



ALLIED  
LONDON  
PROPERTIES

Allied London Properties is a property company with assets of some £250 million.

The Group is aggressively pursuing its policy of repositioning the portfolio by focusing on the retail and industrial sectors. During the nine-month period to September 1996, disposals of £77 million and acquisitions of £51 million were achieved.

We have an enthusiastic experienced and talented management team which is examining and exploiting the potential of all our assets so that we can consistently increase the future net worth of Allied London Properties.



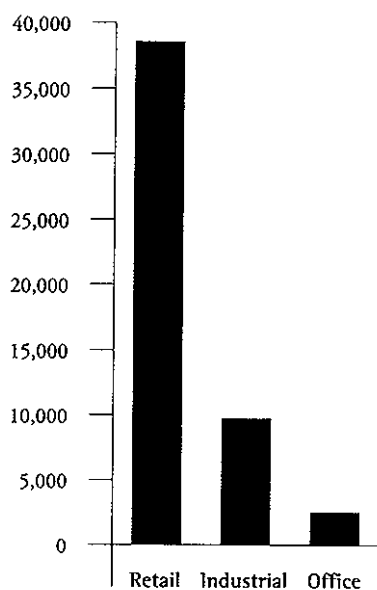
## The year at a glance

	1996 £000	1995 £000
Rental income	25,016	25,140
Profit before taxation	9,162	11,058
Shareholders' funds	101,231	106,373
	Pence	Pence
Earnings per ordinary share – basic	6.5	11.2
– diluted	6.5	9.5
Dividends per ordinary share	4.00	4.00
Assets per ordinary share – basic	86	94
– diluted	96	101
	Times	Times
Interest cover	1.7	1.9
Ordinary dividend cover	1.6	2.8
	%	%
Gearing	137	122
Average cost of borrowing	9.7	10.2

## Summary of transactions over 15 months to September 1996

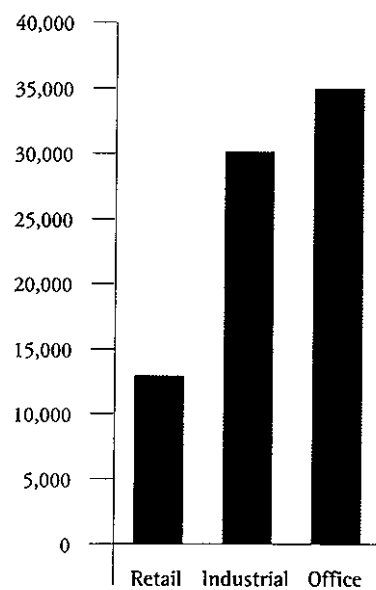
Acquisitions of investment properties

£000



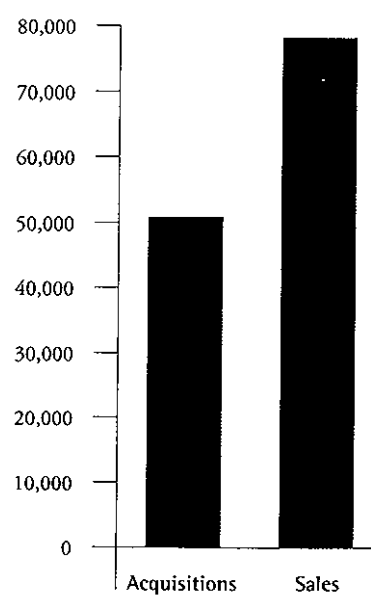
Sales of investment properties

£000



Total transactions

£000



# *Chairman's statement*

We were more active in the year to 30 June 1996, as we began to implement our strategy of investing in those market sectors where we feel that above average growth will be realised and by disposing of those properties which did not meet these criteria. We sold 18 investment properties for a total consideration of £45m, acquired two properties costing £36.2m and completed a swap arrangement with The Grosvenor Estate on three properties. Since the year end, we have realised a further £32.5m from disposals and have reinvested £14.9m, reducing our gearing to 122%. The retail element of our portfolio has been increased to 22% from 8% and the weighting in offices reduced to 43% from 55%.

Profits before tax for the year were £9.2m (1995 – £11.1m), due mainly to a slackened demand in our housing division and trading profits, and an increase in development and refurbishment activity, especially in Scotland. Rental income was virtually unchanged at £25.0m.

Your Board is recommending a maintained final dividend of 2.82p per Ordinary Share which, together with the interim paid on 1 July 1996, gives a total for the year of 4p (1995 – 4p). Subject to shareholder approval at our Annual General Meeting, the final dividend will be paid on 2 January 1997.

Our investment property portfolio totalled £210m at year end, against £224m for 1995. The properties are externally professionally valued on an open market value basis. Thus our Net Asset Value per share is 86p, a fall of 8.5% compared to last year. On a fully diluted basis, our Net Asset Value is 96p per share compared to 101p a year earlier.

Interest payments are covered 1.7 times by rental income and 77% of our borrowings are at fixed rates.

Letting activity in Glasgow, at The Clydeway Centre and Granite House, is buoyant and our refurbishment programmes are accelerated as demand increases. Elsewhere in Scotland, we are completing the 45,000 sq ft

retail development in Wishaw, continuing to refurbish Bellshill Business Park and recently received planning permission for 180 houses at Ballumbie, our large housing and leisure development scheme in Dundee.

The housing market has recently begun to improve to the benefit of Pelham Homes. We sold 18.4 acres of land in the year at a satisfactory profit. Demand for our residential land bank is now increasing with the consequent rise in land prices. During the year, we acquired the outstanding 50% shareholding in Park Farm, Ashford, Kent, together with 318 acres of farmland known as Finn Farm, which adjoins Ashford Great Park, at a combined gross acquisition cost of £5.4m, including debt.

Tenant demand for retail units remains strong. All of the six units at our redevelopment in Bradford have been let to major well-known tenants, building work has now finished and we expect all units to be open for trading in the next few weeks. There is an identifiable improvement in demand for industrial space and rental levels are beginning to improve. Whilst demand for office space remains patchy, we have let the newly developed office space at our building in Reading, so the entire 25,000 sq ft is now let. Following the planned refurbishment of our large office buildings around the M25, we anticipate being able to let the available space in an improving market.

Since the year end we have made further disposals totalling £32.5m, including the sale of Elstree Tower for £23.1m. We have also acquired two properties at a cost of £14.9m, including Yewtree Trading Estate in Haydock, Manchester, an industrial estate of some 630,000 sq ft.

I wish to place on record my thanks to my fellow Directors and all staff for their continued dedication, hard work and efforts during the year.

#### The Future

We wish to be more than an ordinary property investment group. We intend to only own assets, primarily retail and industrial investments, to which we can add value through active management. Often, critical mass is the key to growth and some of the larger acquisitions that we might make will probably be through joint venture arrangements with banks and other institutions.

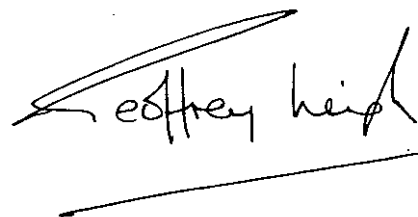
We will acquire, as trading stock, retail and industrial properties where we see break-up potential, as well as other assets where we can increase rental income flow by, for example, improving the tenant mix, following upgrading of the asset.

We will also seek to exploit development opportunities from our existing assets or from those which we acquire where we have a special interest.

Properties not meeting this strategy will be sold. We have reviewed our investment portfolio and will retain those assets where we believe there is substantial growth potential and these will therefore form the core from which the business will grow. We have identified Princess Square, Bracknell, Cumberland House, Manchester,

Dartford Trade Park, Kent, and The Clydeaway Centre, Glasgow, as meeting these criteria.

We have, over the past few years, strengthened the management team and we therefore expect a sustained period of active asset management as we continue to rationalise the properties owned by the Group in order to increase, on a consistent basis over a number of years, the net worth of Allied London Properties for the benefit of its shareholders.



Sir Geoffrey Leigh

## Directors and advisors

### Directors

Sir Geoffrey Leigh, Chairman  
H T Stanton FCCA, Managing Director  
F P Graham-Watson FCA ATII, Finance Director  
M J Ingall FRICS, Property Director  
R B Caws CBE FRICS, Non-Executive  
A A Davis FCA, Non-Executive  
Sir Denis Mountain Bt, Non-Executive

### Secretary

J H Nixon FCIS

### Registered office

Allied House  
26 Manchester Square  
London W1A 2HU  
Registered number 104394

### Principal bankers

National Westminster Bank Plc  
Lloyds Bank Plc  
Bank of Scotland

### Stockbrokers

Cazenove & Co.  
12 Tokenhouse Yard  
London EC2R 7AN

Panmure Gordon & Co. Limited  
New Broad Street House  
35 New Broad Street  
London EC2M 1NH

### Auditors

BDO Stoy Hayward  
Chartered Accountants and Registered Auditors  
8 Baker Street  
London W1M 1DA

### Registrars

Lloyds Bank Registrars  
The Causeway  
Worthing  
West Sussex BN99 6DA

# Operating and financial review

## Overview

In another year in which certain sectors of the property industry still found market conditions difficult, we began to realign our portfolio by disposing of properties which no longer met our investment criteria and reinvesting in those that do. Hence we made disposals totalling £45m and acquisitions costing £36.2m. Since the year end, we have made further disposals of £32.5m and spent £14.9m, which reduced our gearing to 122%.

We now have 22% of our portfolio invested in retail properties and the weighting in offices has been reduced to 43%.

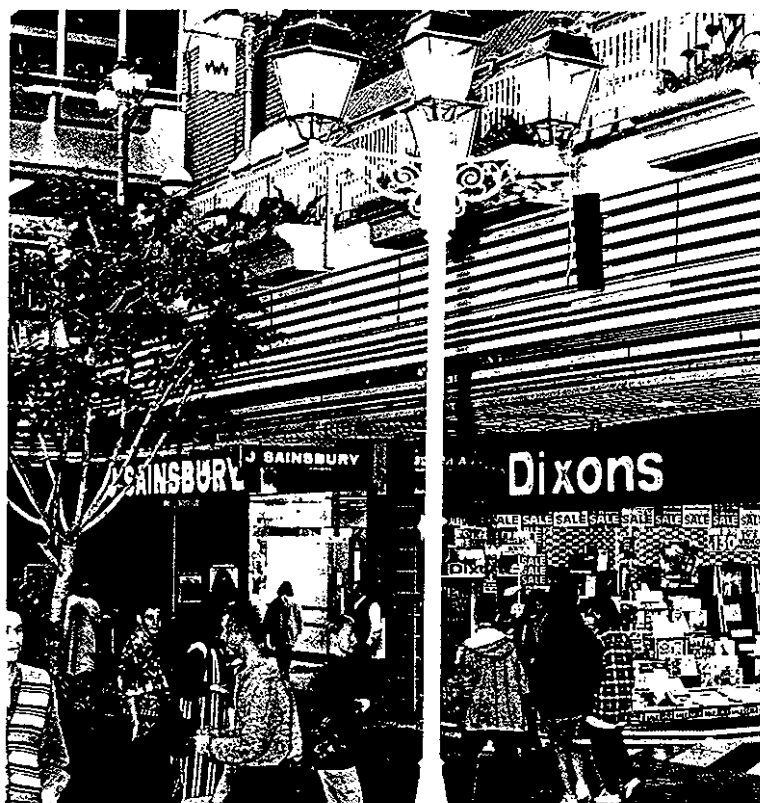
## Acquisitions

### Princess Square, Bracknell

In June we acquired Princess Square, Bracknell, our first major shopping centre, for a total consideration of £32.8m of which £3.85m is payable in May 1999.

