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London & Associated Properties PLC

Annual report and accounts 2010

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Annual report and accounts
2010

LAP

LONDON & ASSOCIATED

OUR DIRECTLY OWNED P
CENTRES AND OTHER RE
INDEPENDENTLY VALUED
COMPARED TO £214 MIL
YEAR. THIS FOLLOWS A N
OF PROPERTIES AND ON
THE VALUATION OF OUR

Financial calendar

Annual General Meeting **Monday 6 June 2011**
First interim management statement **19 May 2011**
Payment of final dividend for 2010 **1 July 2011**
Announcement of half year results to 30 June 2011 **Late August 2011**
Second interim management statement **18 November 2011**
Announcement of annual results for 2011 **Late April 2012**

Contents

PROPERTIES PLC

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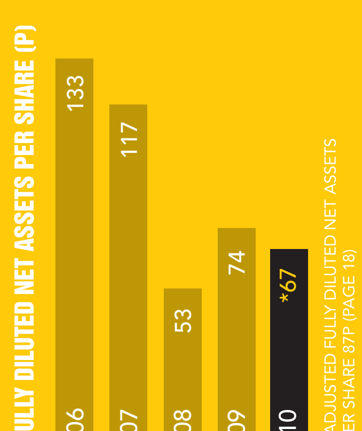
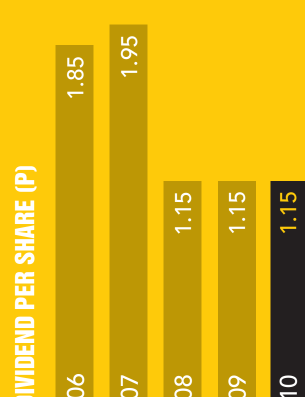
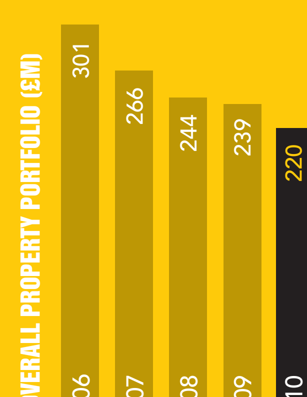






Chairman's statement

I am pleased to report on another period of satisfactory progress for LAP against a difficult economic backdrop. The quality of our portfolio of shopping centres reflects the high level of investment and strategic management which we apply to all of our assets. This has protected us from the worst of the property recession.

As at 31 December 2010, our directly owned portfolio of shopping centres and other retail property was independently valued at £195 million compared to £214 million the previous year. This follows a number of disposals of properties and on a like for like basis the valuation of our portfolio grew by 1%.

Rental income in 2010 was £16.5 million compared to £17.1 million in the previous year. However, again on a like for like basis, rental income grew by 2.4%. We have achieved this increase in sustainable income in spite of selling properties which had a combined annualised rental income of £1.3 million per annum. This is a commendable achievement considering that tenant demand is widely regarded as being weak and IPD reports that rental levels across the retail sector have dropped significantly.

Void levels remain low at just 1.5% of our portfolio by rental value. This has enabled us to drive our rental values forward, which in turn has supported our valuations. We have also been decisive in disposing of those properties from which we could see no further opportunities for growth. During 2010, we sold Antiquarius in King's Road, Chelsea for £17.8 million. We acquired this property as part of the London Portfolio in 2006 and, in 2009, we were successful in achieving a listed building consent in the face of considerable opposition to our plans.

We pre-let the retail space to Anthropologie, the American fashion retailer, and carried out a significant refurbishment of the property. We believe that we had achieved maximum value of this asset, and consequently saw little point in holding it at a time when prime London retail property was commanding premium values.

Asset management continues to be a key feature of our business. At King Edward Court, Windsor, which now accounts for almost half the value of our portfolio, we undertook a redevelopment of three poorly configured units to provide three modern shops. These had been pre-let to Fat Face, Robert Gatward Jewellers and Mystique Lingerie. The new units achieved record rents per square foot reinforcing the rental levels at the centre and demonstrating the continuing strong demand from retailers for shops at King Edward Court.

Orchard Square, Sheffield, has remained fully let during the year and we have been able to achieve growth at rent review. This led to rental values growing by 5% at this centre on an annualised basis. This centre plus King Edward Court at Windsor account for rental income approaching £11 million per annum and the combined annualised rents grew by 3% over the last year.

Our two markets in Brixton have been strong performers in terms of rental growth. These assets were also acquired as part of the London Portfolio. Since 2009, we have spent considerable time and effort in re-branding the markets as more exciting places to shop, with a particular emphasis on quality food and restaurants as well as cutting edge fashion. The net result of this input is that rents have grown by some 8% and Brixton Village, one of the markets, is fully let for the first time in some 20 years. As detailed in the Chief Executive's report, we have plans to work with a leading market operator to ensure the next phase of this asset's growth.

Under International Financial Reporting Standards (IFRS), the net assets of the Group were £55.8 million. This compares to £59.1 million the previous year. However, this figure reflects the carrying cost of our interest rate swaps which has been marked to market as a negative £13.6 million, a liability some £7.3 million greater than at the end of 2009. Had the swaps been valued at today's date, the £7.3 million additional charge would be £ 1.7 million.

We have stated previously that these swaps were contracted to ensure that we had certainty over our interest payments which are our most significant item of expense. We do not trade these swaps. It is important to note that under the standards of the European Real Estate Association (EPRA), as used by most property companies, our net assets stood at £72.1 million in December 2010 compared to £72.8 million as at December 2009. Under EPRA net asset per share is now 87.5p compared to 91.5p a year ago. This largely reflects the issue of additional shares as part of last year's dividend.

Operating profit, on a management adjusted basis, grew to £11.1 million compared with £9.7 million in 2009 , as shown in the table in the Finance Director's report on page 17. This excludes marking to market the carrying values of our properties and financial instruments. The growth in operating profit is partly a result of lower property expenses and other overheads incurred during the year. Our loss before tax over the same period has increased to £4.2 million from £2.5 million although this is after deducting a £3.5 million expense incurred in breaking swaps with a nominal value of £19.6 million. The annual cash saving from breaking these swaps is £0.8 million.

We remain over-hedged by a nominal £10.4 million. This has an annualised negative effect on cash flow of £0.5 million. The cost of breaking the over-hedge has fluctuated significantly over the year. We continue to monitor this situation closely and will break the hedge when it is most appropriate to do so.

It has been widely reported that bank lending remains subdued for real estate transactions. Against this backdrop, we have explored alternative sources of finance from property funds looking for joint venture partners. While it is too early to report any specific deals, we are currently examining a potential acquisition with one such partner and I hope to be able to report that this transaction has successfully concluded in the near future. We are looking to co-invest with suitable partners and we continue to hold an unencumbered cash reserve of some £5 million to take advantage of opportunities as they arise.

During the year we were appointed by Grant Thornton, a firm of chartered accountants, to take on the asset management of a portfolio of shopping centres where they had been appointed as Administrators. Following the disposal of the properties this project has now been completed. We understand that the bank client of Grant Thornton regards the result as a great success. LAP received a fee for advising on the management of the centres and overseeing the disposal in 2011.

Total Group assets , including those of Bisichi Mining PLC, our associate company, and Dragon Retail Properties, our joint venture with Bisichi, now stand at £289 million compared to £306 million the previous year.

Bisichi Mining PLC, our associate company, had a difficult year and our share of their loss after taxation was £0.5 million. This was as a result of lower coal prices combined with a strong South African Rand against the US dollar and a shortage of railway trucks to transport the coal. Measures have been taken to address these issues and it is expected that they will return to acceptable profitability in the second half of 2011.

We believe that LAP has performed well against a testing economy, although we remain mindful of the reduced bank lending currently available, and the negative forces facing consumers following last year's budget. As a result, the Board has taken the decision this year to maintain the cash element of the dividend at the level paid in 2010. There will be a final dividend of 0.4p payable on 1 July 2011 to shareholders on the register as at 10 June 2011, making a total dividend for the year of 1.15p. However, the Board has decided against the capitalisation issue of new shares as in previous years as this is felt to be too dilutive at the current price.

Michael Stevens will be retiring this year after 25 years as a director and Company Secretary of LAP. I would like to take this opportunity to thank him for all of his hard work over this time, and wish him well in his retirement. We have promoted Heather Curtis, who joined the company in 2002,to Group Company Secretary.

The economy in 2011 shows little sign of being an improvement over 2010. I remain confident that the quality of our assets and our ability to drive rental income through intensive management means that we are well placed to make further progress through 2011.

Finally I would like to thank all of the directors, staff and advisors who have contributed to our progress this year.

Michael Heller

Michael Heller,
Chairman

15 April 2011

The total assets of the Group now stand at

£289m

PEOPLE

Our average weighted unexpired lease term is 7.2 years

7.2 years

2010 was another difficult year for the UK economy with bank lending remaining subdued. This lack of funding has contributed to a polarisation in investor demand with cash buyers being predominant. These investors look for well-let property where tenant demand remains high and rental growth is still achievable.

Our portfolio of retail property comes into this category. We have significantly re-profiled our portfolio in the last 5 years and disposed of £178 million of mature property where we felt we would be unable to deliver further growth. Initially we disposed of secondary shopping centres at a time when net initial yields were lower than deposit rates, yet investor demand for this type of asset remained high. More recently, we have been selling assets with long leases and excellent covenants, again to meet investor demand.

Over this period we have also been investing heavily into our asset base. King Edward Court, Windsor and Orchard Square, Sheffield account for 72% of our property portfolio, and we have spent a combined £46 million on them over the last 5 years. This capital expenditure has produced better configured units to meet modern retailer demand. These units were pre-let to quality tenants on long leases.

During 2010, we spent £0.5 million on developing and improving our properties. This produced an incremental annualised income of £0.16 million. We currently have no substantial development work underway, although we are constantly looking to improve our assets and grow rents.

Our property portfolio is now valued at £194.9 million, and our top five properties by value account for over 90% of this total. All of these properties are well-let and all of them have either delivered rental income growth over the last year or confirmed their growth potential. Across the portfolio, our average weighted unexpired lease term is 7.2 years. Over 63% of our leases by rental value run for more than 5 years and 31% for more than 10 years. We have voids of just 1.5%. All of this combines to provide resilience during this property recession.

Group rental income on a like for like annualised basis grew by 2.4% to £15.6 million compared with £15.2 million in 2009. This has been achieved against a widely reported reduction in rental levels across most parts of the country. Our top 50 tenants account for 74% of our gross rents. 93% of all rents were collected within two weeks of the December quarter day.

Chief Executive's report

We disposed of Antiquarius in King's Road Chelsea during the year for £17.82 million compared to a book value of £17.0 million as at year end 2009. This followed the completion of the lease in 2009 to Anthropologie at £1.15 million per annum and represented a net initial yield of 5.74%. We paid down our revolving credit facility by £12.75 million from the cash proceeds.

During 2010, we were appointed by Grant Thornton as asset manager on a portfolio of three shopping centres in Burnley, Cardiff and Harlow. The fund that owned these shopping centres had been placed into administration and the centres had suffered from under investment and lack of direction as a result.

LAP conducted a strategic review and identified a number of areas where the centres could be improved. We carried out a number of strategic lettings, including redeveloping shops where necessary, and applied our rigorous management controls to reduce irrecoverable costs.

At the time of our appointment, the centres were independently valued at £120 million. We marketed the centres through leading investment agents and since the year end the disposal completed at £145 million. LAP received fees from Grant Thornton for the work undertaken and we are in discussion to take on further similar appointments.

Following the financial crisis there is still much stress in the UK banking system and lack of credit at acceptable terms. As a result, we have entered into talks with a number of property funds with a view to establishing joint ventures. One of these is at an advanced stage of making an acquisition although contracts have not yet been exchanged. I am, however, confident that the transaction will conclude in the near future and we will make an appropriate announcement to shareholders in due course.

I will now report on some of our major centres.

We paid down our revolving credit facility by

£12.75m

from cash proceeds


WINDSO
GER

King Edward Court Windsor

King Edward Court remained fully let throughout 2010 with the exception of a small office suite. Since the year end we have been able to negotiate the surrender of leases on two shops where we had less vibrant retailers. The first of these was originally let to a musical instrument retailer at £72,000 per annum. This unit has now been re-let to Prêt à Manger for a new café concept at £85,000 per annum. This not only brings a more exciting retailer to the centre, but also a rental level equating to a Zone A level of £116 per sq.ft., a record for this part of the centre.

The second unit had previously been let to a discount book retailer. The unit is now under offer to an established, upmarket gift retailer at an increased rent. The new lease should complete soon.

In September 2010, Boots the Chemist vacated its 14,000 sq. ft. Shop, having taken a lease on the much larger, former Woolworths store outside our ownership. The lease on our shop continued until 2015. We have, since the year end, accepted a surrender of this lease in exchange for a payment of £1.025 million, equivalent to over two and a half year's rent. We intend to divide this unit into three smaller units and incorporate the vacant first floor offices.

We have seen a high level of retailer interest in these units and already have offers on all of them from exciting retailers. I look forward to announcing the lettings in due course. We have made a planning application to change the shop fronts on these units and, subject to obtaining this consent, anticipate that the development will be let and completed during 2011.

Sheffield

Orchard Square has remained fully let throughout 2010. As a result, we have been able to grow the rents by some 5% over the previous year as the rental levels established by our successful lettings in previous years filter through to other shops in the centre. Orchard Square is anchored by reputedly one of the most successful TK Maxx stores in the country, and most of the shops are let at rents of between £80 and £90 Zone A. We believe this to be an undemanding level for a major city centre.


EFFIELD

Brixton

Since late 2009, we have invested considerable time and effort in establishing our two Brixton markets as cutting edge retail and leisure locations. Initially we worked with a specialist marketing company to offer pop-up shops to entice new retailers into a location that had suffered over the years from high vacancies and low investment. The vast majority of these early retailers converted into full leases at market rents at the end of their trial periods. Once we had established a critical mass of new exciting retailers, word of mouth and positive press articles created sufficient interest to ensure that these markets are now fully let for the first time in approximately 20 years.

While this project has been a success throughout 2010, we do not feel LAP has the resources to develop the Brixton Markets further. Consequently, since the year end we have agreed terms to let the two markets to In Shops Ltd, a subsidiary of Groupe Geraud, Europe's largest private market operator. The leases are at a base rent of £817,500 per annum with a profit share on the net rent above that amount. This increases to a 50:50 profit share on any net rent above £1,017,500. There will be a saving of direct staff costs and other central overheads and therefore we expect this deal to be cash neutral at the outset.

We are confident that In Shops shares our belief that Brixton will become one of the most successful market areas in London. In Shops has the resources, energy and experience to enable this to take place, and we expect to benefit from its success through the profit share in the medium term.

King's Square, West Bromwich

We invested heavily during 2010 in re-gearing the leases of our anchor tenants at this shopping centre. These accounted for 29% of the centre's gross rental income. The centre's age meant that a number of the original leases there had less than 12 months until expiry. As a result of the re-gearing, the centre's future is much more stable and we will be able to concentrate on driving rents forward in the future.

Other Properties

As shareholders will be aware, we have deliberately sought to position the rest of our portfolio at the value end of retailing. We believe that this offers us significant defensive qualities in the current economic environment as our tenants are less dependent on discretionary spending. Last year, tenant failures across the whole portfolio were limited to an aggregate rental income of £127,000 per annum. These units have now been re-let at broadly the same rent.

