MINERVA LIMITED
(formerly MINERVA PLC)

ANNUAL REPORT AND ACCOUNTS

31 DECEMBER 2012

MINERVA LIMITED

REPORT AND ACCOUNTS

18 MONTH PERIOD ENDED 31 DECEMBER 2012

CONTENTS

MINERVA LIMITED

REPORT AND ACCOUNTS

18 MONTH PERIOD ENDED 31 DECEMBER 2012

COMPANY INFORMATION

Directors	Ivan Ezekiel Tim Garnham Paul Goswell Wilson Lamont John Robertson Colin Wagman
Secretary	Ivan Ezekiel
Company number	2649607
Registered Office	42 Wigmore Street London W1U 2RY
Auditors	Ernst & Young LLP 1 More London Place London SE1 2AF

MINERVA LIMITED

DIRECTORS' REPORT

18 MONTH PERIOD ENDED 31 DECEMBER 2012

The Directors present their report and the audited consolidated financial statements of the Group and of the Company for the 18 month period ended 31 December 2012 The accounting period has been changed to align with other members of the Group The comparative figures relate to the year ended 30 June 2011

TAKEOVER OF THE COMPANY

Jupiter Properties 2011 UK Limited ('Jupiter'), a company jointly owned by funds advised by AREA Property Partners (UK) Limited ('Area') and a subsidiary of DV4 Limited, which is advised by Delancey Real Estate Asset Management Limited ('Delancey'), acquired the entire issued share capital of Minerva plc following the declaration that its offer was wholly unconditional on 19 August 2011 Consequently, on 19 September 2011, the listing of Minerva Shares on the Official List and admission to trading in Minerva Shares on the London Stock Exchange's market for listed securities was cancelled On 17 October 2011, Minerva plc was re-registered as a private limited company under section 97 of the Companies Act 2006

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Group and its subsidiaries are property investment, development, sale and management of real estate in the UK

Strategy and future developments

The Group's objective is to deliver attractive, long-term returns to shareholders through investment, development, sale and management of UK real estate

The Group's strategy is to focus on real estate opportunities where Minerva has inherent skills, such as site assembly, planning and construction, predominantly located in Central London and relating to high-end residential, mixed-use and office developments, working with joint venture partners where appropriate, and incorporating structured finance to drive returns

This strategy is being implemented through the delivery of high quality, well located real estate and a development pipeline which can provide the Group with future opportunities to develop, either solely or in joint venture with others, whilst adhering to risk-adjusted return disciplines

Priorities to deliver further value include leasing the remaining space at The Walbrook Building on competitive terms, the sale of the remaining apartments at the Lancaster Gate development, and achievement of planning consent for the Ram Brewery and, possibly, the enlarged Odeon Kensington site

Operational review

Progress on the Group's principal properties during the financial period is set out below

The Walbrook Building, London EC4

The Walbrook Building, located in the City of London, was developed, completed to enhanced shell and core and is available for leasing The building provides some 410,000 sq ft of air-conditioned offices and storage, incorporating trading floors and 35,000 sq ft of retail and restaurant accommodation in the heart of the City of London

During the financial period under review, four floors of offices were fitted out to Category A specification and circa 70,000 sq ft of accommodation was leased to A J Gallagher and Jones Lang LaSalle respectively The remainder of the accommodation is being actively marketed through leasing agents

The St Botolph Building, London EC3

The St Botolph Building, designed by Grimshaws and comprising some 560,000 sq ft of office and retail accommodation, is located in the eastern side of the City of London During the financial period under review, the Group achieved the significant leasing of circa 290,000 sq ft of accommodation to Jardine Lloyd Thompson, representing one of the largest leasings of existing space in the City of London for a number of years The building is now fully leased with a weighted average unexpired lease term of over 20 years

Lancaster Gate, London W2
The Lancasters is an ultra-prime residential development comprising 77 residential apartments in an historic setting overlooking Hyde Park Construction of the new apartment scheme was completed during the period under review and sales have continued, with revenue in the period totalling £190 9 million (30 June 2011 £254 0 million)

Odeon Kensington, London W8
The Odeon is located in a prime residential area on Kensington High Street and has planning consent for an 'all-private' residential scheme of around 100,000 sq ft comprising 35 apartments, five town houses, a basement car park, multi-screen public cinema and off-site affordable housing In November 2012, the planning permission, which expired in November 2011, was renewed Towards the end of the financial period, the Group acquired the adjacent Post Office site and is reviewing options for its inclusion in the aforementioned scheme

Ram Brewery, London SW18
The Ram Brewery site comprises approximately 8 5 acres in Wandsworth Town Centre Plans to redevelop the site have been drawn up and a planning application for a residential led, mixed-use scheme was submitted in November 2012 and registered in January 2013 A decision by Wandsworth Council is expected in Spring 2013

The Croydon Estate, London Borough of Croydon
Minerva's Croydon Estate comprises approximately 6 acres in the town centre, incorporating one million sq ft of offices, the former Allders Department Store and additional retail and leisure accommodation The focus in the period has been on income generation through progressing lettings of the retail and office space

