financial Instruments
Bank loans and overdrafts
Bank loans and overdrafts are included in creditors on the company balance sheet at the amounts drawn on the particular facilities. Interest payable on those facilities is expensed as a finance cost in the period to which it relates.

Interest rate derivatives
The company uses derivative financial instruments to hedge the interest rate risk associated with financing the company'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 Values of the difference between the hedged rate of interest and the rate of interest for the remaining period of the hedge.

Where a derivative is designated as a hedge of the variability of a highly probable forecast transaction i.e. an interest payment, the element of the gain or loss on the derivative that is an effective hedge is recognised directly in equity. When the forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly in equity are reclassified into the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement i.e. when interest income or expense is recognised.

The gain or loss arising from any adjustment to the fair value to the business is recognised in the income statement.

Debtors
Debtors do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated recoverable amounts.

Creditors
Creditors are not interest bearing and are stated at their nominal value.

Joint ventures
Investments in joint ventures, being those entities over whose activities the group has joint control as established by contractual agreement, are included at cost.

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements. Deferred tax is measured at the average tax rates which are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Leased assets and obligations
All leases are "Operating Leases" and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term. Rent free periods or other incentives received for entering into a lease are accounted for over the period of the lease so as to spread the benefit received over the lease term.

Retirement benefits
For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable for the year. Differences between contributions payable in the year and contributions actually paid are shown as either prepayments or accruals at the balance sheet date.

26.2. (Loss)/profit for the financial year

The company's loss for the year was £11,212,000 (profit 2007: £1,334,000). In accordance with the exemption conferred by Section 230 of the Companies Act 1985, the company has not presented its own profit and loss account.

26.3. Tangible assets

		Investment Properties		Office Equipment and motor vehicles
	Total £'000	**Freehold £'000**	**Long leasehold £'000**	**£'000**
Cost or valuation at 1 January 2008	103,890	73,341	28,950	1,599
Additions	16,772	14,154	2,324	294
Disposals	(996)	(827)	-	(169)
Decrease on revaluation	(20,750)	(16,136)	(4,614)	-
Cost or valuation at 31 December 2008	**98,916**	**70,532**	**26,660**	**1,724**
Representing assets stated at:				
Valuation	97,192	70,532	26,660	-
Cost	1,724	-	-	1,724
	98,916	**70,532**	**26,660**	**1,724**
Depreciation at 1 January 2008	739	-	-	739
Charge for the year	188	-	-	188
Disposals	(112)	-	-	(112)
Depreciation at 31 December 2008	**815**	**-**	**-**	**815**
Net book value at 1 January 2008	103,151	73,341	28,950	860
Net book value at 31 December 2008	**98,101**	**70,532**	**26,660**	**909**

The freehold and long leasehold properties were valued as at 31 December 2008 by external professional firms of chartered surveyors. The valuations were made at open market value on the basis of existing use. The decrease in book value was transferred to revaluation reserve.

	2008 £'000	2007 £'000
Allsop LLP, Chartered Surveyors	**93,515**	97,420
Atisreal Limited, Chartered Surveyors	**3,677**	4,839
Directors' valuation	**-**	32
	97,192	102,291

The historical cost of investment properties, including total capitalised interest of £1,222,000 (2007: £1,060,000) was as follows:

	Freehold £'000	**Long Leasehold £'000**
Cost at 1 January 2008	54,530	15,756
Additions	14,154	2,324
Disposals	(158)	-
Cost at 31 December 2008	**68,526**	**18,080**

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

26.4. Other investments

	Total £'000	Shares in subsidiary companies £'000	Loan stock subsidiary company £'000	Shares in joint ventures £'000	Loan Stock in joint ventures £'000	Shares in associate £'000	Unlisted shares £'000
At 1 January 2008	44,848	40,663	3,658	164	-	358	5
Additions	2,300	-	-	500	1,800	-	-
Impairment	(390)	-	-	(390)	-	-	-
At 31 December 2008	**46,758**	**40,663**	**3,658**	**274**	**1,800**	**358**	**5**

Subsidiary companies
The company owns 100 per cent of the ordinary share capital of the following companies, all of which are registered in England and Wales:

