Minerva plc Annual report and accounts 2001

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highlights

£46.5m Rental income (2000: £39.8m)

£6.6m Profit before tax (2000: £0.9m)

332.0p Net asset value per share (2000: 282.7p)

3.0p Total dividend per share for the year (2000: 2.85p)

£123.4m Cash reserves (2000: £100.2m)

82% Net gearing (2000: 86%)

Minerva is a property investment and development company whose principal strategy is to create shareholder wealth through investment in commercial property.

Its policy is to invest in assets with strong cash flow, rental growth potential and where the opportunity exists to add significant value through active and entrepreneurial management. A central part of this strategy is the maintenance of a broad based financial framework which is able to evolve alongside the changing profile of the Group.

Chairman's statement

This has been a year of sustained progress culminating in proposals for the creation of the City of London's largest ever self-contained signature office building.

Our endeavours over the past 12 months have culminated in figures for the year ended June 2001, which show rental income has increased from £39.8 million to £46.5 million, an increase of 17 per cent. Reported profit before tax for the year has increased to £6.6 million from £0.9 million and the net asset value per share has increased by 17 per cent to 332.0 pence from 282.7 pence per share.

I am therefore pleased to recommend a final dividend of 2.0 pence per share making a total dividend for the year of 3.0 pence per share, an increase of 5 per cent over last year. Subject to approval at the Annual General Meeting, the final dividend will be paid on 6 December 2001 to those shareholders on the register at the close of business on 21 September 2001.

Progress on our development programme has continued with the resolution to grant planning consent for Park Place, Croydon, in August of last year. This development, which will total around one million sq.ft. of new covered shopping integrated within the existing town centre, now awaits the decision of the Government Office for London. During the past 12 months we have addressed a range of considerations raised by interested parties in order to ensure that all legitimate concerns are fully and adequately addressed.

By any standards our new proposals for St. Botolph's House, London EC3 represent a logical and significant change to the currently consented scheme. Our plans are to create a new state-of-the-art office complex totalling over one million sq.ft. and extending to 36 floors. The development will offer tenants the opportunity to take occupation of a building which, quite simply, will be the first of its kind within the square mile. Its focus on large floor plates, concentration on environmental issues and its provision of the highest level of modern facilities and amenities will, in our view, set this building apart and we believe create a new benchmark for modern urban design. We have worked closely with our architects, Nicholas Grimshaw & Partners and have carried out extensive investigations and consultations over the past year in advance of submitting our planning application. There is undeniably a compelling economic case for the provision of such a building and if we are able to secure consent, we believe, that this will create substantial additional value for the Group.

We currently have two development projects under construction at 90 High Holborn, London WC1 and 42-48 Wigmore Street, London W1. The High Holborn building, which will total around 180,000 sq.ft. of new offices with additional ground floor retailing, has been substantially pre-let to the law firm, Olswang. There remain only two office floors totalling around 40,000 sq.ft., together with two retail shop units, which will be offered for lease in the open market prior to practical completion of the building in the Autumn of 2002. Our project at Wigmore Street, which totals around 42,000 sq.ft. of new air-conditioned offices and ground floor shopping, will largely be completed by the end of 2001. This new development has been constructed on a speculative basis due to its relatively small size and first class location.

As I have stressed continuously, the preservation and enhancement of the Group's income stream is a fundamental aspect of our corporate philosophy. Indeed, as we chart the waters of economic uncertainty this approach becomes increasingly relevant. It is against this backdrop that the reconstruction of our interest at Sampson House, London SE1, was undertaken, the full details of which are referred to in Andrew Rosenfeld's report. This building which forms part of a larger holding extending to around 5.5 acres adjacent to the Tate Modern with a frontage on to the Thames of approximately 230 metres may well provide a future opportunity for comprehensive redevelopment.

In addition to our main activities we have disposed of a number of smaller properties for a total consideration of £8.8 million. We have also increased our shareholding in Allders plc, our anchor tenant in Croydon, to 15 per cent of the shares in issue.

Since I last wrote to you the global economic climate has changed significantly. The deterioration of the technology and telecommunication markets along with subdued world economic growth and heightened expectations of recession have not escaped our attention. We take the view that this is perhaps a time to adopt a conservative approach to our commercial activities and to concentrate our efforts on continuing to enhance the Group position without subjecting it unnecessarily to the vicissitudes of the broader market. Whilst we shall continue to actively seek new opportunities for acquisition, we shall be doing so with an eye to where the current economic trend may take us over the next 12 months. At the year-end we have increased our cash resources to over £120 million and derive comfort from the security that this gives us coupled with any future opportunities that this position may help us to enjoy.

As in previous years I must thank my colleagues at Minerva, along with our professional advisers, for their commitment and enthusiasm as the Group moves forward.

David Garrard Chairman

maintaining a clear corporate strategy is fundamental if we are to operate successfully in varying market conditions

We have a simple recipe, investing in large buildings with strong cash flow where the potential exists to unlock additional value through entrepreneurial activity.

There are four key elements to our business which are important in their own right, but when combined, create a powerful foundation for our corporate stability and future growth:

The maintenance of high levels of cash provides us with security, flexibility and the speed to invest in new opportunities which will form the basis for further asset growth.

A strong underlying income stream enables us to enjoy a stable cash flow whilst we work towards unlocking our main development opportunities.

The recognition that we will not undertake major development without having first protected the downside position through pre-leasing prior to commencing construction.

The continual evolution of what we call our 'development pipeline' which represents the range of future opportunities where value can be unlocked over time.

This corporate framework is our 'rule book', our way forward and as you read through this report I hope that you will recognise the way in which we have put these principles into practice.

Andrew Rosenfeld Chief Executive

we have accumulated substantial cash reserves over recent years which gives us the flexibility to operate with confidence in changing business climates

through active asset management we continue to enhance the Group's income stream and capital base

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no development project will be undertaken until the speculative risk has been eliminated as a result of pre-leasing

our London asset base offers exceptional opportunities for future development – we call this our 'development pipeline'

delivering our strategy

St. Botolph's House, London EC3

- Landmark building occupying prominent corner position
- Vacant possession of the site secured
- New proposal for the first 1,100,000 sq.ft. office building within the City of London
- The building provides three trading floors of 43,000 sq.ft. (3,995m²) each
- Dedicated public access to roof top restaurant of 17,000 sq.ft. (1,579m²)
- 19,000 sq.ft. (1,765m²) of space suitable for modern retailing
- A sunken auditorium seating up to 450 people
- A four-storey open garden

The St. Botolph's House development comprises 1.25 acres (0.5 hectares) and stands on an island site located on the eastern side of the City of London.

In November 1999 Minerva achieved detailed planning permission for the redevelopment of the site comprising some 529,000 sq.ft. (49,144m²) of office and retail accommodation. Following the receipt of planning consent it has become clear that there is a demand for even larger office buildings.

Our most recent proposal is to create approximately 1.1 million sq.ft. of office, retail and restaurant accommodation extending over 36 floors. The design incorporates three trading floors each of 43,000 sq.ft. (3,995m²) together with average office floor plates of around 32,000 sq.ft. (2,973m²). There will also be some 19,000 sq.ft. (1,765m²) of new retail space and a 17,000 sq.ft. (1,579m²) roof top restaurant offering extensive views across London.

Picture removed

90 High Holborn, London WC1

A striking modern office building located on a prominent street in 'mid-town'

142,000 sq.ft. (13,192m²) pre-let to Olswang on a 20 year lease at £6 million per annum

39,000 sq.ft. (3,623m²) of high quality, modern, air-conditioned offices available to let

Two retail units totalling 2,700 sq.ft. (251m²) to let

This property was acquired in August 2000 and involves the redevelopment of the site to provide a brand new air-conditioned office building, comprising 181,000 sq.ft. net (16,815m²) and some 2,700 sq.ft. (251m²) of retail space.

Simultaneously with the acquisition, an agreement for lease with London law firm Olswang was entered into for the pre-letting of 142,000 sq.ft. (13,192m²) of office space at a rent of £6 million per annum. Minerva and Olswang will share subsequent profits equally. Some 39,000 sq.ft. (3,623m²) of offices on two floors together with the retail accommodation will be available to let on the open market generating a further income of £2 million per annum.

Following demolition at the beginning of this year, construction is well under way with completion due in the Autumn of 2002.

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Park Place, Croydon, Surrey

Total floor area 1,074,485 sq.ft. (99,823m²)
A new Allders department store of 346,120 sq.ft. (32,156m²) on four trading levels
Mall shopping on three levels connecting the new Allders store to the Whitgift Centre
12 medium-sized stores of between 9,900 sq.ft. (920m²) and 43,270 sq.ft. (4,020m²) as potential flagship stores for leading retailers unable to locate or expand in Croydon; 225,535 sq.ft. (20,953m²) in aggregate
89 further unit shops to meet the demand from retailers requiring representation in leading UK destinations; 296,180 sq.ft. (27,516m²) in aggregate
A new town square of the same size as the west piazza in London's Covent Garden
New restaurant and café locations increased to 19 to expand the appeal of the town centre; 55,585 sq.ft. (5,164m²) in aggregate

In August 2000 Croydon Council resolved to grant planning permission for the one million sq.ft. retail development to be known as Park Place.

In 1971 Croydon ranked 9th in the UK in terms of the number of retailers represented in the town centre. By 1995 when the last survey of retail distribution was carried out Croydon had slipped to 18th. The catchment remains that of a major city of 1,140,000 people.

There is significant capacity to enhance the current market position that Croydon maintains with town centre annual expenditure presently being circa £360 million. However, with the additional floor space provided by Park Place, town centre expenditure is estimated to rise to circa £525 million.

At present, Croydon's share of sales is only 43 per cent of core catchment whereas a typical major regional centre share would attract sales of between 65 per cent and 70 per cent.

By completion of Park Place, Croydon will rise to 6th in terms of national ranking by both annual expenditure and retail representation.