Princess Square comprises 177,000 sq ft of retail space built in 1984. It is fully let mainly to national multiple retailers such as Sainsbury, Boots, WH Smith and Burton. The current gross rental income is £2.64m and we acquired the shopping centre at an equated yield of around 9.3%. The current estimated rental value is £3m per annum. Our intention is to upgrade and refurbish the centre and extend the opening hours. We also have plans to substantially expand the centre by development on adjoining land.

Bracknell is a prosperous catchment area and the centre is centrally located with first class access and car parking. With active management we believe there is the opportunity for substantial added value.



### Cumberland House, Manchester

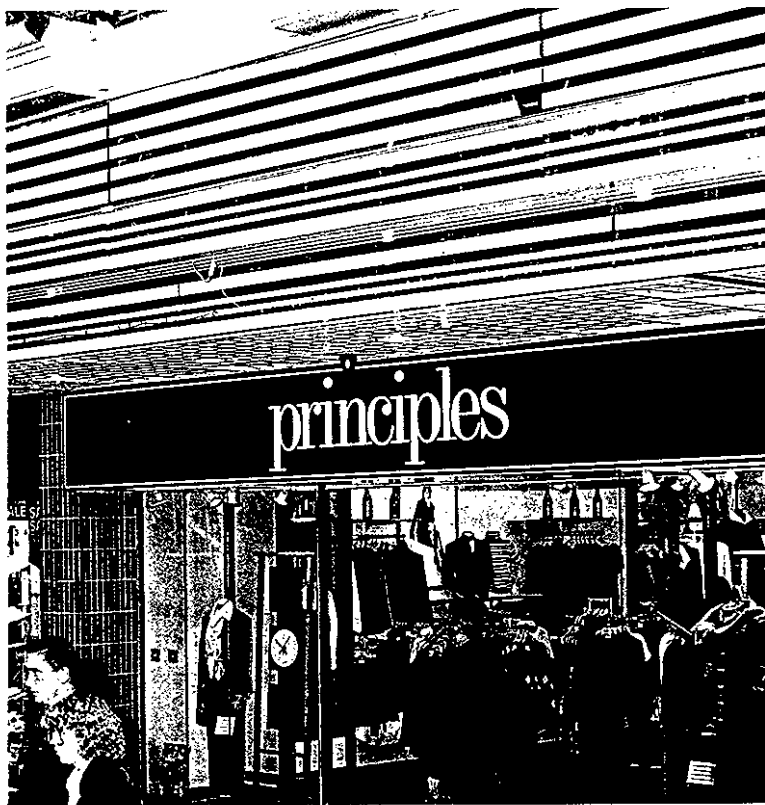
We also acquired the freehold interest of Cumberland House, Manchester, our 220,000 sq ft office building just off Deansgate in the centre of the City. We first bought a 25% interest in June 1992 and have subsequently acquired all the remaining interests. Including costs, our total outlay is £10.7m, and the property was valued at 30 June 1996 at £14m. We are examining development opportunities and believe there is further value to be derived from this property.

### Stockport

Allied London Industrial Properties (ALIP), acquired a vacant industrial estate in Stockport for £1.6m. Since purchase, we have sold one unit, two others are in solicitors' hands and we anticipate being able to shortly dispose of the remainder.

Below:

Princess Square Shopping Centre, Bracknell  
Acquired in June 1996 for £32.8m. Principal tenants include Sainsbury, Boots, WH Smith and Burton. More than 80% of the rental income is from leases expiring in 2009 or beyond. A major extended development and refurbishment programme will be implemented.



Above:

Dillons Unit, Bank Street, Bradford

Practical completion of the redevelopment of the old Rackhams store in Bradford into six new units took place in September 1996. The tenants are Dillons, Boots, Virgin, Birthdays, Kelly and Wendy's.

Left:

Cumberland House, Deansgate, Manchester

Located towards the south west of Manchester city centre, Cumberland House comprises 220,000 sq ft of office accommodation. The property provides refurbishment and redevelopment potential.

Below:

Dartford Trade Park, Kent

The Dartford Trade Park offers 573,000 sq ft of commercial, warehousing and light industrial space close to the town centre of Dartford and near the A2 and M25. Some 5 acres of land are available for development.



#### Yewtree Trading Estate, Haydock

Since the year end we have bought, through ALIP, Yewtree Trading Estate in Haydock, Manchester, an estate of 634,000 sq ft located very close to the M6 motorway, at a cost of £9.75m. Yewtree Trading Estate produces income of £1.28m per annum with potential for significant uplifts. We are embarking on a programme of upgrading the estate which comprises 12 warehouse/light industrial buildings. Tenants include Asda Stores and AIM Distribution.

#### The Broadway, Bracknell

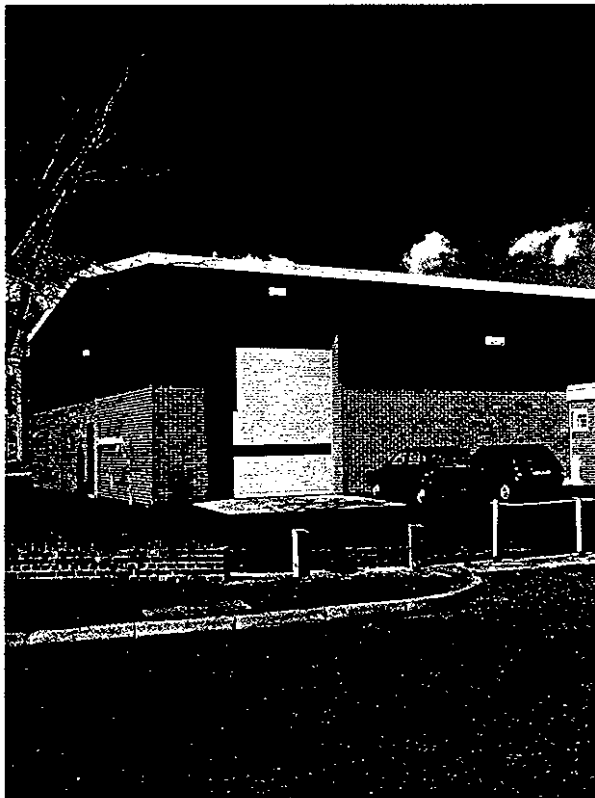
We have also acquired, since the year end, a parade of retail shops in Bracknell. The shops are within the core of the town centre shopping area close to Princess Square and we have therefore further consolidated our interests in Bracknell. These properties could be redeveloped as a self-contained site or be part of a wider development scheme.

#### Sales

In March we sold a portfolio of 12 investment properties for a total consideration of £42m. The portfolio comprised five office buildings, four industrial properties and three retail properties. We sold a further six other properties during the year for an aggregate price of £3.1m. These disposals made a profit of £1.1m after costs.

Since the year end, we have disposed of Elstree Tower, the 80,000 sq ft office building in Borehamwood, for £23.1m at an exit yield of 8.4%. The disposal price reflected book value at 30 June 1996, which was 7% higher than in 1995. We have also sold five further properties, at or above June 1996 book value, for a total consideration of £9.35m.





Left:

#### Sittingbourne Industrial Park

Phase 1 of the refurbishment programme to upgrade our 365,000 sq ft industrial estate at Sittingbourne was completed during the year.

Below left:

#### Yewtree Trading Estate, Haydock

Acquired in August 1996, Yewtree Trading Estate, Haydock is located close to the M6 motorway. The estate comprises 634,000 sq ft of industrial/warehouse accommodation in addition to 6 acres of land for future development.



#### Allied London & Scottish Properties Plc (ALSP)

##### Investment

During the year, we expended £2.65m on the refurbishment programmes at The Clydeaway Business Centre and at Granite House, our two investment properties in Glasgow. We secured new lettings, including pre-lets, of £681,000 per annum. Independent valuations for Clydeaway and Granite showed an increase of £851,000 at 30 June 1996 over the previous year.

##### Trading

We have virtually completed the 45,000 sq ft retail development in Wishaw, where the main tenant is Kwik Save. We also completed the pre-let office refurbishment at Dumbarton Road, Stirling. We spent £2.8m on our trading properties during the year. We acquired another trading property during the year at a cost of £575,000.

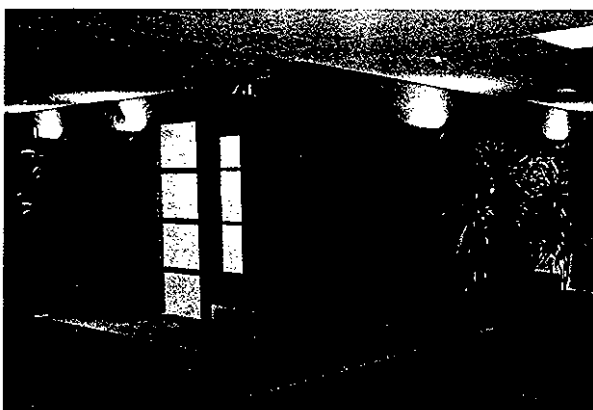
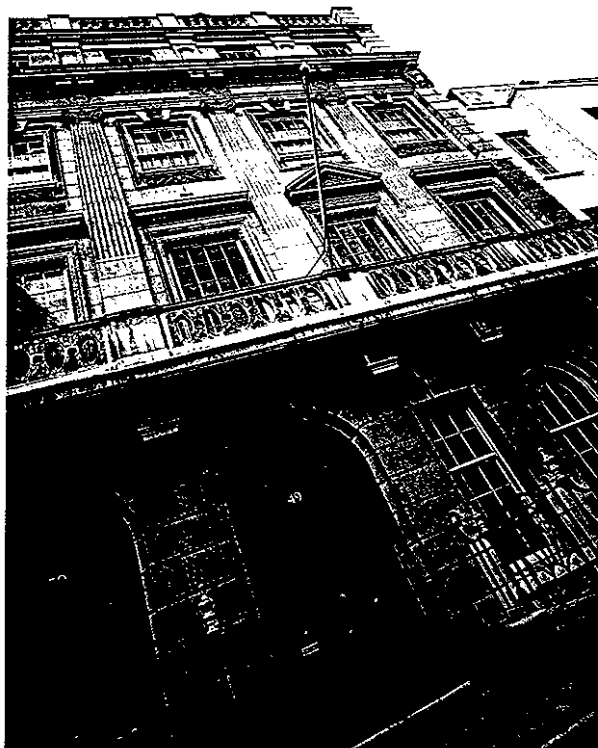


Above:  
Granite House, Stockwell Street, Glasgow  
ALSP is in the process of creating 140,000 sq ft  
of modern office accommodation centred around  
the new atrium, which has been created from an  
industrial building.

