FOR IMMEDIATE RELEASE

24 August 2018

# LONDON & ASSOCIATED PROPERTIES PLC

# RESULTS FOR THE SIX MONTHS TO 30 JUNE 2018

London & Associated Properties PLC ("LAP" or "the Group") is a main market listed group which invests in UK retail and other property whilst also managing property assets for institutional clients. It holds a substantial investment in Bisichi Mining PLC (main market listed) which operates coal mines in South Africa and owns UK property investments.

## HIGHLIGHTS

- Sale of Brixton Markets for £37.3 million completed during period:
  - £16.7 million of loans repaid
  - LAP's cash available for investment stood at £20.9 million at half year
- Group net assets of £58.3 million compared to £48.3 million and those attributable to shareholders rose 22% to £46.5 million against £38.0 million
- Business strategy broadened to invest in non-retail property
- Total property assets under management stand at £186 million
- £3.0 million 11.6% Prudential debenture repaid in August saving annualised interest cost of £0.3 million
- Retail property portfolio continues to perform satisfactorily:
  - Group occupancy levels of 97% by rental income (2017: 97%)
- Formed a new JV with Metroprop Real Estate Limited:
  - Contracts exchanged on £5.6 million property in Ealing, West London
  - Retail parade with consent for 8 residential flats at first floor level
  - New planning application to be made for substantial increase in number of residential units
- Under offer on £10.0 million of industrial assets in North West (net income of £1.0 million pa)

"In future, we will broaden our investment remit so that we do not rely entirely on retail property. We have been less impacted by the proliferation of CVAs and other forms of insolvency seen recently, principally because of the type of community-focused retail property we own. However, it is not possible completely to avoid negative market sentiment. Therefore, we are widening our search for new assets and, over time, we will pivot away from having the majority of our portfolio comprised of retail assets," Sir Michael Heller, Chairman and John Heller, Chief Executive.

-more-


Contact:

**London & Associated Properties PLC** **Tel: 020 7415 5000**
John Heller, Chief Executive

**Baron Phillips Associates** **Tel: 07767 444193**
Baron Phillips

# Half year results for the period ended 30 June 2018

## Half year review

We are pleased to report on a satisfactory first half at London & Associated Properties PLC (LAP). Group revenue, including our IFRS 10 subsidiaries Bisichi Mining PLC (Bisichi) and Dragon Retail Properties Limited (Dragon), increased by 31% to £26.6 million from £20.2 million as compared with the same period last year. Profits before tax increased to £3.7 million from a break-even position last year. This improvement was due to improved trading at Bisichi. LAP, which will benefit in the future from its recently improved cash position, and Dragon operated at breakeven in this period. Group net assets rose 20% to £58.3 million compared with £48.3 million at 30 June 2017 and net assets attributable to shareholders rose 22% to £46.5 million as compared with £38.0 million.

The Group's property activities were boosted significantly by completion of the £37.25 million sale of our two Brixton markets in April. The net cash received, after payment of fees due to agents and lawyers, was £36.4 million. We have repaid £13.41 million of our Santander loan and £3.27 million of our Europa Mezzanine loan. The balance has been added to LAP's cash reserves which, at the half year amounted to £20.9 million.

As a result of selling Brixton Markets, LAP's rental income dipped slightly to £3.2 million from £3.5 million in the comparable period. On an annualised basis, the loss of income from that property is around £1.0 million but this is mostly offset by interest expense savings of £0.8 million resulting from the loan repayments mentioned above.

The Brixton Markets' sale generated a taxable gain but we are able to offset most of this gain by utilising brought-forward capital and other taxation losses. However, new UK taxation rules restrict the utilisation of other taxation losses. This means that corporation tax will be payable on 2018 net taxable income and £0.56 million has been provided in the half year accounts.

Since the half-year end, I am pleased to report that, in August, we repaid the remaining £3.0 million of a 1988 Prudential debenture. This historical debenture carried a coupon of 11.6%. We are in the final stages of negotiating a replacement loan with a lender with whom we have not worked previously. The portfolio to be charged to the new lender includes the properties that were collateral for the Prudential debenture, plus a nightclub that we own in Coldharbour Lane, Brixton. Drawdown will take place in the second half of this year and we expect net interest savings for the Group to be approximately £0.25 million per annum.