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Sampson House, London SE1

Interest at Sampson House restructured

The existing lease to Lloyds TSB Bank Plc has been replaced with a new 25 year lease to Sema Global Recovery Services Ltd, guaranteed by Sema plc at:
- an initial annual rent of £7.25 million
- rising to £8 million in December 2003
- rising to £9.5 million in December 2005; and
- thereafter, subject to regular guaranteed
- increases, rising to £16 million per annum
- by the 20th year

There is a mutual break option in 2018

The interest at Sampson House was restructured during the year (see caption to the left of this page). This building comprises approximately 386,000 sq.ft. (35,859m^2) and is adjacent to another property investment which we hold, Ludgate House, which totals 174,000 sq.ft. (16,165m^2) and is leased to United Business Media.

Both office buildings stand on the south side of the River Thames between the new Tate Modern and Blackfriars Bridge, where a vibrant cultural, leisure and commercial district is emerging.

The Group's strategic holding, which totals approximately five and a half acres, may form part of a future redevelopment in this growth area.

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In a year when international markets have shown their volatility and economic momentum has slowed considerably, we have been fortunate to be able to concentrate our efforts on our portfolio and opportunities that exist to increase shareholder value from within the Group's current asset base.

Having received in August 2000 Croydon Council's resolution to grant planning consent for the one million sq.ft. retail development to be known as Park Place, we now await the decision of the Government Office for London. During the year we have consulted with a number of interested parties in order that our proposals can be clarified and refined prior to a decision being reached. This development will represent one of the country's largest new shopping centres and as a consequence of its location will also be at the forefront of major new urban regeneration projects.

Our proposals for St. Botolph's House represent the most significant development plans for a single building in the City of London for many years. The scheme involves the creation of a 36-storey office building with a total net lettable floor area of around 1.1 million sq.ft. The building, which will be located on the island site fronted by Houndsditch and St. Botolph Street, London EC3, is situated only 430 metres from Liverpool Street and Fenchurch Street Stations. The project, which has been designed by Nicholas Grimshaw and Partners, will rise to a height of 159 metres and will be the first building in the City to offer over one million sq.ft. of net lettable office accommodation.

The design incorporates three trading floors of 43,000 sq.ft. each, along with average office floor plates of around 32,000 sq.ft. There will also be 19,000 sq.ft. of new retail space and a 17,000 sq.ft. roof-top restaurant with additional dining facilities.

Around 10,000 people will use the building each day and as such, the design incorporates a unique interface at street level integrating a ground floor glass walled road for visiting traffic, a sunken amphitheatre with

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breakout meeting rooms around it, large areas of modern retail space along with a grand entrance of glass and steel containing a sequence of 18 high speed passenger lifts.

The building will be at the forefront of energy efficiency and through a sophisticated system of mechanical and natural air ventilation, incorporating a four-storey open garden extending to around one acre, will significantly reduce energy consumption.

Having secured vacant possession of the site several months ago as a consequence of concluding a transaction with the Post Office, who were an existing tenant on the site, the project will be capable of implementation upon the grant of planning consent and the adjustment of the existing arrangements with the Corporation of London in relation to the new ground lease that was entered into last year.

We currently have two developments that are under construction: one at 90 High Holborn, London WC1 and the other on the corner of Wigmore Street and Welbeck Street, London W1.

Our new development at High Holborn represents a joint venture with law firm Olswang, where we are currently in the process of developing a new Headquarters office building of around 180,000 sq.ft. Olswang are taking a new full repairing and insuring lease in respect of 142,000 sq.ft. for a term of 20 years at a rent of £6 million per annum. The remaining office accommodation, which is contained within two floors of the building, will be leased in the open market along with the ground floor retail units.

Our development in Wigmore Street is nearing completion. The main office building which totals 28,700 sq.ft. is scheduled for handover towards the end of this year, with the smaller building located within the inner courtyard and which totals 13,100 sq.ft., scheduled for completion in the Spring of next year.

As I mentioned at the beginning of my report, this year has been characterised by changing market sentiment. It is in times like these that income as well as capital appreciation becomes an important focus of attention. That is why the reconstruction of our interest at Sampson House, London SE1, was so significant. This property was acquired four years ago and is located directly adjacent to the new Tate Modern and directly opposite our other major asset, Ludgate House, which was acquired from United News and Media by way of a sale and leaseback in March last year. The tenant at Sampson House was Lloyds TSB Bank plc, whose rental commitment was £4.1 million per annum. It was quite clear to us, due to the changing nature of the banking industry and the way in which the building was relatively under-utilised by Lloyds, that an opportunity existed to reconstruct the Lloyds lease, release them from their obligations and simultaneously relet the property in the open market to generate a higher rent than was currently being paid by the Bank. It was in the context of these circumstances that we were able to agree terms with Sema Global Recovery Services Ltd, who entered into a new 25-year lease replacing Lloyds rental commitment of £4.1 million per annum with a new initial annual rent of £7.25 million rising to £8 million in December 2003, £9.5 million in December 2005 and thereafter, subject to guaranteed increases in rent throughout the duration of the lease, rising to an annual rent of £16 million per annum by the 20th year. The lease contains a mutual break option in June 2018. As a consequence of this transaction, we have taken a relatively static income stream and exchanged it for a guaranteed rising income, which not only enhances the Group's cash flow position but also unlocks further value from this property.

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In addition to the above, our holdings at 'Bankside' represent a significant future development opportunity, particularly having regard to its proximity to the Tate Modern and the River Thames. Although the buildings on the site are subject to long-term lease commitments, we have commenced an analysis of the development potential, which could contain a major new transport facility integrating with Blackfriars Station. Our philosophy for this development process will be similar to that of each of our development opportunities, namely preserving the investment income stream whilst creating the planning framework, which will enable future development to take place.

We have increased our shareholding in Allders plc, our anchor tenant in Croydon. We now hold approximately 15 per cent of the shares in issue. During the year we have also disposed of three small investment properties for a total consideration of £8.8 million, which represents a figure in excess of our stated book value.

I would now like to turn to the financial aspects of the Group over the last 12 months.

Rental income increased by 17 per cent during the year, principally as a result of full year contributions from acquisitions made in 2000, coupled with the effect of the rent increase at Sampson House outlined earlier. After adjusting for net financing costs and other operating items, profit before tax for the year was £6.6 million (2000: £0.9 million).

As a result of the benefit of tax allowances and brought forward losses, there was again a nil tax charge for the year.

A final dividend of 2.0 pence per share is proposed, which together with the interim dividend of 1.0 pence per share, makes a total dividend for the year of 3.0 pence per share (2000: 2.85 pence). This represents a 5 per cent increase on the previous year.

The Group's property portfolio, including investment properties in the course of construction, was independently valued by Weatherall Green & Smith at £989.05 million. This has been reflected in net asset value per share which has increased 17 per cent to 332.0 pence, from 282.7 pence per share.

Total borrowings at 30 June 2001 were £561.4 million (2000: £490.8 million). Cash balances were £123.4 million (2000: £100.2 million) and the Group had undrawn loan facilities, including development facilities, of £56.0 million (2000: £16.2 million). The increase in net debt from £390.6 million to £438.0 million during the year largely reflects the expenditure on acquiring the site at

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90 High Holborn, together with the development activities both at this site and at Wigmore Street.

Net gearing as at the year-end reduced from 86 per cent at 30 June 2000 to 82 per cent at 30 June 2001.

During the year new financings totalling £111 million were completed. At 30 June 2001, the average interest cost of borrowings for the Group was 7.3 per cent (2000: 7.3 per cent) with an average loan maturity of 13 years (2000: 14 years).

The Group has continued to adopt a risk-averse hedging strategy in terms of its borrowings. The debt portfolio at 30 June 2001 was 89 per cent fixed thus ensuring a core net cash flow generated from rental income after deducting debt service costs and head office activity.

FRS 13, Derivatives and Other Financial Instruments, requires companies to disclose the fair value of their financial instruments as at the balance sheet date. As at 30 June 2001, the notional post-tax reduction in net assets as a consequence of taking into account this valuation procedure was approximately £7 million or 4.3 pence per share. It is worth noting that the fair value of the financial instruments moves with market conditions and does not have an impact on the operational cash flows of the Group.

At Minerva we have always focused our attention on maintaining a simple and efficient financial structure, which enables us to concentrate our efforts on unlocking the value that sits within our property portfolio. During the coming year, we will therefore continue to channel our energy in maintaining this philosophy paying particular attention to the Group's development potential.

The combination of underlying investment income, mid to long-term debt and hedged interest rates, combined with high cash reserves, which at the year end stood at over £120 million, enables us to benefit from a strong position in the marketplace from where we hope new and profitable opportunities will arise. We will, of course continue to watch the wider economic markets, which will clearly have an important role to play in the year ahead.

Andrew Rosenfeld Chief Executive

Board of Directors and executive management team

Board of Directors

David Garrard FFS Chairman (aged 62)
Responsible for the overall strategy of the Group and all major decisions relating to acquisitions, disposals and matters of corporate policy and direction. He was the founder and senior partner of the London commercial estate agency, Garrard Smith and Partners, until his acquisition and privatisation of the publicly quoted Land Investors plc. With a long history of commercial developments throughout London and the UK, he is joint Chairman of the Trustees of the International Centre for Child Studies, a Trustee of the Police Foundation, a Patron of Handicapped Children's Aid and also the Philip Green Memorial Trust. He is the sponsor, in partnership with the Department for Education and Skills and Bexley Local Education Authority, of the shortly to be developed Bexley Business Academy.

Andrew Rosenfeld BSC ARICS Chief Executive (aged 39)
Jointly responsible for the overall strategy of the Group and its implementation. He is responsible for the identification and negotiation of property acquisitions and disposals, and has overall responsibility for the corporate finance activities of the Group. He was a co-founder of the Group in 1988, prior to which he worked for merchant bankers, Schroders, in their property division, Berisford Property Group, and alongside David Garrard at Land Investors PLC.