Below:

49 Upper Brook Street, London W1

A new 125 year lease has been acquired from the Grosvenor Estate. Plans are in hand to refurbish this 5,300 sq ft building shortly.



Above:

Clydeaway Centre, Finnieston Street, Glasgow  
ALSP is upgrading and refurbishing the Clydeaway Centre to provide 175,000 sq ft of modern office accommodation on seven floors.

We are confident of ALSP making satisfactory contributions to Group profits over the next two or three years.

#### Allied London Industrial Properties Ltd (ALIP)

During the year we completed the structuring of ALIP which now holds some £26m of industrial property, including the two acquisitions referred to above. Six other properties were transferred into ALIP from our own portfolio at a cost of £16.2m.

#### Pelham Homes Ltd

With a sustained improvement in house prices regularly reported, it is pleasing to see an increase in demand for serviced land which Pelham offers to the housebuilding industry. During the year we acquired the outstanding 50% shareholding in Park Farm, Ashford, Kent together with a further 318 acres of land known as Finn Farm, which adjoins Ashford Great Park, for a combined gross acquisition cost of £5.4m, including debt. In the second half of the year we sold, at satisfactory prices, 18.4 acres of land with full planning permission at our two largest sites. We still hold some 104 acres of good quality residential land with planning, for which there is increasing demand.

We continue to seek new or improved planning permissions at our other sites, including those under option.

We sold 30 houses in the year, which was less than we anticipated, mainly because we were not prepared to enter into incentive arrangements. Our housebuilding activities will continue at very modest levels.

### Joint ventures

We are engaged in three joint venture arrangements, with properties in Bradford, Reading and Leeds.

#### Bradford

In Bradford, all six retail units have now been completed and let to nationally known tenants. The annual rent will be £537,000. It is likely that we will dispose of this property in the reasonably near future.

#### Reading

At Reading, the newly created office space has been let to ABB Daimler Benz at a satisfactory rent. The 25,000 sq ft building is now fully let and it is intended that this property will also be sold.

#### Leeds

The office and warehouse building in Leeds remains fully let and occupied. We are exploring ways of maximising its value and, in the meantime, we continue to receive the passing rent of £528,000 per annum.

### Asset management

New lettings during the year were, at £1.1m, some 16% lower than in 1995, of which £659,000 was in respect of the English portfolio. Tenant failures reduced by 62% and losses from expiries and breaks were down by 34%, both encouraging statistics. Rent receivable in 1996 was virtually unchanged over 1995, at £25m. We did not suffer any significant arrears throughout the year ended 30 June 1996.

At 30 June 1996 rental levels, voids were 9% and amounted to £1.9m. With improving tenant demand and the implementation of our refurbishment programmes at Sittingbourne, Dartford, Milton Keynes

and the office buildings located around the M25, we look to significantly reduce our voids over the next 18 months.

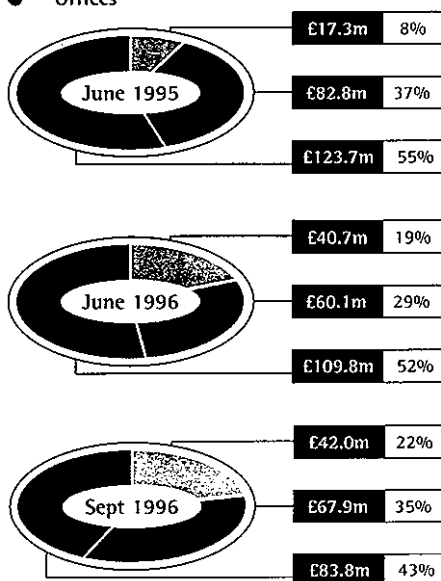
We are, at present, in a low inflation environment where shorter leases or those with break clauses will become more widespread than the previous institutional lease. This requires a different type of property management with more focus on understanding and accommodating tenants' needs. Almost certainly we will need to be prepared to undertake more regular refurbishment programmes.

As a result of our disposal programme, the annual rent roll has reduced from £24.5m at 1 July 1995 to £22.6m at 30 June 1996. The yield on the portfolio at 30 June 1996 was 10.0% compared to 10.3% a year earlier.

The apportionment of the portfolio at 30 September 1996, 30 June 1996 and 30 June 1995 is set out below under (a) Sector and (b) Region.

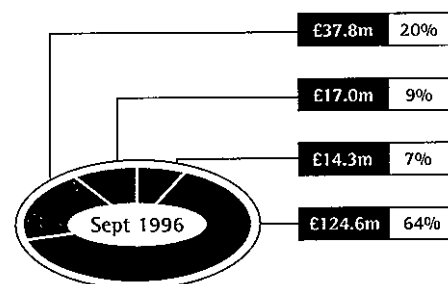
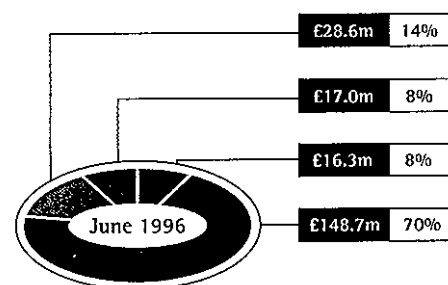
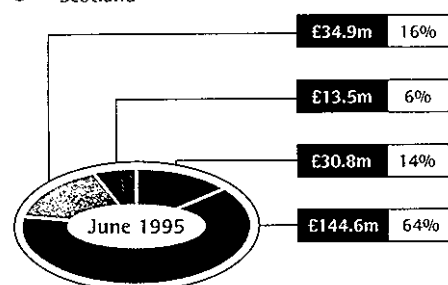
#### By sector

- Retail
- Industrial
- Offices



#### By region

- London
- South East
- Midlands and North
- ⊗ Scotland



#### Lease expiry profile

	£000	%
Up to June 2001	5,589	24.7
2006	4,145	18.3
2011	6,460	28.6
2016	4,515	20.0
After June 2016	1,891	8.4
Rent roll 30 June 1996	22,600	100.0

We have increased our investment in the retail sector from 8% in June 1995 to 22% by September 1996 and, for the first time for many years, our exposure to the office sector was below 50% by September 1996. It is intended that this process will continue as we implement our property strategy.

#### Valuation

On a like for like basis, our portfolio fell by 3.3% in value over the year, following a reduction of 7.1% in the value of, in the main, the larger office buildings held within the total office portfolio. We believe that our portfolio, especially these larger office buildings, is now valued at a level from which we can grow, particularly with the various initiatives now commencing. Portfolio investments which do not meet our strategy will be sold.

The majority of our English portfolio is externally professionally valued by Healey & Baker, whilst the two investment properties in Scotland are valued by Knight Frank. DTZ Debenham Thorpe were the valuers for Princess Square, Bracknell.

#### Financial review

##### Profits

Profits before interest were 4% lower at £22.5m in 1996 compared with £23.4m in 1995. Rental income was little changed, trading profits were lower and administration costs were up 14%, due principally to the cost of strengthening the management team. Pelham Group contributed £1.3m of the total trading profits of £1.9m.

Profits of £1.1m were achieved on sales of investment properties and interest receivable contributed £0.8m, both significant improvements on 1995.

The increase in interest payable arises mainly from higher levels of trading and development work in progress. These assets should contribute to trading profits in the years ahead and all interest has been written off during the year. Interest cover was 1.7 times compared with 1.9 times in 1995.

The tax charge is £2.3m, representing some 25% of pre-tax profits. The Group continues to take advantage of capital allowances on investment properties, although allowance has been made for balancing charges on investment property sales. Tax losses in the Pelham Group should shelter trading profits from Pelham for several years ahead. There is no tax on sales of investment properties due to available reliefs and allowances. In 1995 there was a tax credit of £1.2m following agreement with the Inland Revenue of a number of outstanding tax issues.

The final ordinary dividend is held at the same level as last year giving a total of 4p per share. The ordinary dividend is covered 1.6 times.

#### Cashflow

Investment properties costing £36.2m were acquired and a further £2.5m was spent on development and other improvements during the year.

In addition, £8.3m was added to trading stocks, principally land at Park Farm, Ashford, vacant commercial premises in Stockport and the retail development at Wishaw in Scotland. This expenditure of £47m was almost entirely funded by property sales of £45m.

New loans drawn down during the year amounted to £14.5m. Some £5.9m was used in paying for investment properties on which contracts were exchanged but not completed at 30 June 1995. Cash in hand at 30 June

1996 was £6.0m.

#### Borrowings

We continue our policy of having a range of loan facilities from long-term debentures to short- and medium-term bank loans. This enables us to finance longer-term investment assets with funding sources of appropriate maturity whilst giving us the flexibility to react quickly to short-term trading opportunities.

Interest rate protection is as important as the loan repayment profile in ensuring sound finances for the Group. Over three quarters of our borrowings are at fixed rates. As the fixture period for £20m of bank loans approaches in 1998 it is likely that further protective arrangements will be entered into.

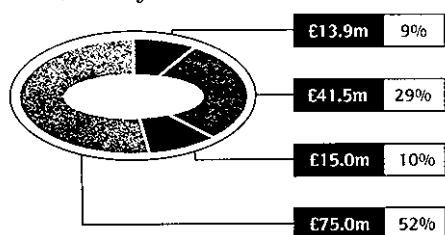
During the year net borrowings increased from £130.5m to £139.4m. As a result of increased borrowings and the property valuation, gearing increased from 122% to 137%. However, following sales and purchases after the year end, net borrowings at 30 September were reduced to £124m and gearing was 122%.

At June 1996, some 77% of borrowings were at fixed rates averaging 10.5%. The remaining 23% was at variable rates averaging 7.0%, giving an overall average rate of 9.7% compared with 10.2% in 1995. The loan repayments are well distributed over the medium- and long-term with an average maturity of 17 years. The repayment profile is as follows:

	%
Up to 2 years	9
2 years to 5 years	29
6 years to 10 years	10
Over 25 years	52
	<hr/> 100 <hr/>

#### Debt profile (£m)

- Repayable in up to 2 years
- From 2-5 years
- From 6-10 years
- Over 25 years



	%	£m
At fixed rates	77	112.1
At variable rates	23	33.3
	100	145.4

#### The future

We have a focused strategy and an experienced and dedicated management team which is constantly exploring opportunities to enhance the net worth of the Group on a sustained basis. We have made significant changes to the portfolio over the last year against the background of a difficult market. With the property sector at last showing some signs of improvement, we are confident of moving the Group forward from a position of strength.