Outlook

We remain concerned that the outlook for UK consumers will continue to impact upon retail property in general. However, we believe that the property market will experience differing levels of success dependent on location, affordability of rents and attractiveness of the individual centres. We have sold almost half our portfolio over the last five years and now retain a core of quality assets in which we have invested significantly. Our top five centres account for almost our entire portfolio by value and these are mostly fully let on long leases. I therefore remain cautiously optimistic going forward.

John Heller

John Heller,
Chief Executive

15 April 2011

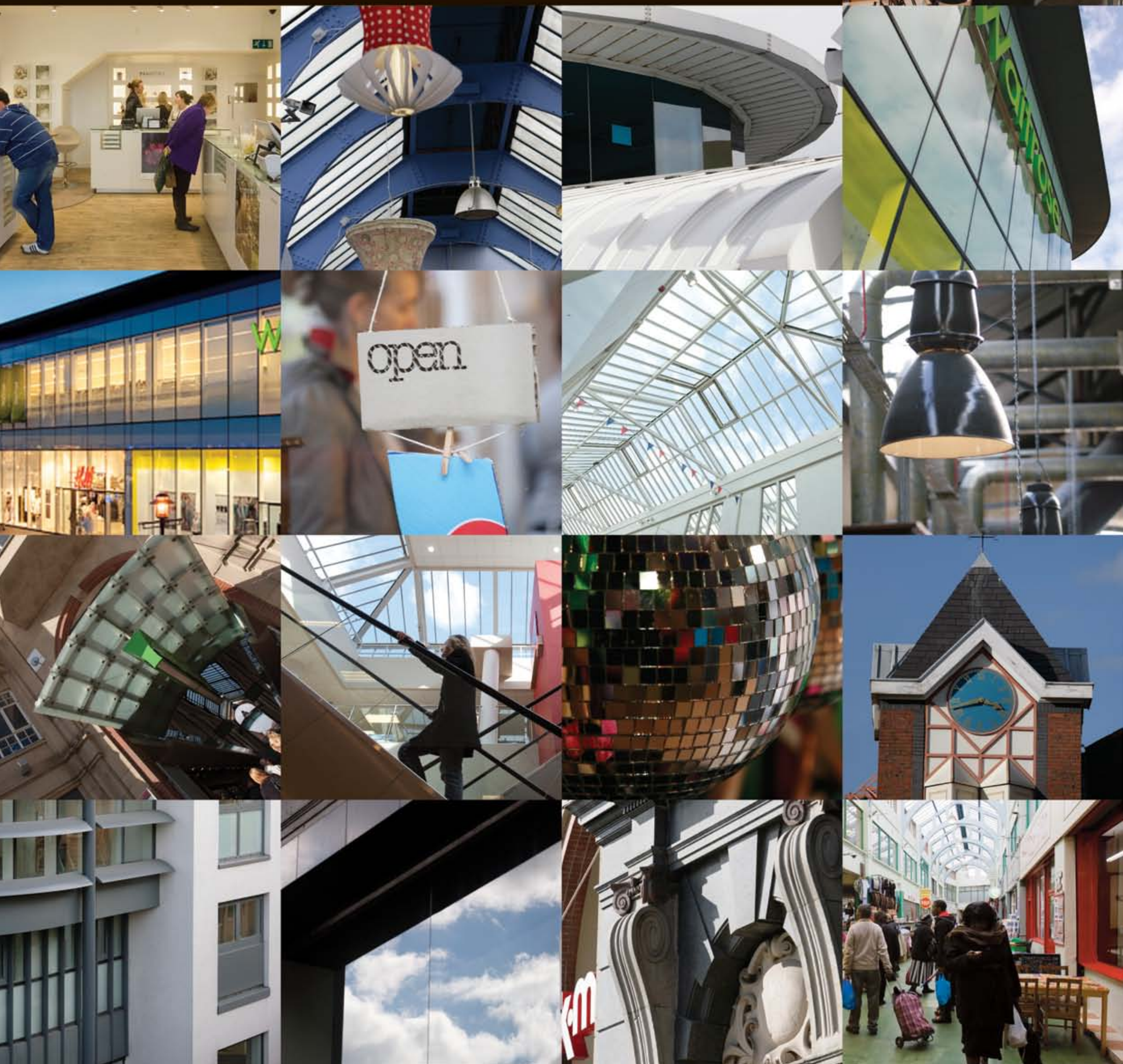
Our top two properties account for 72% of our property portfolio, and we have spent a combined £46million on them over the last 5 years

£46m

BUILDING

The overall value of our property portfolio has grown by 1%

+1%



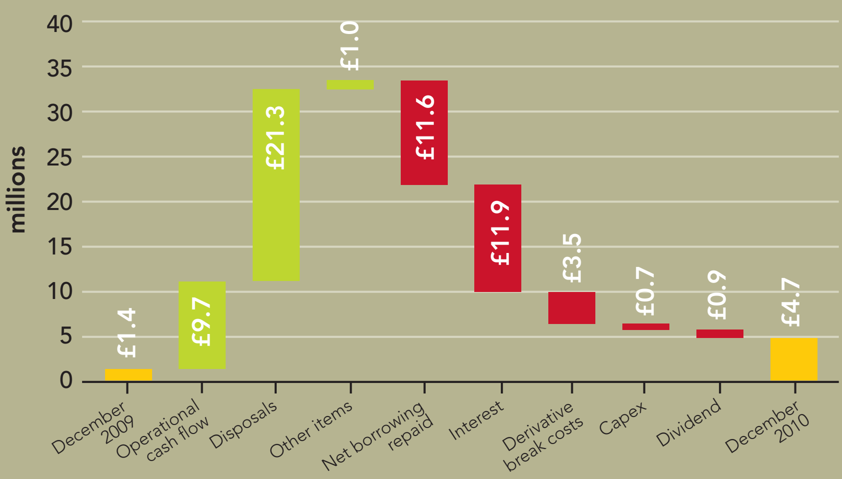
In 2010, we again concentrated our efforts on managing cash flow. We have also reviewed our unutilised banking facilities and reduced them wherever possible. As a result we have achieved a net annualised cash saving of £0.3 million.

As a result of the continuing crisis in the UK banking sector and as mentioned in the Chief Executive's review, we have commenced negotiations with a number of property funds to provide alternative sources of finance.

Cash Flow

Net cash increased over the year from £1.44 million to £4.72 million. This was after the repayment of £11.58 million of debt. Term debt reduced from £148.38 million to £136.80 million. This compares favourably with a peak level of £163.70 million at the end of 2007. Antiquarius, our property in Chelsea, London, was sold in August for £17.8 million and the sale of the Foxtons unit in Islington completed in January 2010.

The utilisation of the cash over the year is shown in the graph below:



Our Revolving Credit Facility with the Royal Bank of Scotland was extended during the year and will now expire in September 2012. We also reduced the total facility to £60 million from £90 million. This facility has been reduced further to £47 million since the year end because we considered it unlikely that we would borrow further against the facility before expiry.

Income Statement

The Group's loss before tax as reported under IFRS was £10.69 million compared to a profit of £21.4 million in 2009. This volatility in our results reflects a number of changes in value which are taken directly to our Income Statement. Firstly, there have been considerable swings in the interest rates which have affected the fair value of our derivatives and this has led to a loss of £7.28 million (2009: £13.27 million profit). Secondly, the revaluation of our property portfolio has shown an increase of £1.57 million (2009: £9.42 million). The table below shows the underlying performance of the Group on a management adjusted basis.

Finance Director's report

	Cash items £'000	Non-cash items £'000	2010 Per income statement £'000	Cash items £'000	Non-cash items £'000	2009 Per income statement £'000
Net rental income	**10,366**	**-**	**10,366**	9,517	-	9,517
Income and gains on investments held for trading	**43**	**-**	**43**	148	-	148
Profit on sale of investment properties	**637**	**-**	**637**	14	-	14
Net change on revaluation of investment properties	**-**	**1,569**	**1,569**	-	9,422	9,422
Net change in value of investments held for trading	**-**	**89**	**89**	-	178	178
Operating profit	**11,046**	**1,658**	**12,704**	9,679	9,600	19,279
Share of joint ventures and associates	**174**	**(912)**	**(738)**	131	1,078	1,209
Interest rate derivative	**-**	**(7,280)**	**(7,280)**	-	13,269	13,269
Net interest	**(11,858)**	**-**	**(11,858)**	(12,350)	-	(12,350)
(Loss) / profit before taxation and exceptional items	**(638)**	**(6,534)**	**(7,172)**	(2,540)	23,947	21,407
Exceptional item - interest derivative break cost	**(3,515)**		**(3,515)**	-	-	-
(Loss) / profit before taxation	**(4,153)**	**(6,534)**	**(10,687)**	(2,540)	23,947	21,407

The interest charge, excluding the change in fair value of derivatives and one-off costs incurred on the termination of interest rate swaps, was cut in the year to £11.9 million (2009: £12.4 million). This is due to the reduction in the level of debt and the reduced swap contracts.

During the year we reduced our long term hedging to be more in line with the total debt outstanding. The total value of our swaps was £125.4 million against a long term debt of £115.1 million. This was reduced in the year from £145.0 million and the £3.5 million cost of breaking the swaps has been shown as an expense in the income statement.

This strategy of hedging our interest payments means that we are protected against future interest fluctuations. We do not trade our swaps and we try to align them to the debt levels we have in the Group at any given time.

Rental income during the year reduced to £16.5 million (2009: £17.1 million). On a like for like basis the group's rental income, excluding joint ventures, increased by 2.4% to £15.6 million (2009: £15.2 million), as shown in the table below.

	2010 £'000	2009 £'000
Annual rental income from properties still held	15,550	15,187
Income from properties sold	435	1,361
Revenue as per income statement	15,985	16,548

Overheads were down 22.4% to £3.8 million (2009: £4.9 million). This partly reflects increased fees received from managing third party assets, as well as lower direct costs.

Operating profit, excluding property and other investment revaluations, increased to £11.0 million (2009: £9.7 million), a rise of 14.1%. Excluding exceptional items we improved the net result by £1.9 million in the year.

The tax charge in the year shows a credit of £7.2 million. This is made up of a current tax credit in relation to prior years of £0.9 million and deferred tax credit of £6.3 million. This deferred tax charge has arisen due to a £2.0 million movement in the derivatives, valuation of the properties, including the indexation, of £2.8 million, and other timing differences of £1.5 million.

Balance Sheet

The underlying net assets of the Group on a management adjusted basis are shown in the table below.

Group net assets under IFRS were £55.8 million at the year end. The more meaningful EPRA figure shows net assets of £72.1 million, equivalent to 87.5p per share. The EPRA NNNAV reduced to 66.7p per share, predominately due to the increase in the number of shares in issue as a result of paying a proportion of last year's final dividend in shares.

2010	Per IFRS balance sheet £'000	Deferred tax £'000	Mark-to-market of interest swaps £'000	Head leases £'000	EPRA Adjusted net assets £'000
Investment properties	223,610			(28,664)	194,946
Other fixed assets	2,558				2,558
Investments in associate and joint ventures	8,646				8,646
Other assets	4,809				4,809
Other liabilities	(52,377)	2,671	13,627	28,664	(7,415)
Net debt	(131,485)				(131,485)
Net assets	55,761	2,671	13,627	-	72,059
Adjusted NAV per share					87.5p
2009					
Investment properties	243,109			(29,485)	213,624
Other fixed assets	2,621				2,621
Investments in associate and joint ventures	9,440				9,440
Other assets	4,678				4,678
Other liabilities	(54,395)	7,393	6,347	29,485	(11,170)
Net debt	(146,349)				(146,349)
Net assets	59,104	7,393	6,347	-	72,844
Adjusted NAV per share					91.5p

Accounting judgments and going concern

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. Interest rate hedges (as explained above) are stated at net present value of the extra costs arising to maturity compared to current market rates.

The Directors exercise their commercial judgements when reviewing the cash flow forecasts of Group and the underlying assumptions on which they are based. The Group's business activities, together with the factors likely to affect its future development, are set out in the Chairman's Statement, the Chief Executive's Report and in this Report. In addition the directors considered note 17 to the financial statements which include the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; its exposure to credit risk and liquidity risk.

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

Dividends

The company is proposing a final dividend of 0.4p, payable on 1 July 2011 to shareholders on the register as at 10 June 2011. This makes a total dividend for the year of 1.15p. The directors have decided against the capitalisation issue of new shares as in the previous two years, as this is felt to be too dilutive on the net asset per share of the company.

Our associated company Bisichi Mining PLC, in which we hold a 41.7% stake, had a difficult year and suffered losses after taxation of £1.3 million. This figure is after a revaluation surplus under IFRS of £0.1 million.

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

Robert Corry,
Finance Director

15 April 2011

TENANTS

Rental income has increased by 2.4% across the portfolio

+2.4%

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, DiGiCo Europe Limited, ASL Technology Holdings Limited and BG Consulting Group Limited as well as being a director of F&C US Smaller Companies plc. He is Deputy President of the Institute of Chartered Accountants in England and Wales and will become President in June 2011. He is chairman of the audit committee and as Senior Independent Director he chairs the Nomination and Remuneration Committees.

* Member of the nomination committee

Senior independent director

† Member of the audit, remuneration and nomination committees

Secretary & registered office

Heather A Curtis ACIS
Carlton House,
22a St James's Square,
London SW1Y 4JH

Director of Property

Mike J Dignan FRICS

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 LLP

Pinsent Masons LLP

Stockbroker

Oriel Securities Limited

Registrars & transfer office

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Directors' report

The directors submit their report and the audited accounts, for the year ended 31 December 2010.

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.
- **Financing costs** – the exposure of the Group to interest rate movements is managed by the use of swap arrangements (see note 17 on page 49 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 40.
- **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 37 and as discussed in the Finance Director's Report. Cash flow is shown on page 39.

Dividend Policy

An interim dividend for 2010 of 0.75p was paid on 22 January 2011 (2009: Interim dividend 0.75p paid on 22 January 2010). The directors recommend payment of a final cash dividend for 2010 of 0.4p per ordinary share of 10 pence each (the Final Dividend) and Ordinary Share respectively. It is not proposed to make a capitalisation issue with the final dividend in 2011 (2010: equivalent to 0.80p per Ordinary Share). In the current economic climate, the board of directors feels that it is imperative that the Group maximises its financial flexibility, including conserving cash wherever possible.

Subject to shareholder approval, the total dividend per Ordinary Share for 2010 will be 1.15p (2009: 1.15p).

The Final Dividend of 0.4p per Ordinary Share will be payable on 1 July 2011 to shareholders registered at the close of business on 10 June 2011.

The company's ordinary shares held in treasury

During 2010 the company issued 2,335,517 of its own shares from Treasury for an average price of 41.68p which increased the "issued share capital" by the same number of shares (see table below for details). At 31 December 2010 1,957,534 (2009: 4,293,051) shares were held in Treasury with a market value of £822,164 (2009:£1,856,745). At the Annual General Meeting (AGM) in June 2010 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 2011.