During the period under review, LAP's directors have reviewed the business strategy and concluded that, in future, we will broaden our investment remit so that we do not rely entirely on retail property. We have been less impacted by the proliferation of CVAs and other forms of insolvency seen recently, principally because of the type of community-focused retail property that we own. However, it is not possible completely to avoid negative market sentiment. Therefore, we are widening our search for new assets and, over time, we will pivot away from having the majority of our portfolio comprised of retail assets.

**Property assets under management including those of LAP, Bisichi, Dragon and our joint ventures**

Our property portfolio continues to perform satisfactorily. The largest asset in our directly owned portfolio is Orchard Square shopping centre in Sheffield. This centre continues to trade successfully, and we are carrying out a number of lettings to enhance further the retail and leisure offer there. Our strategy is to complement the fashion retail outlets with a number of leisure and food offerings, particularly with local operators who have distinct and independent concepts. Currently, we are under offer to two exciting restaurant operators and I will update shareholders as matters progress.

Elsewhere at Orchard Square, we have a number of lease renewals underway and I am pleased to say that, so far, almost all of our retailers have asked for new leases. The only exceptions are two national retailers who are implementing a programme of retrenchment throughout the country. We believe that this demonstrates the ongoing appeal of the Centre, although we are firmly of the opinion that introducing new facias to keep a shopping centre fresh is a positive development.

At West Bromwich, we will be fully let again following the imminent completion of two leases to a restaurant and a coffee shop. This Centre continues to trade at a high level of occupancy with a number of independent traders to complement the national retailers there. The centre also houses the town's council-run market and principal transport hub, which ensures that it remains a relevant place to shop.

The rest of the portfolio continues to trade well with group occupancy levels of 97% by rental income (2017: 97%).

In May, along with Bisichi, we formed a new joint venture with Metroprop Real Estate Limited, an established and successful developer, and exchanged contracts on a property in West Ealing, London. LAP and Bisichi will each own 45% of the joint venture. The agreed price for the property is £5.6 million, and LAP and Bisichi each will invest c£1.0 million.

The property is a parade of five shops with a service yard which has an existing planning consent for eight flats at the first-floor level. We are looking to increase substantially the number of flats and will be making a new planning application in due course. West Ealing is on the new Elizabeth Rail Line that will cut journey times to the West End to just 15 minutes, and we believe the flats will be highly desirable. We anticipate that the flats will have a gross development value of sub £500,000 per unit. Completion is scheduled for late August.

We are also under offer on two separate multi-let industrial assets in the North West offering good asset management opportunities. The combined value of both investments is c£10.0 million and the net income will be c£1.0 million per annum. While these assets represent something of a departure from our traditional retail portfolio, we believe that our skills will be relevant to multi-let industrial estates. In addition, we are acquiring one of these assets in conjunction with an experienced asset manager who will manage the estate and development for a fee.

Project Harrogate, our joint venture with Oaktree Capital Management, continues to trade satisfactorily.

At Kings Lynn, we are making progress on the development of the former Beales Department store to create a new unit for H&M to open in spring 2019 together with four other units. The remainder of the shopping centre trades consistently well, although income there will be adversely affected in the short term by the insolvency of Poundworld who have vacated their store.

The Rushes, Loughborough will similarly suffer in the short term from the loss of its Poundworld store, although the Centre is otherwise effectively fully let and is trading well.

At Kingsgate, Dunfermline, occupancy levels remain constant, and will be boosted as we are close to putting one of the large stores under offer to an international retailer.

Following a refinancing at the end of last year, our equity interest in the joint venture is now 3.17% of the total. The impact of any drop in income at the Harrogate Shopping Centres to LAP is therefore strictly limited. However, we continue to receive fees for our asset and property management contracts.

Bisichi Mining PLC, our 41.5% IFRS 10 subsidiary, had a strong first half with profit before tax of £4.0 million (2017: £0.24 million). Black Wattle, its coal mine in South Africa, continued to benefit from infrastructure improvements to the coal washing plant. These have enabled it to deliver a higher rate of production from its opencast areas and achieve an increased overall yield compared to the first half of 2017. The mine's total production was 670,000 metric tonnes (2017: 582,000 metric tonnes) during the period under review. The increased revenues were due to higher coal prices, along with a stable South African Rand and improved production.

Bisichi's UK retail property portfolio, which is managed by LAP, continues to perform well.

Dragon Retail Properties Limited, our IFRS 10 subsidiary company owned jointly with Bisichi, repaid some £65,000 of its loan to Santander. This leaves a loan outstanding of £1.2 million (31 December 2017: £1.3 million).