Financial Results
The Group's property portfolio was valued by CB Richard Ellis Limited at 31 December 2012 at £977 9 million (30 June 2011 £992 3 million), comprising investment properties at £865 3 million (30 June 2011 £749 3 million) and, having made disposals in the period, trading properties at £112 6 million (30 June 2011 £243 0 million)

Profit before tax for the period, incorporating property revaluation movements of the Group's investment portfolio only, was £85 6 million (year ended 30 June 2011 £100 2 million) After taxation, which comprises entirely the tax attributable to the non-controlling interest in Lancaster Gate, the Group's profit for the period was £76 4 million (year ended 30 June 2011 £92 2 million) No dividend has been paid or declared during this financial period (2011 £nil)

Basic net asset value attributable to equity shareholders at 31 December 2012 increased to £152 5 million (30 June 2011 £92 6 million) Diluted EPRA ('EPRA') net asset value, which includes the Group's share of revaluation surplus of its trading properties and adjusts for the fair value deficit on financial instruments, increased to £283 1 million at 31 December 2012 (30 June 2011 £249 3 million)

Financing
The Group has a number of bank loan financings in place, with total committed loan facilities of approximately £622 6 million at 31 December 2012 (30 June 2011 £885 7 million), including undrawn loan facilities of circa £11 0 million (30 June 2011 £106 6 million)

In addition, Jupiter Holdco (BVI) Limited, its ultimate parent company, has provided the Company with two DDB facilities totalling £240 0 million At 31 December 2012, the Company had drawn £105 0 million (30 June 2011 £nil), excluding accrued interest

Financial instruments

Financial risk and credit risk management objectives and policies are set out in note 18 to the Accounts The Group enters into loan arrangements which expose it to the risk of interest rate fluctuations The Group addresses such risks by purchasing interest rate hedging instruments, the fair value of which has been recognised in the financial statements The valuation of such instruments at 31 December 2012 showed a deficit of £82 5 million (30 June 2011 £75 7 million)

Other performance indicators

In addition to its key financial performance indicators, basic and EPRA net asset value, the Group monitors non-financial performance indicators which have a direct impact on the sustainability of the Group's strategy Key performance indicators are

- The health and safety of employees and contractors is carefully monitored by the Board There was 1 reportable incident during the financial period (2011 1 reportable incident) Minerva maintains policies and procedures which support safe working practices
- Employee retention and motivation Minerva has successfully retained key employees, with employees' average length of service at 12 years (2011 9 5 years)

Key risks and uncertainties

The Group's main risks and uncertainties revolve around

- the business environment, where external economic and market forces may adversely affect the Group's business model,
- exposure to interest rate risk, liquidity risk and credit risk,
- continued availability of funding and compliance with covenants,
- the property market, where speculative developments may not achieve appropriate planning approvals and/or may suffer from poor market demand from tenants or buyers,
- changes in legislation, regulation or best practice, particularly in relation to planning and taxation, which may impact the costs, timings and profitability of the Group's schemes in progress, and
- failure in corporate responsibility, including breaches of health and safety, environmental regulations and planning guidelines

The Group addresses these risks through the effective implementation of its strategy and a risk and control process, which is monitored by the Board

DIRECTORS

The Directors of the Company who served during the period were as follows

Paul Goswell	(Appointed 19 August 2011)
Wilson Lamont	(Appointed 19 August 2011)
John Robertson	(Appointed 19 August 2011)
Colin Wagman	(Appointed 19 August 2011)
Ivan Ezekiel	
Tim Garnham	
Oliver Whitehead	(Resigned 19 August 2011)
Salmaan Hasan	(Resigned 24 February 2012)
Daniel Kitchen	(Resigned 19 August 2011)
John Matthews	(Resigned 19 August 2011)
Martin Pexton	(Resigned 19 August 2011)

Directors' qualifying third party indemnity provisions

Under the provisions of its Articles of Association, the Company has indemnified its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006 Such qualifying third party indemnity provision was in force throughout the financial period and remains in force on the date of approval of the Directors' Report

CREDITORS' POLICY AND PRACTICE

The Group's policy concerning the payment of its trade creditors and other suppliers is to set 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 period end, the Group had an average of 19 days (2011 21 days) purchases outstanding

DONATIONS

During the period the Group made no charitable or political donations (2011 £nil)

SHARE CAPITAL

The Company has a single class of share capital which is divided into ordinary shares of 25 pence each Details of the Company's share capital are set out in note 21 to the Accounts The rights and obligations that are attached to the shares are set out in the Company's Articles of Association unless specified by law or regulation There are no restrictions on voting rights or the transfer of shares other than as specified by the Articles of Association, law or regulation

GOING CONCERN

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, having received a letter from its ultimate shareholders regarding their current intention to provide financial support to assist in meeting liabilities as they fall due for a period of at least one year from the date of approval of the financial statements For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements

AUDITORS

Disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information of which the auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information

Independent auditors

A resolution to appoint Ernst & Young LLP as auditor to the Company will be proposed at a General Meeting of the Company at which the accounts are laid before the members

