

FOR IMMEDIATE RELEASE

1 September 2020

LONDON & ASSOCIATED PROPERTIES PLC

HALF YEAR RESULTS TO 30 JUNE 2020

London & Associated Properties PLC (“LAP” or “the Group”) is a main market listed property investment group that specialises in industrial and community retail. It also holds a substantial stake in the main market listed Bisichi PLC which operates coal mines in South Africa and owns UK property investments.

HIGHLIGHTS

- Net assets attributable to shareholders are £35.5 million (£36.7 million December 2019).
- New lettings completed at Orchard Square, Sheffield, generating £150,000 of annualised income.
- Good progress on recovery of tenant arrears following COVID-19 lockdown:
 - Second quarter rents received 82%
 - Third quarter rents received 55%
- Retail property portfolio continues to perform satisfactorily with Group occupancy levels of 92.0% by rental income (June 2019: 93.7%).
- A major refurbishment and a development to be carried out in Q4 2020 and Q1 2021 being 4.3% of the currently void space.
- JV development in West Ealing, with Metroprop Real Estate Limited:
 - Pre-planning application feedback received and incorporated into designs
 - Planning application should go before the planning committee in Q4 2020.

“LAP has managed relatively well during the lockdown and post-lockdown. We have not at the time of writing lost any tenants to insolvency and, as noted above, cash collection has proved resilient. We remain of the view that our portfolio is well positioned with limited exposure to fashion operators, mid-market leisure or any of the uses that remain under lockdown such as cinemas or nightclubs. Approximately 95% of our tenants are now open and trading again.”

-more-

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Half year results for the period ended 30 June 2020

Half year review

We are pleased to report on the period to 30 June 2020. This covers a period of unprecedented disruption for the country as a whole and for property companies in particular. In March the Government issued a moratorium on enforcing payment of commercial rents which took away our negotiating position with non-paying tenants. Against this backdrop, we are relatively satisfied with rent collections of 82% of the March quarter and 55% of June quarter rents to date. This reflects the more community-orientated type of tenant that now comprises the majority of the retail element of our portfolio, having sold the vast majority of our shopping centres and London properties over the last 5 years. Approximately 95% of our tenants are now open and trading again.

Group revenue decreased by 43.7% to £16.9 million from £30.0 million as compared with the same period last year. This is discussed further in commentary about Bisichi below. Losses before tax are £2.9 million (2019: Profits of £1.3 million).

Notwithstanding the dislocation of the first half of the year, LAP still managed to progress a number of lettings and development initiatives. At Orchard Square, Sheffield, we completed lettings to White Rose School of Beauty for two floors of offices as well as letting two retail units on the ground floor to exciting independent retailers. The combined rent of these lettings is £150,000 per annum. We are also close to completing the management contract for the new street food unit we intend to develop, following which Orchard Square will be fully let.

At Manor Park, Runcorn, we have commenced refurbishment of a 38,500sq ft stand-alone industrial unit. These refurbishment works are scheduled to complete in October. Interest in this unit has been strong and we expect to let it once the works are finished. The rest of our industrial units remain fully let.

At West Ealing, our residential development continues to evolve. We have made good progress in negotiating the design and specification with the local Authority and the Greater London Authority, and believe that our application will be placed in front of a planning committee during the final quarter of 2020. We will of course keep shareholders updated.

LAP has managed relatively well during the lockdown and post-lockdown. We have not at the time of writing lost any tenants to insolvency and, as noted above, cash collection has proved resilient. However, we are conscious that there may be an indirect impact on us over the short to medium term as increases in vacancies affect competing properties and lenders to the sector. This may adversely affect rents or borrowing and, consequently, impact future valuations. However, we remain of the view that our portfolio is well positioned with limited exposure to fashion operators, mid-market leisure or any of the uses that remain under lockdown such as cinemas or nightclubs.

Bisichi PLC, which is 42% owned, has had a challenging period due to the impact of the Covid-19 pandemic on its operations with a loss before tax of £1.9 million (2019: profit of £4.4 million) from revenue of £14.3 million (2019: £26.5million).

LONDON & ASSOCIATED PROPERTIES PLC

In terms of business continuity, the Bisichi South African coal mining and processing operations have been designated by the South African government as 'essential business operations', which has allowed their operations to continue during lockdown periods, although with a reduced and socially distanced workforce to help safeguard the health and safety of employees. At Black Wattle, Bisichi's South African mining operation, disruptions to mining production in the first half of the year have been limited mainly to temporary staff shortages during the initial lockdown period. Overall, the mine was able to achieve total production of 580,000 metric tonnes (2019: 655,000 tonnes) during the reporting period, with similar levels expected in the second half of the year.