**Other**

We do not intend to pay a dividend at the half year point; however, our strategy is to maximise income over the medium term and our dividend policy will reflect this once our cash has been reinvested and our income has returned to previous levels.

Following approval at the June 2018 Annual General Meeting, the 2017 final and special dividends of 0.3 pence are payable on 14 September 2018.

We would like to thank our colleagues for all their hard work over the period under review. LAP is at an exciting juncture in its development and we look forward to keeping shareholders informed as matters progress.

**Sir Michael Heller**
Chairman
23 August 2018

**John Heller**
Chief Executive

# Consolidated income statement

## for the six months ended 30 June 2018

| | Notes | **6 months ended 30 June 2018 (unaudited)** | 6 months ended 30 June 2017 (unaudited) | Year ended 31 December 2017 (audited) |
|---|---|---|---|---|
| | | **£'000** | £'000 | £'000 |
| **Group revenue** | 1 | **26,557** | 20,237 | 44,979 |
| Operating costs | | **(21,064)** | (18,276) | (37,428) |
| **Operating profit** | 1 | **5,493** | 1,961 | 7,551 |
| Finance income | 2 | **25** | 61 | 105 |
| Finance expenses | 2 | **(1,975)** | (2,177) | (4,268) |
| Debenture break cost | | **-** | - | (14) |
| **Result before valuation and other movements** | | **3,543** | (155) | 3,374 |
| **Non–cash changes in valuation of assets and liabilities and other movements** | | | | |
| Increase in value of investment properties | | **-** | - | 9,373 |
| Write off investment in joint venture | | **-** | - | (1,827) |
| (Decrease)/increase in securities investments held at fair value | | **(31)** | (1) | 3 |
| Adjustment to interest rate derivative | | **168** | 179 | 355 |
| **Result including revaluation and other movements** | | **3,680** | 23 | 11,278 |
| **Profit for the period before taxation** | 1 | **3,680** | 23 | 11,278 |
| Income tax charge | 3 | **(941)** | (7) | (2,982) |
| **Profit for the period** | | **2,739** | 16 | 8,296 |
| **Attributable to:** | | | | |
| Equity holders of the Company | | **961** | (104) | 7,686 |
| Non–controlling interest | | **1,778** | 120 | 610 |
| **Profit for the period** | | **2,739** | 16 | 8,296 |
| Profit/(loss) per share – basic and diluted | 4 | **1.13p** | (0.12)p | 9.01p |

**LONDON & ASSOCIATED PROPERTIES PLC**

# Consolidated statement of comprehensive income

for the six months ended 30 June 2018

| | **30 June 2018 (unaudited)** | 30 June 2017 (unaudited) | 31 December 2017 (audited) |
|---|---|---|---|
| | **£'000** | £'000 | £'000 |
| **Profit for the period** | **2,739** | 16 | 8,296 |
| **Other comprehensive income:** | | | |
| **Items that may be subsequently recycled to the income statement:** | | | |
| Exchange differences on translation of foreign operations | **(226)** | 7 | 91 |
| Gain on available for sale investments | **-** | 28 | 103 |
| Taxation | **-** | (3) | (20) |
| **Other comprehensive (expense)/income for the period, net of tax** | **(226)** | 32 | 174 |
| **Total comprehensive income for the period, net of tax** | **2,513** | 48 | 8,470 |
| **Attributable to:** | | | |
| Equity shareholders | **885** | (91) | 7,753 |
| Non–controlling interest | **1,628** | 139 | 717 |
| | **2,513** | 48 | 8,470 |