By order of the Board
Ivan Ezekiel
Secretary
22 March 2013

MINERVA LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

18 MONTH PERIOD ENDED 31 DECEMBER 2012

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Each of the Directors, whose names and functions are set out on page 5 confirm that, to the best of their knowledge

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and loss of the Group, and
- the Business review contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces

MINERVA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MINERVA LIMITED

18 MONTH PERIOD ENDED 31 DECEMBER 2012

We have audited the financial statements of Minerva Limited for the period ended 31 December 2012 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Statements of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statements of Changes in Equity, the Accounting Policies and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006

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

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2012 and of the group's profit for the period then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements

MINERVA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MINERVA LIMITED (CONTINUED)

18 MONTH PERIOD ENDED 31 DECEMBER 2012

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Ernst & Young LLP

Matthew Williams (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
22 March 2013

Consolidated income statement

	Note	Period to 31 December 2012 £000	Year to 30 June 2011 £000
Continuing operations			
Revenue	2	**221,777**	273,625
Property outgoings and cost of sales	2	**(126,861)**	(165,226)
Net property income	2	**94,916**	108,399
Administrative expenses		**(14,518)**	(8,915)
Other income		**138**	1,285
Profit on sale of investment properties		**1,473**	994
Gain on other financial assets	12	**-**	10
Gain on revaluation of investment properties	9	**92,093**	39,683
Operating profit	3	**174,102**	141,456
Finance costs	5	**(88,959)**	(45,234)
Finance income	6	**426**	3,991
Net finance costs		**(88,533)**	(41,243)
Profit before taxation		**85,569**	100,213
Taxation	7	**(9,164)**	(8,010)
Profit for the period		**76,405**	92,203
Attributable to:			
Equity shareholders of the parent		**54,596**	63,273
Non-controlling interest		**21,809**	28,930
Profit for the period		**76,405**	92,203

Consolidated statement of comprehensive income

	Note	Period to 31 December 2012 £000	Year to 30 June 2011 £000
Profit for the year		**76,405**	92,203
Other comprehensive income			
Net (loss)/gain on cash flow hedges	*17*	**(419)**	10,769
Recycling of cash flow hedge reserve	*5*	**5,438**	3,543
Other comprehensive income for the period, net of tax		**5,019**	14,312
Total comprehensive income for the period		**81,424**	106,515
Attributable to:			
Equity shareholders of the parent		**59,615**	77,435
Non-controlling interest		**21,809**	29,080
Total comprehensive income for the period		**81,424**	106,515

Consolidated statement of financial position

	Note	As at 31 December 2012 £000	As at 30 June 2011 £000
Assets			
Non-current assets			
Investment properties	*9*	**849,311**	745,960
Property, plant and equipment	*10*	**7**	42
Other financial assets	*12*	**11**	38
		849,329	746,040
Current assets			
Trading properties	*13*	**61,711**	136,446
Trade and other receivables	*14*	**41,434**	114,649
Cash and cash equivalents	*15*	**75,650**	47,022
		178,795	298,117
Total assets		**1,028,124**	1,044,157
Liabilities			
Current liabilities			
Trade and other payables	*16*	**(35,613)**	(60,993)
Derivative financial instruments	*17*	**(3)**	-
Borrowings	*17*	**(162,438)**	(116,076)
Provisions for other liabilities and charges	*20*	**(2,955)**	(2,975)
		(201,009)	(180,044)
Non-current liabilities			
Borrowings	*17*	**(568,383)**	(665,615)
Derivative financial instruments	*17*	**(82,547)**	(75,701)
Provisions for other liabilities and charges	*20*	**(895)**	(1,364)
		(651,825)	(742,680)
Total liabilities		**(852,834)**	(922,724)
Net assets		**175,290**	121,433
Equity			
Called up share capital	*21*	**41,948**	40,304
Share premium account		**198,448**	198,426
Other reserves		**(1,597)**	(6,616)
Retained deficit		**(86,339)**	(139,525)
Total attributable to equity shareholders of the parent		**152,460**	92,589
Non-controlling interest		**22,830**	28,844
Total equity		**175,290**	121,433

The financial statements on pages 10 to 36 were approved by the Board of Directors for issue on 22 March 2013 and were signed on its behalf by

Ivan Ezekiel
Director

Tim Garnham
Director

Minerva Limited
Company Number 2649607

MINERVA LIMITED

REPORT AND ACCOUNTS

18 MONTH PERIOD ENDED 31 DECEMBER 2012

Parent company statement of financial position

	Note	As at 31 December 2012 £000	As at 30 June 2011 £000
Assets			
Non-current assets			
Investment in subsidiary undertakings	11	**36,817**	37,233
		36,817	37,233
Current assets			
Trade and other receivables	14	**169,299**	35,733
Cash and cash equivalents		**299**	299
		169,598	36,032
Total assets		**206,415**	73,265
Liabilities			
Current liabilities			
Trade and other payables	16	**(571)**	(2,566)
Borrowings	17	**(114,300)**	-
Total liabilities		**(114,871)**	(2,566)
Net assets		**91,544**	70,699
Equity			
Called up share capital	21	**41,948**	40,304
Share premium account		**198,448**	198,426
Other reserves		**21,370**	21,214
Retained deficit		**(170,222)**	(189,245)
Total equity		**91,544**	70,699