However, during the period, Bisichi has seen reduced global economic activity as a result of the Covid-19 pandemic, leading to a significant impact on demand for coal in the international market. The overall decrease in Bisichi's revenue and earnings during the first half of the year can be attributed mainly to this downturn. In January, the average weekly price of Free on Board (FOB) Coal from Richard Bay Coal Terminal (API4 price) peaked at US\$92. By mid-April, as global economic activity slowed, the weekly API4 price had fallen to US\$44 before recovering to US\$50 by 30th June. The impact on Bisichi's operations has been a build-up in coal stocks and lower achievable prices for coal in the international market. Although there is a surplus of coal in the domestic market, and prices have been negatively impacted, demand for Bisichi's particular coal has to date remained more stable.

Although the duration and extent of the impact of the Covid-19 pandemic on Bisichi's South African operations remains uncertain, forward markets and leading research are indicating some improvement in international coal prices going into the last quarter of the year, supported by an expected improvement in global economic activity. In the interim, management will continue to focus on keeping costs low at Black Wattle as well as developing new coal processing and marketing opportunities at Bisichi's coal processing plant at Sisonke Coal Processing.

We are not paying a dividend for the half year; 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. We continue to explore new opportunities and have bid on a number of properties and portfolios over the last year. However, we do not intend to overpay and are unwilling to match offers from other parties that would not deliver our desired levels of return.

Sir Michael Heller
Chairman

John Heller
Chief Executive

28 August 2020

Consolidated income statement

for the six months ended 30 June 2020

| | | 6 months ended 30 June 2020 (unaudited) | 6 months ended 30 June 2019 (unaudited) | Year ended 31 December 2019 (audited) |
|--|-------|--|---|---|
| | Notes | £'000 | £'000 | £'000 |
| Group revenue | 1 | 16,917 | 29,967 | 63,966 |
| Operating costs | | (18,164) | (25,443) | (60,766) |
| Operating (loss)/profit | 1 | (1,247) | 4,524 | 3,200 |
| Finance income | 2 | 24 | 30 | 86 |
| Finance expenses | 2 | (1,389) | (1,642) | (3,252) |
| Result before valuation and other movements | | (2,612) | 2,912 | 34 |
| Non-cash changes in valuation of assets and liabilities and other movements | | | | |
| Decrease in value of investment properties | | - | (62) | (2,988) |
| Decrease in value of other investments | | - | (1,749) | (1,749) |
| (Decrease)/increase in value of trading investments | | (261) | 59 | (6) |
| Adjustment to interest rate derivative | | - | 168 | 169 |
| Result including revaluation and other movements | | (2,873) | 1,328 | (4,540) |
| (Loss)/profit for the period before taxation | 1 | (2,873) | 1,328 | (4,540) |
| Income tax credit/(charge) | 3 | 807 | (1,071) | (951) |
| (Loss)/profit for the period | | (2,066) | 257 | (5,491) |
| Attributable to: | | | | |
| Equity holders of the Company | | (1,096) | (1,507) | (6,477) |
| Non-controlling interest | | (970) | 1,764 | 986 |
| (Loss)/profit for the period | | (2,066) | 257 | (5,491) |
| Loss per share – basic and diluted | 4 | (1.28)p | (1.77)p | (7.59)p |

Consolidated statement of comprehensive income

for the six months ended 30 June 2020

| | 30 June 2020 (unaudited) | 30 June 2019 (unaudited) | 31 December 2019 (audited) |
|---|--------------------------------|--------------------------------|----------------------------------|
| | £'000 | £'000 | £'000 |
| (Loss)/profit for the period | (2,066) | 257 | (5,491) |
| Other comprehensive income: | | | |
| Items that may be subsequently recycled to the income statement: | | | |
| Exchange differences on translation of foreign operations | (467) | 69 | (49) |
| Other comprehensive (expense)/income for the period, net of tax | (467) | 69 | (49) |
| Total comprehensive (expense)/income for the period, net of tax | (2,533) | 326 | (5,540) |
| Attributable to: | | | |
| Equity shareholders | (490) | (1,486) | (6,493) |
| Non-controlling interest | (2,043) | 1,812 | 953 |
| | (2,533) | 326 | (5,540) |