**LONDON & ASSOCIATED PROPERTIES PLC**

# Consolidated balance sheet

## at 30 June 2018

| | Notes | **30 June 2018 (unaudited) £'000** | 30 June 2017 (unaudited) £'000 | 31 December 2017 (audited) £'000 |
|---|---|---|---|---|
| **Non–current assets** | | | | |
| Market value of properties attributable to Group | | **78,040** | 105,100 | 78,025 |
| Present value of head leases | | **3,228** | 4,763 | 3,233 |
| Property | 5 | **81,268** | 109,863 | 81,258 |
| Mining reserves, plant and equipment | | **8,089** | 8,949 | 8,735 |
| Investments in joint ventures | | **-** | 455 | - |
| Loan to joint venture | | **-** | 1,398 | - |
| Held to maturity investments | | **1,748** | 1,748 | 1,748 |
| Other investments at fair value | | **32** | 46 | 51 |
| Deferred tax | | **-** | 1,139 | - |
| | | **91,137** | 123,598 | 91,792 |
| **Current assets** | | | | |
| Inventories | | **985** | 842 | 828 |
| Assets held for sale | 5 | **-** | - | 36,441 |
| Trading property | | **560** | - | - |
| Trade and other receivables | | **9,190** | 6,352 | 7,132 |
| Interest rate derivatives | 6 | **-** | 2 | 1 |
| Investments in listed securities at fair value (previously listed as Available for sale investments) | | **1,032** | 779 | 1,050 |
| Investments in UK listed securities held at fair value | | **17** | 18 | 19 |
| Cash and cash equivalents | | **27,549** | 5,329 | 7,528 |
| | | **39,333** | 13,322 | 52,999 |
| **Total assets** | | **130,470** | 136,920 | 144,791 |
| **Current liabilities** | | | | |
| Trade and other payables | | **(13,866)** | (14,268) | (12,909) |
| Borrowings | | **(4,783)** | (806) | (4,288) |
| Current tax liabilities | | **(839)** | (117) | (358) |
| | | **(19,488)** | (15,191) | (17,555) |
| **Non–current liabilities** | | | | |
| Borrowings | | **(45,110)** | (64,544) | (61,661) |
| Interest rate derivatives | 6 | **(267)** | (612) | (435) |
| Present value of head leases on properties | | **(3,228)** | (4,763) | (3,233) |
| Provisions | | **(1,276)** | (1,283) | (1,349) |
| Deferred tax liabilities | | **(2,837)** | (2,239) | (3,848) |
| | | **(52,718)** | (73,441) | (70,526) |
| **Total liabilities** | | **(72,206)** | (88,632) | (88,081) |
| **Net assets** | | **58,264** | 48,288 | 56,710 |
| **Equity attributable to the owners of the parent** | | | | |
| Share capital | | **8,554** | 8,554 | 8,554 |
| Share premium account | | **4,866** | 4,866 | 4,866 |
| Translation reserve (Bisichi Mining PLC) | | **(772)** | (725) | (695) |
| Capital redemption reserve | | **47** | 47 | 47 |
| Retained earnings (excluding treasury shares) | | **33,948** | 25,413 | 33,227 |
| Treasury shares | | **(145)** | (145) | (145) |
| Retained earnings | | **33,803** | 25,268 | 33,082 |
| **Total equity attributable to equity shareholders** | | **46,498** | 38,010 | 45,854 |
| Non – controlling interest | | **11,766** | 10,278 | 10,856 |
| **Total equity** | | **58,264** | 48,288 | 56,710 |
| | | | | |
| **Net assets per share** | 7 | **54.50p** | 44.55p | 53.74p |
| **Diluted net assets per share** | 7 | **54.50p** | 44.55p | 53.74p |