H Stanton

M Ingall

F Graham-Watson

#### Principal investment properties at 30 September 1996

		Tenure	Area sq ft 000
<b>Retail</b>			
Princess Square	Bracknell	F	177
53/58 The Broadway	Bracknell	F	49
<b>Industrial</b>			
Yewtree Trading Estate	Haydock	F	634
Dartford Trade Park	Dartford	F	573
Clydeway Centre	Glasgow	L	474
Sittingbourne Industrial Park	Sittingbourne	F	365
<b>Offices</b>			
Cumberland House	Manchester	F	220
Granite House	Glasgow	F	140
Joseph Rank House	Harlow	F	93
Central House	Hounslow	L	87
Hagley House	Birmingham	L	73
Central Court	Orpington	F	66
Elstree House	Borehamwood	F	62

F Freehold

L Leasehold

## Directors' report

The Directors have pleasure in submitting their report and accounts for the year ended 30 June 1996.

### The business of the Group

The principal activities of the Group are property investment and development and a review is contained in both the Chairman's statement and the operating and financial review, on pages 3 to 15.

### Results and dividends for the year

The profit for the year and appropriations are shown in the Group profit and loss account on page 26.

The Board recommends a final dividend on the Ordinary Shares of 2.82p per share payable on 2 January 1997 to Shareholders registered on 12 November 1996 which, together with the interim dividend of 1.18p per share paid on 1 July 1996, makes a total of 4p per share for the year and compares with 4p per share for the previous year.

The 10% Cumulative Preference Share dividends of 10p per share are paid on 1 February and 1 August each year by equal instalments. The 5% Convertible Cumulative Redeemable Preference Share dividends of 5.75p per share are paid on 18 April and 18 October each year by equal instalments.

### Property valuation

The Group's investment properties have been valued, as at 30 June 1996, by Messrs Healey & Baker, DTZ Debenham Thorpe and Knight Frank. These valuations have been adopted in the accounts.

Changes in fixed assets are shown in notes 9 to 11.

### Directors

The following were Directors at 30 June 1996:

Sir Geoffrey Leigh  
H T Stanton FCCA  
F P Graham-Watson FCA ATII  
M J Ingall FRICS  
R B Caws CBE FRICS †\*  
A A Davis FCA †\*  
Sir Denis Mountain Bt †\*

† Member of the Remuneration Committee

\* Member of the Audit Committee

Mr A A Davis was appointed to the Board in 1985. He is a Chartered Accountant, and a non-executive director of a number of public companies. Sir Denis Mountain was appointed to the Board in 1986. He is a former Chairman of the Eagle Star Group, a director of The Bank of Nova Scotia and a director of a number of other companies. Mr R B Caws was appointed to the Board on 1 May 1995. He is a Senior Property Advisor with the BZW Property Advisory Group, a Crown Estate Commissioner, and was a Board member of the Commission for the New Towns until 22 June 1996.

Mr F P Graham-Watson and Mr A A Davis retire by rotation. Mr F P Graham-Watson, being eligible, offers himself for re-election at the forthcoming Annual General Meeting. Mr A A Davis is retiring, and will not seek re-election at



the forthcoming Annual General Meeting.

Mr F P Graham-Watson has a contract of service which is terminable by not less than 12 months' notice.

#### Directors' interests

		30 June 1996		30 June 1995	
		Ordinary Shares of 10p	10% Cum Pref Shares of £1	Ordinary Shares of 10p	10% Cum Pref Shares of £1
Sir Geoffrey Leigh	Beneficially	7,861,575	43,251	7,821,575	42,901
	As Trustee*	500,000	3,500	500,000	3,500
	Options	1,150,000	—	1,150,000	—
H T Stanton	Beneficially	45,000	—	45,000	—
	Options	1,050,000	—	1,050,000	—
F P Graham-Watson	Beneficially	25,000	—	25,000	—
	Options	800,000	—	800,000	—
M J Ingall	Beneficially	—	—	—	—
	Options	757,576	—	—	—
R B Caws	Beneficially	—	—	—	—
A A Davis	Beneficially	75,000	—	75,000	—
	As Trustee*	500,000	3,500	500,000	3,500
Sir Denis Mountain	Beneficially	—	—	—	—

\* Sir Geoffrey Leigh and Mr A A Davis are joint trustees of the Sir Geoffrey Leigh Charitable Trust which holds 500,000 Ordinary Shares and 3,500 10% Cumulative Preference Shares.

Mr H T Stanton has an interest in 100,000 (1995 – 100,000) 5% Convertible Cumulative Redeemable Preference Shares.

There were no contracts subsisting during or at the end of the financial year in which any Director of the Company has or had a material interest.

There have been no changes in Directors' shareholdings since 30 June 1996.

#### Substantial shareholdings

In addition to the Directors' holdings above, the Company has been notified of substantial holdings of its share capital. At 14 October 1996 these were:

	Ordinary Shares of 10p	10% Cum Pref Shares of £1	5% Con Cum Red Pref Shares of £1
Sir Geoffrey Leigh Settlement	3,088,000 (4.42%)	30,000 (2.83%)	—
Morris Leigh Settlement	3,917,148 (5.60%)	48,714 (4.59%)	—
BAT Industries plc	6,069,124 (8.68%)	159,850 (15.06%)	3,555,079 (8.89%)
Fleming Investment Management Ltd	3,065,000 (4.38%)	—	—
British Telecom Pension Fund	3,050,065 (4.36%)	—	—
Barclays PLC	2,349,506 (3.36%)	—	—

### Share Option Scheme

During the year, under the provisions of the Allied London Properties Plc Executive Share Option Scheme (1993) which was approved by Shareholders on 1 December 1993, offers were made to, and accepted by, employees for a total of 954,546 Ordinary Shares including the following options granted to a Director:

M J Ingall	757,576
------------	---------

### Payment policy

The Group aims to pay suppliers promptly in accordance with their terms and conditions.

### Charitable and political contributions

The Company has continued to support actively a number of charitable and community organisations. The amount expended this year was £41,000. There were no political donations.

### Indemnity insurance

The Company maintains indemnity insurance in respect of its Directors and Officers.

### Annual General Meeting

The Notice of Annual General Meeting includes, as special business, resolutions to renew the authority of the Company to purchase its own Ordinary Shares and its 5¼% Convertible Cumulative Redeemable Preference Shares ("Convertible Preference Shares") with effect from the expiry of the existing authorities. The renewed authorities will expire on the date of the following Annual General Meeting of the Company.

In respect of the Ordinary Shares the maximum number of shares authorised to be purchased will be 10,490,912 (comprising 15% of the issued Ordinary Share Capital of the Company as at 14 October 1996). The minimum price which may be paid by the Company for such shares is 10p per share.

In respect of the Convertible Preference Shares the maximum number of shares authorised to be purchased will be 5,998,897 (comprising 15% of the issued Convertible Preference Share Capital of the Company as at 14 October 1996). The minimum price which may be paid by the Company for such shares is 10p per share.

In addition, a notice is being circulated convening a meeting of the Convertible Preference Shareholders which contains resolutions to sanction the purchase by the Company of its Ordinary Shares and its Convertible Preference Shares in accordance with the authorities contained in Resolutions 9 and 10 set out in the Notice of Annual General Meeting referred to above.

No purchases of the Company's own shares have been made since the date of the last Annual General Meeting.

At the Annual General Meeting resolutions will be proposed to authorise the Directors to allot securities in the Company. Resolution 7 is an Ordinary Resolution to renew the Directors' authority to allot shares pursuant to Section 80 of the Companies Act 1985 up to an aggregate nominal value of £6,071,234 (representing 87% of the issued share capital) subject to the terms of the Resolution. Except for the purposes of an exercise of options under the Company's share option scheme or upon conversion of the 5¼% Convertible Cumulative Redeemable Preference Shares, the Directors have no present intention of issuing any part of the authorised but unissued share capital of the Company.

## Corporate governance

The Directors consider that the Company complies with the requirements of the Cadbury Committee Report on the Financial Aspects of Corporate Governance ("the Code") which came into effect on 1 July 1993.

The Directors have established an Audit Committee and a Remuneration Committee in keeping with the recommendations of the Code.

The Audit Committee comprises Sir Denis Mountain, Mr A A Davis and Mr R B Caws. It meets twice annually and assists the Board in ensuring that the Group's financial statements give a true and fair view and in addition it carries out a review of the suitability and effectiveness of the Group's internal controls and accounting systems. The Committee reviews the findings of the Group's Auditors and reviews key accounting policies and judgments.

The Remuneration Committee comprises Mr A A Davis, Mr R B Caws and Sir Denis Mountain and meets at least twice annually. It is responsible for making recommendations to the Board on remuneration policy for Directors, including the granting of share options under the Group's Executive Share Option Scheme. The Report of the Remuneration Committee is given on page 22.

After making appropriate enquiries, and after reviewing budgeted profit and cashflow for 1996/97, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

### Internal financial control

The Directors acknowledge their responsibility for the Group's system of internal financial controls, including suitable monitoring procedures, in order to provide reasonable but not absolute assurance of the maintenance of proper accounting records and the reliability of the financial information used within the business or for publication. The key procedures which the directors have established with a view to providing effective internal financial control are:

#### Management structure

There is a clear organisational structure with well defined lines of reporting and responsibility.

#### Financial reporting

There are comprehensive management reporting disciplines including profit forecasting, cashflow analysis and performance monitoring.

#### Investment appraisal

The Group has a clearly defined framework for capital expenditure including appropriate authorisation levels specifying approvals required. All major property acquisitions and disposals require Board approval.

#### Functional reporting

The Group has identified a number of areas which are the subject of a detailed periodic report to the Board. These include treasury and banking, taxation, insurance and risk management.

The Directors confirm that they have carried out a review of the effectiveness of the system of internal financial control as operated during the year ended 30 June 1996.

Resolution 8 is a Special Resolution disapplying pre-emption rights and granting authority to the Directors to make allotments of equity securities for cash by way of rights issues and other issues up to an aggregate nominal value of £349,697, being 5% of the issued ordinary share capital of the Company at 14 October 1996 amounting to 3,496,971 ordinary shares.

The Directors consider that it is in the best interests of the Company that they should have the flexibility conferred by the above resolutions.

If passed, the authorities will lapse at the conclusion of the Annual General Meeting in 1997.

As Shareholders will see from the Notice of Annual General Meeting, resolutions will also be proposed at the meeting altering the Memorandum of Association and adopting new Articles of Association. These resolutions are referred to in a separate letter from the Chairman which accompanies this Annual Report and Accounts.

#### CREST

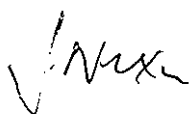
A new settlement system for share transfers, known as CREST, was introduced from 15 July 1996. CREST will provide Shareholders with the choice of holding and transferring shares in electronic or paper form. This will reduce costs and delays in settling transactions. The Company intends to participate in CREST and the Directors will take the appropriate steps to ensure that the Company's Ordinary Shares, 5¼% Convertible Cumulative Redeemable Preference Shares and 10.75% First Mortgage Debenture Stock are eligible for the new system. Accordingly, this is provided for in the proposed new Articles of Association.