Executive management team

Ivan Ezekiel BSC FCA ATII Group Finance, Accounting and Tax (aged 35)
Qualified as a Chartered Accountant with KPMG and worked for Capital and Regional Properties plc for three years as Group Financial Controller before joining Minerva in November 1997. His responsibilities include Group finance, accounting, tax and co-ordination of management and external reporting.

Tim Garnham BSC Developments (aged 44)
Joined Minerva in January 1998 from the Trafalgar House Property Group where, as Deputy Managing Director, he was responsible for a number of major London developments. He is responsible for control of the Group's London development activities.

Edward Moody BSC ARICS Asset Management (aged 40)
Joined Minerva in August 1998 from the Corporation of London where he worked for nine years and headed the City Fund Portfolio. Prior to that he had been at the London Dockland Development Corporation. He is responsible for property asset management.

Arthur Rixon BSC Structured Finance (aged 50)
Joined Minerva full-time in November 1996 with responsibility for general property and structured finance. He has spent 20 years in banking with Bankers Trust where he was a senior Vice President and was responsible for all aspects of structured financing both in London and the USA.

Quentin Thompson BSC ARICS Asset Management (aged 38)
Joined Minerva from surveyors, Chesterton International plc, in February 1991. Prior to Chesterton International plc, he worked for Bernard Thorpe, now part of DTZ Debenham Thorpe, where he was involved in all aspects of property management. He is responsible for the management of specific properties within the portfolio.

Steven Yewman BSC ARICS Property Acquisitions and Disposals (aged 31)
Joined Minerva in May 1989, having previously worked at Land Investors PLC. He is responsible for the evaluation and co-ordination of the Group's property acquisitions and disposals.

Paul Coster ARICS Property Director (aged 49)
Responsible for various development activities in the Group. He joined the Group in November 1989 and was previously Managing Director of the publicly quoted Centrovincial Estates plc and, prior to joining Minerva, he was a main board director of Burford Holdings plc where he was responsible for the management of the investment portfolio.

Clive Richards OBE FCA FCMA FMIM Non-executive Director, Chairman of the Audit Committee and a member of the Remuneration Committee (aged 64)
Following six years at Peat Marwick Mitchell in 1960 he joined Wedd Durlacher Mordant, subsequently a major constituent part of Barclays de Zoete Wedd where he became Managing Partner. From 1970 to 1976 he worked at N M Rothschild & Sons Ltd where he rose to become Group Finance Director. In 1976 he left to set up his own investment and financial services company Clive Richards & Co which has been involved in a number of successful ventures. He is currently non-executive Chairman of Intelligent Environments Group plc, Xpertise Group PLC, Synergy Healthcare plc, X4i Limited and CEL International Limited. Appointed to the Board of Minerva in November 1996.

Christopher Sheridan ACIB MSI Non-executive Director, Chairman of the Remuneration Committee and a member of the Audit Committee (aged 58)
Joined Samuel Montagu & Co Limited in 1962 and became a director in 1974. He was appointed head of Samuel Montagu's Treasury Division, with overall responsibility for all the bank's dealing activities, in 1976. He was Chief Executive of Samuel Montagu from 1984 to 1994, where as head of merchant banking of the Midland Bank Group he oversaw the changes during 'Big Bang' as well as the integration into HSBC. He is Chairman of Yorkshire Building Society and non-executive director of Prudential-Bache International Bank Limited, Hanover Acceptances Limited and Standard Bank London Limited. He is also a member of the Lovells Partnership board. Appointed to the Board of Minerva in November 1996.

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Remuneration report

The Remuneration Committee The Remuneration Committee of the Company comprises the two non-executive Directors of the Company, Christopher Sheridan (Chairman of the Committee) and Clive Richards. The composition of the Committee has not altered during the year. Members of the Committee have no personal financial interest, other than as shareholders, in the outcome of the decisions taken by the Committee.

Remuneration policy In framing the remuneration policy, the Committee has given full consideration to the principles of good governance set out in the Combined Code.

The Company has in place a policy which will motivate, reward and retain executives of the highest calibre in a way which is consistent with their contribution to the success of the Company, whilst aligning the rewards and incentives directly with the performance and growth of the Company. The executive Directors have a substantial shareholding in the Company and the Remuneration Committee considers this, together with share options, to be the most effective mechanism in aligning the interest of the executive Directors with shareholders.

Basic salaries, benefits and bonuses of executive Directors are reviewed annually by the Remuneration Committee. In considering appropriate levels of remuneration, the Committee has regard to a number of factors including the overall level of Directors' remuneration relative to the Company's peer group and also the Group's performance relative to the All Property Capital Value Index published by the Investment Property Databank.

Pensions The Company does not make pension contributions on behalf of the Directors at the present time.

Directors' remuneration

	Salary and fees		Discretionary bonus		Other benefits		Profit on exercise of share options		Total	
	Year ended 30 June 2001 £000	Year ended 30 June 2000 £000	**Year ended 30 June 2001 £000**	Year ended 30 June 2000 £000	**Year ended 30 June 2001 £000**	Year ended 30 June 2000 £000	**Year ended 30 June 2001 £000**	Year ended 30 June 2000 £000	**Year ended 30 June 2001 £000**	Year ended 30 June 2000 £000
Executives										
David Garrard	**250**	250	**400**	500	**16**	14	**–**	–	**666**	764
Andrew Rosenfeld	**250**	250	**400**	500	**36**	31	**–**	–	**686**	781
Paul Coster	**130**	115	**150**	200	**23**	21	**350**	–	**653**	336
	630	615	**950**	1,200	**75**	66	**350**	–	**2,005**	1,881
Non-executives										
Clive Richards	**35**	35	**–**	–	**–**	–	**–**	–	**35**	35
Christopher Sheridan	**35**	35	**–**	–	**–**	–	**–**	–	**35**	35
	70	70	**–**	–	**–**	–	**–**	–	**70**	70
Total	**700**	685	**950**	1,200	**75**	66	**350**	–	**2,075**	1,951

Directors' interests The Directors' interests, including immediate family interests, in the share capital of the Company were as follows:

	Ordinary shares of 25 pence each 30 June 2001	Ordinary shares of 25 pence each 30 June 2000
David Garrard	**29,792,406**	21,118,194
Andrew Rosenfeld	**24,578,753**	20,874,177
Paul Coster	**1,435,857**	1,435,857
Clive Richards	**211,110**	211,110
Christopher Sheridan	**16,666**	16,666

The beneficial interests of David Garrard have increased during the year by 8,674,212 ordinary shares arising from the appointment as a potential beneficiary to the Garrard Rosenfeld Settlement of his wife Mrs Maureen Garrard.

The beneficial interests of Andrew Rosenfeld have increased during the year by 3,704,576 ordinary shares arising from the appointment in his favour of a life interest over that number of ordinary shares held by the Garrard Rosenfeld Settlement.

There has been no change in the beneficial and non-beneficial shareholdings of the Directors between 30 June 2001 and the date of this Report.

Employee share option schemes The Employee Share Option Schemes are available to executive Directors and senior management. The Employee Share Option Schemes were adopted in November 1996 and comprise an Approved Scheme which was the subject of Inland Revenue clearance, and an Unapproved Scheme. The performance criterion required under the Approved Scheme is that the movement in the share price of the Company is greater than or equal to the increase in the Retail Price Index following the grant of the option. The performance criterion required under the Unapproved Scheme is that the growth in the share price of the Company following the grant of the option places the Company in the top quartile of peer group property companies. All share options granted under the Approved and Unapproved Schemes are granted at market value.

During the year share options were granted to executive Directors and senior management. At 30 June 2001, the share options held by Directors in the Company were as follows:

	At 1 July 2000	Granted during year	Exercised during year	At 30 June 2001	Exercise price	Exercise period
David Garrard						
Approved Scheme	–	9,351	–	9,351	320.8p	20 April 2004 to 19 April 2011
Unapproved Scheme	–	302,370	–	302,370	320.8p	20 April 2004 to 19 April 2008
Andrew Rosenfeld						
Approved Scheme	–	9,351	–	9,351	320.8p	20 April 2004 to 19 April 2011
Unapproved Scheme	–	302,370	–	302,370	320.8p	20 April 2004 to 19 April 2008
Paul Coster						
Approved Scheme	21,279	–	(21,279)	–	141.0p	26 November 1999 to 25 November 2006
Unapproved Scheme	262,446	–	(218,721)	43,725	141.0p	26 November 1999 to 25 November 2003
Unapproved Scheme	–	37,402	–	37,402	320.8p	20 April 2004 to 19 April 2008
	283,725	660,844	(240,000)	704,569		

On 10 November 2000 Paul Coster exercised options over 240,000 ordinary shares of 25 pence each at an exercise price of 141.0 pence. The sales price achieved on the date of exercise was 287.0 pence, providing a gain, before expenses, on the exercise of the share options of £350,000.

The mid market value of the Company's shares on the London Stock Exchange at 30 June 2001 was 310.5 pence per share. During the year the share price ranged from 228.5 pence to 353.5 pence.

Service contracts, contracts of significance and notice periods There are no service agreements or contractual arrangements in existence for any Director with the Company or with the Group which exceed 12 months' notice.

Apart from share options and service contracts, no contract subsisted during or at the end of the financial year in which a Director of the Company is or was materially interested and which is or was significant in relation to the Group's business during the period under review.

Non-executive remuneration Non-executive Directors receive a fee for their services to the Company, including in connection with Board and Board Committee meetings. Their remuneration is decided by executive Directors.

By order of the Board

Christopher Sheridan Chairman of the Remuneration Committee
10 September 2001

Corporate governance

A summary of the system of governance adopted by the Company and the application of the principles contained in the Combined Code is set out below. The Company's corporate governance procedures, which have been adopted by the Board and subsequently reviewed and updated, are designed to enable the Company to comply with the Combined Code.