Movements in Treasury shares during the year:	Transaction price	Number of shares
Treasury shares held at 1 January 2010		4,293,051
27 January 2010 - Issue of Treasury shares in lieu of directors and staff bonuses	42.00p	(2,157,545)
1 October 2010 - Purchase by the Trustee of the SIP in connection with the HMRC approved share incentive plan	37.00p	(23,702)
1 October 2010 - Shares issued for a non-executive directors' bonus	37.00p	(19,097)
16 December 2010 - Issue of Treasury shares in connection with the HMRC approved share incentive plan	38.00p	(135,173)
Treasury shares held at 31 December 2010		1,957,534

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.

Investment properties

The freehold and long leasehold properties of the company and its subsidiaries were revalued as at 31 December 2010 by external professional firms of chartered surveyors - Allsop LLP, London (49.6 per cent of the portfolio), King Sturge LLP (48.2 per cent), and BNP Paribas, Leeds (2.2 per cent). The valuations, which are reflected in the financial statements, amount to £194.9 million (2009: £213.6 million).

Taking account of prevailing market conditions, the valuation of Group properties at 31 December 2010 resulted in a increase of £1.6 million (2009: increase of £9.4 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 an increase of £1.4 million (2009: reduction of £0.2 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 17 to the financial statements sets out the risks in respect of financial instruments. The board reviews and agrees overall treasury policies, delegating appropriate authority for applying these policies to the Chief Executive and Finance Director. Financial instruments are used to manage the financial risks facing the Group - 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 2010.

H D Goldring, is retiring by rotation at the Annual General Meeting in 2011 and offers himself for re-election.

Brief details of the director offering himself for re-election are as follows:

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.

Michael Stevens retires from his executive duties on 30 April 2011 after over 25 years service with the group. He is not offering himself for re-election at the Annual General Meeting.

Directors' interests

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

	Beneficial interests		Non-beneficial interests:	
	31 Dec 10	1 Jan 10	31 Dec 10	1 Jan 10
M A Heller	**6,016,577**	5,450,109	**19,277,931**	18,902,994
R J Corry	**962,527**	661,879	-	-
H D Goldring	**19,819**	11,309	-	-
J A Heller	**1,923,320**	1,310,652	**†14,073,485**	†13,779,769
C A Parritt	**36,166**	24,867	-	-
M C Stevens	**922,326**	756,747	**+1,163,088**	+988,140

†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.

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 20 to the financial statements and the remuneration report).

Between 1 January 2011 and the date of this report the interests of a number of directors in the ordinary shares of the company have increased to the following totals:

	Beneficial	Non-beneficial
M A Heller	6,495,618	19,277,931
R J Corry	996,014	-
M C Stevens	962,853	1,239,487

No other changes in the directors' holdings took place between 1 January 2011 and the date of this report. However, the interests of M A Heller and his family company interests also increased in this period and are shown in the "Substantial shareholdings" paragraph below.

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

Substantial shareholdings

At 31 December 2010 M A Heller and his family had an interest in 47.4 million shares of the company, representing 56.7 per cent of the issued share capital net of treasury shares (2009: 44.8 million shares representing 56.2 per cent). Cavendish Asset Management Limited has an interest in 5,186,065 shares representing 6.2 per cent of the issued share capital of the company (2009: 4,810,873 shares representing 6.04 per cent).

Between 1 January 2011 and the date of this report the following changes occurred:

The interest of M A Heller and his family increased to 47.88 million shares in the company, representing 56.82 per cent of the issued share capital 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 between 1 January 2011 and the date of this report.

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 (Resolution 9).

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

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

Statement as to disclosure of information to the auditor

The directors in office on 31 December 2010 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 reasonable 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) published by the Quoted Companies Alliance. The Alliance provides guidance to SQC and their guidance covers the implementation of The UK Corporate Governance Code for SQC. The paragraphs below set out how the company has applied this guidance during the year. The company has complied with the Quoted Companies Alliance 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 risk management and accountability as a positive contribution to business prosperity. The board endeavours to apply corporate governance principles in a sensible and pragmatic fashion having regard to the circumstances of the business. The key objective is to enhance and protect shareholder value.

Board structure

During the year the board comprised 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.

The directors' responsibility statement in respect of the accounts is set out on page 33. The non-executive directors have a particular responsibility to ensure that the strategies proposed by the executive directors are fully considered. To enable the board to discharge its duties, all directors have full and timely access to all relevant information and there is a procedure for all directors, in furtherance of their duties, to take independent professional advice, if necessary, at the expense of the group. The board has a formal schedule of matters reserved to it and normally has eleven regular meetings scheduled each year. Additional meetings are held for special business when required.

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

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

- The nomination committee is chaired by C A Parritt and comprises 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 a maximum of every three years.
- The remuneration committee is responsible for making recommendations to the board on the company's framework of executive remuneration and its cost. The committee determines the contract terms, remuneration and other benefits for each of the executive directors, including performance related bonus schemes, pension rights and compensation payments. The board itself determines the remuneration of the non-executive directors. The committee comprises the non-executive directors and it is chaired by C A Parritt. The executive chairman of the board is normally invited to attend. The directors' remuneration report is set out on pages 29 to 31.
- The audit committee comprises the non-executive directors and is chaired by C A Parritt. The audit committee report is set out on page 32.

Board and board committee meetings held in 2010

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

		Meetings held	Meetings attended
R J Corry	Board	10	10
	Audit committee	2	2
H D Goldring	Board	10	10
	Audit committee	2	2
	Nomination committee	1	1
	Remuneration committee	2	2
M A Heller	Board	10	10
	Nomination committee	1	1
	Remuneration committee	2	2
J A Heller	Board	10	10
	Audit committee	2	2
C A Parritt	Board	10	10
	Audit committee	2	2
	Nomination committee	1	1
	Remuneration committee	2	2
M C Stevens	Board	10	9
	Audit committee	2	2
	Nomination committee	1	1

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

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

There are no internal control issues to report in the annual report and financial statements for the year ended 31 December 2010 and up to the date of approval of this report and the financial statements the board has not been required to deal with any related material internal control issues. The directors confirm that the board has reviewed the effectiveness of the system of internal control as described during the period.

Risk assessment

The audit committee has assessed the key risks to the group as follows:

Description of Risk	Description of Impact	Mitigation
Asset Management:		
Tenant failure	Financial loss	Initial and subsequent assessment of tenant covenant strength combined with an active credit control function.
Leases not renewed	Financial loss	Lease expiries regularly reviewed. Experienced in house teams with strong tenant and market knowledge who manage appropriate tenant mix.
Asset illiquidity (size and geographical location)	Assets may be illiquid and affect flexing of balance sheet	Regular reporting of current and projected position to the Board with efficient treasury management.
People:		
Retention and recruitment of staff	Unable to retain and attract the best people for the key roles. Loss of knowledge and key skills.	Nomination Committee and senior staff review skills gaps and succession planning. Training and development offered.
Reputation:		
Business interruption	Loss in revenue. Impact on footfall. Adverse publicity. Potential for criminal/civil proceedings.	Documented Recovery Plan in place. General and terrorism insurance policies in place and risks monitored by trained security staff. Health and Safety policies in place. CCTV in centres.
Financing:		
Fluctuation in property values	Impact on covenants and other loan and other loan agreement obligations.	Secure income flows. Regular monitoring of LTV and IC covenants and other obligations. Focus on quality assets.
Reduced availability of borrowing facilities	Insufficient funds to meet existing debts/interest payments and operational payments.	Efficient treasury management. Loan facilities extended where possible. Regular reporting of current and projected position to the Board.
Loss of cash and deposits	Financial loss	Only use a spread of banks and financial institutions which have a strong credit rating.
Fluctuation of interest rates	Uncertainty of interest rate costs	Manage derivative contracts to achieve a balance between hedging interest rate exposure and minimising potential cash calls.

Communication with shareholders

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

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

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

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

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 5.4 days annual trade purchases (2009: 17.8 days).

Donations

No political donations were made during the year (2009: £Nil). Donations for charitable purposes amounted to £250 (2009: £1,525).

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 on the preceding pages 2 and 3 and the Chief Executive's Report on pages 6 to 15. The Finance Director's Report on pages 17 to 19 sets out the financial position of the company, its cash flows, liquidity position and borrowing facilities. In addition Note 17 to the financial statements gives details of the group's financial instruments and interest rate risk, and maturity and hedging profile.

The Group has considerable financial resources together with long term leases with the majority of the tenants of its property portfolio. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Annual General Meeting

The Annual General Meeting will be held at the RAC Club, 89 Pall Mall, London SW1Y 5HS on Monday 6 June 2011 at 10.30 a.m. Items 1 to 7 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 8 to 11 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 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 Resolutions

1. Resolution 7 - Directors' authority to allot securities

Paragraph 7.1.1 of Resolution 7 would give the directors the authority to allot shares in the company and grant rights to subscribe for or convert any security into shares in the company up to an aggregate nominal value of £2,805,864. This represents approximately 33.3 per cent. of the ordinary share capital of the company in issue (excluding treasury shares) at 14 April 2011 (being the last practicable date prior to the publication of this Directors' Report).

In line with guidance issued by the Association of British Insurers ('ABI') paragraph 7.1.2 of Resolution 7 would give the directors the authority to allot shares in the company and grant rights to subscribe for or convert any security into shares in the company up to a further aggregate nominal value of £2,805,864, in connection with a rights issue. This amount represents approximately 33.3 per cent of the ordinary share capital of the company in issue (excluding treasury shares) at 14 April 2011 (being the last practicable date prior to the publication of this Directors' Report).

The directors' authority will expire at the conclusion of the next Annual General Meeting. The directors have no present intention to make use of this authority. However, if they do exercise the authority, the directors intend to follow emerging best practice as regards its use (including as regards the directors standing for re-election in certain cases), as recommended by the ABI.

Special Resolutions

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

1. Resolution 8 - disapplication of pre-emption rights
Under company law, when new shares are allotted or treasury shares are sold for cash (otherwise than pursuant to an employee share scheme) they must first be offered to existing shareholders in proportion to their existing shareholdings. This special resolution gives the directors authority, for the period ending on the date of the next Annual General Meeting to be held in 2012, to: (a) allot shares of the company and sell treasury shares for cash in connection with a rights issue or other pre-emptive offer; and (b) otherwise allot shares of the company, or sell treasury shares, for cash up to an aggregate nominal value of £421,300 representing in accordance with institutional investor guidelines, approximately 5 per cent of the total ordinary share capital in issue as at 14 April 2011 (being the last practicable date prior to the publication of this Directors' Report) in each case as if the pre-emption rights in company law did not apply.

Save in respect of issues of shares in respect of employee share schemes and share dividend alternatives, the directors have no present intention to make use of these authorities. The board intends to adhere to the provisions in the Pre-emption Group's Statement of Principles not to allot shares for cash on a non-pre-emptive basis in excess of an amount equal to 7.5% of the company's ordinary share capital within a rolling three-year period without prior consultation with shareholders.

2. Resolution 9 - purchase of own Ordinary Shares
The effect of Resolution 9 would be to renew the directors' current authority to make limited market purchases of the company's ordinary shares of 10 pence each. The power is limited to a maximum aggregate number of 8,554,271 ordinary shares (representing approximately 10 per cent of the company's issued share capital as at 14 April 2011 (being the latest practicable date prior to publication of this Directors' Report)). The minimum price (exclusive of expenses) which the company would be authorised to pay for each ordinary share would be 10 pence (the nominal value of each ordinary share). The maximum price (again exclusive of expenses) which the company would be authorised to pay for an ordinary share is an amount equal to 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 9 will expire at the conclusion of the company's next Annual General Meeting to be held in 2012 or 15 months from the passing of the resolution, whichever is the earlier. Any purchases of ordinary shares would be made by means of market purchase through the London Stock Exchange.

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

As at 14 April 2011 (being the last practicable date prior to the publication of this Directors' Report) the total number of options to subscribe for new ordinary shares in the company as at 31 December 2010 was 70,000 shares representing 0.08% of the company's issued share capital as at 31 December 2010. Such number of options to subscribe for new ordinary shares would represent approximately 0.09% of the reduced issued share capital of the company assuming full use of the authority to make market purchases sought under Resolution 9.

3. Resolution 10 – New Articles of Association
We are also asking shareholders to approve a number of amendments to our Articles of Association primarily to reflect the implementation of the remaining provisions of the Companies Act 2006 in October 2009. An explanation of the main changes between the proposed and existing Articles of Association is set out on page 70 of this document.

Other matters

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

By order of the board
Heather Curtis
Secretary

15 April 2011
Carlton House
22 St James's Square
London SW1Y 4JH

Remuneration report

The remuneration committee is pleased to present its report for the year ended 31 December 2010.

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.

The remuneration committee receives updates on pay and employment conditions applying to other group employees. These are taken into consideration when setting executive directors' remuneration consistent with the group's general aim of seeking to reward all employees fairly according to the nature of their role, their performance and market forces.

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	01-Jan-71	Continuous	6 months
J A Heller	01-May-03	Continuous	12 months
R J Corry	01-Sep-92	Continuous	6 months
M C Stevens	14-Oct-85	Continuous	6 months
Non-executive directors			
H D Goldring	01-Jul-92	Continuous	3 months
C A Parritt	01-Jan-06	Continuous	3 months

The following information has been audited

Directors' Remuneration for the year ended 31 December 2010

	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 2010 £'000**	Total before pension contrib-utions £'000	Pension contrib-utions £'000	Total 2009 £'000
Executive directors										
M A Heller*	7	-	200	44	**251**	-	**251**	357	-	357
J A Heller	300	200	3	44	**547**	30	**577**	952	30	982
R J Corry	197	12	28	23	**260**	33	**293**	261	146	407
M C Stevens	90	-	6	20	**116**	23	**139**	115	65	180
	594	212	237	131	**1,174**	86	**1,260**	1,685	241	1,926
Non-executive directors										
H D Goldring*	42	-	5	4	**51**	-	**51**	44	-	44
C A Parritt*	32	-	5	-	**37**	-	**37**	30	-	30
	74	-	10	4	**88**	-	**88**	74	-	74
Total remuneration for directors' service during year	668	212	247	135	**1,262**	86	**1,348**	1,759	241	2,000

* See "Directors" below and Note 20 "Related party transactions".
Other benefits include the provision of car, health and other insurance and subscriptions.

Pension schemes and incentives

Three (2009: three) directors have benefits under money purchase pension schemes. Contributions in 2010 were £86,000 (2009: £241,000) 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 four executive directors during 2010 (2009: four) and two non-executive directors (2009: nil).

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 (2009: £275,000) for the year. Further details of these services are set out in Note 20 "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 20 to the financial statements.

CA Parritt provides consultancy services to the Group. This is dealt with in Note 20 to the financial statements.

Share option scheme

The company has an 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.

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 share option scheme known as the "Non-approved Executive Share Option Scheme" (Unapproved Scheme) which does not have HMRC approval was set up during 2000. At 31 December 2010 there were no options to subscribe for ordinary shares outstanding. The exercise of options under the Unapproved scheme is subject to the satisfaction of objective performance conditions specified by the remuneration committee which conforms to institutional shareholder guidelines and best practice provisions. No options under the Unapproved scheme were exercised, granted or lapsed during the year to 31 December 2010. Further details of this scheme is set out in Note 19 "Share Capital" to the financial statements.

The bid market price of London & Associated Properties PLC ordinary shares at 31 December 2010 was 42.0p (2009: 43.3p). During the year the share mid-market price ranged between 36.5p and 47.5p.