A leaflet providing a more detailed explanation of the CREST system is enclosed for private Shareholders. As explained in the leaflet, Shareholders will now have the opportunity of holding their shares electronically, instead of by means of a share certificate.

#### Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them and authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

By Order of the Board  
J H Nixon, Secretary



Allied House  
26 Manchester Square  
London W1A 2HU

14 October 1996

## Report of the Auditors

to Allied London Properties Plc on corporate governance matters

In addition to our audit of the financial statements, we have reviewed the Directors' statements on page 20 on the Company's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange. The objective of our review is to draw attention to any non-compliance with paragraphs of the Code, which is not disclosed.


### Basis of opinion

We carried out our review in accordance with Bulletin 1995/1 'Disclosures Relating to Corporate Governance' issued by the Auditing Practices Board. That bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Company's system of internal financial control or the Company's corporate governance procedures, nor on the ability of the Company to continue in operational existence.

### Opinion

With respect to the Directors' statements on internal financial control and going concern on page 20, in our opinion the Directors have provided the disclosure required by paragraphs 4.5 and 4.6 of the Code (as supplemented by the related guidance for directors) and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain Directors and Officers of the Company, and examination of relevant documents, in our opinion the Directors' statements on page 20 appropriately reflect the Company's compliance with the other paragraphs of the Code specified for our review.

BDO Stoy Hayward   
Chartered Accountants and Registered Auditors

London  
14 October 1996

## Report of the Remuneration Committee

### The Remuneration Committee

The Remuneration Committee ("the Committee") is responsible for determining the remuneration and other benefits, including the granting of share options, of the Executive Directors. The Committee meets at least twice a year and consists of Non-Executive Directors, currently A A Davis (Committee Chairman), R B Caws and Sir Denis Mountain.

Following the resignation of Sir Geoffrey Leigh as a member of the Committee on 30 November 1995, the constitution and operation of the Committee have complied with Section A of the Best Practice provisions of the Greenbury Report. The Committee also confirms that due regard has been given to Section B of the Best Practice provisions annexed to the Stock Exchange Listing Rules.

#### Service agreements

Sir Geoffrey Leigh, H T Stanton and M J Ingall have service agreements which require a period of notice of two years. No other Directors have service agreements requiring a period of notice exceeding one year.

### Remuneration of Executive Directors

The Committee formulates remuneration policy which will ensure that remuneration packages are competitive and designed to attract, retain and motivate high calibre executive directors.

Remuneration policy comprises:

- basic salary and benefits
- share options
- pensions
- bonuses

#### Basic salary and benefits

Basic salaries are reviewed by the Committee annually, or upon proposed appointment, and are assessed having regard to group performance and profit levels, individual performance and market conditions.

Taxable benefits are also reviewed by the Committee and include the provision of company car and medical insurance.

#### Share options

Executive Directors participate in the Executive Share Option Scheme (1993). All grants of options under the Scheme Rules are approved by the Committee. Options granted under this Scheme are set out below. The Committee believes that share ownership by Executive Directors provides motivation and aligns the interests of Executive Directors and Shareholders.

#### Pensions

Executive Directors are eligible to join the Company's Pension and Retirement Benefits Scheme on the same basis as employees of the Company. The Scheme is non-contributory, and provides death-in-service life cover at four times pensionable salary.

Alternatively, if the Director does not wish to join the Company Pension Scheme, an amount will be paid to the Director enabling him to contribute to a private pension scheme. The amounts disclosed below represent contributions paid in the year.

## Bonuses

There is currently no bonus scheme in operation for the Executive Directors.

## Remuneration of Non-Executive Directors

The fees payable to Non-Executive Directors are considered by the Board. Non-Executive Directors do not have service contracts and do not participate in the Share Option Scheme.

## Directors' emoluments

	Basic salary £	Fees £	Benefits £	Bonus £	Total emoluments excluding pension contributions		Pension contributions	
					1996 £	1995 £	1996 £	1995 £
<b>Executive</b>								
Sir Geoffrey Leigh	241,875	–	41,061	–	282,936	299,675	45,827	45,827
H T Stanton	192,500	–	10,142	–	202,642	201,738	33,688	33,688
F P Graham-Watson	129,000	–	9,650	–	138,650	138,836	22,575	22,575
M J Ingall*	100,000	–	5,648	–	105,648	–	14,500	–
<b>Non-Executive</b>								
R B Caws**	–	15,000	–	–	15,000	2,500	–	–
A A Davis	–	15,000	–	–	15,000	15,000	–	–
Sir Denis Mountain	–	10,000	–	–	10,000	10,000	–	–
C Austin***	–	–	–	–	–	8,750	–	–
<b>Total</b>	<b>663,375</b>	<b>40,000</b>	<b>66,501</b>	<b>–</b>	<b>769,876</b>	<b>676,499</b>	<b>116,590</b>	<b>102,090</b>

\*M J Ingall was appointed to the Board on 2 October 1995

\*\*R B Caws was appointed to the Board on 1 May 1995

\*\*\*C Austin retired on 11 April 1995

## Directors' options

### Ordinary shares under option

	At 30 June 1995	Granted in year	At 30 June 1996	Options granted	Option price	Date granted	Date exercisable	Expiry date
Sir Geoffrey Leigh	1,150,000	–	1,150,000	500,000 650,000	a b	41p 100p	26/11/92 26/09/94	26/11/95 26/09/97
H T Stanton	1,050,000	–	1,050,000	400,000 650,000	a b	41p 100p	26/11/92 26/09/94	26/11/95 26/09/97
F P Graham-Watson	800,000	–	800,000	400,000 400,000	a b	41p 100p	26/11/92 26/09/94	26/11/95 26/09/97
M J Ingall	–	757,576	757,576	757,576	b	66p	08/11/95	08/11/98

a options exercisable

b options not yet exercisable

The middle market price of the Ordinary Shares on 28 June 1996 was 68p

The range during the year was 57p to 81p

No options were exercised by Directors in the year and no options expired in the year

## Statement of Directors' responsibilities for the preparation of accounts

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and Group and the profit or loss for that period.

In preparing those accounts the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departure disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the Company and Group assets and for the prevention and detection of fraud and other irregularities.



## Group profit and loss account

for the year ended 30 June 1996

	Notes	1996 £000	1995 £000
Rental income		25,016	25,140
Property outgoings		1,378	1,113
Net rental income		23,638	24,027
Trading profit	2	1,892	2,342
Administrative expenses		(4,075)	(3,584)
Operating profit	3	21,455	22,785
Profit on sale of investment properties		1,104	123
Income from interests in associated undertakings	11	(87)	530
Profit on ordinary activities before interest		22,472	23,438
Interest payable	4	(14,089)	(12,746)
Interest receivable		779	366
Profit on ordinary activities before taxation	5	9,162	11,058
Tax on profit on ordinary activities	6	2,290	729
Profit on ordinary activities after taxation		6,872	10,329
Minority interests		(80)	142
Profit for the financial year		6,952	10,187
Dividends (including non-equity)	7	5,203	5,192
Retained profit for the year	19	1,749	4,995
Earnings per share	8		
Basic		6.5p	11.2p
Fully diluted		6.5p	9.5p
Adjusted basic		4.9p	11.0p

All amounts relate to continuing activities in the United Kingdom

## Report of the Auditors

to the Members of Allied London Properties Plc

We have audited the financial statements on pages 26 to 43 and the analysis of Directors' emoluments and Directors' options on page 23, which have been prepared under the accounting policies set out on pages 30 and 31.

### Respective responsibilities of Directors and Auditors

As described opposite the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

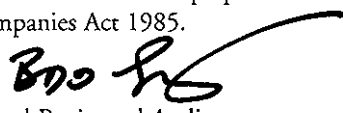
### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 June 1996 and of the Group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward   
Chartered Accountants and Registered Auditors

London  
14 October 1996

# Balance sheets

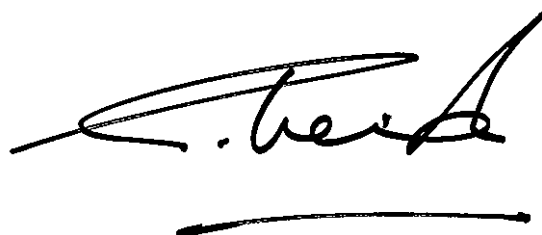
30 June 1996

		Group		Parent Company	
		1996	1995	1996	1995
	Notes	£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets					
Investment properties	9	210,597	223,762	60,377	25,350
Equipment and motor vehicles	10	394	500	—	—
Investments	11	3,143	1,077	46,738	54,495
		<u>214,134</u>	<u>225,339</u>	<u>107,115</u>	<u>79,845</u>
<b>Current assets</b>					
Stocks	12	41,147	32,870	—	—
Debtors	13	12,931	6,419	127,544	153,400
Cash at bank		6,003	987	5,392	978
		<u>60,081</u>	<u>40,276</u>	<u>132,936</u>	<u>154,378</u>
Creditors falling due within one year	14	30,256	33,551	18,008	11,638
Net current assets		<u>29,825</u>	<u>6,725</u>	<u>114,928</u>	<u>142,740</u>
Total assets less current liabilities		<u>243,959</u>	<u>232,064</u>	<u>222,043</u>	<u>222,585</u>
Creditors falling due after more than one year	15	142,312	125,412	120,812	116,212
Net assets		<u>101,647</u>	<u>106,652</u>	<u>101,231</u>	<u>106,373</u>
<b>Capital and reserves</b>					
Called up share capital – equity	16	6,992	6,964	6,992	6,964
– non equity	16	41,055	41,055	41,055	41,055
Share premium account	17	4,827	4,742	4,827	4,742
Revaluation reserve	18	18,031	33,432	26,855	34,731
Capital redemption reserve		42	42	42	42
Profit and loss account	19	30,284	20,138	21,460	18,839
Total shareholders' funds		<u>101,231</u>	<u>106,373</u>	<u>101,231</u>	<u>106,373</u>
Minority interests		416	279	—	—
		<u>101,647</u>	<u>106,652</u>	<u>101,231</u>	<u>106,373</u>

All items under capital and reserves are equity except where shown

These financial statements were approved by the Board of Directors on 14 October 1996

Sir Geoffrey Leigh, Chairman  
F P Graham-Watson, Finance Director




## Ancillary financial statements

for the year ended 30 June 1996

### Statement of total recognised gains and losses

	Notes	1996 £000	1995 £000
Profit for the financial year		6,952	10,187
Revaluation of properties – Group	9	(7,094)	(16,091)
– Associated undertakings	11(b)	307	–
Total recognised gains and losses for the financial year		<u>165</u>	<u>(5,904)</u>

### Statement of historical cost profit

		1996 £000	1995 £000
Profit on ordinary activities before taxation		9,162	11,058
Realisation of property revaluation gains in prior years	19	8,397	450
Historical cost profit on ordinary activities before taxation		<u>17,559</u>	<u>11,508</u>
Historical cost retained profit for the year		<u>10,146</u>	<u>5,445</u>