The financial statements on pages 13 to 36 were approved by the Board of Directors for issue on 22 March 2013 and were signed on its behalf by

Ivan Ezekiel
Director

Tim Garnham
Director

Statements of changes in equity

	Attributable to equity shareholders						
Group	**Share capital £000**	**Share premium £000**	**Other reserves £000**	**Retained deficit £000**	**Total £000**	**Non-controlling interest £000**	**Total (deficit)/ equity £000**
1 July 2010	40,294	198,422	(20,778)	(203,513)	14,425	(236)	14,189
Profit for the year	-	-	-	63,273	63,273	28,930	92,203
Other comprehensive income	-	-	14,162	-	14,162	150	14,312
Total comprehensive income	-	-	14,162	63,273	77,435	29,080	106,515
Share capital issued	10	4	-	-	14	-	14
Share based payment	-	-	-	715	715	-	715
1 July 2011	40,304	198,426	(6,616)	(139,525)	92,589	28,844	121,433
Profit for the period	-	-	-	54,596	54,596	21,809	76,405
Other comprehensive income	-	-	5,019	-	5,019	-	5,019
Total comprehensive income	-	-	5,019	54,596	59,615	21,809	81,424
Dividend paid to non controlling interest	-	-	-	-	-	(27,823)	(27,823)
Share capital issued	1,644	22	-	-	1,666	-	1,666
Share based payment	-	-	-	156	156	-	156
Cost of share issue	-	-	-	(1,566)	(1,566)	-	(1,566)
31 December 2012	**41,948**	**198,448**	**(1,597)**	**(86,339)**	**152,460**	**22,830**	**175,290**

	Attributable to equity shareholders				
Company	**Share capital £000**	**Share premium £000**	**Other reserves £000**	**Retained deficit £000**	**Total £000**
1 July 2010	40,294	198,422	20,499	(170,126)	89,089
Loss for the year	-	-	-	(19,119)	(19,119)
Share capital issued	10	4	-	-	14
Share based payment	-	-	715	-	715
1 July 2011	40,304	198,426	21,214	(189,245)	70,699
Profit for the period	-	-	-	20,589	20,589
Share capital issued	1,644	22	-	-	1,666
Share based payment	-	-	156	-	156
Cost of share issue	-	-	(1,566)	-	(1,566)
31 December 2012	**41,948**	**198,448**	**19,804**	**(168,656)**	**91,544**

Consolidated cash flow statement

	Note	Period to 31 December 2012 £000	Year to 30 June 2011 £000
Cash flows from operations	27	**207,242**	99,346
Interest received		**412**	453
Interest paid		**(59,899)**	(21,613)
Income taxes paid		**(13,631)**	-
Cash flows from operating activities		**134,124**	78,186
Investing activities			
Additions to investment properties		**(6,466)**	(13,621)
Additions to property, plant and equipment		**-**	-
(Cost of)/receipts from sale of investment properties		**(337)**	43,654
Receipts from sale of other investments		**27**	-
Receipts from sale of property, plant and equipment		**40**	12
Cash flows from investing activities		**(6,736)**	30,045
Financing activities			
New loans		**138,736**	69,151
Issue costs of loans		**(2,172)**	(449)
Repayment of loans		**(207,180)**	(184,199)
Cost of early loan repayment		**(421)**	(722)
Dividend paid to non-controlling interest		**(27,823)**	-
Issue of share capital		**100**	14
Cash flows from financing activities		**(98,760)**	(116,205)
Net increase/(decrease) in cash and cash equivalents		**28,628**	(7,974)
Cash and cash equivalents at beginning of period		**47,022**	54,996
Cash and cash equivalents at end of period		**75,650**	47,022

Parent Company cash flow statement

	Note	Period to 31 December 2012 £000	Year to 30 June 2011 £000
Cash flows from operations	27	**-**	-
Interest received		**-**	-
Cash flows from operating activities		**-**	-
Net movement in cash and cash equivalents		**-**	-
Cash and cash equivalents at beginning of period		**299**	299
Cash and cash equivalents at end of period		**299**	299

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Basis of preparation
Minerva Limited is a limited liability company incorporated and domiciled in the United Kingdom The Group's financial statements consolidate those of the Company and its subsidiaries ('the Group')

The Group and Parent Company financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU')

The consolidated financial statements of the Group are presented in UK Sterling, the functional and presentational currency of each company within the Group

Accounting standards, amendments and interpretations
The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial period ending 31 December 2012

- IAS 12 'Income taxes'
- IFRS 7 'Financial instruments Disclosure'

On adoption of IAS 1, (revised), the Group has elected to present an Income statement and a separate Statement of comprehensive income In respect of all other new standards, amendments to standards and interpretations, these have not had a significant impact on the Annual Report for the period ended 31 December 2012