Share incentive plan

Following a recommendation of the remuneration committee the directors set up an 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: No free shares were awarded in 2010 (2009: 93,723 shares awarded at 43.00p per share)

Free shares awarded:

	Number of members		Number of shares		Value of shares	
	2010	2009	**2010**	2009	**2010** £	2009 £
Directors:						
R J Corry	0	1	0	6,977	0	3,000
J A Heller	0	1	0	6,977	0	3,000
M C Stevens	0	1	0	6,977	0	3,000
Staff	0	17	0	72,792	0	31,300
Total at 31 December	**0**	20	**0**	93,723	**0**	40,300

2. Partnership shares: On 17 November 2009 directors and staff were invited to complete partnership share agreements and commence saving for partnership shares over the period November 2009 to October 2010.

Partnership shares issued:

	Number of members		Number of shares		Value of shares	
	2010	2009	**2010**	2009	**2010** £	2009 £
Directors:						
R J Corry	1	1	3,947	3,488	1,500	1,500
J A Heller	1	1	3,947	3,488	1,500	1,500
M C Stevens	1	1	3,947	3,488	1,500	1,500
Staff	9	7	35,523	24,416	13,500	10,500
Total at 31 December	**12**	10	**47,364**	34,880	**18,000**	15,000

3. Matching shares: The partnership share agreements for the year to 31 October 2010 provide for two matching shares to be awarded free of charge for each partnership share acquired in December 2010. On 16 December 2010 87,809 matching shares were allocated (2009: 69,770). Matching shares will usually be forfeited if a member leaves employment in the group within 5 years of their grant.

Matching shares granted:

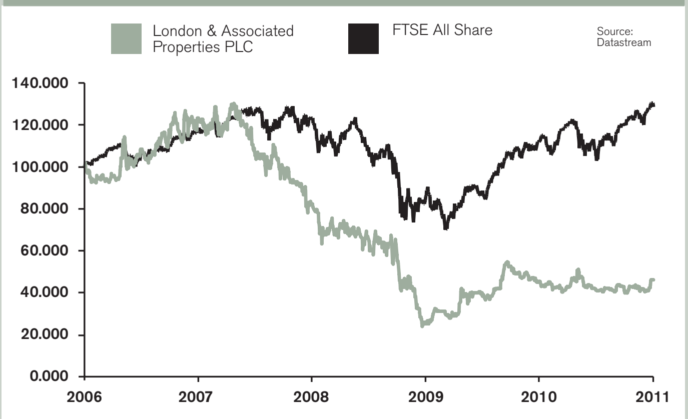
	Number of members		Number of shares		Value of shares	
	2010	2009	**2010**	2009	**2010** **£**	2009 £
Directors:						
R J Corry	1	1	7,894	6,977	3,000	3,000
J A Heller	1	1	7,894	6,977	3,000	3,000
M C Stevens	1	1	7,894	6,977	3,000	3,000
Staff	9	7	64,127	48,839	27,000	21,000
Total at 31 December	**12**	10	**87,809**	69,770	**36,000**	30,000

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 2010 amounted to £6,088 (2009: £6,547).

Dividend shares issued:

	Number of members		Number of shares		Value of shares	
	2010	2009	**2010**	2009	**2010** **£**	2009 £
Directors:						
R J Corry	1	1	1,783	1,573	660	464
J A Heller	1	1	1,783	1,573	660	464
M C Stevens	1	1	1,783	1,573	660	464
Staff	17	17	18,353	17,061	6,790	5,033
Total at 31 December	**20**	20	**23,702**	21,780	**8,770**	6,425

Total Shareholder Return (2006 - 2010)



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 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

15 April 2011

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 of whom are 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;
- to review the risk assessments made by management, consider key risks with action taken to mitigate these and to act as a forum for discussion of risk issues and contribute to the board's review of the effectiveness of the Group's risk management control and processes
- consider once a year the need for an internal audit function;
- advise the board on the appointment of the external auditor, 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 auditor's independence each year, which includes:

  i) a review of non-audit services provided to the Group and related fees;

  ii) discussion with the auditor 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 auditor's 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 auditor that, in their professional judgement, they are independent.

Meetings

The committee meets at least twice prior to the publication of the annual results and discusses and considers the half year results prior to their approval by the board. The audit committee meetings are attended by the external audit partner, chief executive, finance director and company secretary. 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 auditor, 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 auditor and approved their fees for both audit and non-audit services as set out in note 2 to the financial statements.
- in accordance with the rules for rotation of audit partners, reviewed and approved the proposals from the external auditor to introduce a new senior audit partner to lead the audit.
- the chairman of the audit committee has also had separate meetings with the external audit partner.

External Auditor

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

15 April 2011

Directors' responsibility statement

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

Company law requires the directors to prepare Group and company financial statements for each financial year. The directors are required under the Listing Rules of the Financial Services Authority to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law 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 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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

In preparing each of the Group and company financial statements, the directors are required to:

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

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

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

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

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

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the directors, whose names and functions are listed on page 21 confirm that, to the best of each person's knowledge:

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

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

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

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

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 2010 by the company as detailed in our Valuation Report dated 12 January 2011. Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 2010 of these interests was:

	£'000
Freehold	73,727
Leasehold	23,023
	96,750

27 Soho Square, London W1D 3AY
12 January 2011

Allsop LLP
Regulated by Royal Institution of Chartered Surveyors

To the Directors of London & Associated Properties PLC
In accordance with your instructions we have carried out a valuation of the leasehold property interests held as at 31 December 2010 by the company as detailed in our Valuation Report as at 31 December 2010. Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 2010 of these interests was:

	£'000
Freehold	5,050
Leasehold	88,950
	94,000

30 Warwick Street London W1B 5NH
31 December 2010

King Sturge LLP
Regulated by Royal Institution of Chartered Surveyors

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 2010 by the company as detailed in our Valuation Report dated 26 January 2011. Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 2010 of these interests was:

	£'000
Freehold	**4,196**

Capitol House, Russell Street, Leeds LS1 5SP
26 January 2011

BNP Paribas Real Estate Advisory and Property Management UK Limited
Regulated by Royal Institution of Chartered Surveyors

Independent auditor's report

TO THE MEMBERS OF London & Associated Properties PLC

We have audited the Group and parent company financial statements ("the financial statements") on pages 36 to 65. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 33, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2010 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 27, in relation to going concern;
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Euan Banks (Senior Statutory Auditor)
For and on behalf of
Baker Tilly UK Audit LLP,
Statutory Auditor

Chartered Accountants
25 Farringdon Street,
London, EC4A 4AB

18 April 2011

Consolidated income statement

for the year ended 31 December 2010

	Notes	2010 £'000	2009 £'000
Gross rental income			
Group and share of joint ventures		**16,503**	17,067
Less: joint ventures - share of rental income		**(518)**	(519)
Revenue	1	**15,985**	16,548
Direct property expenses		**(1,839)**	(2,166)
Overheads		**(3,780)**	(4,865)
Property overheads	1	**(5,619)**	(7,031)
Net rental income	1	**10,366**	9,517
Listed investments held for trading	3	**43**	148
Profit on sale of investment properties		**637**	14
Net increase on revaluation of investment properties		**1,569**	9,422
Net increase in value of investments held for trading		**89**	178
Operating profit	1	**12,704**	19,279
Share of loss of joint ventures after tax	10	**(233)**	(276)
Share of (loss)/profit of associate after tax	11	**(505)**	1,485
Profit before interest and taxation		**11,966**	20,488
Interest rate derivatives	17	**(7,280)**	13,269
Interest rate derivatives break costs	17	**(3,515)**	-
Finance income	5	**64**	90
Finance expenses	5	**(11,922)**	(12,440)
(Loss)/profit before taxation		**(10,687)**	21,407
Income tax	6	**7,192**	(2,355)
(Loss)/profit for the year attributable to the owners of the parent		**(3,495)**	19,052
Basic (loss)/profit per share	8	**(4.24)p**	24.32p
Diluted (loss)/profit per share	8	**(4.24)p**	24.32p

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

Consolidated balance sheet

at 31 December 2010

	Notes	2010 £'000	2009 £'000
Non-current assets			
Market value of properties attributable to Group		**194,946**	213,624
Present value of head leases		**28,664**	29,485
Property	9	**223,610**	243,109
Plant and equipment	9	**612**	816
Investments in joint ventures	10	**1,163**	1,396
Investments in associated company	11	**7,483**	8,044
Held to maturity investments	12	**1,946**	1,805
		234,814	255,170
Current assets			
Trade and other receivables	13	**4,092**	3,976
Financial assets-investments held for trading	14	**717**	702
Cash and cash equivalents		**8,584**	8,655
		13,393	13,333
Total assets		**248,207**	268,503
Current liabilities			
Trade and other payables	15	**(10,022)**	(11,427)
Financial liabilities – borrowings	16	**(3,863)**	(7,216)
Current tax liabilities		**-**	(741)
		(13,885)	(19,384)
Non-current liabilities			
Financial liabilities-borrowings	16	**(136,206)**	(147,788)
Interest rate derivatives	17	**(13,627)**	(6,347)
Present value of head leases on properties		**(28,664)**	(29,485)
Deferred tax	18	**(64)**	(6,395)
		(178,561)	(190,015)
Total liabilities		**(192,446)**	(209,399)
Net assets		**55,761**	59,104
Equity attributable to the owners of the parent			
Share capital	19	**8,554**	8,392
Share premium account		**4,866**	5,042
Translation reserve in associate		**30**	(284)
Capital redemption reserve		**47**	47
Retained earnings (excluding treasury shares)		**44,342**	50,465
Treasury shares	19	**(2,078)**	(4,558)
Retained earnings		**42,264**	45,907
Total shareholders' equity		**55,761**	59,104
Net assets per share	8	**66.71p**	74.22p
Diluted net assets per share	8	**66.69p**	74.19p

These financial statements were approved by the board of directors and authorised for issue on 15 April 2011 and signed on its behalf by:

M A Heller
Director

R J Corry
Director

Company Registration No. 341829

Consolidated statement of changes in shareholders' equity

for the year ended 31 December 2010

	Share Capital £'000	Share Premium £'000	Translation reserve in associate £'000	Capital redemption reserves £'000	Retained earnings: Treasury shares £'000	Retained earnings: Retained Earnings excluding treasury shares £'000	Total equity £'000
Balance at 1 January 2009	8,232	5,236	(504)	47	(6,237)	33,532	40,306
Profit for year	-	-	-	-	-	19,052	19,052
Other comprehensive income:							
Currency translation in associate	-	-	220	-	-	-	220
Total other comprehensive income	-	-	220	-	-	-	220
Total comprehensive income	-	-	220	-	-	19,052	19,272
Transactions with owners:							
Equity share options in associate	-	-	-	-	-	(76)	(76)
Issue of own shares and expenses	160	(194)	-	-	-	-	(34)
Disposal of own shares	-	-	-	-	521	-	521
Loss on transfer of own shares	-	-	-	-	1,158	(1,158)	-
Dividends paid	-	-	-	-	-	(885)	(885)
Transactions with owners	160	(194)	-	-	1,679	(2,119)	(474)
Balance at 31 December 2009	8,392	5,042	(284)	47	(4,558)	50,465	59,104
Loss for year	-	-	-	-	-	(3,495)	(3,495)
Other comprehensive income:							
Currency translation in associate	-	-	314	-	-	-	314
Total other comprehensive income	-	-	314	-	-	-	314
Total comprehensive income	-	-	314	-	-	(3,495)	(3,181)
Transaction with owners:							
Equity share options in associate	-	-	-	-	-	2	2
Minority interest on share disposal in associate	-	-	-	-	-	(199)	(199)
Issue of own shares and expenses	162	(176)	-	-	-	-	(14)
Disposal of own shares	-	-	-	-	973	-	973
Loss on transfer of own shares	-	-	-	-	1,507	(1,507)	-
Dividends paid	-	-	-	-	-	(924)	(924)
Transactions with owners	162	(176)	-	-	2,480	(2,628)	(162)
Balance at 31 December 2010	**8,554**	**4,866**	**30**	**47**	**(2,078)**	**44,342**	**55,761**

All the above are attributable to the owners of the parent.

Consolidated statement of comprehensive income

for the year ended 31 December 2010

	2010 £'000	2009 £'000
(Loss)/profit for the year	**(3,495)**	19,052
Other comprehensive income:		
Currency translation in associate	**314**	220
Other comprehensive income for the year net of tax	**314**	220
Total comprehensive income for the period attributable to owners of the parent	**(3,181)**	19,272

Consolidated cash flow statement

for the year ended 31 December 2010

	2010 £'000	2009 £'000
Operating activities		
Profit before interest and taxation	**11,966**	20,488
Depreciation	**197**	210
Profit on disposal of non-current assets	**(3)**	(3)
Profit on sale of investment properties	**(637)**	(14)
Net increase on revaluation of investment properties	**(1,569)**	(9,422)
Share of loss/(profit) of joint ventures and associate after tax	**738**	(1,209)
Net increase in value of investments held for trading	**(89)**	(178)
(Increase)/decrease in net current assets	**(1,019)**	2,303
Cash generated from operations	**9,584**	12,175
Income tax repaid/(paid)	**111**	(444)
Cash inflows from operating activities	**9,695**	11,731
Investing activities		
Investment in loan stock in joint ventures	**(141)**	-
Property acquisitions and improvements	**(754)**	(3,763)
Sale of properties	**21,302**	17,805
Purchase of office equipment and motor vehicles	**(78)**	(133)
Sale of office equipment and motor vehicles	**86**	27
Interest received	**64**	90
Dividends received from associate and joint ventures	**173**	273
Cash inflows from investing activities	**20,652**	14,299
Financing activities		
Issue expenses	**(14)**	(34)
Sale of treasury shares	**973**	521
Equity dividends paid	**(924)**	(885)
Interest paid	**(15,525)**	(12,132)
Repayment of short term loan from joint ventures	**-**	(225)
Repayment of medium term bank loan	**(11,575)**	(12,750)
Cash outflows from financing activities	**(27,065)**	(25,505)
Net increase in cash and cash equivalents	**3,282**	525
Cash and cash equivalents at beginning of year	**1,439**	914
Cash and cash equivalents at end of year	**4,721**	1,439

Cash and cash equivalents

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

	2010 £'000	2009 £'000
Cash and cash equivalents (before bank overdrafts)	**8,584**	8,655
Bank overdrafts	**(3,863)**	(7,216)
Cash and cash equivalents at end of year	**4,721**	1,439

£0.6million of cash deposits at 31 December 2009 was charged as security to Axa Annuity Company. This was released in 2010.

Group accounting policies

The following are the principal group accounting policies:

Basis of accounting

The group financial statements for the year ended 31 December 2010 are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The company has elected to prepare the parent company's financial statements in accordance with UK GAAP, as applied in accordance with the provisions of the Companies Act 2006 and these are presented in note 25. 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.

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

Going concern

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

The Directors exercised their commercial judgements when reviewing the cash flow forecasts of the Group and the underlying assumptions on which they are based. The Group's business activities, together with the factors likely to affect its future development, are set out in the Chairman's Statement, the Chief Executive's Report and Finance Director's Report. In addition the Directors considered note 17 of the financial statements which includes the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; its exposure to credit risk and liquidity risk.

With sound financial resources and long term leases in place with the tenants, the Directors believe that the company is well placed to manage its business risks despite the current uncertain economic outlook. The Directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Key judgements and estimates

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

International Accounting Standards (IAS/IFRS)

At the date of approval of these financial statements, the following new Standards and interpretations which have been applied in these financial statements, were in issue:

IFRS 2 (amended) Group Cash Settled Share-based payment transactions
Improvements to IFRS: 2007-2009 annual improvements

Other than additional disclosure, there is no material impact on reported income or net assets.