	Activity	% Held by company	% Held by group
Analytical Investments Limited	Dormant	100	100
London & African Investments	Dormant	100	100
London & Associated Securities Limited	Dormant	100	100
London & Associated Limited	Dormant	100	100
LAP Ocean Holdings Limited	Property investment	100	100
APL Ocean Limited	Property investment	-	100
LAP Ocean Limited	Property investment	-	100
Antiquarius Limited	Property investment	-	100
LAP Antiques Centres Limited	Property letting	-	100
Chenil House Limited	Property investment	-	100
Brixton Village Limited	Property investment	-	100
Market Row Limited	Property investment	-	100
Ski Investments Limited	Property investment	-	100
LAP Estates Limited	Property investment	-	100
Analytical Properties Holdings Limited	Property investment	100	100
Analytical Properties Limited	Property investment	-	100
Analytical Properties (St Helens)	Property investment	-	100
Analytical Portfolios Limited	Dormant	-	100

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 associate and joint ventures are set out in notes 11 and 12.

26.5. Debtors

	2008 £'000	2007 £'000
Trade debtors	**760**	578
Amounts due from subsidiary companies	**35,640**	34,086
Amounts due from associate and joint ventures	**148**	191
Deferred tax asset	**1,350**	-
Interest rate swap - cash flow hedges	**-**	956
Other debtors	**92**	40
Prepayments and accrued income	**980**	704
	38,970	36,555

26.6. Investments

	2008 £'000	2007 £'000
Market value of the listed investment portfolio	**2,330**	5,113
Unrealised (deficit)/excess of market value over cost	**(490)**	1,812
Listed investment portfolio at cost	**2,820**	3,301

All investments are listed on the London Stock Exchange.

26.7. Creditors: Amounts falling due within one year

	2008 £'000	2007 £'000
Bank overdrafts (unsecured)	**7,277**	6,250
Amounts owed to subsidiary companies	**22,817**	7,582
Amounts owed to joint ventures	**1,454**	1,438
Corporation tax	**1,824**	1,586
Other taxation and social security costs	**282**	324
Other creditors	**756**	466
Accruals and deferred income	**4,977**	4,512
	39,387	22,158

26.8. Creditors: Amounts falling due after more than one year

	2008 £'000	2007 £'000
Interest rate derivatives	**9,926**	-
Term debenture stocks:		
£5 million First Mortgage Debenture Stock 2013 at 11.3 per cent	**5,000**	5,000
£1.7 million First Mortgage Debenture Stock 2016 at 8.67 per cent	**1,700**	1,700
£5 million First Mortgage Debenture Stock 2018 at 11.6 per cent	**5,000**	5,000
£10 million First Mortgage Debenture Stock 2022 at 8.109 per cent*	**9,770**	9,753
	21,470	21,453
Term bank loans:		
Repayable after more than two years*	**69,184**	71,694
	100,580	93,147

*The £10 million debenture and bank loans are shown after deduction of un-amortised issue costs.
Details of terms and security of overdrafts, loans and debentures are set out in note 17.

Repayment of borrowings:		
Bank loans and overdrafts:		
Repayable within one year	**7,277**	6,250
Repayable between two and three years	**69,184**	-
Repayable between three and five years	**-**	71,694
	76,461	77,944
Debentures:		
Repayable between three and five years	**5,000**	-
Repayable in more than five years	**16,470**	21,453
	97,931	99,397

Hedge profile
There is a hedge to cover part of the £90 million revolving credit facility, which currently covers the full £69 million drawn. It consists of a 20 year swap for £35 million with a 7 year call option in favour of the bank, taken out in November 2007, at 4.76 per cent and a 20 year swap for £40 million with a 7 year call option in favour of the bank, taken out in December 2007, at 4.685 per cent.

At the year end the amount recognised was £7,147,000 deficit (2007: £688,000 surplus) being the estimated financial effect of the fair value to the business of these hedging instruments less the deferred tax thereon.

The Directors have estimated the financial effect of the fair value to the business of these hedging instruments. This has been calculated as the Net Present Value of the difference between the 19 year interest rate, which was 3.73 per cent at 31 December 2008 against the rate payable under the specific hedge. This has given a liability at 31 December 2008 of £9,926,000 as shown in the balance sheet. The banks own initial quotations at 31 December 2008 to close each of the hedges were £14,182,000.