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the period ending 31 December 2012 and have not been adopted early by the Group

- IAS 1, 'Financial statement presentation – presentation of items of other comprehensive income'
- IFRS 9, 'Financial instruments Classification and measurement'
- IFRS 10, 'Consolidated financial instruments'
- IFRS 11, 'Joint arrangements'
- IFRS 12, 'Disclosure of involvement with other entities'
- IFRS 13, 'Fair value measurement'

Following an initial review it is not anticipated that the adoption of these standards and interpretations will have a material impact on the financial statements in the period of initial application albeit IFRS 13 may result in additional disclosures

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the financial statements

Measurement convention
The consolidated financial statements of the Group have been prepared in accordance with EU endorsed IFRS, IFRIC interpretations, the Companies Act 2006 applicable to companies reporting under IFRS, and the historical cost convention as modified by the inclusion of investment properties, other financial assets and financial instruments at fair value

1 Accounting policies (cont)

Areas requiring the use of estimates and critical judgement that may impact on the Group's earnings and financial position include

- valuation of investment properties, where the Board has adopted the external valuations carried out by professionally qualified valuers in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors
- valuation of derivative financial instruments, where the Board has adopted the valuation carried out by JC Rathbone Associates Limited, finance risk consultants

Other areas of judgement, risk and uncertainty, which are relevant to an understanding of the financial results and position of the Group, are referred to in the Directors' Report

Basis of consolidation

The consolidated financial statements of the Group include the financial results of subsidiaries acquired during the period from the effective date of acquisition, being the date on which the Group obtains control Business combinations are accounted for under the acquisition method Intra-group balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the Group's consolidated financial statements Subsidiaries are those entities controlled by the Group Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities Subsidiaries are deconsolidated from the date that control ceases

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future having received a letter of support from its ultimate shareholders regarding the current intention to renew the deep discount bond facilities For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements

Investments in subsidiaries

Investments in subsidiaries are held in the Company statement of financial position at cost and reviewed annually for impairment The acquisition and disposal of shares in subsidiaries, while retaining control, is accounted for as transactions within equity The difference between the fair value of consideration and the movement in interest in subsidiary is recorded in other reserves

Revenue

- Property revenue comprises rental income from operating leases, service charge income and other amounts receivable from tenants Rental income and lease incentives to tenants are recognised in the income statement on a straight-line basis over the lease term
- In respect of residential unit sales, revenue, being the fair value of consideration received or receivable, is recognised when the significant risks and rewards of ownership have been transferred to the purchaser Non-refundable deposits are not recognised as revenue until the sale has been recognised or the deposit forfeited by the purchaser
- Other income comprises non-property revenue and other sundry amounts earned on an accruals basis

Property expenses

Refurbishment expenditure in respect of major works is capitalised Renovation and refurbishment expenditure of a revenue nature is charged to the income statement as incurred

Costs directly attributable to the arrangement of a lease, which include letting and professional fees, are capitalised and amortised over the lease term

1 Accounting policies (cont.)

Investment properties
Investment properties are properties held for long-term rental income and for capital appreciation and are measured initially at cost, including related transaction costs, and subsequently at fair value Changes in the fair value of an investment property at the statement of financial position date and its carrying amount prior to re-measurement, are recorded in the income statement

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 until practical completion

Trading properties
Trading properties are properties held for sale and are included in the statement of financial position at the lower of cost and net realisable value

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

Property, plant and equipment
This category comprises motor vehicles and fixtures and fittings These assets are stated at historical cost, less accumulated depreciation and any accumulated impairment Motor vehicles and fixtures and fittings are depreciated on a straight-line basis over their estimated useful lives of between three and five years

Impairment of non-financial assets
An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount

Leases – the Group as a lessee
Leases are classified according to the substance of the transaction A lease that transfers substantially all the risks and rewards of ownership to the lessee is classified as a finance lease All other leases are classified as operating leases

Rentals payable under operating leases are charged to the income statement over the term of the lease on a straight-line basis

Finance leases are capitalised at the commencement of the lease at the lower of the fair value of the asset and the present value of the minimum lease payments and amortised over the shorter of the lease term and useful economic life Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the finance balance outstanding The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, deposits with banks and short-term liquid investments

Borrowings
Borrowings are included in the financial statements, initially at fair value, net of transaction costs incurred, which are amortised over the life of the loan Borrowings are subsequently stated at amortised cost, any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest rate method

1. Accounting policies (cont)

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position

Derivative financial instruments
The Group's derivative financial instruments comprise interest rate swaps, which are entered into in order to manage interest rate risk from its activities All derivative financial instruments are recorded at fair value based on market prices, estimated future cash flows and quoted forward rates as appropriate

The Group applies hedge accounting where the financial instruments meet the relevant criteria and represent a cash flow hedge Changes in fair value of such derivatives that are designated and effective as hedges are recognised directly in reserves, to be transferred to the income statement in the period during which the hedge item is recognised in the income statement Any ineffective portion of hedge accounted instruments is recognised immediately in the income statement as a finance cost In all other cases movements in the fair value of derivative financial instruments are taken to the income statement