### Reconciliation of movements in shareholders' funds

		1996 £000	1995 £000
Profit for the financial year		6,952	10,187
Dividends		(5,203)	(5,192)
Retained profit for the year		1,749	4,995
Revaluation of properties – Group	18	(7,094)	(16,091)
– Minority interest	18	(217)	(67)
– Associated undertakings	18	307	–
Issue of shares		113	–
Net decrease in shareholders' funds		<u>(5,142)</u>	<u>(11,163)</u>
Opening shareholders' funds		106,373	117,536
Closing shareholders' funds		<u>101,231</u>	<u>106,373</u>

## Group cash flow statement

for the year ended 30 June 1996

	Notes	1996 £000	1995 £000
Net cash inflow from operating activities	23(a)	16,423	8,165
Returns on investments and servicing of finance			
Interest paid		(14,057)	(12,602)
Interest received		779	368
Dividends paid		(5,192)	(5,107)
Net cash outflow from returns on investments and servicing of finance		(18,470)	(17,341)
Corporation tax paid		(1,802)	(887)
Cash outflow before investing activities		(3,849)	(10,063)
Investing activities			
Acquisition of subsidiary and associated undertakings	23(b)&(c)	(7,909)	(600)
Purchase of and additions to investment properties		(39,890)	(16,407)
Net purchase of equipment and motor vehicles		(69)	(317)
Sale of investment properties		42,721	1,344
Net cash outflow from investing activities		(5,147)	(15,980)
Net cash outflow before financing		(8,996)	(26,043)
Financing			
Issue of ordinary share capital		113	—
Share capital contributed by minorities		—	1
New bank loans		15,400	19,100
Repayment of amounts borrowed		(1,850)	(150)
Net cash inflow from financing	23(d)	13,663	18,951
Increase/(decrease) in cash and cash equivalents	23(e)	4,667	(7,092)

## Notes to the accounts

### 1 Accounting policies

The following principal accounting policies, to which there have been no material changes during the year, have been applied in the preparation of these financial statements:

#### Accounting convention

These accounts have been prepared under the historical cost convention, as modified by the revaluation of certain assets, and in accordance with applicable accounting standards.

#### Basis of consolidation

The Group accounts comprise the accounts of the Company and its subsidiary and associated undertakings made up to 30 June or, in the case of undertakings acquired or disposed of during the year, for the period of ownership, under the acquisition method of accounting. Goodwill on consolidation represents the excess of purchase consideration over the fair value of net assets acquired and is written off to reserves in the year in which it arises.

#### Associated undertakings

The Group's share of the results of associated undertakings is included in the accounts using the equity method of accounting. The investment in associated undertakings is included in the balance sheet at the Group's share of the net assets of the associated undertakings, after adjustment for the Directors' opinion on a prudent basis of the underlying value of those assets to the Group.

#### Investment properties

All investment properties are valued professionally each year on an open market value basis and the aggregate surplus or temporary deficit arising from such revaluation is transferred to revaluation reserve. Deficits that are expected to be permanent are taken to profit and loss account. Acquisitions and disposals of properties are recognised where binding contracts have been exchanged during the accounting period, provided completion takes place prior to approval of the accounts.

#### Depreciation

##### Investment properties

In accordance with Statement of Standard Accounting Practice No 19, no depreciation is provided in respect of freehold properties, and leasehold properties with over 20 years to run. Although the Companies Act would normally require the systematic depreciation of such assets, the Directors believe that this departure from the statutory rules is necessary for the accounts to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation, and it is not practicable to quantify separately the amount which might otherwise have been shown.

##### Equipment and motor vehicles

Depreciation is provided on a straight line basis, having regard to the estimated useful life and residual value of these assets, at the rate of 25% per annum.

#### Stocks

Land, work in progress and trading properties are valued at the lower of cost and net realisable value. Work in progress includes attributable overheads and reflects payments received on account.

#### Interest payable

Where the Group undertakes a development or redevelopment, attributable interest costs are capitalised gross of tax relief during the period of development. A property is regarded as being in the course of development until substantially let and income producing or the expiration of a period of two years from the date of practical completion, whichever is the earlier.

## 1 Accounting policies continued

### Deferred taxation

No provision is made for tax on capital gains which would arise if investment properties owned by the Group were to be realised at the amounts at which they are stated in the accounts. Provision is made for timing differences between the treatment of certain items of income and expenditure for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallize.

### Pension costs

Contributions to the Group's defined benefit pension scheme are charged to profit and loss account so as to spread the cost of pensions over employees' working lives with the Group.

## 2 Trading profit

	1996 £000	1995 £000
Sales of land, trading properties and houses	9,576	13,696
Cost of sales	(7,684)	(11,354)
	<u>1,892</u>	<u>2,342</u>

## 3 Operating profit

	1996 £000	1995 £000
(a) Is stated after:		
Depreciation charge	356	442
Directors' remuneration	887	778
Auditors' remuneration – audit	35	38
– other services	77	38
Profit on sale of equipment and motor vehicles	<u>15</u>	<u>27</u>

### (b) Employees (including Executive Directors):

The average number of employees of the Group during the year was 96 (1995 – 93), and their remuneration was:

Salaries	3,221	2,884
Social security costs	341	318
Pension contributions	268	207
	<u>3,830</u>	<u>3,409</u>

### (c) Directors' emoluments:

Fees as Directors	40	36
Remuneration for management services	730	640
Pension contributions	117	102
	<u>887</u>	<u>778</u>

## Notes to the accounts continued

### 3 Operating profit continued

(d) Emoluments of the Directors, excluding pension contributions, were made up as follows:

Chairman and highest paid Director

Other Directors fell within the following ranges:

£200,001 – £205,000

£135,001 – £140,000

£105,001 – £110,000

£10,001 – £15,000

£5,001 – £10,000

£0 – £5,000

### 4 Interest payable

Loans repayable after five years:

10.75% First Mortgage Debenture Stock 2025

Bank term loans

Loans repayable within five years:

12.2% First Mortgage Debenture Stock 1998/2003

Other mortgage

Bank and other short-term loans

Interest capitalised – note 12

### 5 Segmental analysis

	Property investment		Property trading		Total	
	1996 £000	1995 £000	1996 £000	1995 £000	1996 £000	1995 £000
<b>Turnover</b>						
Rental income/sales	23,505	24,067	10,998	14,769	34,503	38,836
<b>Profit before taxation</b>						
Segmental profit	23,220	23,057	3,327	3,965	26,547	27,022
Common costs					(4,075)	(3,584)
Net interest payable					(13,310)	(12,380)
					9,162	11,058
<b>Net assets</b>						
Segmental net assets	204,900	210,749	46,980	34,381	251,880	245,130
Net borrowings and liabilities					(150,233)	(138,478)
					101,647	106,652



## 6 Taxation

	1996 £000	1995 £000
The charge for taxation is made up as follows:		
Corporation Tax on ordinary activities at 33% (1995 – 33%)	2,290	1,929
Prior years	–	(1,200)
	<u>2,290</u>	<u>729</u>

The tax charge for the year has been reduced partly by capital allowances of £1,707,000 (1995 – £2,800,000) for which no deferred taxation has been provided, and partly by losses brought forward in certain subsidiary undertakings.

## 7 Dividends

	1996 Pence per share	1995 Pence per share	1996 £000	1995 £000
Equity shares:				
Ordinary Shares – Interim	1.18	1.18	824	822
– Final	2.82	2.82	1,973	1,964
	<u>4.00</u>	<u>4.00</u>	<u>2,797</u>	<u>2,786</u>
Non-equity shares:				
10% Cumulative Preference Shares			106	106
5¼% Convertible Cumulative Redeemable Preference Shares			2,300	2,300
			<u>5,203</u>	<u>5,192</u>

## 8 Earnings per share

Basic earnings per share are calculated by dividing the profit after taxation, minority interest and preference dividends of £4,546,000 (1995 – £7,781,000) by 69,768,735 (1995 – 69,644,415), being the weighted average number of shares in issue during the year.

The fully diluted earnings per share are calculated allowing for the full conversion of the outstanding convertible preference shares and the exercise of outstanding share options at the beginning of the year or at the date of grant, as appropriate. The weighted average number of shares is 107,803,433 (1995 – 106,883,353) and the relevant earnings are £7,029,000 (1995 – £10,180,000).

The adjusted basic earnings per share exclude the profit on sale of investment properties of £1,104,000 (1995 – £123,000) equivalent to 1.6p (1995 – 0.2p) per share. The adjusted basic earnings are £3,442,000 (1995 – £7,658,000) and the weighted average number of shares is 69,768,735 (1995 – 69,644,415).

## 9 Tangible assets

Investment properties	Freehold property	Leasehold property		Total
	£000	over 50 yrs £000	under 50 yrs £000	
<b>Group</b>				
Balance 1 July 1995 at valuation	176,592	45,775	1,395	223,762
Additions	36,491	2,305	–	38,796
Disposals	(43,270)	(825)	(606)	(44,701)
Transfers	11,000	(11,000)	–	–
Depreciation	–	–	(166)	(166)
Deficit arising on revaluation – note 18	(2,581)	(4,555)	42	(7,094)
<b>Balance 30 June 1996 at valuation</b>	<b>178,232</b>	<b>31,700</b>	<b>665</b>	<b>210,597</b>

At the year end the cumulative capitalised interest was £4,190,000 (1995 – £4,922,000). The depreciation charge for the year on short leasehold properties has been eliminated on revaluation. The historical cost of the properties was £194,050,000 (1995 – £191,578,000).

The freehold and leasehold properties of both the Group and the Parent Company have been valued by Messrs Healey & Baker, DTZ Debenham Thorpe and Knight Frank on the basis of open market value at 30 June 1996.

Properties valued by:	£000
Healey & Baker	160,347
DTZ Debenham Thorpe (Princess Square, Bracknell)	33,300
Knight Frank (Scottish properties)	16,950
	<b>210,597</b>

If the properties of both the Group and the Parent Company were sold at their balance sheet valuation it is estimated that no capital gains tax liability would arise (1995 – nil).

	Freehold property	Leasehold property	Total
	£000	over 50 yrs £000	
<b>Parent Company</b>			
Balance 1 July 1995 at valuation	25,350	–	25,350
Additions	33,395	678	34,073
Disposals	(6,692)	–	(6,692)
Transfers from group companies	3,692	–	3,692
Surplus arising on revaluation – note 18	3,632	322	3,954
<b>Balance 30 June 1996 at valuation</b>	<b>59,377</b>	<b>1,000</b>	<b>60,377</b>

The historical cost of the properties was £53,033,000 (1995 – £19,433,000).