Since the end of the year the long term 19 year interest rate has increased and at 7 April 2009 it was 4.12 per cent. This rate would give a fair value of £5,798,000, a decrease in the liability of £4,128,000. The banks quote to close the hedges at the same date would have been £11.1 million, a decrease of £3.1 million. It is not the company's intention to crystallise the derivatives.

The hedges are not deemed to be eligible for hedge accounting, as the banks have an option to cancel the hedge in January 2015, even though this is after the expiry of the term loans and the level of the hedges closely equate to the amount of the loans outstanding. Any movement in the value of the hedges has therefore to be charged directly to the Income Statement.

Liquidity
The table below analyses the company's financial liabilities into maturity groupings and also provides details of the liabilities that bear interest at fixed, floating and non-interest bearing rates.

26.8. Creditors: Amounts falling due after more than one year continued

	Less than 1 year £'000	2-5 years £'000	Over 5 years £'000	2008 Total £'000
Bank overdrafts (floating)	**7,277**	**-**	**-**	**7,277**
Debentures (fixed)	**-**	**5,000**	**16,700**	**21,700**
Bank loans (floating)*	**-**	**69,429**	**-**	**69,429**
Trade and other payables (non-interest)	**32,110**	**-**	**-**	**32,110**
	39,387	**74,429**	**16,700**	**130,516**

	Less than 1 year £'000	2-5 years £'000	Over 5 years £'000	2007 Total £'000
Bank overdrafts (floating)	6,250	-	-	6,250
Debentures (fixed)	-	-	21,700	21,700
Bank loans (floating)*	-	72,000	-	72,000
Trade and other payables (non-interest)	15,908	-	-	15,908
	22,158	72,000	21,700	115,858

The company 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.

*The bank loans are fully hedged interest derivatives. Details of the hedges are shown above.

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

	2008 Fair value £'000	2008 Carrying value £'000	2007 Fair value £'000	2007 Carrying value £'000
Cash and cash equivalents	**5,849**	**5,849**	12,334	12,334
Investments	**2,330**	**2,330**	5,113	5,113
Derivative assets	**-**	**-**	956	956
Other assets	**38,970**	**38,970**	35,599	35,599
Bank overdrafts	**(7,277)**	**(7,277)**	(6,250)	(6,250)
Bank loans	**(69,429)**	**(69,184)**	(72,000)	(71,694)
Derivative liabilities	**(9,926)**	**(9,926)**	-	-
Other liabilities	**(32,110)**	**(32,110)**	(15,908)	(15,908)
Before debentures	**(71,593)**	**(71,348)**	(40,156)	(39,850)

Additional details of borrowings and financial instruments are set out in notes 17 and 18.

26.9. Provisions for liabilities and charges

	2008 £'000	2007 £'000
Deferred Taxation		
Balance at 1 January	1,337	2,053
Transfer to profit and loss account	(2,687)	(716)
Balance at 31 December	**(1,350)**	1,337

No provision has been made for the approximate taxation liability at 28 per cent (2007: 28 per cent) of £649,000 (2007: £4,484,000) which would arise if the investment properties were sold at the stated valuation.

The deferred tax balance comprises the following:

	2008	2007
Accelerated capital allowances	**1,184**	1,059
Fair value of interest derivatives	**(2,779)**	268
Short-term timing differences	**245**	10
Provision at end of period	**(1,350)**	1,337

26.10. Share capital

Details of share capital, treasury shares and share options are set out in note 20.

26.11. Reserves

	Share Premium Account £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Fair value reserve £'000	Retained earnings £'000
Balance at 1 January 2008	5,236	47	31,968	688	45,737
Decrease on valuation of investment properties	-	-	(20,750)	-	-
Retained loss for year	-	-	-	-	(11,212)
Dividends paid in year	-	-	-	-	(1,485)
Loss on disposal of Treasury Shares	-	-	-	-	(183)
Reclassification of fair value of interest derivatives (net of deferred tax)	-	-	-	(688)	688
Transfer of realised revaluation profit	-	-	(669)	-	669
Balance at 31 December 2008	**5,236**	**47**	**10,549**	**-**	**34,214**

26.12. Related party transactions

Details of related party transactions are given in note 21.