The following standards and interpretations have been issued and adopted by the EU but are not effective for the year ended 31 December 2010 and have not been adopted early:

IAS 24 (revised) Related Party Disclosures
IAS 32 (amended) Financial Instruments: Presentation
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The adoption of the standards and interpretations in issue but not yet effective is not expected to have a 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 trading subsidiary companies are set out in note 25.4.

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. Contingent rents, being the difference between the rent currently receivable and the minimum lease payments, are recognised in property income in the periods in which they are receivable. Rent reviews are recognised when such reviews have been agreed with tenants.

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

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

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

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

Pensions

The company operates a defined contribution pension scheme.

The contributions payable to the scheme are expensed in the period to which they relate.

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 loans

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

Finance lease liabilities

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

Interest rate derivatives

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

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 calculation 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.

Ordinary Shares

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

Treasury shares

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

Investment properties

Valuation

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

Segmental Reporting

For management reporting purposes, the Group is organised into business segments distinguishable by economic activity. The Group's only business segments are investment properties and other investments. These business segments are subject to risks and returns that are different from those of other business segments and are the primary basis on which the Group reports its segment information. This is consistent with the way the Group is managed and with the format of the Group's internal financial reporting.

Notes to the financial statements

for the year ended 31 December 2010

1. Segmental analysis

Operating Segements are based on the internal reporting and operational management of the Group. The Group is organised into Property and other investments.

Business segments	2010 Property £'000	2010 Listed investments £'000	2010 Total £'000	2009 Property £'000	2009 Listed investments £'000	2009 Total £'000
Rental income	**15,985**	**-**	**15,985**	16,548	-	16,548
Property overheads	**(5,619)**	**-**	**(5,619)**	(7,031)	-	(7,031)
Net rental income	**10,366**	**-**	**10,366**	9,517	-	9,517
Listed investment income	**-**	**43**	**43**	-	148	148
Profit on sale of investment properties	**637**	**-**	**637**	14	-	14
Net increase on revaluation of investment properties	**1,569**	**-**	**1,569**	9,422	-	9,942
Net increase on revaluation of investments held for trading	**-**	**89**	**89**	-	178	178
Operating profit*	**12,572**	**132**	**12,704**	18,953	326	19,279
Total assets (excluding investments in associate and joint ventures)	**237,023**	**717**	**237,740**	256,556	702	257,258
Total liabilities (excluding borrowings and current tax)	**(52,377)**	**-**	**(52,377)**	(53,654)	-	(53,654)
Borrowings	**(140,194)**	**-**	**(140,194)**	(155,004)	-	(155,004)
Net assets	**44,452**	**717**	**45,169**	47,898	702	48,600
Current tax liabilities: non segmental			**-**			(741)
Investments in joint ventures: non segmental (notes 10 and 12)			**3,104**			3,196
Investments in associate: non segmental (note 11)			**7,483**			8,044
Investments in unlisted companies			**5**			5
Net assets as per balance sheet			**55,761**			59,104
Other segment items:						
Finance income	**64**	**-**	**64**	90	-	90
Finance expenses	**11,922**	**-**	**11,922**	12,440	-	12,440
Depreciation	**197**	**-**	**197**	210	-	210
Capital expenditure	**567**	**-**	**567**	3,594	-	3,594

Rental income

	Group excl: joint ventures £'000	Joint ventures Analytical Ventures £'000	Joint ventures Dragon Retail Properties £'000	Total £'000	Group Share 2010 £'000	2009 £'000
Rental income	**15,985**	**830**	**206**	**17,021**	**16,503**	17,067
Direct property expenses	**(1,839)**	**(58)**	**(12)**	**(1,909)**	**(1,874)**	(2,201)
Overheads	**(3,780)**	**(226)**	**(135)**	**(4,141)**	**(3,960)**	(5,011)
	10,366	**546**	**59**	**10,971**	**10,669**	9,855
Less: attributable to joint ventures					**(303)**	(338)
Net rental income					**10,366**	9,517

*Operating profit is defined as profit before tax and excludes the share of profit & losses of joint ventures and associate, finance income and expenses, and the movement of interest rate derivatives.

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.

Further information in respect of the property reportable segment is included within the primary statements. No customer represents revenue in excess of 10 per cent of total revenue (2009: none).

2. (Loss)/Profit before taxation

	2010 £'000	2009 £'000
(Loss)/profit before taxation is arrived at after charging/(crediting):		
Staff costs (note 21)	**2,631**	3,361
Depreciation on tangible fixed assets - owned assets	**197**	210
Operating lease rentals - land and buildings	**375**	385
Profit on disposal of motor vehicles and office equipment	**(3)**	(3)

Amounts payable to the auditor in respect of both audit and non-audit services

	2010 £'000	2009 £'000
Audit services:		
Statutory - company and consolidation	**84**	81
- subsidiaries	**41**	54
Further assurance services	**6**	10
Other services	**9**	8
	140	153

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

3. Listed investments held for trading

	2010 £'000	2009 £'000
Investment sales	**119**	1,948
Dividends receivable	**15**	60
	134	2,008
Cost of sales	**(86)**	(1,835)
	48	173
Attributable overheads	**(5)**	(25)
Net income from listed investments	**43**	148

4. Directors' emoluments

	2010 £'000	2009 £'000
Emoluments	**1,262**	1,759
Defined contribution pension scheme contributions	**86**	241
	1,348	2,000

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

5. Finance income and expenses

	2010 £'000	2009 £'000
Finance income	**64**	90
Finance expenses		
Interest on bank loans and overdrafts	**(2,164)**	(3,013)
Other loans	**(2,134)**	(2,108)
Interest on derivatives adjustment	**(5,575)**	(5,338)
Interest on obligations under finance leases	**(2,049)**	(1,981)
Total finance expenses	**(11,922)**	(12,440)
	(11,858)	(12,350)

6. Income tax

	2010 £'000	2009 £'000
Current tax		
Corporation tax on (loss)/profit of the period	**-**	-
Adjustments in respect of previous periods	**(861)**	(1,232)
Total current tax	**(861)**	(1,232)
Deferred tax		
Origination and reversal of timing differences	**(1,578)**	(1,052)
Revaluation of investment properties	**(2,781)**	658
Accelerated capital allowances	**97**	270
Fair value of interest derivatives	**(2,038)**	3,715
Adjustments in respect of previous periods	**(31)**	(4)
Total deferred tax (note 18)	**(6,331)**	3,587
Tax on (loss)/profit on ordinary activities	**(7,192)**	2,355

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 per cent (2009: 28 per cent). The differences are explained below:

(Loss)/profit on ordinary activities before taxation	**(10,687)**	21,407
Taxation on ordinary activities at 28 per cent (2009: 28%)	**(2,992)**	5,994
Effects of:		
Expenses not deductible for tax purposes	**-**	4
Other differences	**(3,265)**	(2,059)
Joint ventures and associate	**(43)**	(348)
Adjustment in respect of prior years	**(892)**	(1,236)
Tax (credit)/charge for the period	**(7,192)**	2,355

The main component of other differences in the reconciliation relates to potential indexation for capital gains of £3.2 million (2009: indexation allowance £1.9 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.

7. Dividend

	2010 Per share	£'000	2009 Per share	£'000
Dividends paid during the year relating to the prior period	**1.15p**	**924**	1.15p	885
Dividends to be paid:				
Interim dividend for 2010 paid on 21 January 2011	**0.75p**	**627**	0.75p	597
Proposed final dividend for 2010	**0.40p**	**337**	0.40p	327
	1.15p	**964**	1.15p	924

The proposed final dividend will be payable on 1 July 2011 to shareholders registered at the close of business on 10 June 2011 subject to approval at Annual General Meeting.

8. (Loss)/profit per share and net assets per share

(Loss)/profit per share have been calculated as follows:	2010	2009
(Loss)/profit for the year for the purposes of basic and diluted (loss)/profit per share (£'000)	(3,495)	19,052
Weighted average number of ordinary shares in issue for the purpose of basic (loss)/profit per share ('000)	82,389	78,345
Basic (loss)/profit per share	**(4.24)p**	24.32p
Weighted average number of ordinary shares in issue for the purpose of diluted (loss)/profit per share ('000)	82,389	78,345
Fully diluted (loss)/profit per share	**(4.24)p**	24.32p

Weighted average number of shares in issue is calculated after excluding treasury shares of 1,957,534 (2009:4,293,051).

There was no dilutive effect of the outstanding options in either year.

Net assets per share have been calculated as follows:

	Net assets		Shares in issue		Net assets per share	
	2010 £'000	2009 £'000	2010 '000	2009 '000	2010 Pence	2009 Pence
Basic						
At 31 December	**55,761**	59,104	**83,585**	79,629	**66.71**	74.22
Dilution adjustments for shares subject to option agreements:						
Issue of outstanding share options	**28**	28	**70**	70		
Diluted	**55,789**	59,132	**83,655**	79,699	**66.69**	74.19

9. Property and plant and equipment

		Investment Properties			
	Total £'000	Freehold £'000	Leasehold over 50 years £'000	Leasehold under 50 years £'000	Office equipment and motor vehicles £'000
Cost or valuation at 1 January 2010	243,109	83,598	159,511	-	1,734
Reclassification	-	-	(576)	576	-
Additions	489	-	489	-	78
Disposals	(20,736)	(3,736)	(17,000)	-	(226)
Decrease in present value of head leases	(821)	-	(821)	-	-
Increase/(decrease) on revaluation	1,569	3,111	(1,472)	(70)	-
Cost or valuation at 31 December 2010	**223,610**	**82,973**	**140,131**	**506**	**1,586**
Representing assets stated at:					
Valuation	194,946	82,973	111,473	500	-
Present value of head leases	28,664	-	28,658	6	-
Cost	-	-	-	-	1,586
	223,610	82,973	140,131	506	1,586
Depreciation at 1 January 2010	-	-	-	-	918
Charge for the year	-	-	-	-	197
Disposals	-	-	-	-	(141)
Depreciation at 31 December 2010	**-**	**-**	**-**	**-**	**974**
Net book value at 1 January 2010	243,109	83,598	159,511	-	816
Net book value at 31 December 2010	**223,610**	**82,973**	**140,131**	**506**	**612**

9. Property and plant and equipment continued

	Investment Properties				
	Total £'000	Freehold £'000	Leasehold over 50 years £'000	Leasehold under 50 years £'000	Office equipment and motor vehicles £'000
Cost or valuation at 1 January 2009	245,770	95,272	150,498	-	1,682
Additions	3,461	1,450	2,011	-	133
Disposals	(17,791)	(17,791)	-	-	(81)
Increase in present value of head leases	2,247	-	2,247	-	-
Increase on revaluation	9,422	4,667	4,755	-	-
Cost or valuation at 31 December 2009	243,109	83,598	159,511	-	1,734
Representing assets stated at:					
Valuation:	213,624	83,598	130,026	-	-
Present value of head leases	29,485	-	29,485	-	-
Cost	-	-	-	-	1,734
	243,109	83,598	159,511	-	1,734
Depreciation at 1 January 2009	-	-	-	-	765
Charge for the year	-	-	-	-	210
Disposals	-	-	-	-	(57)
Depreciation at 31 December 2009	-	-	-	-	918
Net book value at 1 January 2009	245,770	95,272	150,498	-	917
Net book value at 31 December 2009	243,109	83,598	159,511	-	816

The leasehold and freehold properties, excluding the present value of head leases, were valued as at 31 December 2010 by external professional firms of chartered surveyors. The valuations were made at open market value.

	2010 £'000	2009 £'000
Allsop LLP	**96,750**	205,865
BNP Paribas Real Estate	**4,196**	4,023
King Sturge LLP	**94,000**	-
Directors' valuation	**-**	3,736
	194,946	213,624
Add: Present value of headleases	**28,664**	29,485
	223,610	243,109

Upper Street, Islington, which was held at Directors' valuation at 31 December 2009, was sold in January 2010 for £3.8 million.

The historical cost of investment properties, including total capitalised interest of £6,051,000 (2009: £6,051,000) was as follows:

	2010			2009		
	Freehold £'000	**Leasehold Over 50 years £'000**	**Short Leasehold £'000**	Freehold £'000	Leasehold Over 50 years £'000	Short Leasehold £'000
Cost at 1 January	**80,608**	**133,462**	**-**	96,308	131,451	-
Reclassification	**-**	**(785)**	**785**	-	-	-
Additions	**-**	**489**	**-**	1,450	2,011	-
Disposals	**(4,300)**	**(11,700)**	**-**	(17,150)	-	-
Cost at 31 December	**76,308**	**121,466**	**785**	80,608	133,462	-

10. Investment in joint ventures

	2010 £'000	2009 £'000
Group share of:		
Turnover	**518**	519
Loss before tax	**(226)**	(242)
Taxation	**(7)**	(34)
Loss after tax	**(233)**	(276)
Non-current assets	**6,333**	6,565
Current assets	**1,500**	1,582
Current liabilities	**(3,712)**	(3,871)
Non-current liabilities	**(2,958)**	(2,880)
Net assets	**1,163**	1,396

Analytical Ventures Limited (Analytical Ventures) - unlisted property investment company. The company owns 50 per cent of the issued share capital and £1,940,860 of loan stock of Analytical Ventures. The remaining 50 per cent of the issued share capital and £1,800,000 of loan stock is owned by Uberior Ventures Limited. Analytical Ventures is incorporated and operates in England and Wales and has issued share capital of 7,558,000 ordinary shares (2009:7,558,000 ordinary shares of £1 each). 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. 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 (2009:500,000 ordinary shares of £1 each). Dragon is managed by a board of directors with neither party having overall control.

Shares in joint ventures:	2010 £'000	2009 £'000
At 1 January	**1,396**	1,793
Share of loss after tax	**(233)**	(276)
Dividend received	-	(121)
	(233)	(397)
At 31 December	**1,163**	1,396

11. Investments in associated company

	2010 £'000	2009 £'000
Bisichi Mining PLC - listed mining and property investment company		
Group share of:		
Turnover	**13,681**	12,094
(Loss)/profit before tax	**(725)**	2,039
Taxation	**220**	(554)
(Loss)/profit after tax	**(505)**	1,485
Non-current assets	**10,718**	9,971
Current assets	**4,811**	4,308
Current liabilities	**(4,162)**	(4,345)
Non-current liabilities	**(3,720)**	(1,890)
Minority interest	**(164)**	-
Net assets	**7,483**	8,044

11. Investments in associated company continued

	2010 £'000	2009 £'000
Share in associate:		
At 1 January	**8,044**	6,567
Share of (loss)/profit after tax	**(505)**	1,485
Equity share options	**2**	(76)
Currency translation	**314**	220
Dividend received	**(173)**	(152)
Minority interest	**(199)**	-
	(561)	1,477
At 31 December	**7,483**	8,044

The company owns 42 per cent (2009: 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 because 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 2010 was £8,700,000 (2009: £7,611,000).