## 10 Tangible assets

### Equipment and motor vehicles

Group	£000
Cost	
Balance 1 July 1995	1,412
Additions	90
Disposals	(51)
Balance 30 June 1996	1,451
Depreciation	
Balance 1 July 1995	912
Charge for the year	190
Disposals	(45)
Balance 30 June 1996	1,057
Net book value 30 June 1996	394

## 11 Investments

### Group

(a) Investments comprise interests in the following associated undertakings:

The Group holds 50% of the ordinary share capital of Allied Limefort Limited and Puravale Limited, owning investment properties in Leeds and Reading respectively.

The Group holds 40% of the ordinary share capital and 40% of the redeemable preference share capital of Chafford Hundred Limited. The remaining ordinary share capital is held by Blue Circle Industries PLC (50%) and Pearson plc (10%). Chafford Hundred Limited is engaged in the development of a 600 acre site in West Thurrock, Essex, with the benefit of planning permission for residential, retail and commercial use.

All associated undertakings are registered in England.

(b) The interests of the Group in associated undertakings are represented by:

	Allied Limefort Limited £000	Puravale Limited £000	Chafford Hundred Limited £000	Park Farm Ashford Limited £000	Total £000
Balance 1 July 1995	–	100	–	977	1,077
Additions	704	841	1,275	–	2,820
Share of loss for the year	(8)	(76)	–	(3)	(87)
Share of revaluation surplus – note 18	45	262	–	–	307
Acquired as subsidiary undertaking	–	–	–	(974)	(974)
Balance 30 June 1996	741	1,127	1,275	–	3,143

The shares in Chafford Hundred Limited are held in the Group balance sheet at £1. During the year the Group subscribed for zero coupon subordinated loan notes issued by Chafford Hundred Limited with a nominal value of £3,059,623 at a price of £1,274,843.

## Notes to the accounts continued

### 11 Investments continued

(c) Summarised below are the balance sheets of the associated undertakings at 30 June 1996:

	Allied Limefort Limited £000	Puravale Limited £000	Chafford Hundred Limited £000
Investment properties	5,600	2,600	–
Development work in progress	–	–	72,540
Other current assets	175	237	2,559
Creditors falling due within one year	(228)	(134)	(5,706)
Creditors falling due after more than one year – note (i)	(4,768)	(1,290)	(61,500)
Shareholder loans	(704)	(841)	(3,768)
Net assets – note (ii)	75	572	4,125
Called up share capital	1	200	12,010
Revaluation reserve	89	525	–
Profit and loss account	(15)	(153)	(7,885)
Shareholders' funds – note (iii)	75	572	4,125
Group share	37	286	1,650
Fair value adjustment	–	–	(1,650)
Loans from Group	704	841	1,275
Carrying value in Group accounts	741	1,127	1,275

(i) Bank loans included in creditors are secured on freehold property by fixed charges. The Allied Limefort loan is committed until October 2002, the Puravale loan until October 1998, and the Chafford Hundred loan until June 2001.

(ii) A dividend payable of £12,758,000 has been added back to shareholders' funds in the balance sheet of Chafford Hundred Limited as shown above because, due to a deficit on profit and loss account, the dividend may not legally be paid.

(iii) The accounting reference date of Allied Limefort Limited and Puravale Limited is 30 June. The accounting reference date for Chafford Hundred Limited is 31 December; the above balance sheet is based on unaudited management accounts at 30 June 1996.

(iv) For the purposes of inclusion in the Group accounts, the Directors have assessed the underlying fair value to the Group of the net assets of the associated undertakings.

## 11 Investments continued

Parent company	Subsidiary undertakings £000	Associated undertakings £000	Total £000
Balance 1 July 1995 at valuation	54,395	100	54,495
Additions	—	1,545	1,545
(Deficit)/surplus arising on revaluation – note 18	(9,525)	223	(9,302)
Balance 30 June 1996 at valuation	44,870	1,868	46,738

Shares in subsidiary and associated undertakings are revalued by the Directors to reflect their underlying net asset values. The historical cost of the investments was £22,589,000 (1995 – £21,044,000).

The Parent Company's associated undertakings are Allied Limefort Limited and Puravale Limited, details of which are shown above.

The principal subsidiary undertakings, which are wholly-owned and registered in England unless otherwise shown, are as follows:

	% Owned	Registered in
<b>Property investment companies</b>		
Allied London Investments Ltd		
Allied London Property Investments Ltd		
Gough Cooper Properties Ltd		
Allied London Industrial Properties Ltd	85	
Allied London & Scottish Properties Plc	80	Scotland
<b>Property trading and estate development companies</b>		
Sterling Homes Ltd		
Sterling Homes (Midlands) Ltd		
Pelham Homes Ltd	88	
Allied London & Scottish Developments Ltd	80	Scotland
Allied London Melford Ltd	75	
Hamiltonhill Estates Ltd	65	Scotland
<b>Group management company</b>		
Allied London Properties Management Ltd		

## Notes to the accounts continued

### 12 Stocks

	Group	
	1996 £000	1995 £000
Land	14,160	11,087
Work in progress	2,006	2,082
Commercial properties	24,981	19,701
	<u>41,147</u>	<u>32,870</u>
Interest capitalised included above – note 4	45	45

### 13 Debtors

	Group		Parent Company	
	1996 £000	1995 £000	1996 £000	1995 £000
Trade debtors	10,399	3,335	2,958	34
Other debtors	1,529	1,539	712	718
Amounts due from subsidiary undertakings	–	–	122,559	152,206
Amounts due from associated undertakings	159	891	–	–
Prepayments and accrued income	844	654	1,315	442
	<u>12,931</u>	<u>6,419</u>	<u>127,544</u>	<u>153,400</u>

Trade debtors includes £2,080,000 (1995 – nil), and other debtors £ 712,000 (1995 – £710,000), falling due after one year. All other amounts fall due for payment within one year.

### 14 Creditors falling due within one year

	Group		Parent Company	
	1996 £000	1995 £000	1996 £000	1995 £000
First Mortgage Debenture Stock	150	150	150	150
Bank loans and overdrafts (secured)	6,762	6,413	8,006	5,061
Trade creditors	2,281	7,697	287	–
Other creditors	6,723	4,487	5,194	2,627
PAYE and social security	120	112	–	–
Taxation	2,269	1,781	–	–
Declared and proposed dividends	2,850	2,839	2,850	2,839
Accruals and deferred income	9,101	10,072	1,521	961
	<u>30,256</u>	<u>33,551</u>	<u>18,008</u>	<u>11,638</u>

15 Creditors falling due after more than one year

	Group		Parent Company	
	1996 £000	1995 £000	1996 £000	1995 £000
10.75% First Mortgage Debenture Stock 2025	75,000	75,000	75,000	75,000
12.2% First Mortgage Debenture Stock 1998/2003	1,962	2,112	1,962	2,112
9.5% Mortgage	—	1,700	—	—
Bank loans:				
8.75% secured 2004	10,000	10,000	10,000	10,000
8.625% secured 2001	5,000	5,000	5,000	5,000
Variable secured 2001	9,500	—	—	—
Variable secured 1999	7,000	7,000	—	—
11.1% secured 1998	10,000	10,000	10,000	10,000
10.74% secured 1998	10,000	10,000	10,000	10,000
Variable secured 1998	10,000	4,100	5,000	4,100
Acquisition of property due 1999	3,850	—	3,850	—
Deferred consideration on acquisition of subsidiary	—	500	—	—
	<u>142,312</u>	<u>125,412</u>	<u>120,812</u>	<u>116,212</u>
Repayable as follows:				
One to two years	6,962	2,350	6,962	150
Two to five years	45,350	33,062	23,850	26,062
After more than five years	90,000	90,000	90,000	90,000
	<u>142,312</u>	<u>125,412</u>	<u>120,812</u>	<u>116,212</u>

Interest on the variable rate term bank loans is payable at rates of between ¾% over Libor and 1¼% over base rate. Amounts repayable within one year are included in note 14. The borrowings are secured on certain properties of the Group.

# Notes to the accounts continued

16 Share capital	1996 Number	1995 Number	1996 £000	1995 £000
<b>Authorised:</b>				
Equity shares				
Ordinary Shares of 10p each	139,382,500	139,382,500	13,938	13,938
Non-equity shares				
10% Cumulative Preference Shares of £1 each	1,061,750	1,061,750	1,062	1,062
5¼% Convertible Cumulative Redeemable Preference Shares of £1 each	40,000,000	40,000,000	40,000	40,000
Total non-equity shares			41,062	41,062
Total authorised share capital			55,000	55,000
<b>Allotted, called up and fully paid:</b>				
Equity shares				
Ordinary Shares of 10p each	69,919,415	69,644,415	6,992	6,964
Non-equity shares				
10% Cumulative Preference Shares of £1 each	1,061,750	1,061,750	1,062	1,062
5¼% Convertible Cumulative Redeemable Preference Shares of £1 each	39,992,648	39,992,648	39,993	39,993
Total non-equity shares			41,055	41,055
Total called up share capital			48,047	48,019

The called up ordinary share capital of the Company increased during the year by 275,000 shares arising from the exercise of options under the terms of the Executive Share Option Scheme. There were no other changes to the authorised or called up capital.

There were options outstanding in respect of 5,046,671 Ordinary Shares at 30 June 1996 (1995 – 4,367,125), including 3,757,576 options granted to Directors (1995 – 3,000,000). These options are exercisable up to November 2005 at 41p, 66p or 100p per share.

The Convertible Preference Shares are convertible at the holders' option on 30 January in each of the years 1997 to 2012. The conversion rate is 83.333 Ordinary Shares for every 100 Convertible Preference Shares. Any shares not so converted will be redeemed at par in October 2012. Unless their dividends are in arrears or the Company is resolving to wind itself up, neither class of Preference Shares carries any voting rights. The Cumulative Preference Shares rank first, and the Convertible Preference Shares second, in priority to the Ordinary Shares, both as to dividends and to repayment on a winding up.



## 17 Share premium account

	Group and Parent Company £000
Balance 1 July 1995	4,742
Arising on share issues	85
Balance 30 June 1996	<u>4,827</u>

## 18 Revaluation reserve

	Group £000	Parent Company £000
Balance 1 July 1995	33,432	34,731
Revaluation of Group properties – note 9	(7,094)	3,954
Minority interest in revaluation of properties	(217)	–
Revaluation of associated undertakings – note 11	307	223
Revaluation of subsidiary undertakings – note 11	–	(9,525)
Realisation of property revaluation gains in prior years – note 19	(8,397)	(2,528)
Balance 30 June 1996	<u>18,031</u>	<u>26,855</u>

Of the above Group balance at 30 June 1996, £307,000 is attributable to associated undertakings.

## 19 Profit and loss account

	Group £000	Parent Company £000
Balance 1 July 1995	20,138	18,839
Retained profit for the year	1,749	93
Realisation of property revaluation gains in prior years – note 18	8,397	2,528
Balance 30 June 1996	<u>30,284</u>	<u>21,460</u>

Of the above Group balance at 30 June 1996, £84,000 of losses are attributable to associated undertakings.