Board of Directors The Board is comprised of three executive Directors, including the Chairman, and two independent non-executive Directors. The Board operates within a structure in which the roles and responsibilities of the Chairman, Chief Executive and other Directors (including non-executive Directors) are clearly defined.

The non-executive Directors, each of whom is independent from management and has no commercial or other connection with the Company (other than as shareholders), are able to exercise independent judgement. The Board has not sought to comply with the provisions of the Combined Code which require the appointment of a Senior Independent Director, believing that such an appointment is not necessary at the present time. All Directors have access to independent professional advice at the expense of the Company and to the services of the Company Secretary who is responsible to the Board for ensuring the Board procedures are followed.

The Directors are subject to retirement by rotation and re-election by shareholders in accordance with the articles of association of the Company, whereby one-third of the Directors retire by rotation each year. The three executive Directors have service contracts which have a notice period of less than 12 months. Subject to reappointment by rotation, the continuing service of the non-executive Directors is reviewed by the Board periodically.

The Board, which is scheduled to meet at least six times each year, has ultimate responsibility for setting overall strategy, acquisitions and disposals, internal control, approval of major capital expenditure projects, treasury and risk management policies, and consideration of significant matters relating to the raising of finance and corporate governance. The Board operates within the terms of its written authorities which include a schedule of matters which are reserved for its decision.

Board Committees The Board has established two standing committees in which the non-executive Directors play an active role. Each committee has written terms of reference which are regularly reviewed by the Board. These committees are:

The Audit Committee The Audit Committee, comprising Clive Richards (Chairman) and Christopher Sheridan, meets at least twice a year. The Committee is responsible for the appointment of external auditors, reviewing the interim and annual financial results, considering matters raised by the auditors and reviewing the internal control system operated by the Group.

The Remuneration Committee The Remuneration Committee, comprising Christopher Sheridan (Chairman) and Clive Richards, meets at least once a year to review the terms and conditions of employment of executive Directors including the provision of incentives and performance related benefits. The report on Directors' remuneration is set out on pages 30 and 31.

The Board has considered the recommendation to introduce a Nominations Committee. However, it was decided, given the small size of the Board, that nominations are to remain a matter reserved for the Board.

Investor relations The Company has always recognised the importance of clear communications with shareholders and has encouraged a regular dialogue with institutional and other shareholders.

Internal control The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. The system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group which has been in place during the year under review and up to the date of approval of the Annual Report and Accounts. The process is reviewed by the Board and accords with the guidance of the Turnbull Committee on internal control issued in September 1999.

As part of this process the Board carries out an annual review of significant business risks, considering the scope and effectiveness of the Company's system of internal control. This involves the identification of risks specific to the areas of property, finance and external markets which impact its objectives, together with the controls and reporting procedures designed to mitigate those risks. These are reviewed, adopted and, if appropriate, updated during the year. These include business risks, financial controls and the regulatory environment.

The Board has considered the need for an internal audit function, but has resolved that, due to size of the Company, this is not appropriate at present. The Board will review this decision annually.

33 Minerva plc Annual report and accounts 2001

Going concern Having made due enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Compliance with the Combined Code With the exception of the requirement to establish a Nominations Committee, appoint a Senior Independent Director and to have three non-executive Directors on the Audit Committee, the Company complied throughout the financial year with the provisions of the Combined Code.

Directors' responsibilities The Directors are required by UK company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period and of the profit or loss, total recognised gains and losses and cash flows for that period. The Directors confirm that in preparing the financial statements for the year ended 30 June 2001, appropriate accounting policies, in accordance with United Kingdom accounting standards, consistently applied and supported by reasonable and prudent judgements and estimates, have been used. The Directors also confirm that the going concern basis is appropriate. The Directors are responsible for maintaining proper accounting records, for safeguarding the assets of the Company and the Group, and for taking reasonable steps to prevent and detect fraud and other irregularities.

Report of the Directors

The Directors present their report and the audited financial statements of the Group for the year ended 30 June 2001.

Principal activities and review of the business The principal activities of the Group are that of property investment, development and management. A detailed review of the business of the Group, including the position at the year end and future prospects, is included in the Chairman's Statement and the Chief Executive's Review.

Results and dividends The financial statements deal with the results of the Group for the year ended 30 June 2001 which are shown on page 37. The profit on ordinary activities before taxation amounted to £6.6 million (2000: £0.9 million). The Directors recommend the payment of a final dividend of 2.0 pence per share in respect of the year ended 30 June 2001, which, subject to approval at the Annual General Meeting, will be payable on 6 December 2001 to shareholders listed on the Register of Members on 21 September 2001. This, together with an interim dividend of 1.0 pence per ordinary share, paid on 17 May 2001, makes a total dividend for the year of 3.0 pence per ordinary share.

Directors The Directors of the Company at the date of this report are shown on pages 28 and 29. David Garrard and Clive Richards retire by rotation in accordance with the Articles of Association. Both, being eligible, offer themselves for re-election at the next Annual General Meeting.

The interests of the Directors and their immediate families in the shares of the Company and in options over shares of the Company are as set out in the Remuneration Report.

There has been no change in the beneficial and non-beneficial shareholdings of the Directors between 30 June 2001 and the date of this Report except as disclosed in the Remuneration Report.

Substantial shareholdings The Company has been notified of the following substantial interests in the share capital of the Company as at 10 September 2001:

	Shares	Per cent
Newton Investment Management Limited	17,932,099	11.19
Trustees of the A I Rosenfeld Trust*	17,281,169	10.79
Herling Limited	12,371,309	7.72
Trustees of the Garrard Rosenfeld Settlement	8,674,212	5.41
CGNU plc	8,384,351	5.23
FMR Corp., Fidelity International Limited and subsidiaries	7,634,492	4.77
Legal & General Investment Management	5,384,502	3.36
Zurich Financial Services Group	4,901,470	3.06

* The Trustees of the A I Rosenfeld Trust are deemed to be interested in 12,371,309 ordinary shares in which Herling Limited are interested, which are therefore included in its total interests of 17,281,169 ordinary shares.

Annual General Meeting The Annual General Meeting of the Company will be held on 26 November 2001.

Declaration of final dividend The Directors have recommended the payment of a final dividend of 2 pence per share. The Directors recommend shareholders to vote in favour of this resolution as they unanimously intend to do so in respect of their own beneficial shareholdings.

Authority to allot shares Under Section 80 of the Companies Act 1985 ("the Act"), the Directors are not allowed to allot shares unless they are authorised to do so by shareholders. Resolution 7 set out in the Notice of Annual General Meeting gives the Directors authority, until the date of the next Annual General Meeting, to allot authorised but unissued share capital of the Company to a maximum of £13,349,434. This amounts to 53,397,737 ordinary shares representing one-third of the issued share capital of the Company at the date of this Report. The Directors consider the authority necessary to preserve maximum flexibility for the future.

Section 89 of the Act gives all shareholders the right to participate on a pro rata basis in all issues of equity shares for cash, unless they agree that this right should be excluded. The effect of resolution 8 is to give the Directors authority until the date of the next Annual General Meeting, firstly, to carry out a rights issue without having to comply with the detailed requirements of Section 89 and Section 90 of the Act and, secondly, to allot equity shares for cash otherwise than by an issue pro rata to existing shareholders, up to an aggregate amount of £2,002,415, which represents 5 per cent of the issued share capital of the Company at the date of this Report.

Authority to allot shares continued The Directors consider that it is appropriate for these authorities to be granted and recommend shareholders to vote in favour of these resolutions as they unanimously intend to do so in respect of their own beneficial shareholdings. Except in relation to the existing share option schemes, the Directors have no present intention of issuing any ordinary shares, whether for cash or otherwise. No issue will be made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting. It is proposed to renew both powers each year at the Annual General Meeting.

Purchase of own shares At the Extraordinary General Meeting held immediately following the 2000 Annual General Meeting, the shareholders passed a resolution granting to the Company authority to make market purchases of the Company's ordinary shares subject to certain specified limits. This authority expires at the conclusion of the 2001 Annual General Meeting to be held on 26 November 2001. Under resolution 9, which is proposed as a special resolution, the Directors are seeking to renew such authority to make market purchases (if they deem it appropriate from time to time) of up to 24,012,963 ordinary shares of 25 pence each in the Company at no more than 105 per cent of the average of the closing mid market price for the ordinary shares of the Company for the five days prior to the date of purchase, nor at less than 25 pence each.

The Directors will only exercise the power to make market purchases of ordinary shares if they believe that as a result there will be an increase in net assets per ordinary share for the remaining shareholders and that such purchase would be in the best interests of the shareholders generally.

Remuneration policy The Board have decided that as a matter of best practice the remuneration policy used by the Remuneration Committee in determining the level of executive Directors' remuneration should be approved by the Company's shareholders, and resolution 5 is drafted accordingly.

Amendment to the articles of association Under resolution 10, the Company's articles of association are to be amended to increase the aggregate fees payable to Directors as determined by the Board to £200,000. This increase will bring the aggregate fees which may be payable to all Directors (not including salaries and other remuneration) into line with market practice and will give to the Board a greater degree of flexibility.

Compliance with the Combined Code A statement on Corporate Governance is set out on pages 32 and 33.

Environmental policy The Group recognises its responsibility to continually review and improve its environmental performance and, where practicable, it seeks to go beyond the minimum standard of compliance.

The Group commissions environmental audits as part of the acquisition and development of buildings. Issues relating to environmental impact, energy efficiency and land contamination are addressed at the appropriate stage. In addition, where opportunities exist within the investment portfolio initiatives are taken, often in conjunction with the building occupiers, to improve environmental standards.

External consultants are encouraged to adopt and adhere to a good environmental policy.

Suppliers The Company's policy concerning the payment of its trade creditors and other suppliers is to:
- settle the terms of payment with major suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in their contracts; and
- pay all suppliers in accordance with its contractual and other legal obligations.