Consolidated balance sheet

at 30 June 2020

| | | 30 June 2020 (unaudited) £'000 | 30 June 2019 (unaudited) £'000 | 31 December 2019 (audited) £'000 |
|---|-------|---|---|---|
| | Notes | | | |
| Non-current assets | | | | |
| Market value of properties attributable to Group | | 44,580 | 47,506 | 44,580 |
| Right of use assets | | 4,066 | 4,276 | 3,326 |
| Property | 5 | 48,646 | 51,782 | 47,906 |
| Mining reserves, plant and equipment | | 8,904 | 9,625 | 10,472 |
| Other investments at fair value | | 449 | 35 | 287 |
| Deferred tax | | 779 | 172 | - |
| | | 58,778 | 61,614 | 58,665 |
| Current assets | | | | |
| Inventories – mining | | 4,552 | 1,316 | 26,915 |
| Inventories – property | 5 | 26,915 | 37,734 | 2,432 |
| Assets held for sale | 5 | - | 2,285 | - |
| Trade and other receivables | | 9,033 | 12,358 | 8,399 |
| Corporation tax recoverable | | - | - | 19 |
| Investments in listed securities at fair value | | 926 | 1,090 | 1,119 |
| Cash and cash equivalents | | 9,554 | 20,184 | 13,533 |
| | | 50,980 | 74,967 | 52,417 |
| Total assets | | 109,758 | 136,581 | 111,082 |
| Current liabilities | | | | |
| Trade and other payables | | (14,323) | (13,756) | (12,835) |
| Borrowings | | (9,739) | (42,921) | (10,120) |
| Lease liabilities | | (402) | (193) | (424) |
| Current tax liabilities | | (317) | (133) | (457) |
| | | (24,781) | (57,003) | (23,836) |
| Non-current liabilities | | | | |
| Borrowings | | (31,907) | (16,211) | (31,063) |
| Present value of head leases on properties | | (3,733) | (4,138) | (3,842) |
| Provisions | | (1,359) | (1,615) | (1,554) |
| Deferred tax liabilities | | (1,441) | (2,397) | (1,654) |
| | | (38,440) | (24,361) | (38,113) |
| Total liabilities | | (63,221) | (81,364) | (61,949) |
| Net assets | | 46,537 | 55,217 | 49,133 |
| 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 PLC) | | (1,034) | (831) | (868) |
| Capital redemption reserve | | 47 | 47 | 47 |
| Retained earnings (excluding treasury shares) | | 23,175 | 29,245 | 24,271 |
| Treasury shares | | (144) | (144) | (144) |
| Retained earnings | | 23,031 | 29,101 | 24,127 |
| Total equity attributable to equity shareholders | | 35,464 | 41,737 | 36,726 |
| Non – controlling interest | | 11,073 | 13,480 | 12,407 |
| Total equity | | 46,537 | 55,217 | 49,133 |
| Net assets per share | 6 | 41.56 | 48.92 | 43.04p |
| Diluted net assets per share | 6 | 51.56 | 48.92 | 43.04p |