12. Held to maturity investments

	2010 Total £'000	Unlisted Shares £'000	Loan Stock in joint ventures £'000	2009 Total £'000	Unlisted Shares £'000	Loan Stock in joint ventures £'000
Cost						
At 1 January	**1,805**	**5**	**1,800**	1,805	5	1,800
Loan stock issue	**180**	**-**	**180**	-	-	-
Repayments	**(39)**	**-**	**(39)**	-	-	-
At 31 December	**1,946**	**5**	**1,941**	1,805	5	1,800

13. Trade and other receivables

	2010 £'000	2009 £'000
Trade receivables	**1,089**	736
Amounts due from associate and joint ventures	**328**	196
Other receivables	**206**	437
Prepayments and accrued income	**2,469**	2,607
	4,092	3,976

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

14. Investments held for trading

	2010 £'000	2009 £'000
Market bid value of the listed investment portfolio	**717**	702
Unrealised deficit of market value over cost	**(395)**	(467)
Listed investment portfolio at cost	**1,112**	1,169

All investments are listed on the London Stock Exchange

15. Trade and other payables

	2010 £'000	2009 £'000
Trade payables	**256**	691
Amounts owed to joint ventures	**1,133**	1,165
Other taxation and social security costs	**981**	825
Other payables	**801**	789
Accruals and deferred income	**6,851**	7,957
	10,022	11,427

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

16. Borrowings

Current borrowings - amounts falling due within one year	**2010 £'000**	2009 £'000
Bank overdrafts (unsecured)	**3,863**	7,216

Non-current borrowings - amounts falling due after more than one year	**2010 £'000**	2009 £'000
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*	**9,804**	9,787
	21,504	21,487
Term bank loans:		
£60 million revolving credit facility repayable in 2012*+	**44,855**	56,494
£70 million term bank loan repayable in 2014*	**69,847**	69,807
	114,702	126,301
	136,206	147,788

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

+The £60 million facility was reduced from £90 million and the term extended by a year to September 2012.

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 £60 million bank revolving credit facility repayable in September 2012 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 £192.1 million.

The bank loans and debentures are secured by way of a first charge over the investment properties in the UK.
The Group's objectives when managing capital are:

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

17. 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.

17. 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**	**2010 Total £'000**
Bank overdrafts (floating)	**3,863**	**-**	**-**	**3,863**
Debentures (fixed)	**-**	**5,000**	**16,700**	**21,700**
Bank loans (floating)*	**-**	**115,104**	**-**	**115,104**
Trade and other payables (non-interest)	**10,022**	**-**	**-**	**10,022**
	13,885	**120,104**	**16,700**	**150,689**

	Less than 1 year £'000	2-5 years £'000	Over 5 years £'000	2009 Total £'000
Bank overdrafts (floating)	7,216	-	-	7,216
Debentures (fixed)	-	5,000	16,700	21,700
Bank loans (floating)*	-	126,679	-	126,679
Trade and other payables (non-interest)	11,427	-	-	11,427
	18,643	131,679	16,700	167,022

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 2010 London & Associated Properties PLC 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 15 and 16.

The Group has undrawn facilities of £16,033,000 (2009: £35,105,000) as follows:	**2010 £'000**	2009 £'000
Overdrafts	**1,137**	1,784
Term facilities expiring in two to five years	**14,896**	33,321
	16,033	35,105

Hedge profile
a) There is a hedge to cover part of the £60 million revolving credit facility, which currently covers the full £45 million drawn. It consists of a 20 year swap for £15.4 million (2009: £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 £9,811,000 deficit (2009: £4,570,000 deficit) 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 17 year interest rate, which was 3.85 per cent at 31 December 2010 against the rate payable under the specific hedge. This has given a liability at 31 December 2010 of £13,627,000 (2009: £6,347,000) as shown in the balance sheet and this value changes by approximately £1,600,000 for each 0.1% change in interest rate. The banks own initial quotation at 31 December 2010 to close each of the hedges was £16,236,000 (2009: £9,918,000). 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 and any movement in the value of the hedges is therefore charged directly to the consolidated income statement. The banks have an option to cancel the hedges in November 2014 and January 2015. The cost to the Group to exit the instruments before November 2014 and January 2015 has been attributed a cost by the bank of £5,679,000 (2009: £8,466,000). It is not the intention of the Directors to exit these instruments and this cost has not been recognised.

During the year the company broke £19.6 million of the 4.76 per cent swap at a cost of £3.515 million.

17. Financial instruments continued

Fair value of financial instruments

Fair value estimation
Effective 1 January 2009, the Group adopted amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value hierarchy:

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

	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**	**2010 Gain/(loss) to income statement £'000**
Financial assets					
Other financial assets held for trading					
Quoted equities	**717**	**-**	**-**	**717**	**15**
Financial liabilities					
Derivative financial instruments					
Interest rate swaps	**-**	**-**	**13,627**	**13,627**	**(7,280)**

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	2009 Gain/(loss) to income statement £'000
Financial assets					
Other financial assets held for trading					
Quoted equities	702	-	-	702	178
Financial liabilities					
Derivative financial instruments					
Interest rate swaps	-	-	6,347	6,347	13,269

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 interest rate derivatives.

Consistent with others in the industry, the Group monitors its capital by its debt to equity ratio (gearing levels). This is calculated as the net debt (loans less cash and cash equivalents) as a percentage of the equity. During 2010 this decreased to 189.8 per cent (2009: 223.6 per cent) which was calculated as follows:

	2010 £'000	2009 £'000
Total debt	**140,069**	155,004
Less cash and cash equivalents	**(8,584)**	(8,655)
Net debt	**131,485**	146,349
Total equity	**69,388**	65,451
	189.5%	223.6%

The gearing reduced primarily due to the reduction in the debt in the year. All the debt, apart from the overdrafts, is at fixed rates of interest as shown in notes 16 and 17. The Group does not have any externally imposed capital requirements.

Financial assets
Financial assets are disclosed in notes 12, 13 and 14 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.

17. Financial instruments continued

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

	2010 £'000	2009 £'000
Cash at bank and in hand	**8,584**	8,655

These funds are primarily invested in short term bank deposits maturing within one year bearing interest at the bank's variable rates. £Nil (2009: £0.6 million) of the cash is secured against the 2022 First Mortgage Debenture.

Financial liabilities maturity
Repayment of borrowings

	2010 £'000	2009 £'000
Bank loans and overdrafts:		
Repayable on demand or within one year	**3,863**	7,216
Repayable between two and five years	**114,702**	126,301
	118,565	133,517
Debentures:		
Repayable between two and five years	**5,000**	5,000
Repayable in more than five years	**16,504**	16,487
	140,069	155,004

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	**1,137**	1,784
which expire in two to five years	**14,896**	33,321
	16,033	35,105

Interest rate risk and hedge profile

	2010 £'000	2009 £'000
Fixed rate borrowings	**21,700**	21,700
Floating rate borrowings		
- Subject to interest rate swap	**125,400**	145,000
- Excess hedge	**(10,296)**	(11,105)
	136,804	155,595
Average fixed interest rate	**9.69%**	9.69%
Weighted average swapped interest rate	**5.57%**	5.58%
Weighted average cost of debt on overdrafts, bank loans and debentures	**6.12%**	5.97%
Average period for which borrowing rate is fixed	**8.5 years**	9.5 years
Average period for which borrowing rate is swapped	**16.9 years**	17.9 years
The swapped interest rate have calls by the bank	**3.9 years**	4.9 years

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

17. Financial instruments continued

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

	2010 Fair value £'000	**2010 Carrying value £'000**	2009 Fair value £'000	2009 Carrying value £'000
Cash and cash equivalents	**8,584**	**8,584**	8,655	8,655
Financial assets - investments held for trading	**717**	**717**	702	702
Other assets	**4,092**	**4,092**	3,976	3,976
Derivative liabilities	**(13,627)**	**(13,627)**	(6,347)	(6,347)
Bank overdrafts	**(3,863)**	**(3,863)**	(7,216)	(7,216)
Bank loans	**(115,104)**	**(114,702)**	(126,679)	(126,301)
Present value of head leases on properties	**(28,664)**	**(28,664)**	(29,485)	(29,485)
Other liabilities	**(10,022)**	**(10,022)**	(12,168)	(12,168)
Before debentures	**(157,887)**	**(157,485)**	(168,562)	(168,184)

Fair value of debenture stocks
Fair value of the Group's debenture liabilities:

	Book value £'000	**Fair value £'000**	**2010 Fair value adjustment £'000**	2009 Fair Value adjustment £'000
Debenture stocks	**21,700**	**26,589**	**(4,889)**	(7,483)
Tax at 28 per cent (2009: 28 per cent)			**1,369**	2,095
Post tax fair value adjustment			**(3,520)**	(5,388)
Post tax fair value adjustment - basic pence per share			**(4.21)p**	(9.40)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 2010 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.

18. Deferred tax

	2010 £'000	2009 £'000
Balance at 1 January	**6,395**	2,808
Transfer to profit and loss account	**(6,331)**	3,587
Balance at 31 December	**64**	6,395
The deferred tax balance comprises the following:		
Revaluation of investment properties	**2,953**	5,733
Accelerated capital allowances	**2,213**	2,116
Fair value of interest derivatives	**(3,815)**	(1,777)
Short-term timing differences	**1,320**	1,321
	2,671	7,393
Loss relief	**(2,607)**	(998)
Provision at end of period	**64**	6,395

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.

19. Share capital

	Number of ordinary 10p shares 2010	Number of ordinary 10p shares 2009	**2010 £'000**	2009 £'000
Authorised: Ordinary shares of 10p each	**110,000,000**	110,000,000	**11,000**	11,000
Allotted, issued and fully paid	**83,922,029**	82,316,972	**8,392**	8,232
Ordinary shares of 10p – issued during the year	**1,620,682**	1,605,057	**162**	160
Share capital	**85,542,711**	83,922,029	**8,554**	8,392
Less: held in Treasury (see below)	**(1,957,534)**	(4,293,051)	**(196)**	(429)
"Issued share capital" for reporting purposes	**83,585,177**	79,628,978	**8,358**	7,963

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

The company issued a further 1,620,682 new ordinary shares of 10p each on 2 July 2010, from the amount standing to the credit of the Company's share premium account and less costs incured of £14,000. The existing shareholders as at 4 June 2010 were entitled to the new Capitalisation Issue ordinary shares as authorised at the Annual General Meeting on 7 June 2010.

Treasury shares

			Number of ordinary 10p shares		**Cost/issue value**	
	Date	Price excl. costs	**2010**	2009	**2010 £'000**	2009 £'000
Shares held in Treasury at 1 January			4,293,051	5,873,865	4,558	6,237
Issued to meet directors bonuses (Feb 09 -106.18p)	Jan-10	106.18p	(2,069,524)	(1,214,400)	(2,198)	(1,290)
Issued to meet share options exercised (Feb 09 -106.18p)		-	-	(50,000)	-	(53)
Issued for new share incentive plan (Mar 09 -106.18p)		-	-	(21,780)	-	(23)
Issued to meet staff bonuses (May 09 -106.18p)	Jan-10	106.18p	(88,021)	(96,261)	(93)	(102)
Issued to meet directors' bonuses	Oct-10	106.18p	(19,097)	-	(20)	-
Issued for new share incentive plan	Oct-10	106.18p	(23,702)	-	(25)	-
Issued for new share incentive plan (Dec 09 -106.18p)	Dec-10	106.18p	(135,173)	(198,373)	(144)	(211)
Shares held in Treasury at 31 December			**1,957,534**	4,293,051	**2,078**	4,558

19. Share capital continued

Share Option Schemes

Employees' share option scheme (Approved scheme)

At 31 December 2010 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 2010 is as follows:

		Changes during the year			
	At 1 January 2010	Options Exercised	Options granted	Options lapsed	**At 31 December 2010**
Shares issued to date	2,367,604	-	-	-	**2,367,604**
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	3,987,559	-	-	-	**3,987,559**

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 2010 there were no options to subscribe for ordinary shares outstanding.

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

A summary of the shares allocated and options issued under the scheme up to 31 December 2010 is as follows:

		Changes during the year			
	At 1 January 2010	Options Exercised	Options granted	Options lapsed	**At 31 December 2010**
Shares issued to date	450,000	-	-	-	**450,000**
Options granted which have not been exercised	-	-	-	-	**-**
Shares allocated over which options have not yet been granted	550,000	-	-	-	**550,000**
Total shares allocated for issue to employees under the scheme	1,000,000	-	-	-	**1,000,000**

20. 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	42		4	-
Dragon Retail Properties Limited				
Current account	72		72	-
Loan account	-		(1,205)	-
Bisichi Mining PLC				
Current account	359	(i)	326	-
Directors and key management				
M A Heller and J A Heller	10	(ii)	-	-
H D Goldring (Delmore Asset Management Limited)	(25)	(iii)	-	-
C A Parritt	(25)	(iv)	-	-
Totals at 31 December 2010	**433**		**(803)**	**-**
Totals at 31 December 2009	406		(1,021)	225

Nature of costs recharged - (i) Management fees (ii) Property management fees (iii) Portfolio management fees (iv) Consultancy fees.

The related party companies above are the associate and joint ventures and are treated as non current asset investments - details are shown in Note 10 and 11.

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 (2009: £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 (2009: £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 (2009: £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 were £1,504,000 (2009: £2,192,000). All other disclosures required including interest in share options in respect of those directors are included within the remuneration report.

21. Employees

The average number of employees, including directors, of the Group during the year involved in management and administration was 36 (2009: 37).

	2010 £'000	2009 £'000
Staff costs during the year were as follows:		
Salaries and other costs	**1,873**	2,575
Social security costs	**386**	325
Pension costs	**372**	461
	2,631	3,361

22. Capital Commitments

	2010 £'000	2009 £'000
Commitments to capital expenditure contracted for at the year end	-	500

The Group's share of capital commitments of joint ventures at the year end amounted to £Nil (2009: £Nil).

23. Commitments under operating and finance leases

Operating leases on land and buildings

At 31 December 2010 the Group has total future minimum commitments under non-cancellable operating leases on land and buildings as follows:

	2010 £'000	2009 £'000
Within one year	**399**	390
In the second to fifth years inclusive	**1,197**	1,495
After five years	**-**	-
	1,596	1,885

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

The leases are for an average term of 5 years and rentals are fixed for an average of one year.

Present value of head leases on properties

	Minimum lease payments		Present value of minimum lease payments	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Amounts payable under finance leases:				
Within one year	**1,821**	1,874	**1,821**	1,874
In the second to fifth years inclusive	**7,285**	7,497	**6,970**	6,967
After five years	**229,114**	234,145	**20,073**	20,644
	238,220	243,516	**28,864**	29,485
Future finance charges on finance leases	**(209,556)**	(214,031)	**-**	-
Present value of finance lease liabilities	**28,664**	29,485	**28,864**	29,485

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

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

Future aggregate minimum rentals receivable

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

	2010 £'000	2009 £'000
Within one year	**11,811**	13,156
In the second to fifth years inclusive	**40,537**	48,079
After five years	**41,273**	67,808
	93,621	129,043

24. Contingent Liabilities

There were no contingent liabilities at 31 December 2010 (2009: £Nil), except for those disclosed in Note 17.