At the year end the Company had an average of 23 days (2000: 18 days) purchases outstanding.

Donations During the year the Group made charitable donations of £111,000. No donations were made to political parties.

Auditors PricewaterhouseCoopers have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

By order of the Board

Ivan Ezekiel Secretary
10 September 2001

36 Minerva plc Annual report and accounts 2001 Independent auditors' report to the members of Minerva plc

We have audited the financial statements which comprise the Consolidated profit and loss account, the Consolidated and Parent Company balance sheets, the Consolidated cash flow statement, the Statement of total recognised gains and losses, the Note of historical cost profits and losses, the Reconciliation of movements in shareholders' funds and the related notes, and the Directors' remuneration disclosures included in the Remuneration report.

Respective responsibilities of directors and auditors The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the Statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom auditing standards issued by the Auditing Practices Board and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Chairman's statement, the Chief Executive's strategic overview, the 2001 update, the Chief Executive's business review, the Board of Directors and executive management team, the Report of the Directors and the Principal property investments.

We review whether the corporate governance statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Company's or Group's corporate governance procedures or its risk and control procedures.

Basis of audit opinion We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. 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 at 30 June 2001 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers Chartered Accountants and Registered Auditors
London
10 September 2001

37 Minerva plc Annual report and accounts 2001 Consolidated profit and loss account

For the year ended 30 June 2001	Note	**Year ended 30 June 2001 £000**	Year ended 30 June 2000* £000
Rental income		**46,482**	39,797
Net property outgoings		**(4,819)**	(4,453)
		41,663	35,344
Administrative expenses		**(5,875)**	(5,509)
Other income		**124**	79
Operating profit	2	**35,912**	29,914
Profit on sale of investment properties		**848**	202
Income from listed investments		**798**	652
Net loss on listed investments		**(24)**	(7)
Net financing costs	5	**(30,965)**	(23,756)
Charges relating to early loan repayments		**–**	(6,056)
Profit on ordinary activities before taxation		**6,569**	949
Tax on profit on ordinary activities	6	**–**	–
Profit on ordinary activities after taxation		**6,569**	949
Dividends	8	**(4,806)**	(4,556)
Retained profit/(amount withdrawn from reserves) in the year		**1,763**	(3,607)
Earnings per share – basic and diluted	9	**4.1p**	0.7p

*Reclassified as described in note 13.

The results for this year and the prior year relate to continuing operations.

38 Minerva plc
Annual report and accounts 2001
Consolidated balance sheet

As at 30 June 2001	Note	**30 June 2001 £000**	30 June 2000 £000
Fixed assets			
Investment properties	10	**989,050**	848,600
Tangible fixed assets	11	**604**	1,648
Investments	13	**15,960**	10,997
		1,005,614	861,245
Current assets			
Debtors	14	**7,577**	6,618
Cash at bank and in hand	15	**123,357**	100,205
		130,934	106,823
Creditors: amounts falling due within one year	16	**(40,158)**	(32,028)
Net current assets		**90,776**	74,795
Total assets less current liabilities		**1,096,390**	936,040
Creditors: amounts falling due after more than one year	17	**(549,498)**	(484,114)
		546,892	451,926
Equity minority interests	12	**(15,117)**	–
Net assets		**531,775**	451,926
Capital and reserves			
Called up share capital	19	**40,048**	39,965
Share premium account	20	**197,101**	196,714
Revaluation reserve	20	**252,719**	165,526
Other reserves	20	**41,795**	41,795
Profit and loss account	20	**112**	7,926
Equity shareholders' funds		**531,775**	451,926
Net asset value per share	21	**332.0p**	282.7p

The financial statements were approved by the Board of Directors on 10 September 2001 and were signed on its behalf by:

D E Garrard Director
A I Rosenfeld Director

39 Minerva plc
Annual report and accounts 2001
Parent Company balance sheet

As at 30 June 2001	Note	**30 June 2001 £000**	30 June 2000 £000
Fixed assets			
Investments:			
Subsidiary undertakings	12	**48,179**	48,179
		48,179	48,179
Current assets			
Debtors	14	**214,858**	213,433
Cash at bank and in hand		**20,195**	20,020
		235,053	233,453
Creditors: amounts falling due within one year	16	**(3,432)**	(3,092)
Net current assets		**231,621**	230,361
Total assets less current liabilities		**279,800**	278,540
Creditors: amounts falling due after more than one year	17	**–**	–
Net assets		**279,800**	278,540
Capital and reserves			
Called up share capital	19	**40,048**	39,965
Share premium account	20	**197,101**	196,714
Revaluation reserve	20	**–**	–
Other reserves	20	**14,315**	14,315
Profit and loss account	20	**28,336**	27,546
Equity shareholders' funds		**279,800**	278,540

The financial statements were approved by the Board of Directors on 10 September 2001 and were signed on its behalf by:

D E Garrard Director
A I Rosenfeld Director

40 Minerva plc Annual report and accounts 2001 Consolidated cash flow statement

For the year ended 30 June 2001	Note	Year ended 30 June 2001 £000	Year ended 30 June 2000 £000
Net cash inflow from operating activities	25a	**38,734**	32,680
Returns on investments and servicing of finance		**(28,134)**	(20,513)
Interest received		**5,652**	3,530
Interest paid		**(34,473)**	(24,496)
Income received from listed investments		**687**	453
Taxation			
UK corporation tax		**–**	–
		10,600	12,167
Capital expenditure and financial investment		**(47,689)**	(204,484)
Additions to investment properties		**(52,291)**	(196,946)
Additions to tangible fixed assets		**(366)**	(231)
Additions to listed investments		**(4,987)**	(8,777)
Receipts from sale of investment properties		**8,848**	1,402
Receipts from sale of tangible fixed assets		**1,107**	24
Receipts from sale of listed investments		**–**	44
Equity dividends paid		**(4,650)**	(3,814)
Cash outflow before use of liquid resources and financing		**(41,739)**	(196,131)
Management of liquid resources	25b	**(15,672)**	(43,529)
Financing		**64,891**	227,462
Issue of share capital		**470**	73,736
Expenses of share issue		**–**	(2,579)
New long-term loans		**69,282**	277,821
Issue costs of long-term loans		**(1,989)**	(1,872)
Repayment of long-term loans		**(2,872)**	(113,708)
Cost of early loan repayments		**–**	(5,936)
Increase/(decrease) in cash	25b	**7,480**	(12,198)

Statement of total recognised gains and losses

For the year ended 30 June 2001	**Year ended 30 June 2001 £000**	Year ended 30 June 2000 £000
Profit for the financial year	**6,569**	949
Unrealised surplus on revaluation of investment properties	**92,733**	57,155
Equity minority interest share of surplus on revaluation of properties	**(15,117)**	–
Total recognised gains for the year	**84,185**	58,104

Note of historical cost profits and losses

For the year ended 30 June 2001	**Year ended 30 June 2001 £000**	Year ended 30 June 2000 £000
Reported profit on ordinary activities before taxation	**6,569**	949
Realisation of revaluation deficit of previous years	**(9,577)**	(199)
Historical cost (loss)/profit on ordinary activities before taxation	**(3,008)**	750
Historical cost loss for the year retained after taxation and dividends	**(7,814)**	(3,806)

Reconciliation of movements in shareholders' funds

For the year ended 30 June 2001	**Year ended 30 June 2001 £000**	Year ended 30 June 2000 £000
Profit for the financial year	**6,569**	949
Dividends	**(4,806)**	(4,556)
	1,763	(3,607)
Unrealised surplus on revaluation of investment properties	**92,733**	57,155
Equity minority interest share of surplus on revaluation of properties	**(15,117)**	–
New share capital issued	**470**	73,736
Costs on issue of new share capital	**–**	(2,579)
Net movement in shareholders' funds	**79,849**	124,705
Opening shareholders' funds	**451,926**	327,221
Closing shareholders' funds	**531,775**	451,926

Notes to the financial statements

1. Accounting policies

Accounting convention The financial statements have been prepared in accordance with the historical cost convention, as modified by the inclusion of investment properties at valuation, and in accordance with accounting standards currently applicable in the United Kingdom. The principal accounting policies which have been applied consistently for the periods covered by these financial statements, are set out below.

Consolidation The audited financial statements of the Company and all of its subsidiary undertakings have been consolidated.

In accordance with Section 230 of the Companies Act 1985, a separate profit and loss account for the Company is not presented. The Group's operations are confined to property investment within the United Kingdom, therefore no additional segmental information is appropriate.

Presentation of financial statements Financial Reporting Standard 18 'Accounting Policies' was adopted during the year. The effect of the implementation on the presentation of the Group's results is explained in note 13.

Acquisitions and disposals Where subsidiary and associated undertakings are acquired or disposed of during a period, the Group profit and loss account includes their results from or to the date of acquisition or disposal.

Investment property Investment properties are included in the financial statements at valuation. The aggregate surplus from original cost is transferred to a revaluation reserve. Any aggregate unrealised deficit from original cost is charged to the profit and loss account.

On realisation any gain or loss is calculated by reference to the carrying value at the last balance sheet date and is included in the profit and loss account. Any balance in the revaluation reserve is transferred to the profit and loss account reserve.

In accordance with SSAP 19 (Revised) 'Accounting for investment properties', investment properties are revalued annually. No provision is made for depreciation or amortisation of properties held for investment purposes. The Companies Act 1985 requires all properties to be depreciated, but that requirement conflicts with the generally accepted principle set out in SSAP 19 (Revised). The Directors consider that, as the properties are held for long-term investment, a true and fair view is given following SSAP 19 (Revised). Depreciation is only one of the many factors reflected in the annual valuation of properties and the amount of depreciation or amortisation which might otherwise have been charged cannot be separately identified or quantified in a meaningful way.

Additions to properties in the course of development or refurbishment include the cost of finance and directly attributable internal and external costs incurred during the period of development.