LONDON & ASSOCIATED PROPERTIES PLC

Consolidated statement of changes in shareholders' equity

for the six months ended 30 June 2020

| | 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 2019 | 8,554 | 4,866 | (852) | 47 | (144) | 30,906 | 43,377 | 12,309 | 55,686 |
| (Loss)/profit for the period | - | - | - | - | - | (1,507) | (1,507) | 1,764 | 257 |
| Other comprehensive income: | | | | | | | | | |
| Currency translation | - | - | 21 | - | - | - | 21 | 48 | 69 |
| Total other comprehensive income | - | - | 21 | - | - | - | 21 | 48 | 69 |
| Total comprehensive income/(expense) | - | - | 21 | - | - | (1,507) | (1,486) | 1,812 | 326 |
| Transactions with owners: | | | | | | | | | |
| Share options charge | - | - | - | - | - | (154) | (154) | - | (154) |
| Dividends – equity holders | - | - | - | - | - | - | - | (641) | (641) |
| Dividends – non-controlling Interests | - | - | - | - | - | - | - | - | - |
| Transactions with owners | 8,554 | 4,866 | (831) | 47 | (144) | 29,245 | 41,737 | 13,480 | 55,217 |
| Balance at 30 June 2019 (unaudited) | 8,554 | 4,866 | (852) | 47 | (144) | 30,906 | 43,377 | 12,309 | 55,686 |
| Balance at 1 January 2019 | 8,554 | 4,866 | (852) | 47 | (144) | 30,906 | 43,377 | 12,309 | 55,686 |
| (Loss)/profit for year | - | - | - | - | - | (6,477) | (6,477) | 986 | (5,491) |
| Other comprehensive income: | | | | | | | | | |
| Currency translation | - | - | (16) | - | - | - | (16) | (33) | (49) |
| Total other comprehensive income | - | - | (16) | - | - | - | (16) | (33) | (49) |
| Total comprehensive income | - | - | (16) | - | - | (6,477) | (6,493) | 953 | (5,540) |
| Transaction with owners: | | | | | | | | | |
| Dividends – equity holders | - | - | - | - | - | (158) | (158) | - | (158) |
| Dividends – non-controlling Interests | - | - | - | - | - | - | - | (855) | (855) |
| Transactions with owners | - | - | - | - | - | (158) | (158) | (855) | (1,013) |
| Balance at 31 December 2019 (audited) | 8,554 | 4,866 | (868) | 47 | (144) | 24,271 | 36,726 | 12,407 | 49,133 |

LONDON & ASSOCIATED PROPERTIES PLC

Consolidated statement of changes in shareholders' equity - continued

for the six months ended 30 June 2020

| | 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 2020 | 8,554 | 4,866 | (868) | 47 | (144) | 24,271 | 36,726 | 12,407 | 49,133 |
| Loss for the period | - | - | - | - | - | (1,096) | (1,096) | (970) | (2,066) |
| Other comprehensive income: | | | | | | | | | |
| Currency translation | - | - | (166) | - | - | - | (166) | (301) | (467) |
| Total other comprehensive income | - | - | (166) | - | - | - | (166) | (301) | (467) |
| Total comprehensive (expense)/income | - | - | (166) | - | - | (1,096) | (1,262) | (1,271) | (2,533) |
| Transactions with owners: | | | | | | | | | |
| Dividends – equity holders | - | - | - | - | - | - | - | - | - |
| Dividends – non-controlling interests | - | - | - | - | - | - | - | (63) | (63) |
| Transactions with owners | - | - | - | - | - | - | - | (63) | (63) |
| Balance at 30 June 2020 (unaudited) | 8,554 | 4,866 | (1,034) | 47 | (144) | 23,175 | 35,464 | 11,073 | 46,537 |

LONDON & ASSOCIATED PROPERTIES PLC

Consolidated cash flow statement

for the six months ended 30 June 2020

| | 6 months ended 30 June 2020 (unaudited) £'000 | 6 months ended 30 June 2019 (unaudited) £'000 | Year ended 31 December 2019 (audited) £'000 |
|--|--|--|--|
| Operating activities | | | |
| (Loss)/profit for the year before taxation | (2,873) | 1,328 | (4,540) |
| Finance income | (24) | (30) | (86) |
| Finance expense | 1,388 | 1,642 | 3,252 |
| Decrease in value of investment properties | - | - | 2,988 |
| Write off investments in joint venture | - | 1,749 | 1,755 |
| Adjustment to interest rate derivative | - | (168) | (169) |
| Depreciation | 1,488 | 1,150 | 2,407 |
| Sale of inventory – property (net of costs) | - | - | 9,309 |
| Loss on sale of inventory - property | - | - | 991 |
| Exchange adjustments | 206 | (12) | 123 |
| Change in inventories | (2,589) | 1,219 | 805 |
| Development expenditure on inventories | - | (178) | (409) |
| Change in receivables | (377) | (3,400) | (448) |
| Change in payables | 2,297 | (749) | (994) |
| Cash generated from operations | (484) | 2,551 | 14,984 |
| Income tax paid | (72) | (1,134) | (1,199) |
| Cash (outflows)/inflows from operating activities | (556) | 1,417 | 13,785 |
| Investing activities | | | |
| Disposal of assets held for sale | - | (144) | 2,285 |
| Acquisition of investment properties, mining reserves, plant and equipment | (1,849) | (1,772) | (3,350) |
| Acquisition of other investments | (230) | - | (490) |
| Interest received | 24 | 30 | 86 |
| Cash outflows from investing activities | (2,055) | (1,886) | (1,469) |
| Financing activities | | | |
| Interest paid | (1,401) | (1,576) | (2,932) |
| Interest on obligation under finance leases | (19) | - | (259) |
| Receipt of bank loan – Bisichi PLC | 126 | 174 | 3,908 |
| Repayment of bank loan – Bisichi PLC | (144) | (74) | (6,011) |
| Receipt of bank loan – London & Associated Properties PLC | 40 | 119 | 13,725 |
| Repayment of bank loan – London & Associated Properties PLC | (158) | (88) | (28,482) |
| Repayment of lease liability | (101) | - | (193) |
| Equity dividends paid | - | - | (154) |
| Equity dividends paid – non–controlling interests | (63) | (63) | (375) |
| Cash outflows from financing activities | (1,720) | (1,508) | (20,773) |