**LONDON & ASSOCIATED PROPERTIES PLC**

# Consolidated statement of changes in shareholders' equity

## for the six months ended 30 June 2018

| | Share capital £'000 | Share premium £'000 | Translation reserves £'000 | Capital redemption reserve £'000 | Treasury shares £'000 | Retained earnings excluding treasury shares £'000 | Total excluding Non–Controlling Interests £'000 | Non–controlling Interests £'000 | Total equity £'000 |
|---|---|---|---|---|---|---|---|---|---|
| Balance at 1 January 2017 | 8,554 | 4,866 | (728) | 47 | (145) | 25,648 | 38,242 | 10,389 | 48,361 |
| (Loss)/profit for the period | - | - | - | - | - | (104) | (104) | 120 | 16 |
| **Other comprehensive income:** | | | | | | | | | |
| Currency translation | - | - | 3 | - | - | - | 3 | 4 | 7 |
| Gain on available for sale investments (net of tax) | - | - | - | - | - | 10 | 10 | 15 | 25 |
| Total other comprehensive income | - | - | 3 | - | - | 10 | 13 | 19 | 32 |
| **Total comprehensive income/(expense)** | - | - | 3 | - | - | (94) | (91) | 139 | 48 |
| **Transactions with owners:** | | | | | | | | | |
| Dividends – equity holders | - | - | - | - | - | (141) | (141\|) | - | (141) |
| Dividends – non–controlling interests | - | - | - | - | - | - | - | (250) | (250) |
| **Transactions with owners** | - | - | - | - | - | (141) | (141) | (250) | (250) |
| **Balance at 30 June 2017 (unaudited)** | **8,554** | **4,866** | **(725)** | **47** | **(145)** | **25,413** | **38,010** | **10,278** | **48,288** |
| | | | | | | | | | |
| Balance at 1 January 2017 | 8,554 | 4,866 | (728) | 47 | (145) | 25,648 | 38,242 | 10,389 | 48,631 |
| Profit for year | - | - | - | - | - | 7,686 | 7,686 | 610 | 8,296 |
| **Other comprehensive income:** | | | | | | | | | |
| Currency translation | - | - | 33 | - | - | - | 33 | 58 | 91 |
| Gain on available for sale investments (net of tax) | - | - | - | - | - | 34 | 34 | 49 | 83 |
| Total other comprehensive income | - | - | 33 | - | - | 34 | 67 | 107 | 174 |
| **Total comprehensive income** | - | - | 33 | - | - | 7,720 | 7,753 | 717 | 8,470 |
| **Transaction with owners:** | | | | | | | | | |
| Dividends – equity holders | - | - | - | - | - | (141) | (141) | - | (141) |
| Dividends – non–controlling interests | - | - | - | - | - | - | - | (250) | (250) |
| **Transactions with owners** | - | - | - | - | - | (141) | (141) | (250) | (391) |
| **Balance at 31 December 2017 (audited)** | **8,554** | **4,866** | **(695)** | **47** | **(145)** | **33,227** | **45,854** | **10,856** | **56,710** |

LONDON & ASSOCIATED PROPERTIES PLC

# Consolidated statement of changes in shareholders' equity - continued

for the six months ended 30 June 2018

| | Share capital £'000 | Share premium £'000 | Translation reserves £'000 | Capital redemption reserve £'000 | Treasury shares £'000 | Retained earnings excluding treasury shares £'000 | Total excluding Non–Controlling Interests £'000 | Non–controlling Interests £'000 | Total equity £'000 |
|---|---|---|---|---|---|---|---|---|---|
| Balance at 1 January 2018 | 8,554 | 4,866 | (695) | 47 | (145) | 33,227 | 45,854 | 10,856 | 56,710 |
| Profit for the period | - | - | - | - | - | 961 | 961 | 1,778 | 2,739 |
| **Other comprehensive income:** | | | | | | | | | |
| Currency translation | - | - | (77) | - | - | - | (77) | (149) | (226) |
| Total other comprehensive income | - | - | (77) | - | - | - | (77) | (149) | (226) |
| **Total comprehensive (expense)/income** | - | - | (77) | - | - | 961 | 884 | 1,629 | 2,513 |
| **Transactions with owners:** | | | | | | | | | |
| Dividends – equity holders | - | - | - | - | - | (256) | (256) | - | (256) |
| Dividends – non-controlling interests | - | - | - | - | - | - | - | (742) | (742) |
| Equity share options | - | - | - | - | - | 16 | 16 | 23 | 39 |
| **Transactions with owners** | | | | | | (240) | (240) | (719) | (959) |
| **Balance at 30 June 2018 (unaudited)** | **8,554** | **4,866** | **(772)** | **47** | **(145)** | **33,948** | **46,498** | **11,766** | **58,264** |