Property transactions Purchases and sales are recognised on exchange of contracts provided that, if the exchange is conditional, all material conditions have been satisfied shortly thereafter.

Fixed asset investments Fixed asset investments are included at cost. Where the value of these investments is below cost, the deficit is written off to the profit and loss account. If the diminution in value is not considered to be permanent, no such write off is made.

Rental income Rental income represents rent receivable, exclusive of service charges receivable. Service charges receivable are credited against relevant expenditure.

Refurbishment costs Refurbishment expenditure in respect of major works is capitalised. Renovation and refurbishment expenditure of a revenue nature is written off as incurred.

Depreciation and amortisation The cost of other fixed assets is their purchase cost, together with any incidental expenses of acquisition. The cost of freehold premises not held for investment and short leasehold property is depreciated over its estimated useful life and the remaining life of the lease respectively. Motor vehicles and fixtures and fittings are depreciated over their expected lives of between three and five years.

Deferred taxation Deferred taxation is computed under the liability method on short-term timing differences. Investment properties are held as long-term investments. Therefore, no provision has been made for taxation which might become payable if the properties were sold at the amounts at which they are stated in the financial statements.

Operating leases Rentals payable under operating leases are charged to the profit and loss account over the lease term on a straight-line basis.

Pension costs Employer contributions to personal pension schemes of employees are charged to the profit and loss account as they are incurred.

Financial instruments Interest payable and receivable is accounted for on an accruals basis. Interest differentials on derivative instruments are recognised by adjusting the relevant interest amount. Bank loans are included in the financial statements net of issue costs which are amortised over the life of the loan.

2. Operating profit	Year ended 30 June 2001 £000	Year ended 30 June 2000 £000
Operating profit is stated after charging/(crediting):		
Auditors' remuneration for audit	**75**	69
Depreciation	**326**	289
Operating lease rentals:		
– land and buildings	**2,338**	2,299
– equipment	**1**	4
Profit on sale of tangible fixed assets	**21**	(10)
The Group's auditors also charged the following amounts for provision of non-audit services:		
Fees in relation to the rights issue	**–**	80
Fees in relation to property acquisitions and financings	**1**	58
Other	**9**	28

3. Staff costs	Year ended 30 June 2001	Year ended 30 June 2000
Average number of employees (including executive Directors) employed by the Group	**28**	26

	£000	£000
Staff costs for the above persons (excluding executive Directors):		
Wages and salaries	**1,263**	1,088
Discretionary bonuses	**335**	460
Social security costs	**194**	190
Other pension costs	**29**	26
	1,821	1,764

4. Directors' remuneration	Year ended 30 June 2001 £000	Year ended 30 June 2000 £000
Aggregate emoluments	**1,725**	1,951
Emoluments of highest paid Director	**686**	781

More detailed information concerning Directors' remuneration, is shown in the Remuneration Report on pages 30 and 31.

5. Net financing costs	**Year ended 30 June 2001 £000**	Year ended 30 June 2000 £000
Interest payable and similar charges:		
Bank interest and charges	**40,509**	28,067
Other interest	**28**	26
	40,537	28,093
Capitalised during the year	**(3,826)**	(224)
	36,711	27,869
Interest receivable:		
Bank interest	**(5,659)**	(4,011)
Other interest	**(87)**	(102)
	(5,746)	(4,113)
	30,965	23,756

6. Taxation

No liability to mainstream UK Corporation Tax arises as the Group has losses brought forward and the benefit of capital allowances available.

If all the properties were disposed of at the current valuation, the taxation liability to the Group could amount to approximately £60,700,000 (2000: £40,800,000).

7. Profit dealt with by Parent Company

As permitted by Section 230 of the Companies Act 1985, the Company's profit and loss account has not been included in these financial statements. Of the profit on ordinary activities after taxation, a profit of £5,596,000 is dealt with in the financial statements of the Company.

8. Dividends	**Year ended 30 June 2001 £000**	Year ended 30 June 2000 £000
Interim dividend of 1.0 pence per share (2000: 0.95 pence)	**1,602**	1,519
Proposed final dividend of 2.0 pence per share (2000: 1.9 pence)	**3,204**	3,037
	4,806	4,556

9. Earnings per share

Earnings per share is calculated on a weighted average of 160,077,646 ordinary shares of 25 pence each in issue throughout the year (2000: 144,213,094 ordinary shares) and is based on profits attributable to ordinary shareholders of £6,569,000 (2000: £949,000).

Diluted earnings per share is calculated after allowing for the exercise of share options, and is based on 160,462,998 ordinary shares of 25 pence each (2000: 144,585,104 ordinary shares).

10. Investment properties

Group	Freehold £000	Long leasehold £000	Total £000
Valuation – 1 July 2000	553,100	295,500	848,600
Additions	42,558	13,159	55,717
Disposals	(6,500)	(1,500)	(8,000)
Revaluation surplus/(deficit)	93,642	(909)	92,733
Valuation – 30 June 2001	**682,800**	**306,250**	**989,050**

The investment properties were valued on an open market value basis by Weatherall Green & Smith as at 30 June 2001 in accordance with the current edition of the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors.

The historical cost of properties at 30 June 2001 was £705,569,000 (2000: £668,843,000). The total amount of interest capitalised as part of the cost of investment properties at 30 June 2001 was £17,382,000 (2000: £14,995,000).

11. Tangible fixed assets

Group	Freehold property £000	Short leasehold property £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost					
At 1 July 2000	1,078	429	305	498	2,310
Additions	–	15	91	262	368
Disposals	(1,078)	–	(23)	(145)	(1,246)
At 30 June 2001	**–**	**444**	**373**	**615**	**1,432**
Depreciation					
At 1 July 2000	18	232	134	278	662
Charge for the year	9	126	98	93	326
Written back on disposals	(27)	–	(14)	(119)	(160)
At 30 June 2001	**–**	**358**	**218**	**252**	**828**
Net book value at 30 June 2001	**–**	**86**	**155**	**363**	**604**
Net book value at 30 June 2000	1,060	197	171	220	1,648

12. Investment in subsidiary undertakings

Parent Company	Total £000
At 1 July 2000	48,179
Movement in the year	–
At 30 June 2001	**48,179**

The Company is the ultimate holding company of the Group and has the following principal subsidiary undertakings all of which have as their main activity the holding of properties, investments or the provision of property related services. With the exception of 90 High Holborn Limited Partnership ("the Limited Partnership") all subsidiary undertakings are wholly-owned and are registered and operate in Great Britain. The Group has a 50 per cent interest in the Limited Partnership which has been established according to Jersey law and operates in Great Britain. The Group is responsible for the management of all of the assets and liabilities of the Limited Partnership and as such the Limited Partnership is fully consolidated. The amounts due to third party partners are shown as Equity minority interests.

Angelmist Limited	Minerva Corporation plc
Antares Properties Limited	Minerva (Croydon) Limited
Castlereport Limited	Minerva Property Holdings plc
Chainbill Limited	Minerva Property Investments Limited
Croydon Plaza Limited	Minerva Property Services Limited
Eagleprint Limited	Minerva Property Services (Wigmore Street) Limited
Futurestate Limited	OMD Holdings Ltd
Goldrock Developments Limited	OMD Holborn Ltd
Gradegilt Limited	OMD Property (Holborn) Ltd
Helios Property Investments Limited	OMD Property Ltd
Jimtrack Limited	Sparrage Properties Limited
Larchfield Investments Limited	Tipace Limited
M1 Limited	Twin Tower Properties Limited
Minel Limited	245 Blackfriars Road Limited
Minerva (Ambassador) Limited	245 Blackfriars Road Investments Limited
Minerva (City) Limited	90 High Holborn Limited Partnership

13. Investments

Group	Listed investments £000
At 1 July 2000	10,997
Additions	4,987
Revaluation	(24)
At 30 June 2001	**15,960**

The market value of listed investments was £18,824,000 at 30 June 2001.

Following the introduction of Financial Reporting Standard 18 'Accounting Policies', a revised presentation has been adopted to disclose 'income from listed investments' separately from 'other income'. For comparison purposes, the 2000 figure for 'other income' has been reduced by £652,000 and a new category, 'income from listed investments', has been inserted amounting to £652,000, resulting in no change to the profit on ordinary activities for the year.

14. Debtors: amounts falling due within one year	Group 30 June 2001 £000	Group 30 June 2000 £000	Parent Company 30 June 2001 £000	Parent Company 30 June 2000 £000
Amounts owed by subsidiary undertakings	–	–	**214,644**	213,300
Other debtors	**4,266**	4,432	**4**	28
Prepayments and accrued income	**3,311**	2,186	**210**	105
	7,577	6,618	**214,858**	213,433

15. Cash at bank and in hand
Cash at bank includes £2,366,000 (2000: £534,000) retained in rent accounts and not readily available to the Group for day-to-day commercial purposes.

16. Creditors: amounts falling due within one year	Group 30 June 2001 £000	Group 30 June 2000 £000	Parent Company 30 June 2001 £000	Parent Company 30 June 2000 £000
Bank/building society loans	**3,090**	2,872	–	–
Dividend payable	**3,205**	3,049	**3,205**	3,049
Taxation and social security	**1,024**	1,144	–	1
Other creditors	**8,555**	3,898	**1**	12
Accruals and deferred income	**24,284**	21,065	**226**	30
	40,158	32,028	**3,432**	3,092

17. Creditors: amounts falling due after more than one year	Group 30 June 2001 £000	Group 30 June 2000 £000	Parent Company 30 June 2001 £000	Parent Company 30 June 2000 £000
Bank/building society loans	**549,498**	480,159	–	–
Other creditors	–	3,955	–	–
	549,498	484,114	–	–

The bank and building society loans are secured upon the investment properties held by the subsidiary undertakings, by a floating charge over the remaining assets of the subsidiary undertakings, and in some cases by a fixed charge over bank deposit accounts into which rent is paid.