Amounts payable and receivable under such arrangements are included within net finance costs, recognised on an accruals basis

The fair value of a hedge accounted instrument is classified as a non-current asset or liability when the maturity of the hedged item is more than 12 months Non-hedging instruments are classified in accordance with their particular maturity profile

Taxation
The charge for current taxation is based on the results for the period as adjusted for items which are non-taxable or disallowed having taken into consideration capital allowances, indexation and available tax losses

Deferred tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements

Deferred tax is calculated on the basis that properties will be realised predominantly through sale and therefore capital gains are reduced by indexation

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised

Income tax is determined using rates and laws that have been enacted or substantively enacted by the statement of financial position date and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled

Trade and other receivables
Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method A provision for impairment is established where there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms of the receivable The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows The provision is recorded in the income statement

Trade and other payables
Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method

1 Accounting policies (cont)

Provisions for liabilities and charges
Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated

Provisions are measured at the present value, using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligations The increase in the provision due to the passage of time is recognised as interest expense

Share based payment
The Group provided share based payment in the form of share options and share award plans in prior periods

All share based payment arrangements granted after 7 November 2002 that have not vested prior to 1 January 2005 are recognised in the financial statements The Group uses, where appropriate, either a modified binomial or a Monte Carlo valuation model and the resulting fair values, calculated at each award date, are expensed through the income statement over the vesting period of the share based payments

The Group revises its estimate of the number of employees expected to remain in service to each vesting date and of the expected satisfaction of any other non-market performance conditions It recognises the impact of the revision to the original estimates, if any, in the income statement, with a corresponding adjustment to equity

The grant by the Company of options and awards in the Group's equity instruments to the employees of subsidiary undertakings are treated as capital contributions

Share capital
Share capital, which comprises ordinary shares, is classified as equity Incremental costs attributable to the issue of new subscriptions are shown in equity as a deduction, net of tax, from the proceeds

Retirement benefits
Employer contributions to defined contribution pension schemes of employees are charged to the income statement as incurred

Dividends
Final dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which they are approved Interim dividends are recognised when paid

2. Net property income

	Period ended 31 December 2012 £000	Year ended 30 June 2011 £000
Trading property sales	**190,857**	254,042
Rental income	**26,471**	18,024
Recoverable property expenses	**4,449**	1,559
Revenue	**221,777**	273,625
Cost of sales on trading properties	**(111,646)**	(155,412)
Property expenses including property provisions	**(10,342)**	(7,661)
Recoverable property expenses	**(4,449)**	(1,559)
Marketing expenses	**(424)**	(594)
Property outgoings and cost of sales	**(126,861)**	(165,226)
Net property income	**94,916**	108,399

The Group's minimum lease payments receivable under non-cancellable operating leases, principally in respect of leases over land and buildings, are as follows

	Period ended 31 December 2012 £000	Year ended 30 June 2011 £000
Less than one year	**8,752**	10,618
Between one and five years	**90,200**	54,943
Over five years	**508,394**	202,210
	607,346	267,771

3. Group operating profit

	Period ended 31 December 2012 £000	Year ended 30 June 2011 £000
Operating profit is stated after charging/(crediting)		
Fees payable to Company's auditors for the audit of Parent Company and consolidated accounts	**70**	70
Fees payable to the Company's auditor and its associates for other services		
Audit of the Company's subsidiaries pursuant to legislation	**40**	40
Depreciation charge	**34**	65
Share based payment	**156**	715
Operating lease rentals – land and buildings	**1,357**	1,180
Profit on sale of property, plant and equipment	**(40)**	(4)

4 Staff costs

	Period ended 31 December 2012	Year ended 30 June 2011
Average number of employees (including executive Directors) employed by the Group	**19**	24
	£000	£000
Staff costs (including executive Directors)		
Wages and salaries	**3,598**	2,697
Discretionary bonuses	**620**	451
Share based payment	**156**	715
Social security costs	**1,599**	439
Pensions costs	**156**	134
	6,129	4,436
Directors' remuneration		
Aggregate emoluments	**1,787**	1,594
LTIP vesting	**4,392**	-
Contributions to pension schemes of Directors	**148**	123
	6,327	1,717

The aggregate emoluments of the highest paid director, including LTIP awards, were £2,360,000 (2011 £631,000)

5 Finance costs

	Note	**Period ended 31 December 2012 £000**	Year ended 30 June 2011 £000
Interest and charges on borrowings		**75,336**	47,772
Amortisation of loan issue costs		**4,184**	2,513
Fair value loss on derivative financial instruments			
Non-hedging instruments	17	**1,805**	-
Ineffectiveness on cash flow hedges		**4,625**	1,369
Recycling of cash flow hedge reserve		**5,438**	3,543
		11,868	4,912
Interest on obligations under finance leases		**854**	558
Charges relating to early loan repayment		**420**	790
Capitalised interest and similar charges		**(3,703)**	(11,311)
		88,959	45,234