# LONDON & ASSOCIATED PROPERTIES PLC

# Consolidated cash flow statement

## for the six months ended 30 June 2018

| | **6 months ended 30 June 2018 (unaudited)** | 6 months ended 30 June 2017 (unaudited) | Year ended 31 December 2017 (audited) |
|---|---|---|---|
| | **£'000** | £'000 | £'000 |
| **Operating activities** | | | |
| Profit for the year before taxation | **3,680** | 23 | 11,278 |
| Finance income | **(25)** | (61) | (105) |
| Finance expense | **1,975** | 2,177 | 4,268 |
| Debenture break cost | – | – | 14 |
| Realised gain on disposal of other investments | – | – | (3) |
| Increase in value of investment properties | – | – | (9,373) |
| Write off investments in joint venture | – | – | 1,827 |
| Expenditure on trading property | **(560)** | – | – |
| Adjustment to interest rate derivative | **(168)** | (179) | (355) |
| Depreciation | **1,082** | 962 | 1,804 |
| (Loss)/profit on disposal of non–current assets | **37** | (3) | (3) |
| Share based payment expense | **39** | – | – |
| Exchange adjustments | **63** | 28 | 258 |
| Change in inventories | **(233)** | 881 | 896 |
| Change in receivables | **(2,530)** | 689 | 196 |
| Change in payables | **969** | 970 | (415) |
| **Cash generated from operations** | **4,329** | 5,487 | 10,287 |
| Income tax paid | **(1,328)** | 23 | (14) |
| **Cash inflows from operating activities** | **3,001** | 5,510 | 10,273 |
| **Investing activities** | | | |
| Disposal of shares and loans held to maturity | – | 126 | – |
| Disposal of assets held for sale | – | – | (56) |
| Acquisition of investment properties, mining reserves, plant and equipment | **(1,143)** | (1,282) | (1,771) |
| Sale of investment properties, plant and equipment – continuing operations | – | 36 | 29 |
| Sale of assets held for sale | **36,441** | – | – |
| Interest received | **94** | 228 | 137 |
| **Cash inflows/(outflows) from investing activities** | **35,392** | (892) | (1,661) |
| **Financing activities** | | | |
| Interest paid | **(2,027)** | (2,056) | (3,963) |
| Interest on obligation under finance leases | **(91)** | (96) | (178) |
| Debenture stock break costs paid | – | – | (14) |
| Repayment of bank loan – Dragon Retail Properties Limited | **(65)** | – | – |
| Receipt of bank loan – Bisichi Mining PLC | **63** | 11 | 23 |
| Repayment of bank loan – Bisichi Mining PLC | **(3)** | (58) | (25) |
| Repayment of bank loan | **(16,674)** | – | – |
| Short term loan from joint ventures and related parties | – | – | (30) |
| Repayment of debenture stocks | – | (750) | (750) |
| Equity dividends paid | – | – | (141) |
| Equity dividends paid – non–controlling interests | **(63)** | (63) | (250) |
| **Cash outflows from financing activities** | **(18,860)** | (3,012) | (5,328) |

# Consolidated cash flow statement - continued

for the six months ended 30 June 2018

| | **6 months ended 30 June 2018 (unaudited)** | 6 months ended 30 June 2017 (unaudited) | Year ended 31 December 2017 (audited) |
|---|---|---|---|
| | **£'000** | £'000 | £'000 |
| **Net increase in cash and cash equivalents** | **19,533** | 1,606 | 3,284 |
| **Cash and cash equivalents at beginning of period** | **6,266** | 2,931 | 2,931 |
| Exchange adjustment | **(11)** | (2) | 51 |
| **Cash and cash equivalents at end of period** | **25,788** | 4,535 | 6,266 |

The cash flows above relate to continuing and discontinued operations.

**Cash and cash equivalents**

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

| | | | |
|---|---|---|---|
| Cash and cash equivalents (before bank overdrafts) | **27,549** | 5,329 | 7,528 |
| Bank overdrafts | **(1,761)** | (794) | (1,262) |
| **Cash and cash equivalents at end of period** | **25,788** | 4,535 | 6,266 |

£120,000 cash deposits at 30 June 2018 were charged as security to debenture stocks.

# Notes to the half year report

for the six months ended 30 June 2018

| 1. Segmental analysis | **6 months ended 30 June 2018 (unaudited)** | 6 months ended 30 June 2017 (unaudited) | Year ended 31 December 2017 (audited) |
|---|---|---|---|
| | **£'000** | £'000 | £'000 |
| **Revenue** | | | |
| LAP | | | |
| - Rental Income | **2,799** | 3,136 | 6,825 |
| - Management income from third parties | **268** | 286 | 542 |
| Bisichi | | | |
| - Rental Income | **549** | 558 | 1,112 |
| - Mining | **22,858** | 16,174 | 36,334 |
| Dragon | | | |
| - Rental Income | **83** | 83 | 166 |
| | **26,557** | 20,237 | 44,979 |
| **Operating profit** | | | |
| LAP | **1,182** | 1,400 | 3,556 |
| Bisichi | **4,240** | 500 | 3,995 |
| Dragon | **71** | 61 | - |
| | **5,493** | 1,961 | 7,551 |
| **(Loss)/profit before taxation** | | | |
| LAP | **(308)** | (237) | 9,614 |
| Bisichi | **3,939** | 221 | 1,696 |
| Dragon | **49** | 39 | (32) |
| | **3,680** | 23 | 11,278 |