As permitted by Section 230 of the Companies Act 1985 the profit and loss account of the Parent Company is not included in these accounts. The amount of the distributable profit for the year dealt with in the accounts of the Parent Company is £4,248,000 (1995 – £4,577,000).

## 20 Pension scheme

The Group operates a non-contributory, defined benefit pension scheme providing benefits for employees based on pensionable salary near or at the date of retirement. The assets of this funded scheme are held separately from Group assets and are administered by Eagle Star Life Assurance Company Limited, in whose Managed Fund they are invested. There is no investment in shares of the Company.

The most recent valuation of the scheme was carried out by an independent qualified actuary at 30 June 1993 and showed assets with a market value of £1,357,244 and a deficit of £170,800 (11.2%). On 24 June 1994 the Company paid a special contribution amounting to £170,800 into the scheme, thus covering the liabilities of the scheme based on annuity rates available in the market at the valuation date. Following the valuation the actuary recommended a funding rate of 14.6% using the Projected Unit Method. Assumptions used in the valuation were:

Investment return	9% p.a.
Salary increases	7% p.a.

## 21 Contingent liabilities

The Parent Company has:

- (i) Guaranteed the bank borrowings of subsidiary undertakings amounting to £ 24.8 million.
- (ii) A total liability of £295,000 in respect of uncalled share capital of subsidiary undertakings.

## 22 Capital commitments

At 30 June 1996 there were contracts for capital expenditure entered into by the Group amounting to £228,000 (1995 – £1,833,000). The Board had not authorised any other expenditure (1995 – nil).

## 23 Notes to the group cash flow statement

	1996 £000	1995 £000
(a) Reconciliation of the operating profit to net cash inflow from operating activities:		
Operating profit	21,455	22,785
Profit on sale of tangible fixed assets	(15)	(27)
Depreciation	356	442
Increase in stocks	(1,574)	(10,310)
Increase in debtors	(3,910)	(2,545)
Increase/(decrease) in creditors	111	(2,180)
Net cash inflow from operating activities	16,423	8,165

## 23 Notes to the group cash flow statement continued

(b) The balance sheet of Park Farm Ashford Limited, at acquisition of the remaining 50% of the issued share capital, is summarised as:

	£000
Stocks	6,807
Debtors	177
Cash at bank	500
Creditors falling due within one year	(1,316)
Bank overdrafts	(3,196)
<b>Net assets</b>	<b>2,972</b>
Share of net assets acquired	1,486
Fair value adjustment to stock	407
<b>Cash consideration</b>	<b>1,893</b>

(c) Acquisition of subsidiary and associated undertakings:

	£000
Park Farm Ashford Limited, as above	
Cash consideration	1,893
Bank overdrafts assumed	3,196
Cash at bank assumed	(500)
	4,589
Instalment paid for subsidiary undertaking acquired in 1993	500
Loans to associated undertakings	2,820
<b>Per Group cash flow statement</b>	<b>7,909</b>

	Share capital including premium £000	Borrowings £000
(d) Analysis of changes in financing during the year:		
Balance 1 July 1995	52,761	125,062
Cash inflow from financing	113	13,550
<b>Balance 30 June 1996</b>	<b>52,874</b>	<b>138,612</b>

	1996 £000	1995 £000	Change in year £000
(e) Analysis of cash and cash equivalents as shown in the balance sheet:			
Cash at bank	6,003	987	5,016
Bank overdrafts	(6,762)	(6,413)	(349)
	<b>(759)</b>	<b>(5,426)</b>	<b>4,667</b>

## Notice of meeting

Notice is hereby given that the Eighty-sixth Annual General Meeting of the Company will be held at The Four Seasons Hotel, Hamilton Place, Park Lane, London W1, on Thursday the twenty-eighth day of November 1996 at 12 noon for the following purposes:

- 1 To receive and consider the reports of the Directors and Auditors and adopt the accounts for the year ended 30 June 1996.
- 2 To declare a Final Dividend.
- 3 To re-elect F P Graham-Watson as a Director.
- 4 To re-appoint BDO Stoy Hayward as the Company's Auditors and to authorise the Directors to determine their remuneration for the ensuing year.

### As special business:

To consider and, if thought fit, pass the following Resolution which will be proposed as a Special Resolution:

- 5 That the Memorandum of Association of the Company be and is hereby altered by the re-designation of existing sub-clause 4 (O) as sub-clause 4 (P), of existing sub-clause 4 (P) as sub-clause 4 (Q) and of existing sub-clause 4 (Q) as sub-clause 4 (R) and the addition of the following new sub-clause 4(O):

"To purchase and maintain insurance for the benefit of any person who is or was a Director, officer or employee of the Company or of any other company which is its holding company or in which the Company or such holding company has any interest whether direct or indirect, or of any subsidiary undertaking of the Company or of any such other company, or who is or was at any time trustee of any retirement benefits scheme or any other trust in which employees of the Company or any such other company or subsidiary undertaking are interested, including (but without prejudice to the generality of the foregoing) insurance indemnifying such persons against liability for negligence, default, breach of duty or breach of trust or any other liabilities which may lawfully be insured against; for the purposes of this sub-clause "holding company" and "subsidiary undertaking" shall have the meanings respectively ascribed to them in the Companies Act 1985 (as amended by the Companies Act 1989)."

To consider and, if thought fit, pass the following Resolution which will be proposed as a Special Resolution:

- 6 That the draft Articles of Association of the Company described in the Chairman's letter to Shareholders dated 14 October 1996, a copy of such Articles having been produced to the Meeting and signed by the Chairman for the purposes of identification, be and are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all existing Articles of Association.

To consider and, if thought fit, pass the following Resolution which will be proposed as an Ordinary Resolution:

- 7 That the Directors be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) up to an aggregate nominal amount of £6,071,234 provided that this authority shall expire on the date of the next Annual General Meeting of the Company save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

To consider and, if thought fit, pass the following Resolution which will be proposed as a Special Resolution:

8 That the Directors be and they are hereby empowered to allot equity securities (within the meaning of section 94 of the Companies Act 1985) ("equity securities") for cash as if Section 89 (1) of the said Act did not apply to any such allotment; provided that this authority shall be limited to:

(a) the allotment of equity securities in connection with a rights issue in favour of Ordinary Shareholders and Convertible Preference Shareholders where the equity securities respectively attributable to the interests of all Ordinary Shareholders, are proportionate (or as nearly as may be) to the respective number of Ordinary Shares held by them or into which their Convertible Preference Shares would convert but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with the problems under the laws of any territory or the requirements of any regulatory body or any Stock Exchange in any territory or in connection with fractional entitlements or otherwise; and

(b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities for cash up to an aggregate nominal value of £349,697;

and shall expire on the date of the next Annual General Meeting of the Company save that the Company may before such expiry date make an offer or agreement which would or might require equity securities to be allotted after the relevant expiry date and, accordingly, the Directors may allot securities pursuant to any such offer or agreement as if such authority had not expired.

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

9 That the Company be and is hereby authorised pursuant to Section 166 of the Companies Act 1985, during the period expiring at the conclusion of the Company's Annual General Meeting next following the passing of this Resolution to make market purchases (within the meaning of Section 163 of the said Act) of its own Ordinary Shares of 10p each provided that in connection with such power:

(a) the maximum number of such shares hereby authorised to be so purchased is 10,490,912;

(b) the minimum price which may be paid by the Company for such shares is 10p per share; and

(c) the maximum price which may be paid by the Company for such shares is, in respect of a contract for purchase entered into by the Company on any day, an amount per share equal to 105% of the average of the middle market quotations for the Ordinary Shares of 10p each of the Company derived from the London Stock Exchange Daily Official List on the 10 business days immediately preceding the day on which the Company enters into such contract.

10 That the Company be and is hereby authorised pursuant to Section 166 of the Companies Act 1985, during the period expiring at the conclusion of the Company's Annual General Meeting next following the passing of this Resolution, to make market purchases (within the meaning of Section 163 of the said Act) of its own Convertible Preference Shares of £1 each provided that in connection with such power:

(a) the maximum number of such shares hereby authorised to be so purchased is 5,998,897;

(b) the minimum price which may be paid by the Company for such shares is 10p per share; and

(c) the maximum price which may be paid by the Company for such shares is, in respect of a contract for purchase entered into by the Company on any day, an amount per share equal to 105% of the average of the middle market

## Notice of meeting continued

quotations for the Convertible Preference Shares of the Company derived from the London Stock Exchange Daily Official List on the 10 business days immediately preceding the day on which the Company enters into such contract.

11 To transact any other general business.

By Order of the Board  
J H Nixon, Secretary

14 October 1996

### Notes

1 A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him, and such a proxy need not also be a Member of the Company. On a poll, holders of the Ordinary Shares are entitled to one vote for each Ordinary Share held.

2 In accordance with the requirements of the Stock Exchange the contracts of service between the Company and its Directors will be available for inspection during usual business hours at the Company's registered office until the date of the Annual General Meeting. These documents will also be available on the date and at the place of the said Meeting from 11.45 am until the conclusion of the Meeting.

3 A draft of the amended Memorandum and new Articles of Association and a copy of the existing Memorandum and Articles of Association of the Company will be available for inspection:

(a) from the date of despatch of this Notice, at the registered office of the Company and at Messrs. Paisner & Co., Bouverie House, 154 Fleet Street, London EC4A 2DQ; and

(b) at the place of the Meeting from 11.45am on the day of the Meeting until the conclusion of the Meeting.

## Five year financial summary

	1996	1995	1994	1993	1992
	£000	£000	£000	£000	£000
<b>Profits</b>					
Rental income	25,016	25,140	21,945	19,521	17,895
Operating profit	21,455	22,785	18,527	15,683	12,604
Pre-tax profit	9,162	11,058	10,598	6,803	1,487
Dividends	5,203	5,192	5,107	4,858	4,856
Retained profit/(loss)	1,749	4,995	3,482	1,033	(3,489)
<b>Assets</b>					
Investment properties	210,597	223,762	219,825	180,020	173,839
Trading stock	41,147	32,870	22,515	6,697	10,692
Net debt	139,371	130,488	104,446	78,870	70,801
Net assets	101,647	106,652	117,580	100,418	103,733
<b>Statistics and ratios</b>					
	P	P	P	P	P
Earnings per share					
basic	6.5	11.2	8.9	5.0	(1.5)
diluted	6.5	9.5	8.1	5.6	1.4
Dividends per share	4.00	4.00	3.88	3.53	3.53
Assets per share					
basic	86	94	110	85	90
diluted	96	101	111	95	100
	times	times	times	times	times
Interest cover	1.7	1.9	1.9	1.6	1.2
Ordinary dividend cover	1.6	2.8	2.3	1.4	N/A

## Financial calendar

Annual General Meeting	28 November 1996
Interim results	March 1997
Preliminary final results	October 1997
Dividends	
Ordinary shares – interim	July
– final	January
10% Cumulative Preference Shares	1 February and 1 August
5¼% Convertible Cumulative Redeemable Preference Shares	18 April and 18 October