Consolidated cash flow statement - continued

for the six months ended 30 June 2020

| | 6 months ended 30 June 2020 (unaudited) | 6 months ended 30 June 2019 (unaudited) | Year ended 31 December 2019 (audited) |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| Net (decrease)/increase in cash and cash equivalents | (4,331) | (1,977) | (8,457) |
| Cash and cash equivalents at beginning of period | 8,691 | 17,122 | 17,120 |
| Exchange adjustment | 481 | 7 | 28 |
| Cash and cash equivalents at end of period | 4,841 | 15,152 | 8,691 |

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) | 9,554 | 20,184 | 13,533 |
| Bank overdrafts | (4,713) | (5,032) | (4,842) |
| Cash and cash equivalents at end of period | 4,841 | 15,152 | 8,691 |

Notes to the half year report

for the six months ended 30 June 2020

| 1. Segmental analysis | 6 months ended 30 June 2020 (unaudited) £'000 | 6 months ended 30 June 2019 (unaudited) £'000 | Year ended 31 December 2019 (audited) £'000 |
|--|--|--|--|
| Revenue | | | |
| LAP | | | |
| - Rental Income | 2,205 | 2,753 | 4,813 |
| - Service charge income | 348 | 401 | 628 |
| - Proceeds from sale of trading properties | - | - | 9,500 |
| - Management income from third parties | 21 | 240 | 607 |
| Bisichi | | | |
| - Rental Income | 503 | 650 | 1,249 |
| - Service charge income | 32 | 106 | 181 |
| - Mining | 13,729 | 25,731 | 46,816 |
| Dragon | | | |
| - Rental Income | 79 | 86 | 172 |
| | 16,917 | 29,967 | 63,966 |
| Operating (loss)/profit | | | |
| LAP | 92 | (165) | (1,961) |
| Bisichi | (1,399) | 4,630 | 5,132 |
| Dragon | 60 | 59 | 29 |
| | (1,247) | 4,524 | 3,200 |
| (Loss)/profit before taxation | | | |
| LAP | (967) | (3,104) | (7,533) |
| Bisichi | (1,950) | 4,395 | 3,007 |
| Dragon | 44 | 37 | (14) |
| | (2,873) | 1,328 | (4,540) |
| 2. Finance costs | | | |
| | 6 months ended 30 June 2020 (unaudited) £'000 | 6 months ended 30 June 2019 (unaudited) £'000 | Year ended 31 December 2019 (audited) £'000 |
| Finance income | 24 | 30 | 86 |
| Finance expenses: | | | |
| Interest on bank loans and overdrafts | (855) | (1,019) | (1,963) |
| Other loans | (430) | (441) | (915) |
| Interest on derivatives | - | (122) | (122) |
| Interest on obligations under finance leases | (104) | (60) | (252) |
| Total finance expenses | (1,389) | (1,642) | (3,252) |
| | (1,365) | (1,612) | (3,166) |

Notes to the half year report – continued

| 3. Income tax | 6 months ended 30 June 2020 (unaudited) £'000 | 6 months ended 30 June 2019 (unaudited) £'000 | Year ended 31 December 2019 (audited) £'000 |
|---------------|--|--|--|
| Current tax | 6 | 1,094 | 1,582 |
| Deferred tax | (813) | (23) | (631) |
| | (807) | 1,071 | 951 |

| 4. Earnings per share | 6 months ended 30 June 2020 (unaudited) | 6 months ended 30 June 2019 (unaudited) | Year ended 31 December 2019 (audited) |
|--|---|---|---|
| Loss attributable to equity shareholders after tax (£'000) | (1,096) | (1,507) | (6,477) |
| Weighted average number of shares in issue for the period ('000) | 85,322 | 85,325 | 85,322 |
| Basic earnings per share | (1.28)p | (1.77)p | (7.59)p |
| Diluted number of shares in issue ('000) | 85,322 | 85,325 | 85,322 |
| Diluted earnings per share | (1.28)p | (1.77)p | (7.59)p |