6. Finance income

	Note	Period ended 31 December 2012 £000	Year ended 30 June 2011 £000
Interest on deposits		**426**	441
Fair value gain on derivative financial instruments			
Non-hedging instruments	17	**-**	3,464
Ineffectiveness on cash flow hedges	17	**-**	86
		-	3,550
		426	3,991

7. Taxation

	Note	Period ended 31 December 2012 £000	Year ended 30 June 2011 £000
Current tax		**9,164**	8,010
Deferred tax	19	**-**	-
Taxation charge for the period		**9,164**	8,010
Profit before taxation		**85,569**	100,213
Tax on profit at 25 per cent (2011 27 5 per cent)		**21,392**	27,559
Expenses not deductible for tax purposes		**1,050**	131
Accelerated capital allowances		**(144)**	(1,817)
Differences arising from taxation of chargeable gains and property revaluations		**(23,022)**	(11,186)
Tax losses and other differences		**9,888**	(6,677)
Taxation charge for the period		**9,164**	8,010

8. Profit/(loss) dealt with by Parent Company

As permitted by Section 408 of the Companies Act 2006, the Company's income statement has not been included in these financial statements A profit for the period of £20,589,000 (2011 loss of £19,119,000) is dealt with in the financial statements of the Company

9. Investment properties

Group	31 December 2012 £000	30 June 2011 £000
At 1 July Net book value	**745,960**	726,215
Additions	**11,258**	24,398
Disposals	**-**	(44,336)
Revaluation movement	**92,093**	39,683
At end of period: Net book value	**849,311**	745,960
Recognition of finance lease obligations	**(9,731)**	(9,571)
Amounts included within prepayments and accrued income	**25,755**	12,911
At end of period At valuation	**865,335**	749,300

9 Investment properties (continued)

The investment properties were valued on a market value basis by CBRE Limited, independent external valuers, as at the year end in accordance with the RICS Valuation – Professional Standards (2012) ("the Red Book") issued by the Royal Institution of Chartered Surveyors

The total accumulated amount of interest capitalised as part of the cost of investment properties was £87,499,000 (2011 £84,173,000) The average cost of interest capitalised was 4 7 per cent (2011 4 2 per cent)

Investment properties include freehold properties with a net book value of £423,223,000 (2011 £383,376,000) and long leasehold properties with a net book value of £426,088,000 (2011 £362,584,000)

10 Property, plant and equipment

Group	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost			
At 1 July 2010	1,407	257	1,664
Disposals	-	(34)	(34)
At 1 July 2011	1,407	223	1,630
Disposals	(227)	(199)	(426)
At 31 December 2012	**1,180**	**24**	**1,204**
Depreciation			
At 1 July 2010	1,339	211	1,550
Depreciation charge	37	28	65
Disposals	-	(27)	(27)
At 1 July 2011	1,376	212	1,588
Depreciation charge	24	10	34
Disposals	(227)	(198)	(425)
At 31 December 2012	**1,173**	**24**	**1,197**
Net book value at 31 December 2012	**7**	**-**	**7**
Net book value at 30 June 2011	31	11	42

11. Investment in subsidiary undertaking

	31 December 2012 £000	30 June 2011 £000
At 1 July Net book value	**37,233**	36,158
Additions	**156**	715
(Impairment)/write back of impairment	**(572)**	360
At end of period Net book value	**36,817**	37,233

Investments in subsidiaries are held in the statement of financial position at cost and are reviewed for impairment annually The recoverable amount of the investment is fair value less cost of sale and is determined with reference to the net assets of the subsidiary

At the period end, the Company has the following principal subsidiary undertakings which are consolidated and have as their main activity property investment, development, trading, investment holding or the provision of property related services Unless otherwise stated all subsidiary undertakings are wholly-owned and registered and operate in Great Britain

Angelmist Limited	Minerva Corporation Limited
Antares Properties Limited	Minerva (Croydon) Limited
Castlereport Limited	Minerva Dowgate Limited
Croydon Leisure Limited	Minerva (Finance) Limited
Croydon Plaza Limited	Minerva (Holland Park) Limited
Croydon Retail Limited	Minerva (Kensington) Limited
Eagleprint Limited	Minerva (Lancaster Gate) Limited
Futurestate Limited	Minerva Properties Limited
Jack Cade Limited	Minerva Property Holdings plc
Jimtrack Limited	Minerva Property Services Limited
Lancaster Gate (Hyde Park) Limited†	Minerva Residential Holdings Limited
Larchfield Investments Limited	Minerva (Stores) Limited
Leinster HH LLP	Minerva (Ventures) Limited
LLH One Limited	Minerva Walbrook Limited Partnership
LLH Two Limited	Minerva (Wandsworth) Limited
M1 Limited	OMD Holdings Limited
Minerva (Abingdons) Limited	OMD Holborn Limited
Minerva Aldgate Limited	OMD Property (Holborn) Limited
Minerva (Ambassador) Limited	Park Place (General Partner) Limited
Minerva Bayswater One Limited	Park Place Limited Partnership*
Minerva Bayswater Two Limited	St Swithin's House (General Partner) Limited
Minerva (City) Limited	245 Blackfriars Road Investments Limited