18. Financial instruments

Financing, liquidity and interest rate strategy The Group finances its activities through a mixture of equity share capital, cash flow and borrowings.

The Group holds relatively large cash balances which provides it with security, liquidity and flexibility to invest in new opportunities. The Group deposits its funds with selected financial institutions with high credit ratings.

18. Financial instruments continued

In terms of its borrowings, the Group adopts a risk-averse hedging strategy and seeks to ensure that the majority of its borrowings are at fixed interest rates. At 30 June 2001, this was the case with 89 per cent (2000: 97 per cent) of Group borrowings hedged under fixed or swapped-fixed interest rate agreements. The Group also seeks to borrow on a long-term basis to match, where possible, the long average lease maturities that exist within the investment property portfolio. At 30 June 2001, approximately 77 per cent (2000: 72 per cent) of the Group's borrowings were due to mature in more than five years.

The Group has taken advantage of the exemption under Financial Reporting Standard 13 to exclude short-term debtors and creditors from the following disclosures.

Financial assets The Group's financial assets comprise listed investments (note 13), short-term debtors (note 14) and cash at bank and in hand (note 15). The cash at bank and in hand, consists mainly of short-term deposits with maturity periods of less than one year and earn interest at the rate prevailing at the time of the deposit for the term of the deposit.

Maturity of financial liabilities The debt maturity profile of the Group's bank, building society and other borrowings at 30 June 2001 is as follows:

	30 June 2001 £000	30 June 2000 £000
Less than one year	**7,045**	2,872
Between one and two years	**3,394**	7,046
Between two and five years	**118,456**	128,288
Over five years	**432,462**	352,577
	561,357	490,783
Unamortised loan issue costs allocated to future periods	**(4,814)**	(3,797)
	556,543	486,986

In addition, at 30 June 2001, the Group had undrawn loan facilities of £2,388,000 (2000: £2,388,000) with a maturity of between two and five years. In addition there are committed undrawn development loan facilities of £53,584,000 (2000: £13,802,000) with a maturity of between two and five years.

Interest rate risk profile of financial liabilities Fixed and floating rate liabilities of the Group as at 30 June 2001 are analysed as follows:

	30 June 2001		30 June 2000	
	Total £000	**Weighted average interest rate (%)**	Total £000	Weighted average interest rate (%)
Fixed and swapped-fixed rate debt	**497,829**	**7.4**	473,723	7.3
Floating rate debt	**63,528**	**6.4**	17,060	7.3
Total debt	**561,357**	**7.3**	490,783	7.3

The Group's debt is hedged under fixed, swapped or capped interest rate agreements as follows:

	30 June 2001		30 June 2000	
	Total £000	**Weighted average period (years)**	Total £000	Weighted average period (years)
Fixed rates	**254,798**	**8.8**	256,333	9.7
Swapped-fixed rates	**243,031**	**6.8**	217,390	8.3
Capped rates	**7,000**	**1.3**	22,000	1.0
Total	**504,829**		495,723	

18. Financial instruments continued

Swapped-fixed arrangements have the effect of transforming floating rate liabilities into fixed rate liabilities. The weighted average interest rate shown for fixed rate liabilities is 7.4 per cent (2000: 7.3 per cent) and includes loan margins ranging from 0.8 per cent to 1.75 per cent with all inclusive interest rates ranging from 6.5 per cent to 8.5 per cent (2000: 6.5 per cent to 8.5 per cent).

Floating rate debt incurs interest at margins between 0.85 per cent and 1.75 per cent over LIBOR. The capped rate arrangement has the effect of establishing a maximum rate on an equivalent amount of floating rate debt. This maximum rate is 7.85 per cent inclusive of a loan margin of 1.75 per cent. The cap forms part of a collared arrangement that establishes a minimum rate of 6.40 per cent inclusive of the loan margin.

Fair values A valuation was carried out as at 30 June 2001 by J C Rathbone Associates Limited, to calculate the market value of the Group's debt instruments on a replacement basis, taking into account the difference between fixed, fixed-swapped and collared interest rates for the Group borrowings and the prevailing interest rates for the respective periods of the appropriate debt instruments.

The valuation at 30 June 2001 of the fixed rate loans, interest rate swaps and interest rate caps referred to above are as follows:

	30 June 2001			30 June 2000		
	Book value £000	**Fair value £000**	**Fair value difference £000**	Book value £000	Fair value £000	Fair value difference £000
Fixed rate loans	**254,798**	**263,084**	**(8,286)**	256,333	257,110	(777)
Derivative instruments:						
Interest rate swaps		**1,740**	**(1,740)**		(3,323)	3,323
Interest rate collars		**(87)**	**87**		–	–
	254,798	**264,737**	**(9,939)**	256,333	253,787	2,546

The fair value at 30 June 2001 was £9,939,000 greater than the book value (2000: £2,546,000 less than the book value), which if taken to reserves after tax relief at 30 per cent, would reduce the Group's net asset value by £6,957,000 or 4.3 pence per share.

Hedges The table below shows the extent to which the Group has unrecognised gains and losses in respect of financial instruments used as hedges at the beginning and end of the year, separately identifying those gains and losses which have been included in the profit and loss account for this year and those gains and losses which are expected to be included in the profit and loss account of subsequent periods:

	30 June 2001 £000	30 June 2000 £000
Unrecognised net gains/(losses) on hedges at beginning of year	**3,323**	(750)
Net (gains)/losses in previous years that were recognised during the year	**(65)**	794
Net gains arising on hedges in existence as at previous year end and not recognised during current year	**3,258**	44
Net (losses)/gains arising this year that were not recognised in current year	**(4,911)**	3,279
Unrecognised net (losses)/gains on hedges at end of year	**(1,653)**	3,323
of which:		
Net (losses)/gains expected to be recognised in the year within one year	**(1,569)**	105
Net (losses)/gains expected to be recognised beyond one year	**(84)**	3,218
	(1,653)	3,323

The losses arising this year reflect the effect of lower medium/long-term interest rates when measured against comparative swap contracts entered into in current and prior accounting periods.

Gearing Net gearing, measured as net debt to shareholders' funds, was 82 per cent at 30 June 2001 (2000: 86 per cent).

Currency risk The Group undertakes no currency risk as all monetary assets and liabilities are denominated in sterling.

19. Called up share capital	30 June 2001 Number	30 June 2000 Number	30 June 2001 £000	30 June 2000 £000
Authorised				
Ordinary shares of 25 pence each	**300,000,000**	200,000,000	**75,000**	50,000
Issued and fully paid				
At 1 July 2000	**159,858,601**	127,748,748	**39,965**	31,937
Issued in respect of rights issue	–	31,971,720	–	7,993
Issued on exercise of share options	**334,612**	138,133	**83**	35
At 30 June 2001	**160,193,213**	159,858,601	**40,048**	39,965

There have been no changes to the number of shares in issue since 30 June 2001.

The options to subscribe for new ordinary shares of 25 pence each under the Employee Share Option Schemes which are outstanding at 30 June 2001 are as follows:

	30 June 2001 Number of shares	30 June 2001 Subscription price
Period within which options are exercisable		
26 November 1999 to 25 November 2003	332,141	141.0
26 November 1999 to 25 November 2006	42,558	141.0
29 November 1999 to 28 November 2003	70,932	141.0
4 November 2000 to 3 November 2004	70,034	185.6
4 November 2000 to 3 November 2007	16,161	185.6
5 January 2001 to 4 January 2005	110,153	199.7
5 January 2001 to 4 January 2008	15,020	199.7
30 September 2001 to 29 September 2005	108,106	157.3
30 September 2001 to 29 September 2008	19,077	157.3
20 April 2004 to 19 April 2008	1,119,044	320.8
20 April 2004 to 19 April 2011	28,053	320.8

20. Reserves Group	Share premium account £000	Revaluation reserve £000	Other reserves £000	Profit and loss account £000
At 1 July 2000	196,714	165,526	41,795	7,926
Premium on exercise of share options	387	–	–	–
Amount realised on property disposals	–	9,577	–	(9,577)
Surplus on revaluation of investment properties	–	92,733	–	–
Equity minority interest share of surplus on revaluation of properties	–	(15,117)	–	–
Retained profit for the financial period	–	–	–	1,763
At 30 June 2001	**197,101**	**252,719**	**41,795**	**112**
Parent Company				
At 1 July 2000	196,714	–	14,315	27,546
Premium on exercise of share options	387	–	–	–
Retained profit for the financial period	–	–	–	790
At 30 June 2001	**197,101**	**–**	**14,315**	**28,336**

21. Net asset value per share
Net asset value per share is calculated on 160,193,213 ordinary shares of 25 pence each in issue at 30 June 2001 (2000: 159,858,601) and is based on net assets attributable to shareholders of £531,775,000 (2000: £451,926,000).

22. Capital commitments
Capital expenditure commitments contracted, but not provided for, at 30 June 2001 were £40,306,510.

23. Commitments under operating leases
The amounts due in respect of operating leases on buildings falling due within the next 12 months are as follows:

	30 June 2001 £000	30 June 2000 £000
Under leases expiring in more than five years	**1,980**	2,275

24. Contingent liabilities
The Company has guaranteed certain obligations of its subsidiary undertakings, which at the balance sheet date amounted to £197,767,000.