25. Company financial statements

Company balance sheet at 31 December 2010

	Notes	**2010 £'000**	2009 £'000
Fixed assets			
Tangible assets	25.3	**86,758**	87,333
Other investments:			
Associated company	25.4	**358**	358
Subsidiaries and others	25.4	**46,431**	46,290
	25.4	**46,789**	46,648
		133,547	133,981
Current assets			
Debtors	25.5	**22,553**	19,638
Investments	25.6	**717**	702
Bank balances		**5,966**	6,653
		29,236	26,993
Creditors			
Amounts falling due within one year	25.7	**(42,416)**	(25,171)
Net current (liabilities)/assets		**(13,180)**	1,822
Total assets less current liabilities		**120,367**	135,803
Creditors			
Amounts falling due after more than one year	25.8	**(72,146)**	(81,063)
Net assets		**48,221**	54,740
Capital and reserves			
Share capital	25.10	**8,554**	8,392
Share premium account	25.11	**4,866**	5,042
Capital redemption reserve	25.11	**47**	47
Revaluation reserve	25.11	**13,407**	13,779
Treasury shares	25.10	**(2,078)**	(4,558)
Retained earnings	25.11	**23,425**	32,038
Shareholders' funds		**48,221**	54,740

These financial statements were approved by the board of directors and authorised for issue on 15 April 2011 and signed on its behalf by:

M A Heller
Director

R J Corry
Director

Company Registration No. 341829

25.1. 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 2006 which states that, subject to any provision for depreciation 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 2006 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 25.3. 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 2010 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 vehicles - 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 Ventures 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.

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 the financing of 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.

25.2. (Loss)/profit for the financial year

The company's loss for the year was £6,182,000 (profit 2009: £1,613,000). In accordance with the exemption conferred by Section 408 of the Companies Act 2006, the company has not presented its own profit and loss account.

25.3. Tangible assets

	Total £'000	Investment Properties Freehold £'000	Long leasehold £'000	Short leasehold £'000	Office Equipment and motor vehicles £'000
Cost or valuation at 1 January 2010	88,294	62,678	23,840	-	1,776
Reclassification	-	-	(570)	570	-
Additions	78	-	-	-	78
Disposals	(222)	-	-	-	(222)
Increase/(decrease) on revaluation	(372)	445	(747)	(70)	-
Cost or valuation at 31 December 2010	**87,778**	**63,123**	**22,523**	**500**	**1,632**
Representing assets stated at:					
Valuation	86,146	63,123	22,523	500	-
Cost	1,632	-	-	-	1,632
	87,778	**63,123**	**22,523**	**500**	**1,632**
Depreciation at 1 January 2010	961	-	-	-	961
Charge for the year	196	-	-	-	196
Disposals	(137)	-	-	-	(137)
Depreciation at 31 December 2010	**1,020**	**-**	**-**	**-**	**1,020**
Net book value at 1 January 2010	87,333	62,678	23,840	-	815
Net book value at 31 December 2010	**86,758**	**63,123**	**22,523**	**500**	**612**

The freehold and leasehold properties were valued as at 31 December 2010 by external professional firms of chartered surveyors. The valuations were made at open market value on the basis of existing use. The increase in book value was transferred to revaluation reserve.

	2010 £'000	2009 £'000
Allsop LLP	**81,950**	82,495
BNP Paribas Real Estate	**4,196**	4,023
	86,146	86,518

The historical cost of investment properties, including total capitalised interest of £1,222,000 (2009: £1,222,000) was as follows:

	Freehold £'000	Long Leasehold £'000	Short Leasehold £'000
Cost at 1 January 2010	54,620	18,078	-
Reclassification	-	(785)	785
Additions	-	-	-
Disposals	-	-	-
Cost at 31 December 2010	**54,620**	**17,293**	**785**

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

25.4. Other investments

Cost	Total £'000	Shares in subsidiary companies £'000	Loan stock in subsidiary companies £'000	Shares in joint ventures £'000	Loan stock in joint ventures £'000	Shares in associate £'000	Unlisted shares £'000
At 1 January 2010	46,648	40,663	3,658	164	1,800	358	5
Loan stock issued	180	-	-	-	180	-	-
Repayments	(39)	-	-	-	(39)	-	-
At 31 December 2010	**46,789**	**40,663**	**3,658**	**164**	**1,941**	**358**	**5**

25.4. Other investments continued

Subsidiary companies

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

	Activity	% Held by company	% Held by Group
LAP Ocean Holdings Limited	Property investment	100	100
Antiquarius Limited	Property investment	-	100
Brixton Village Limited	Property investment	-	100
Market Row Limited	Property investment	-	100
Ski Investments Limited	Property investment	-	100
Analytical Properties Holdings Limited	Property investment	100	100
Analytical Properties Limited	Property investment	-	100
Analytical Properties (St Helens) Limited	Property investment	-	100
London & Associated Management Services Limited	Property Management Services	100	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 10 and 11.

25.5. Debtors

	2010 £'000	2009 £'000
Trade debtors	**639**	382
Amounts due from subsidiary companies	**17,525**	17,601
Amounts due from associate and joint ventures	**328**	196
Deferred tax asset (note 25.9)	**2,657**	267
Other debtors	**41**	25
Prepayments and accrued income	**1,363**	1,167
	22,553	19,638

25.6. Investments

	2010 £'000	2009 £'000
Market value of the listed investment portfolio	**717**	702
Unrealised deficit of market value over cost	**(395)**	(467)
Listed investment portfolio at cost	**1,112**	1,169

All investments are listed on the London Stock Exchange.

25.7. Creditors: Amounts falling due within one year

	2010 £'000	2009 £'000
Bank overdrafts (unsecured)	**3,863**	7,191
Amounts owed to subsidiary companies	**31,659**	9,729
Amounts owed to joint ventures	**1,133**	1,165
Corporation tax	**-**	741
Other taxation and social security costs	**649**	576
Other creditors	**328**	360
Accruals and deferred income	**4,784**	5,409
	42,416	25,171

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

	2010 £'000	2009 £'000
Interest rate derivatives	**5,787**	3,082
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*	**9,804**	9,787
	21,504	21,487
Term bank loans:		
Repayable after more than two years*+	**44,855**	56,494
	72,146	81,063

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

+The £60 million facility was reduced from £90 million and the term extended by a year to September 2012.

Details of terms and security of overdrafts, loans and debentures are set out in note 16.

Repayment of borrowings:

	2010 £'000	2009 £'000
Bank loans and overdrafts:		
Repayable within one year	**3,863**	7,191
Repayable between two and three years	**44,855**	56,494
	48,718	63,685
Debentures:		
Repayable between three and five years	**5,000**	5,000
Repayable in more than five years	**16,504**	16,487
	70,222	85,172

Hedge profile

There is a hedge to cover part of the £60 million revolving credit facility, which currently covers the full £45 million drawn. It consists of a 20 year swap for £15.4 million (2009: £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 £4,166,000 deficit (2009: £2,219,000 deficit) 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 17 year interest rate, which was 3.85 per cent at 31 December 2010 against the rate payable under the specific hedge. This has given a liability at 31 December 2010 of £5,787,000 (2009: £3,082,000) as shown in the balance sheet. The banks own initial quotations at 31 December 2010 to close each of the hedges was £7,180,000 (2009: £5,047,000).

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. The cost to the company to exit the instruments before January 2015 has been attributed a cost by the bank of £2,511,000 (2009: £4,518,000). It is not the intention of the Directors to exit these instruments and this cost has not been recognised.

During the year the company broke £19.6 million of the 4.76 per cent swap at a cost of £3.515 million.

Fair value of financial instruments

Fair value estimation

Effective 1 January 2009, the company adopted amendment to FRS29 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value hierarchy:

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

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

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	2010 Gain/(loss) to income statement £'000
Financial assets					
Other financial assets held for trading					
Quoted equities	**717**	**-**	**-**	**717**	**15**
Financial liabilities					
Derivative financial instruments					
Interest rate swaps	**-**	**-**	**5,787**	**5,787**	**(2,705)**

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	2009 Gain/(loss) to income statement £'000
Financial assets					
Other financial assets held for trading					
Quoted equities	702	-	-	702	178
Financial liabilities					
Derivative financial instruments					
Interest rate swaps	-	-	3,082	3,082	6,844

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.

	Less than 1 year £'000	2-5 years £'000	Over 5 years £'000	2010 Total £'000
Bank overdrafts (floating)	**3,863**	**-**	**-**	**3,863**
Debentures (fixed)	**-**	**5,000**	**16,700**	**21,700**
Bank loans (floating)*	**-**	**45,104**	**-**	**45,104**
Trade and other payables (non-interest)	**38,553**	**-**	**-**	**38,553**
	42,416	**50,104**	**16,700**	**109,220**

	Less than 1 year £'000	2-5 years £'000	Over 5 years £'000	2009 Total £'000
Bank overdrafts (floating)	7,191	-	-	7,191
Debentures (fixed)	-	5,000	16,700	21,700
Bank loans (floating)*	-	56,679	-	56,679
Trade and other payables (non-interest)	17,980	-	-	17,980
	25,171	61,679	16,700	103,550

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 with appropriate interest derivatives. Details of the hedges are shown above.

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

Total financial assets and liabilities

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

	2010 Fair value £'000	**2010 Carrying value £'000**	2009 Fair value £'000	2009 Carrying value £'000
Cash and cash equivalents	**5,966**	**5,966**	6,653	6,653
Investments	**717**	**717**	702	702
Other assets	**22,553**	**22,553**	19,638	19,638
Bank overdrafts	**(3,863)**	**(3,863)**	(7,191)	(7,191)
Bank loans	**(45,104)**	**(44,855)**	(56,679)	(56,494)
Derivative liabilities	**(5,787)**	**(5,787)**	(3,082)	(3,082)
Other liabilities	**(38,553)**	**(38,553)**	(17,980)	(17,980)
Before debentures	**(64,071)**	**(63,822)**	(57,939)	(57,754)

Additional details of borrowings and financial instruments are set out in notes 16 and 17.

25.9. Provisions for liabilities and charges

	2010 £'000	2009 £'000
Deferred Taxation		
Balance at 1 January	(267)	(1,350)
Transfer to profit and loss account	(2,390)	1,083
Balance at 31 December	**(2,657)**	(267)

No provision has been made for the approximate taxation liability at 28 per cent (2009: 28 per cent) of £992,000 (2009: £649,000) which would arise if the investment properties were sold at the stated valuation.

The deferred tax balance comprises the following:		
Accelerated capital allowances	**1,243**	1,189
Fair value of interest derivatives	**(1,620)**	(863)
Short-term timing differences	**153**	233
Losses	**(2,433)**	(826)
Provision at end of period	**(2,657)**	(267)

25.10. Share capital

Details of share capital, treasury shares and share options are set out in note 19.

25.11. Reserves

	Share Premium Account £'000	**Capital redemption reserve £'000**	**Revaluation reserve £'000**	**Retained Earnings £'000**	**Total £'000**
Balance at 1 January 2010	5,042	47	13,779	32,038	50,906
Decrease on valuation of investment properties	-	-	(372)	-	(372)
Retained loss for year	-	-	-	(6,182)	(6,182)
Dividends paid in year	-	-	-	(924)	(924)
Loss on disposal of Treasury Shares	-	-	-	(1,507)	(1,507)
Capitalisation issue of new ordinary shares and expenses	(176)	-	-	-	(176)
Balance at 31 December 2010	**4,866**	**47**	**13,407**	**23,425**	**41,745**

25.12. Related party transactions

Details of related party transactions are given in note 20.
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.

25.13. Capital commitments

	2010 £'000	2009 £'000
Commitments to capital expenditure contracted for at the year end	**-**	-

25.14. Commitments under operating leases

At 31 December 2010 the company had annual commitments under non-cancellable operating leases on land and buildings as follows:

	2010 £'000	2009 £'000
Expiring in more than one year but less than five years	**390**	-
Expiring in more than five years	**-**	390

In addition, the company has an annual commitment to pay ground rents on its leasehold investment properties which amount to £344,000 (2009: £323,000).

25.15. Contingent liabilities

There were no contingent liabilities at 31 December 2010 (2009: £Nil), except for those disclosed in Note 25.8.

Five year financial summary

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Portfolio size					
Investment properties-Group^	**195**	214	219	248	193
Investment properties-joint ventures	**13**	13	13	3	91
Investment properties-associate	**12**	12	12	15	17
	220	239	244	266	301
Portfolio activity	**£m**	£m	£m	£m	£m
Acquisitions	**-**	-	9.18	112.71	50.70
Disposals at book value	**(20.74)**	(17.79)	(15.33)	(41.37)	(1.62)
Capital Expenditure	**0.49**	3.46	9.73	9.15	5.13
	(20.25)	(14.33)	3.58	80.49	54.21
Consolidated income statement	**£m**	£m	£m	£m	£m
Rental income - Group and share of joint ventures	**16.50**	17.07	16.77	14.26	11.84
Less: attributable to joint venture partners	**(0.52)**	(0.52)	(0.27)	(1.23)	(3.95)
Group rental income	**15.98**	16.55	16.50	13.03	7.89
Profit/(loss) before interest and tax	**11.97**	20.49	(24.91)	(16.59)	21.76
(Loss)/profit before tax	**(10.69)**	21.41	(57.27)	(23.89)	18.32
Taxation	**(7.19)**	2.36	(9.81)	(11.38)	3.11
(Loss)/profit attributable to shareholders	**(3.49)**	19.05	(47.45)	(12.50)	15.22
(Loss)/earnings per share - basic	**(4.24)p**	24.32p	(62.30)p	(16.40)p	20.00p
(Loss)/earnings per share - fully diluted	**(4.24)p**	24.32p	(62.30)p	(16.40)p	19.97p
Dividend per share	**1.15p**	1.15p	1.15p	1.95p	1.85p
Consolidated balance sheet	**£m**	£m	£m	£m	£m
Shareholders' funds	**55.96**	59.10	40.30	88.99	101.86
Net borrowings	**130.77**	145.65	157.17	147.54	86.12
Net assets per share - basic	**66.95p**	74.22p	52.73p	116.86p	133.62p
- fully diluted	**66.92p**	74.19p	52.70p	116.73p	133.47p
Consolidated cash flow statement	**£m**	£m	£m	£m	£m
Net cash inflow from operating activities	**9.58**	12.18	12.02	3.97	3.44
Capital investment and financial investment	**20.42**	13.94	(6.09)	9.84	(26.86)

Note: ^Excluding the present value of head leases

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 Seventy First Annual General Meeting of London & Associated Properties PLC (the "Company") will be held at the RAC Club, 89 Pall Mall, London SW1Y 5HS on Monday 6 June 2011 at 10.30 am for the transaction of the following business:

Ordinary 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 financial year ended 31 December 2010 together with the directors' report and the auditors' report on those accounts. **(Resolution 1)**

2 To approve the remuneration report for the financial year ended 31 December 2010. **(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 H D Goldring. **(Resolution 4)**

5 To reappoint Baker Tilly UK Audit LLP as auditors, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting. **(Resolution 5)**

6 To authorise the directors to determine the remuneration of the auditors. **(Resolution 6)**

Special business

7 THAT:

7.1 the directors of the Company be generally and unconditionally authorised under section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights"):

7.1.1 up to an aggregate nominal amount of £2,805,364 ; and

7.1.2 comprising equity securities (as defined in section 560(1) of the Companies Act 2006), up to a further aggregate nominal amount of £2,805,364 in connection with an offer by way of a rights issue to:

7.1.2.1 ordinary shareholders in proportion (as nearly as may be) to their existing holdings; and