As provided under Financial Reporting Standard 8: Related Party Disclosures, the company has taken advantage of the exemption from disclosing transactions with other group companies.

26.13. Capital commitments

	2008 £'000	2007 £'000
Commitments to capital expenditure contracted for at the year end	**-**	4,693

26.14. Commitments under operating leases

At 31 December 2008 the company had annual commitments under non-cancellable operating leases on land and buildings as follows:

	2008 £'000	2007 £'000
Expiring in more than five years	**392**	334

In addition, the company has an annual commitment to pay ground rents on its leasehold investment properties which amount to £326,000 (2007: £294,000), the leases on which expire in more than fifty years.

26.15. Contingent liabilities

There were no contingent liabilities at 31 December 2008 (2007: £Nil).

five year financial summary

	IFRS **2008** **£m**	IFRS 2007 £m	IFRS 2006 £m	IFRS 2005 £m	IFRS Restated 2004 £m
Portfolio size					
Investment properties-group^	**219**	248	193	117	108
Investment properties-joint ventures	**3**	3	91	140	127
Investment properties-associate	**12**	15	17	15	15
	234	266	301	272	250
Portfolio activity	**£m**	£m	£m	£m	£m
Acquisitions	**9.18**	112.71	50.70	2.72	8.38
Disposals at book value	**(15.33)**	(41.37)	(1.62)	(6.70)	(5.05)
Capital Expenditure	**9.73**	9.15	5.13	3.34	2.16
	3.58	80.49	54.21	(0.64)	5.49
Consolidated income statement	**£m**	£m	£m	£m	£m
Rental income - Group and share of joint ventures	**16.77**	14.26	11.84	12.39	12.96
Less: attributable to joint venture partners	**(0.27)**	(1.23)	(3.95)	(4.52)	(5.20)
Group rental income	**16.50**	13.03	7.89	7.87	7.76
(Loss)/profit before interest and tax	**(24.91)**	(16.59)	21.76	21.48	21.98
(Loss)/profit before tax	**(57.27)**	(23.89)	18.32	17.89	18.62
Taxation	**(9.81)**	(11.38)	3.11	3.04	2.00
(Loss)/profit attributable to shareholders	**(47.45)**	(12.50)	15.22	14.85	16.62
(Loss)/earnings per share - basic	**(62.30)p**	(16.40)p	20.00p	18.83p	20.34p
(Loss)/earnings per share - fully diluted	**(62.30)p**	(16.40)p	19.97p	18.79p	20.23p
Dividend per share	**1.95p***	1.95p	1.85p	1.725p	1.65p
Consolidated balance sheet	**£m**	£m	£m	£m	£m
Shareholders funds	**40.30**	88.99	101.86	88.34	80.60
Net borrowings	**157.17**	147.54	86.12	44.14	34.33
Net gearing	**390.01%**	165.79%	84.55%	49.97%	42.59%
Net assets per share - basic	**52.73p**	116.86p	133.62p	116.04p	98.82p
- fully diluted	**52.70p**	116.73p	133.47p	115.88p	98.14p
Consolidated cash flow statement	**£m**	£m	£m	£m	£m
Cash generated from operations	**12.02**	3.97	3.44	3.88	2.60
Capital investment and financial investment	**(6.09)**	9.84	(26.86)	0.69	(5.36)

Notes: ^Excluding the present value of head leases
*Equivalent dividend includes new issue shares equal to 0.8p

notice of annual general meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all of your ordinary shares in London & Associated Properties PLC please forward this document, together with the accompanying Form of Proxy, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

NOTICE is hereby given that the Sixty Ninth Annual General Meeting of London & Associated Properties PLC (the "Company") will be held at the RAC Club, 89 Pall Mall, London SW1Y 5HS on Wednesday 10 June 2009 at 10.30 a.m. for the transaction of the following business:

To consider and, if thought fit, pass the following resolutions, as ordinary resolutions:

1 To receive and adopt the Company's annual accounts for the year ended 31 December 2008 together with the directors' report and the auditors' report on those accounts. **(Resolution 1)**

2 To approve the remuneration report for the year ended 31 December 2008. **(Resolution 2)**

3 To declare and approve a final dividend of 0.4p per share. **(Resolution 3)**

4 To re-elect as a director Mr R J Corry. **(Resolution 4)**

5 To re-elect as a director Mr H D Goldring. **(Resolution 5)**

6 To re-elect as a director Mr J A Heller. **(Resolution 6)**

7 To re-elect as a director Mr C A Parritt. **(Resolution 7)**

8 To reappoint Baker Tilly UK Audit LLP as auditors, to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting. **(Resolution 8)**

9 To authorise the directors to determine the remuneration of the auditors. **(Resolution 9)**

10 (a) Pursuant to Article 141 of the Articles of Association of the Company, to capitalise an amount of up to £622,000 (being part of the sum standing to the credit of the Company's share premium account), being such amount as the directors may determine for the purposes of paying up new Ordinary Shares to be issued in lieu of paying a cash dividend equivalent to 0.80p per ordinary share of 10 pence each ("Ordinary Share") (the "Capitalisation Issue Shares") and to authorise the directors to apply such amount in paying up the Capitalisation Issue Shares and to take all such other steps as they may deem necessary or desirable in connection with, or to implement, such capitalisation; and

(b) in addition, and separate, to the authority conferred on the directors for the purposes of section 80 of the Companies Act 1985 by a resolution passed on 5 June 2007, to authorise the directors generally and unconditionally, pursuant to Section 80 of the Companies Act 1985, to exercise all the powers of the Company to allot the Capitalisation Issue Shares up to an aggregate nominal amount of £622,000, credited as fully paid, to the holders of Ordinary Shares on the register on such record date as the directors may determine with authority to deal with fractional entitlements arising out of such allotment as they think fit and to take all such other steps as they may deem necessary or desirable to implement such allotment. The authority given by this resolution shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2010 or 15 months from the date of the Annual General Meeting at which this resolution is passed, whichever is the earlier. During the period the authority given by this resolution subsists, the directors can make offers and enter into agreements which would or might require relevant securities to be allotted after the expiry of such period and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired. **(Resolution 10)**

To consider, and if thought fit, pass the following resolutions, which will be proposed as special resolutions:

11 That:

11.1 the directors shall have power under section 95 of the Companies Act 1985 (the "1985 Act") to allot equity securities (within the meaning of section 94 of the 1985 Act) for cash under the authority conferred upon them for the purposes of section 80 of the 1985 Act by a resolution passed on 5 June 2007 as if section 89(1) of the 1985 Act did not apply to any such allotment;

11.2 this power shall be limited:

11.2.1 to the allotment of equity securities (whether by way of rights issue, open offer or otherwise) to holders of ordinary shares of 10p each in the Company ("Ordinary Shares") on the register on a date fixed by the directors in proportion (or as nearly as may be) to the respective number of Ordinary Shares held by them on that date provided that the directors may make such arrangements and exclusions to deal with fractional entitlements or any legal or practical problems arising under the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory as they consider appropriate;

11.2.2 to the allotment (otherwise than pursuant to paragraph 10.2.1 of this resolution) of equity securities having, in the case of relevant shares (as defined for the purposes of section 89 of the 1985 Act) a nominal amount or, in the case of other equity securities, giving the right to subscribe for or convert into relevant shares having a nominal amount, not exceeding in aggregate £411,584 (representing approximately 5 per cent of the issued share capital of the Company);

11.3 this power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 94(3A) of the 1985 Act as if in paragraph 10.1 the words "under the authority conferred upon them for the purposes of section 80 of the 1985 Act by a resolution passed on 5 June 2007" were omitted; and

11.4 (unless previously renewed, revoked or varied) this power shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the date which is 15 months from the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired. **(Resolution 11)**

notice of annual general meeting
continued

12 That the Company be, and it is hereby, generally and unconditionally authorised for the purpose of section 166 of the 1985 Act to make one or more market purchases (within the meaning of section 163(3) of the 1985 Act) of ordinary shares of 10 pence each in the capital of the Company upon such terms and in such manner as the directors of the Company shall determine, provided that:

12.1 the maximum aggregate number of ordinary shares authorised to be purchased is 8,231,697;

12.2 the minimum price which may be paid for such ordinary shares is 10 pence per share (exclusive of expenses);

12.3 the maximum price (exclusive of expenses) which may be paid for an ordinary share cannot be more than an amount equal to the higher of:

12.3.1 an amount equal to 105 per cent. of the average of the closing middle market price for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately prior to the day the purchase is made; and

12.3.2 an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the trading venue or venues where the purchase is carried out;

12.4 unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2010 or 15 months from the date of the Annual General Meeting at which this resolution is passed, whichever is the earlier; and

12.5 the Company may make a contract or contracts to purchase ordinary shares under this authority prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract or contracts. **(Resolution 12)**

Carlton House
22a, St James's Square, London, SW1Y 4JH
Registered in England & Wales
Number 341829
17 April 2009

By order of the board
Michael Stevens
Secretary

Notes

1. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, please contact Capita Registrars on 0871 664 0321 from within the UK or +44 208 639 3399 from outside the UK, calls to the 0871 number cost 10 pence per minute plus your service provider's network extras. Alternatively if you wish to appoint more than one proxy you may photocopy this form.

2. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the Company's registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 10.30 a.m. on 8 June 2009.

3. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 9 below) will not preclude a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.

4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

5. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

6. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6.00 p.m. on 6 June 2009 (or, in the event of any adjournment, 48 hours before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

7. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders entered in the register of members of the Company as at 6:00 p.m. on 6 June 2009 or, if the meeting is adjourned, in the register of members at 6:00 p.m. on the second day prior to the day of any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after 6:00 p.m. on 6 June 2009 or, if the meeting is adjourned, in the register of members after 6:00 p.m. on the second day prior to the day of the adjourned meeting, shall be disregarded in determining the rights of any person to attend, speak or vote at the meeting or at any such adjournment.

8. As at 16 April 2009 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 77,729,287 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 16 April 2009 are 77,729,287.

9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

10. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited, (the operator of the CREST system), and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID Number RA10) by 10.30 a.m. on 6 June 2009. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. Please note the CREST system is unavailable on weekends and bank holidays.

11. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

12. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

13. Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

14. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in (i) above.

15. The following documents will be available for inspection from 10.15 a.m. on the day of the meeting at the place of the Annual General Meeting until the close of the meeting:

15.1 A register in which are recorded all transactions of each director and of their family interests in the share capital of the Company; and

15.2 A copy, or a memorandum of the terms, of every service contract between the Company or any of its subsidiaries and any director of the Company.

The Annual General Meeting will be held at the RAC Club, 89 Pall Mall, London SW1Y 5HS

The nearest Underground stations are: Piccadilly Circus and Green Park

Please note - the RAC Club dress code requires that gentlemen wear a business suit or tailored jacket and trousers, together with a collar and tie. Ladies are requested to dress with equal formality

www.lap.co.uk

FORM OF PROXY
LONDON & ASSOCIATED PROPERTIES PLC - ANNUAL GENERAL MEETING

I/We the undersigned, being the holder(s) of ordinary shares of the company, hereby appoint the chairman of the meeting as my/our proxy or:

Name of proxy | Number of shares proxies appointed over

in respect of my/our voting entitlement to attend and vote for me/us on my/our behalf at the Annual General Meeting of the company to be held on Wednesday 10 June 2009 at 10.30 am and at any adjournment thereof. I/We direct that my/our vote(s) be cast on the resolutions as indicated by an 'X' in the appropriate spaces below.

Please tick here if this proxy appointment is one of multiple appointments being made ☐ For the appointment of more than one proxy, please refer to Explanatory Note 2.