25. Notes to the cash flow statement

a. Reconciliation of operating profit to net cash movement from operating activities

	Year ended 30 June 2001 £000	Year ended 30 June 2000* £000
Operating profit	**35,912**	29,914
Depreciation charges	**326**	289
Profit on sale of tangible fixed assets	**(21)**	(10)
Movement in debtors	**(741)**	(1,876)
Movement in creditors	**3,258**	4,363
Net cash movement from operating activities	**38,734**	32,680

*Reclassified as described in note 13.

b. Analysis of changes in net debt	At 1 July 2000 £000	Cash flow £000	Other non-cash movements £000	At 30 June 2001 £000
Net cash:				
Cash at bank and in hand	100,205	23,152	–	**123,357**
Less: Liquid resources	(98,861)	(15,672)	–	**(114,533)**
	1,344	7,480	–	**8,824**
Liquid resources:				
Deposits included in cash	98,327	13,840	–	**112,167**
Restricted cash	534	1,832	–	**2,366**
	98,861	15,672	–	**114,533**
Bank and building society debt:				
Debt due within one year	(2,872)	(218)	–	**(3,090)**
Debt due after one year	(480,159)	(64,203)	(5,136)	**(549,498)**
	(483,031)	(64,421)	(5,136)	**(552,588)**
Total	(382,826)	(41,269)	(5,136)	**(429,231)**

26. Related party transactions

During the year the freehold property at 19 Portman Close, London W1, together with related fixtures and fittings, was sold to Ms A Garrard, daughter of the Chairman. The consideration, which amounted to £1,060,000, equated to the book value at the time of the disposal and was in excess of a contemporaneous independent valuation of the property carried out by Chesterton plc.

53 Minerva plc Annual report and accounts 2001 Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that an ANNUAL GENERAL MEETING of the members of the Company will be held at the offices of Olswang, 90 Long Acre, London WC2E 9TT on 26 November 2001 at 11:00 am for the purposes of considering and, if thought fit, passing the following resolutions which will be proposed as Ordinary Resolutions and Special Resolutions as specified:

Ordinary resolutions

1. To receive, consider and adopt the report of the Directors, the annual accounts and the auditors' report thereon for the year ended 30 June 2001.

2. To declare a final dividend of 2.0 pence per ordinary share payable on 6 December 2001.

3. To reappoint David Garrard as a Director of the Company.

4. To reappoint Clive Richards as a Director of the Company.

5. To approve the remuneration policy set out in the annual report and accounts.

6. To reappoint PricewaterhouseCoopers as auditors and to authorise the Directors to determine their remuneration.

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 ("the Act") up to an aggregate nominal amount of £13,349,434 provided that this authority shall expire 15 months from the date of this resolution or, at the conclusion of the Company's next AGM, if earlier, and so 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 Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

Special resolutions

8. That, subject to the passing of resolution 7 above, the directors be, and they are hereby empowered pursuant to Section 95 of the Act to allot equity securities (within the meaning of Section 94 of the Act) pursuant to the authority conferred by resolution 7 above for cash as if sub-Section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment:

a. of equity securities in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

b. (otherwise than pursuant to sub-paragraph a. above) of equity securities up to an aggregate nominal amount not exceeding £2,002,415;

and shall expire at the conclusion of the next AGM of the Company to be held after the passing of this resolution or 15 months from the date of this resolution, whichever is the earlier, so that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

Notice of Annual General Meeting continued

9. That the Company be and it is hereby generally and unconditionally authorised for the purpose of Section 166 of the Companies Act 1985 to make one or more market purchases (within the meaning of Section 163(3) of the Act) of ordinary shares of 25 pence each in the capital of the Company upon such terms and in such manner as the Directors of the Company shall determine, provided that:

a. the maximum aggregate number of ordinary shares hereby authorised to be purchased is 24,012,963 (representing 14.99 per cent of the Company's issued ordinary share capital);

b. the minimum price which may be paid for such ordinary shares is 25 pence per share (exclusive of expenses);

c. the maximum price (exclusive of expenses) which may be paid for an ordinary share shall not be more than an amount equal to 105 per cent of the average of the closing middle market price for the ordinary share as derived from the Stock Exchange Daily Official List for the five business days immediately preceding the date on which the ordinary share is purchased;

d. unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2002 or 15 months from the date of the Annual General Meeting at which this resolution is passed, whichever is the earlier; and

e. the Company may make a contract or contracts to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract or contracts.

10. That the articles of association of the Company be altered by the substitution of the following article for the current article 27.1:

27.1. The Directors shall be entitled to fees at such rate or rates as may from time to time be determined by the Board, provided however that the aggregate fees of the Directors shall not exceed £200,000 per annum, or such additional sum as may from time to time be determined by the Company by ordinary resolution. In the case of an executive Director, such fees shall be payable to him in addition to his remuneration as such executive Director.

By order of the Board

Ivan Ezekiel Secretary
23 October 2001

Notes

1. Proxies A member entitled to attend and vote at the Meeting convened by this notice is entitled to appoint one or more proxies (who need not be members) to attend and, on a poll vote instead of him. A form of proxy is enclosed for the use of members. To be effective it must be completed and be deposited with the Company's Registrars, Capita IRG Plc, Balfour House, 390-398 High Road, Ilford, Essex IG1 1NQ at least 48 hours before the time of the Meeting.

2. Documents for inspection The following documents are available for inspection at the office of Olswang, 90 Long Acre, London WC2E 9TT, during business hours on any weekday from the date of this notice until the conclusion of the Meeting:
2.1. a register of interests of Directors and their families in the shares of the Company;
2.2. copies of all contracts of service under which Directors are employed by the Company; and
2.3. a copy of the proposed amended articles of association of the Company.

3. Authority to allot shares (resolutions 7 and 8) It is proposed that authorities be granted for a period of 15 months or until the next AGM whichever is earlier. An ordinary resolution will be proposed to authorise the Board to allot the unissued share capital up to an aggregate nominal amount of £13,349,434 (a third of the present issued share capital). A special resolution will be proposed authorising the Board to allot shares in connection with a rights issue or for cash up to £2,002,415 being 5 per cent of the present issued ordinary share capital.

4. Right to attend and vote As permitted by Regulation 34 of the Uncertificated Securities Regulations 1995, only those persons whose names are entered on the register of members of the Company at 11:00 am on 26 November 2001 shall be entitled to attend the Meeting and to vote in respect of the number of ordinary shares registered in their names at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

55 Minerva plc Annual report and accounts 2001 Advisers to the Company

Registrars
Capita IRG Plc
Balfour House
390/398 High Road
Ilford
Essex IG1 1NQ

Stockbroker
Schroder Salomon Smith Barney
Citigroup Centre
33 Canada Square
Canary Wharf
London E14 5LB

Financial adviser
HSBC Investment Bank plc
Vintner's Place
68 Upper Thames Street
London EC4V 3BJ

Solicitors
Olswang
90 Long Acre
London WC2E 9TT

Auditors
PricewaterhouseCoopers
1 Embankment Place
London WC2N 6NN

Valuers
Weatherall, Green & Smith
22 Chancery Lane
London WC2A 1LT

Principal bankers
Barclays Bank PLC
PO Box 544
54 Lombard Street
London EC3V 9EX

BHF-BANK AG
BHF-BANK House
61 Queen Street
London EC4R 1AE

Bradford & Bingley PLC
PO Box 88
Crossflats, Bingley
West Yorkshire BD16 2UA

Lloyds TSB Bank plc
St George's House
PO Box 787
6-8 Eastcheap
London EC3M 1AE

Nationwide Building Society
Kings Park Road
Moulton Park
Northampton NN3 6NW

Registered office
25 Harley Street
London W1G 9BR

Registered in England
2649607

56 Minerva plc Annual report and accounts 2001 Principal property investments

Ambassador House London EC3
This property, which forms part of the St. Botolph's House redevelopment site, has been re-leased to provide flexible income pending redevelopment.

Delta Point Croydon, Surrey
The property is leased to British Telecom plc at an annual rent of £4.65 million for a further 10 years.

Granite House 97-101 Cannon Street, London EC4
This property is located on Cannon Street adjacent to Walbrook House and forms part of The Walbrook Estate.

90 High Holborn London WC1
This property, which is currently under construction, will comprise of a new office building and retail totalling 181,000 sq.ft. Of the total office space, 142,000 sq.ft. is pre-let to law firm, Olswang.

Ludgate House London SE1
This building totals 174,000 sq.ft. and is leased to United Business Media Plc at an annual rent of £4.87 million for a further 14 years.

St. Botolph's House London EC3
This property, together with Ambassador House, forms the St. Botolph's House redevelopment site.

St. Swithin's House London EC4
The property, leased to Barclays Bank PLC for a further 11 years, has significant redevelopment potential and forms part of The Walbrook Estate.

Sampson House London SE1
The property is leased to Sema Global Recovery Services Ltd, guaranteed by Sema plc, on a 25-year lease with an initial annual rent of £7.25 million rising to £8 million in December 2003, £9.5 million in December 2005 and thereafter, subject to guaranteed increases in rent to £16 million per annum by the 20th year.

The Croydon Centre Croydon, Surrey
Minerva's proposals for its town centre redevelopment include its ownership of this 1960's shopping scheme and office complex.

The Brooks Shopping Centre Winchester
The scheme, which totals approximately 120,000 sq.ft., includes major tenants such as BHS, Waterstones, Argos, Beales, MVC and Costa Coffee.

The Criterion London SW1
This property occupies the south side of Piccadilly Circus and totals 260,000 sq.ft. Tenants include McKinsey & Co, Lillywhites Ltd, Virgin Retail Ltd, Criterion Theatre and Forte UK Ltd.

Walbrook House London EC4
This property is located on the corner of Walbrook and Cannon Street and forms part of The Walbrook Estate which also includes St. Swithin's House and Granite House.

Westerhill Road Bishopbriggs, Glasgow
This warehouse, distribution and office property is leased to Harper Collins for a further 24 years.

27-37 Wigmore Street London W1
This prominent headquarters building, located in London's West End, totals 66,000 sq.ft. and is leased to Banque Paribas for a further 10 years.

90-95 Wimpole Street and 25 Wigmore Street London W1
The property is let for a further 12 years on a lease guaranteed by Cornhill Insurance PLC, and occupied by Debenhams.

42-48 Wigmore Street London W1
This scheme, which is currently under construction, will comprise two new office buildings and retail totalling 42,000 sq.ft.