7.1.2.2 holders of other equity securities, if this is required by the rights of those securities or, if the directors consider it necessary, as permitted by the rights of those securities,

but subject to such exclusions and other arrangements as the directors may consider necessary or appropriate in relation to fractional entitlements, record dates, treasury shares or any legal, regulatory or practical problems under the laws of any territory (including the requirements of any regulatory body or stock exchange) or any other matter;

7.2 such authorities shall expire (unless previously revoked by the Company) on the conclusion of the next Annual General Meeting of the Company and in each case the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted after the authority has expired and the directors may allot shares or grant Rights in pursuance of any such offer or agreement notwithstanding that this authority has expired; and

7.3 all previous authorities to allot shares or grant Rights, to the extent unused, shall be revoked. **(Resolution 7)**

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

8 THAT:

8.1 subject to the passing of resolution 7, the directors of the Company shall have power under section 570 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of the Companies Act 2006) for cash under the authority conferred upon them by resolution 7 as if section 561 of the Companies Act 2006 did not apply to any such allotment and this power shall be limited to:

8.1.1 the allotment of equity securities in connection with an offer or issue of equity securities (but in the case of the authority granted under paragraph 8.1.2 of resolution 8, by way of a rights issue only) to:

8.1.1.1 ordinary shareholders in proportion (as nearly as may be) to their existing holdings; and

8.1.1.2 holders of other equity securities, if this is required by the rights of those securities or, if the directors consider it necessary, as permitted by the rights of those securities,

but subject to such exclusions and other arrangements as the directors may consider necessary or appropriate in relation to fractional entitlements, record dates, treasury shares or any legal, regulatory or practical problems under the laws of any territory (including the requirements of any regulatory body or stock exchange) or any other matter; and

8.1.2 the allotment of equity securities (otherwise than under paragraph 8.1.1 of this resolution) up to an aggregate nominal amount of £421,300 (representing approximately 5 per cent of the issued share capital of the Company);

8.2 this power applies in relation to a sale of treasury shares which constitutes an allotment of equity securities by virtue of section 560(3) of the Companies Act 2006 as if the words "under the authority conferred upon them by resolution 8" were omitted from the introductory wording to paragraph 7.1 of this resolution; and

8.3 this power shall expire when the authority given by resolution 7 is revoked or expires, 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 that offer or agreement as if the power conferred hereby had not expired. **(Resolution 8)**

9 THAT the Company be, and it is hereby, generally and unconditionally authorised for the purpose of sections 693 and 701 of the Companies Act 2006 to make one or more market purchases (within the meaning of section 693(4) of the Companies Act 2006) 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:

9.1 the maximum aggregate number of ordinary shares authorised to be purchased is 8,554,271

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

9.3 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:

9.3.1 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

9.3.2 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;

9.4 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 2012 or 15 months from the date of the Annual General Meeting at which this resolution is passed, whichever is the earlier; and

9.5 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 9)**

10 That:

10.1 the Articles of Association of the Company be amended by deleting al the provisions of the Company's Memorandum of Association which, by virtue of section 28 Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and

10.2 the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association. **(Resolution 10)**

11 That:
A general meeting other than an annual general meeting may be called on not less than 14 clear days' notice. **(Resolution 11)**

By order of the board
Heather Curtis
Secretary

Carlton House
22a St James's Square
London SW1Y 4JH

Registered in England & Wales
Number 341829
15 April 2011

NOTES:

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote on your behalf at the meeting of the Company.
2. The return of a completed proxy form, other such instrument or any CREST proxy instruction (as described in paragraph 14 below) does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box on your proxy form. If you sign and return your proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. In the event of a conflict between a blank proxy form and a proxy form which states the number of shares to which it applies, the specific proxy form shall be counted first, regardless of whether it was sent or received before or after the blank proxy form, and any remaining shares in respect of which you are the registered holder will be apportioned to the blank proxy form. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you should contact Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.
5. To direct your proxy how to vote on the resolutions mark the appropriate box on your proxy form with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. To be valid any proxy form or other instrument appointing a proxy must be:
   - completed and signed;
   - sent or delivered to Capita Registrars, PXS, The Registry, 34 Beckenham, Kent, BR3 4TU; and
   - received by Capita Registrars no later than 10.30am on 4 June 2011.
7. In the case of a member which is a company, your proxy form must be executed under its common seal or signed on its behalf by a duly authorised officer of the Company or an attorney for the Company.
8. Any power of attorney or any other authority under which your proxy form is signed (or a duly certified copy of such power or authority) must be included with your proxy form.

9. As an alternative to completing your hard-copy proxy form, you can appoint a proxy electronically at www.capitashareportal.com. For an electronic proxy appointment to be valid, your appointment must be received by no later than 10.30am on 4 June 2011.

10. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

11. You may not use any electronic address provided in your proxy form to communicate with the Company for any purposes other than those expressly stated.

12. (a) 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 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.

(b) The statement of the rights of shareholders in relation to the appointment of proxies in paragraph (1) above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by shareholders of the Company.

13. As at 14 April 2011 (being the last business day prior to the publication of this Notice) the issued share capital of the Company consists of 84,260,181 ordinary shares of 10 pence each, carrying one vote each. Therefore, the total number of voting rights of the Company as at 14 April 2011 is 84,260,181.

14. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held at 10.30am on 6 June 2011 and any adjournment(s) thereof 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 voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Capita Registrars Limited (CREST Participant ID: RA10), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. 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 takes) 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 sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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.

15. Only those members entered on the register of members of the Company at 6.00 p.m. on 4 June 2011 or, in the event that the meeting is adjourned, in the register of members as at 6.00 p.m. on the day two days before the date of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their names at that time. Changes to the entries on the register of members by the close of business on 4 June 2011 or, in the event that this meeting is adjourned, in the register of members before the close of business on the day two days before the date of the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

16. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

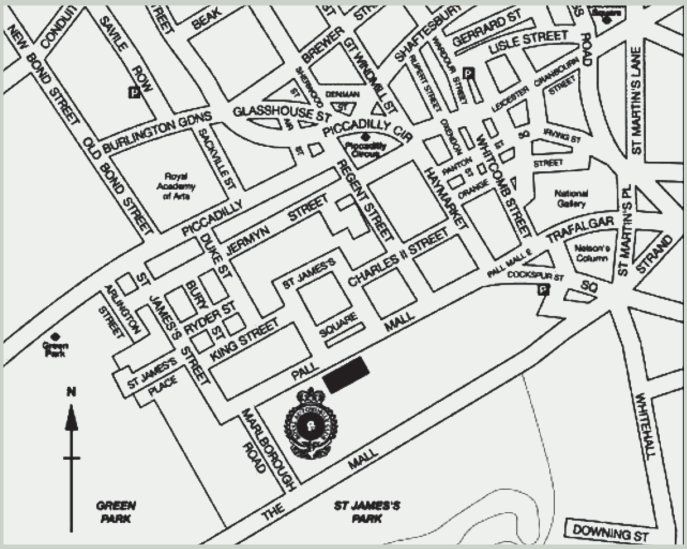
17. Any member attending the meeting has the right to ask questions. The Company has to answer any questions raised by members at the meeting which relate to the business being dealt with at the meeting unless:
    - to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
    - the answer has already been given on a website in the form of an answer to a question; or
    - it is undesirable in the interests of the Company or the good order of the meeting to answer the question.

18. Copies of the directors' service contracts and letters of appointment of the non-executive directors, a copy of the proposed new Articles of Association of the Company, together with a copy of the existing Articles of Association of the company marked to show the changes being proposed are available for inspection at the registered office of the company during normal business hours (Saturdays, Sundays and Bank Holidays excluded) and will also be available for inspection at the annual general meeting from 10.15am on 6 June 2011 until the conclusion of the Meeting.

19. A copy of this notice, and other information required by s311A of the Companies Act 2006, can be found at www.lap.co.uk.

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

EXPLANATORY NOTES OF PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

1. THE COMPANY'S OBJECTS
The provisions regulating the operations of the Company are currently set out in the Company's Memorandum and Articles of Association. The Company's Memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum. The Companies Act 2006 provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Companies Act 2006 the objects clause and all other provisions which are currently contained in a company's memorandum, for companies existing at 1 October 2009, are deemed to be contained in a company's Articles of Association but the company can remove these provisions by special resolution.

Further, the Companies Act 2006 states, that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Companies Act 2006, are to be treated as forming part of the Company's Articles of Association as of 1 October 2009. Resolution 10.1 confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's Memorandum of Association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of the shareholders.

2. ARTICLES WHICH DUPLICATE STATUTORY PROVISIONS
Provisions in the Current Articles which replicate provisions contained in the Companies Act 2006 are in the main removed from the New Articles. This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution.

3. CHANGE OF NAME
Currently, a company can only change its name by special resolution. Under the Companies Act 2006 a company is able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the directors to pass a resolution to change the Company's name.

4. AUTHORISED SHARE CAPITAL AND UNISSUED SHARES
The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006, save in respect of employee share schemes.

5. REDEEMABLE SHARES
Under the Companies Act 1985, if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption. The Companies Act 2006 enables directors to determine such matters instead, provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the directors would need shareholders' authority to issue new shares in the usual way.

6. AUTHORITY TO PURCHASE OWN SHARES, CONSOLIDATE AND SUB-DIVIDE SHARES, AND REDUCE SHARE CAPITAL
Under the Companies Act 1985, a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the Companies Act 2006 a company only requires shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Accordingly the relevant enabling provisions have been removed in the New Articles.

7. PROVISION FOR EMPLOYEES ON CESSATION OF BUSINESS
The Companies Act 2006 provides that the powers of the directors of a company to make provision for a person employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary, may only be exercised by the directors if they are so authorised by the company's articles or by the company in general meeting. The New Articles provide that the directors may exercise this power.

8. USE OF SEALS
Under the Companies Act 1985, a company required authority in its articles to have an official seal for use abroad. Since 1 October 2009 such authority is no longer required. Accordingly the relevant authorisation has been removed in the New Articles.

The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one authorised person in the presence of a witness, whereas previously the requirement was for signature by either a director and the secretary or two directors or such other person or persons as the directors may approve.

9. SUSPENSION OF REGISTRATION OF SHARE TRANSFERS
The Current Articles permit the directors to suspend the registration of transfers. Under the Companies Act 2006 share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

10. VACATION OF OFFICE BY DIRECTORS
The Current Articles specify the circumstances in which a director must vacate office. The New Articles update these provisions to reflect the approach taken on mental and physical incapacity in the model articles for public companies produced by the Department for Business, Innovation and Skills.

11. BORROWING POWERS
The Current Articles permit the Board to exercise all the powers of the Company to borrow and raise money. This is subject to a restriction on the amount of borrowing which currently must not exceed an amount equal to the aggregate of the nominal amount of the issued and paid up share capital of the Company (the "Aggregate") unless otherwise authorised by the Company in general meeting. The New Articles have amended this restriction on borrowing in order to increase the restriction from an amount not exceeding an amount equal to the Aggregate, to not exceeding a sum equal to four times the Aggregate. The Board believes that it is in the interests of the Company for the Board to have flexibility in relation to borrowing powers.

12. PARTICIPATION IN MEETINGS AT DIFFERENT PLACES AND BY ELECTRONIC MEANS
Amendments made to the Companies Act 2006 by the Shareholders' Rights Regulations specifically provide for the holding and conducting of electronic meetings. The New Articles include amendments to provide greater scope for members to participate in meetings of the Company even if they are not present in person at the principal place where the meeting is being held. The amendments allow for members to participate not only by attendance at satellite meeting locations, but also by any other electronic means of participation.

13. CHAIRMAN'S CASTING VOTE
The Companies Act 2006 states that an ordinary resolution can no longer be passed by means of a chairman's casting vote in the event of an equality of votes in a general meeting. The Current Articles did not permit such a casting vote in any case and therefore, the position concerning a chairman's casting vote has not changed under the New Articles.

14. VOTING RIGHTS
The Shareholders' Rights Regulations clarify the various powers of proxies and representatives of corporate members in respect of resolutions taken on a show of hands. Where a proxy has been duly appointed by one member, he has one vote on a show of hands unless he has been appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been appointed by more than one member to vote for the resolution and by more than one member to vote against the resolution. Where a corporate member appoints representatives to attend meetings on its behalf, each representative duly appointed by a corporate member has one vote on a show of hands. The New Articles contain provisions which clarify these rights and also clarify how the provisions giving a proxy a second vote on a show of hands should apply to discretionary powers.

15. AMENDMENTS TO SPECIAL AND ORDINARY RESOLUTIONS
The New Articles contain provisions regarding the proposed amendment of resolutions. Generally, special resolutions can only be amended to correct an error. An ordinary resolution may only be amended where the change has been submitted 48 hours before the meeting and is within the scope of the original resolution, or otherwise with the consent of the chairman of the meeting.

16. GENERAL
Generally the opportunity has been taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills.

Form of Proxy

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:

* 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 Monday 6 June 2011 at 10.30 am at the RAC Club, 89 Pall Mall, London SW1Y 5HS 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.		For	Against	Vote Withheld
Ordinary Resolutions				
1	To receive and adopt the Company's annual accounts for the year ended 31 December 2010 together with the directors' reports and the auditors' reports on those accounts.			
2	To approve the remuneration report for the year ended 31 December 2010.			
3	To declare and approve a final dividend of 0.4p per share.			
4	To re-elect as a director Mr H D Goldring.			
5	To reappoint Baker Tilly UK Audit LLP as auditors.			
6	To authorise the directors to determine the remuneration of the auditors.			
7	To authorise the directors to allot relevant securities.			
Special Resolutions				
8	To empower the directors to disapply statutory pre-emption rights.			
9	To authorise the Company to make market purchases of its own shares.			
10	To adopt new Articles of Association.			
11	To authorise the calling of general meetings of the Company on 14 clear days' notice.			

Full Name **(block capitals please)**

Address

Signed this day of 2011 (Signature)

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, lines are open Monday to Friday 8.30am to 5.30pm. 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 As an alternative to completing your hard-copy proxy form, you can appoint a proxy electronically at www.capitashareportal.com. For an electronic proxy appointment to be valid, your appointment must be received by no later than 10.30am on 4 June 2011.

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

5 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.

6 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.

7 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.

8 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: **PXS, 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 timefixed for the adjourned meeting.
Proxies may be delivered to PXS by hand at the above address during normal business hours.
Postage by Shareholders outside the UK: Shareholders with addresses outside the UK should post the Form of Proxy in a stamped envelope to:
PXS, 34 Beckenham Road, Beckenham, Kent, United Kingdom BR3 4TU.

9 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.

10 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.

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

12 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 4 June 2011 or, in the event that the meeting is adjourned, in the register of members as at 6.00 p.m. on the day two days before the date of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their names at that time. Changes to entries in the register of members by the close of business on 4 June 2011 or, in the event that this meeting is adjourned, in the register of members before the close of business on the day two days before the date of the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting or at any such adjournment.

Cut out along dotted line

Second Fold

Business Reply
Licence Number
RSBH-UXKS-LRBC

1

First Fold

PXS
34 Beckenham Road,
Beckenham,
Kent BR3 4TU

Third Fold

Tuck inside facing flap

design www.sg-design.co.uk
photography Palmer Aldritch
print Printhouse Corporation

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Paper from responsible sources
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Printed using vegetable based inks onto FSC certified materials sourced from responsibly managed forests, certified in accordance with FSC (Forest Stewardship Council).

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 & Carbon Neutral accreditations using vegetable based inks.