5. Properties

Investment properties are held a fair value at each reporting period. Management evaluate on an ongoing basis the impact of Covid-19 and the current economic performance of the UK property market on the future performance of the group's existing UK property portfolio. The Board considers the final impact of Covid-19 on the investment properties to remain uncertain. However, the Directors have placed a valuation on the properties which is not materially different to the value as at 31 December 2019. Therefore, no change in fair value of investment properties has been made during the period. Investment properties are therefore included at a Director's valuation which is considered to be the fair value as at 30 June 2020. Please refer to page 44 of the 2019 Annual report and Accounts for details on the valuation of investment and inventory properties as at 31 December 2019.

| 6. Net assets per share | 30 June 2020 (unaudited) | 30 June 2019 (unaudited) | 31 December 2019 (audited) |
|---|--------------------------------|--------------------------------|----------------------------------|
| Shares in issue ('000) | 85,322 | 85,325 | 85,322 |
| Net assets attributable to equity shareholders (£'000) | 35,464 | 41,737 | 36,726 |
| Basic net assets per share | 41.56p | 48.92p | 43.04p |
| Shares in issue diluted by outstanding share options ('000) | 85,322 | 85,325 | 85,322 |
| Net assets after issue of share options (£'000) | 35,464 | 41,737 | 36,726 |
| Fully diluted net assets per share | 41.56p | 48.92p | 43.04p |

Notes to the half year report - continued

7. 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 2019.

8. Dividends

There is no interim dividend payable for the period (30 June 2019: Nil).
There is no final dividend payable in respect of 2019.

9. Risks and uncertainties

The group's principal risks and uncertainties are reported on pages 10 and 11 in the 2019 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 Bisichi PLC, the largest area of estimation 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).

Covid-19 risk:

The Group is proactively assessing and managing the potential risks brought about by the uncertainty of the Covid-19 pandemic. Overall, the Group is exposed to impacts on the health and safety of its employees and stakeholders and risks related to business continuity. In the UK, the Group expects there to be an impact on retail property revenue in the medium term and potentially values. Strategies for mitigating these risks have been put in place, these include the measures outlined in the Chairman's Statement and Financial & Performance Review sections of the 2019 Annual Report.

The final impact of the Covid-19 pandemic remains uncertain and the Group will adapt plans accordingly as more information becomes available or government advice changes.

The current cash receipts from tenants are within the range of sensitivities considered as part of our going concern review carried out earlier this year.

Property, plant and equipment representing Bisichi's mining assets in South Africa are reviewed for impairment where there is evidence of a material impairment. The impairment test indicated significant headroom as at 31 December 2019 and no impairment was considered appropriate. During the first half of the year, the Covid-19 pandemic impacted on the Group's South African mining operations, in particular in relation to the operations coal markets and coal prices. In terms of business continuity, the Group's South African entities have remained in operation as the entities have been classified as essential businesses. Although the final impact of Covid-19 remains uncertain, the directors have assessed the expected range of impact of the Covid-19 pandemic on its impairment model using similar key assumptions and estimates as outlined on page 47 of the 2019 Annual report and Accounts, and no impairment was considered appropriate as at 30 June 2020. However, it must be acknowledged that if circumstances change and the balance of factors shifts as the Covid-19 pandemic runs its course, impairment values may in turn be impacted.

10. 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 2019 are based upon the latest statutory accounts, which have been delivered to the Registrar of Companies; the report of the auditor 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 2020 as were used for the year ended 31 December 2019.

As stated in the 2019 Annual Report in the group accounting policies, Bisichi 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.

Certain new accounting amendments became effective for the financial year beginning on 1 January 2020, however the Group did not have to change its accounting policies or make retrospective adjustments as a result of these amendments.

11. Board approval

The half year results were approved by the Board of London & Associated Properties PLC on 28 August 2020.

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 2019 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 28 August 2020

Sir Michael Heller
Director

Jonathan Mintz
Director

Directors and advisors

Directors

Executive directors

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

John A Heller LLB MBA (Chief Executive)

Jonathan Mintz FCA (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.

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