| 2. Finance costs | **6 months ended 30 June 2018 (unaudited)** | 6 months ended 30 June 2017 (unaudited) | Year ended 31 December 2017 (audited) |
|---|---|---|---|
| | **£'000** | £'000 | £'000 |
| Finance income | **25** | 61 | 105 |
| Finance expenses: | | | |
| Interest on bank loans and overdrafts | **(1,051)** | (1,109) | (2,223) |
| Other loans | **(659)** | (726) | (1,414) |
| Unwinding of discount (Bisichi Mining PLC) | **-** | (48) | (92) |
| Interest on derivatives | **(141)** | (166) | (337) |
| Interest on obligations under finance leases | **(124)** | (128) | (202) |
| Total finance expenses | **(1,975)** | (2,177) | (4,268) |
| | **(1,950)** | (2,116) | (4,163) |

# Notes to the half year report - continued

| 3. Income tax | **6 months ended 30 June 2018 (unaudited)** | 6 months ended 30 June 2017 (unaudited) | Year ended 31 December 2017 (audited) |
|---|---|---|---|
| | **£'000** | £'000 | £'000 |
| Current tax | **1,810** | 108 | 364 |
| Deferred tax | **(869)** | (101) | 2,618 |
| | **941** | 7 | 2,982 |

| 4. Earnings per share | **6 months ended 30 June 2018 (unaudited)** | 6 months ended 30 June 2017 (unaudited) | Year ended 31 December 2017 (audited) |
|---|---|---|---|
| Group profit/(loss) after tax (£'000) | **961** | (104) | 7,686 |
| Weighted average number of shares in issue for the period ('000) | **85,322** | 85,322 | 85,322 |
| **Basic earnings per share** | **1.13p** | (0.12)p | 9.01p |
| Diluted number of shares in issue ('000) | **85,322** | 85,322 | 85,322 |
| **Diluted earnings per share** | **1.13p** | (0.12)p | 9.01p |

**5. Properties**

Properties at 30 June 2018 are included at valuation as at 31 December 2017, plus additions in the period.

No properties were sold during the six months ended 30 June 2018.

£36.441 million of assets held for sale (Brixton markets) at 31 December 2017, were sold in April 2018.

**6. Interest rate derivatives**

At 30 June 2018 the fair value liability was £267,000 as valued by the hedge provider (30 June 2017: £612,000, 31 December 2017: £435,000).

At 30 June 2018 the fair value asset was nil as valued by the hedge provider (30 June 2017: £2,000, 31 December 2017: £1,000).

Under IFRS 13 the hedges are not deemed to be eligible for hedge accounting and any movement in the value of the hedge is charged directly to the consolidated income statement.

# Notes to the half year report - continued

| 7. Net assets per share | 30 June 2018 (unaudited) | 30 June 2017 (unaudited) | 31 December 2017 (audited) |
|---|---|---|---|
| **Shares in issue ('000)** | **85,322** | 85,322 | 85,322 |
| Net assets per balance sheet (£'000) | **46,498** | 38,010 | 45,854 |
| **Basic net assets per share** | **54.50p** | 44.55p | 53.74p |
| Shares in issue diluted by outstanding share options ('000) | **85,322** | 85,322 | 85,322 |
| Net assets after issue of share options (£'000) | **46,498** | 38,010 | 45,854 |
| **Fully diluted net assets per share** | **54.50p** | 44.55p | 53.74p |

**8. Related party transactions**

The related parties and the nature of costs recharged are as disclosed in the group's annual financial statements for the year ended 31 December 2017.

**9. Dividends**

There is no interim dividend payable for the period (30 June 2017: Nil).

The final and special dividend in respect of 2017 of 0.3p per share, amounting to £256,000, is payable on 14 September 2018. As the 2017 final dividend was approved by the shareholders at the Annual General Meeting held on 19 June 2018, it is included as a liability in these interim financial statements.

**10. Risks and uncertainties**

The group's principal risks and uncertainties are reported on pages 7 and 8 in the 2017 Annual Report. They have been reviewed by the Directors and remain unchanged for the current period.

The largest area of estimation and uncertainty in the interim financial statements is in respect of the valuation of investment properties (which are not revalued at the half year) and the valuation of interest rate derivatives.

For our subsidiary, Bisichi Mining PLC, it also relates to currency movements and coal mining activities in South Africa, including depreciation, impairment and the provision for rehabilitation (relating to environmental rehabilitation of mining areas).