RESOLUTIONS

Please mark 'X' to indicate how you wish to vote

	Resolution	For	Against	Vote Withheld
1	To receive and adopt the company's annual accounts for the year ended 31 December 2008 together with the directors' reports and the auditors' reports on those accounts.			
2	To approve the remuneration report for the year ended 31 December 2008.			
3	To declare and approve a final dividend of 0.4p per share.			
4	To re-elect as a director Mr R J Corry.			
5	To re-elect as a director Mr H D Goldring.			
6	To re-elect as a director Mr J A Heller.			
7	To re-elect as a director Mr C A Parritt.			
8	To reappoint Baker Tilly UK Audit LLP as auditors.			
9	To authorise the directors to determine the remuneration of the auditors.			
10	In connection with the proposed Capitalisation Issue: (a) to give the directors authority to capitalise £622,000 of the company's share premium account and apply this sum in paying up ordinary shares of 10 pence each and (b) to give the directors authority to allot Ordinary Shares.			

SPECIAL RESOLUTIONS

	Resolution	For	Against	Vote Withheld
11	To empower the directors to disapply statutory pre-emption rights.			
12	To authorise the company to make market purchases of its own shares.			

Signature | Date

Notes:

1 Every holder has the right to appoint some other person(s) of their choice, who need not be a shareholder as their proxy to exercise all or any of their rights, to attend, speak and vote on their behalf at the meeting. If you wish to appoint a person other than the chairman, please insert the name of your chosen proxy holder in the space provided (see above). If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name (see above) the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement, (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account.)

2 To appoint more than one proxy, (an) additional proxy form(s) may be obtained by contacting Capita Registrars' helpline on 0871 664 0321 from within the UK or +44 208 639 3399 from outside the UK. (Calls to the 0871 number cost 10 pence per minute plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Calls may be recorded and randomly monitored for security and training purposes) or you may photocopy this form. Please indicate in the box next to the proxy holder's name (see above) the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

3 Please indicate with an X how you wish your votes to be cast. Any alterations made to this form should be initialled.

4 The "vote withheld" option is provided to enable you to abstain on any particular resolution. However it should be noted that a "vote withheld" is not a vote in law and will not be counted in any calculation of the proportion of the votes "for" and "against" a resolution.

5 Unless otherwise instructed the proxy will abstain or vote as he/she thinks fit. On any motion to amend any resolution, to propose a new resolution, to adjourn the meeting or any other motion put to the meeting the proxy will act at his/her discretion.

6 If the appointor is a corporation this proxy should be executed under the common seal of such corporation or signed on its behalf by an attorney or officer duly authorised. In the case of an individual this proxy should be signed by the appointor or his attorney.

7 To be valid, this form of proxy, together with the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of such power or authority) must be deposited at the company's registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, United Kingdom BR3 4TU not later than 48 hours before the time fixed for the meeting, or if the meeting is adjourned not later than 48 hours before the time fixed for the adjourned meeting.

Proxies may be delivered to Capita Registrars' office by hand during normal business hours.

Postage by Shareholders outside the UK: Shareholders with addresses outside the UK should post the Form of Proxy in an envelope to: Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, United Kingdom BR3 4TU.

8 In the case of joint registered holders the signature of any holder is sufficient but the vote of the senior holder who tenders a vote shall be accepted to the exclusion of the other joint holders. For this purpose seniority shall be determined by the order in which the names stand in the register of members.

9 To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number RA10) not later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

10 The completion of this form will not preclude a member from attending the meeting and voting in person.

11 In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders entered in the register of members of the Company as at 6:00 p.m. on 6 June 2009 or, if the meeting is adjourned, in the register of members at 6:00 p.m. on the second day prior to the day of any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after 6:00 p.m. on 6 June 2009 or, if the meeting is adjourned, in the register of members after 6:00 p.m. on the second day prior to the day of the adjourned meeting, shall be disregarded in determining the rights of any person to attend, speak or vote at the meeting or at any such adjournment.

Cut out along dotted line

Second Fold

Business Reply Service
Licence No
MB 122

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Capita Registrars
Proxy Department
PO Box 25
Beckenham
Kent BR3 4BR

First Fold

Third Fold

Tuck inside facing flap

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Is manufactured to ISO 14001 and EMAS (Eco-Management & Audit Scheme) international standards, minimising negative impacts on the environment.

This annual report is produced at a printing group with FSC and Carbon Neutral accreditations using vegetable based inks.


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