# Notes to the half year report - continued

**11. Financial information**

The above financial information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The figures for the year ended 31 December 2017 are based upon the latest statutory accounts, which have been delivered to the Registrar of Companies; the report of the auditor's on those accounts was unqualified and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

As required by the Disclosure and Transparency Rules of the UK's Financial Conduct Authority, the interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and in accordance with both IAS 34 'Interim Financial Reporting' as adopted by the European Union and the disclosure requirements of the Listing Rules.

The half year results have not been audited or subject to review by the company's auditor.

The annual financial statements of London & Associated Properties PLC are prepared in accordance with IFRS as adopted by the European Union. The same accounting policies are used for the six months ended 30 June 2018 as were used for the year ended 31 December 2017.

As stated in the 2017 Annual Report in the group accounting policies, Bisichi Mining PLC and Dragon Retail Properties Limited are consolidated with LAP, as required by IFRS 10.

The assessment of new standards, amendments and interpretations issued but not effective, is that these are not anticipated to have a material impact on the financial statements.

The following new and revised standards that are applicable to the group were issued but not yet effective:

IFRS 16 – Leases

The following new standards have become effective and have been adopted by the Group during the year:

IFRS 15 – Revenue from Contracts with Customers

The Group has applied IFRS 15 retrospectively and the new standard had no material financial impact on the accounts.

IFRS 9 – Financial Instruments

The adoption of IFRS 9 has resulted in changes in the Group's accounting policies for the recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. The only material impact of IFRS 9 on the Group financial statements related to the movement in fair value of the Groups held for trading (previously available for sale) investments and non-current other investments ("the investments"). Under IAS 39 the movement in the investments was measured at fair value through other comprehensive income and taken to an available for sale reserve. Under IFRS 9 the movements are measured at fair value through profit and loss and taken to retained earnings. The Group has not restated prior periods as allowed by the transition provisions of IFRS 9.

There is no material seasonal impact on the group's financial performance.

Taxes on income in the interim periods are accrued using tax rates expected to be applicable to total annual earnings.

The interim financial statements have been prepared on the going concern basis as the Directors are satisfied the group has adequate resources to continue in operational existence for the foreseeable future.

**12. Board approval**

The half year results were approved by the Board of London & Associated Properties PLC on 23 August 2018.

# Directors' responsibility statement

The Directors confirm that to the best of their knowledge:

(a) the condensed set of financial statements have been prepared in accordance with applicable accounting standards and IAS 34 Interim Financial Reporting as adopted by the EU;

(b) the interim management report includes a fair review of the information required by:

(1) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements ; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(2) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

This report contains forward-looking statements. These statements are based on current estimates and projections of management and currently available information. Future statements are not guarantees of the future developments and results outlined therein. Rather, future developments and results are dependent on a number of factors; they involve various risks and uncertainties and are based upon assumptions that may not prove to be accurate. Risks and uncertainties identified by the Group are set out on pages 7 and 8 of the 2017 Annual Report & Accounts. We do not assume any obligation to update the forward-looking statements contained in this report.

Signed on behalf of the Board on 23 August 2018

| | |
|---|---|
| **Sir Michael Heller** | **Anil Thapar** |
| **Director** | **Director** |

# Directors and advisors

**Directors**

***Executive directors***

*** Sir Michael Heller** MA FCA (Chairman)
**John A Heller** LLB MBA (Chief Executive)
**Anil K Thapar** FCCA (Finance Director)

***Non-executive directors***

**† Howard D Goldring** BSC (ECON) ACA
**#†Clive A Parritt** FCA CF FIIA
**Robin Priest** MA

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

**Secretary & registered office**

**Anil K Thapar** FCCA
24 Bruton Place,
London W1J 6NE

**Registrars & transfer office**

Link Asset Services
Shareholder Services
The Registry, 34 Beckenham Road
Beckenham, Kent
BR3 4TU

UK Telephone: 0871 664 0300
(Calls cost 12p per minute plus network access charges; lines are open Monday to Friday between 9.00am and 5.30pm)
International Telephone: +44 371 664 0300
(Calls outside the United Kingdom will be charged at applicable international rate)

Website: www.linkassetservices.com
E-mail: shareholderenquiries@linkgroup.co.uk

**Company registration number**

341829 (England and Wales)

**Website**

www.lap.co.uk

**E-mail**

admin@lap.co.uk