*Established according to Jersey Law and operates, through its general partner, in Great Britain
†74 8 per cent of the issued shares are held by the Group

12. Other financial assets

	31 December 2012 £000	30 June 2011 £000
At 1 July Net book value	**38**	47
Additions	**11**	-
Write back of impairment	**-**	10
Disposal	**(38)**	(19)
At end of period: Net book value	**11**	38

Investments held as other financial assets are traded in active markets and are valued on the basis of quoted market prices at the statement of financial position date

13. Trading properties

Group	31 December 2012 £000	30 June 2011 £000
At 1 July	**136,446**	228,647
Additions	**36,911**	63,211
Disposals	**(111,646)**	(155,412)
At and of period: Book value	**61,711**	136,446
At end of period: Valuation	**112,595**	243,000

Trading properties comprise the Lancaster Gate and Odeon Kensington properties, which have been stated at cost in the consolidated statement of financial position but were valued at 31 December 2012 on a market value basis by CBRE Limited, independent external valuers, in accordance with the RICS Valuation – Professional Standards (2012) ("the Red Book") issued by the Royal Institution of Chartered Surveyors The total accumulated amount of interest capitalised as part of the cost of the properties was £36,880,000 (2011 £36,503,000) The average cost of interest capitalised was 1 8 per cent (2011 3 4 per cent)

Trading properties are wholly owned with the exception of Lancaster Gate, where the Group holds a majority interest in the project and earns profits based on the following tranches

Profits up to 10% of project costs	95%
Profits between 10% and 15% of project costs	80%
Profits between 15% and 20% of project costs	60%
Profits above 20% of project costs	50%

14 Trade and other receivables

	Group 31 December 2012 £000	Group 30 June 2011 £000	Parent Company 31 December 2012 £000	Parent Company 30 June 2011 £000
Trade receivables	**2,200**	2,050	**-**	-
Allowance for doubtful debts	**(194)**	(698)	**-**	-
	2,006	1,352	**-**	-
Other receivables	**2,340**	1,931	**96**	44
Amounts owed by subsidiary undertakings	**-**	-	**169,071**	35,689
Prepayments and accrued income	**27,286**	13,944	**132**	-
Amounts receivable on sales of trading properties	**9,802**	95,672	**-**	-
Deposits on future sales of trading properties	**-**	1,750	**-**	-
	41,434	114,649	**169,299**	35,733

Movement in allowance for doubtful debt	Group 31 December 2012 £000	Group 30 June 2011 £000	Parent Company 31 December 2012 £000	Parent Company 30 June 2011 £000
At 1 July	**698**	75	**-**	-
Allowance	**29**	630	**-**	-
Written off	**(479)**	-	**-**	-
Recovered	**(54)**	(7)	**-**	-
At end of period	**194**	698	**-**	-

Trade receivables comprise rental income and service charges which are due on contracted quarter days with no credit period. Trade receivables are assessed on a tenant by tenant basis and where there is doubt as to recoverability of the debt, a specific allowance is made Other receivables predominantly comprise recoverable Value Added Tax and other receivable amounts All significant receivables due to be settled, have been received since 31 December 2012

There are no current trade or other receivables, over due or past credit terms but not impaired greater than six months old Group prepayments and accrued income at 31 December 2012 include £1,144,000 of prepaid development expenditure (2011 £1,331,000)

15. Cash and cash equivalents

Cash and cash equivalents include £60,125,000 (2011 £20,849,000) retained in deposit, rent and restricted accounts which is not readily available to the Group for day-to-day commercial purposes

16. Trade and other payables

	Group 31 December 2012 £000	Group 30 June 2011 £000	**Parent Company 31 December 2012 £000**	Parent Company 30 June 2011 £000
Trade payables	**3,757**	1,119	**-**	-
Taxation and social security	**5,187**	11,808	**-**	-
Other payables	**3,227**	10,434	**299**	299
Accruals and deferred income	**23,442**	28,699	**272**	2,267
Deferred income on future sales of trading properties	**-**	8,933	**-**	-
	35,613	60,993	**571**	2,566

17. Borrowings and derivative financial instruments

Group	**Group 31 December 2012 £000**	Group 30 June 2011 £000	**Parent Company 31 December 2012 £000**	Parent Company 30 June 2011 £000
Borrowings				
Current liabilities				
Bank and other borrowings	**162,422**	116,073	**114,300**	-
Finance lease obligations	**16**	3	**-**	-
	162,438	116,076	**114,300**	-
Non-current liabilities				
Bank and other borrowings	**558,668**	656,047	**-**	-
Finance lease obligations	**9,715**	9,568	**-**	-
	568,383	665,615	**-**	-

The fair value of bank borrowings at the balance sheet date was circa £20m lower that the carrying value on the balance sheet

Maturity of borrowings

	Bank and other borrowings			
Group	**Group 31 December 2012 £000**	Group 30 June 2011 £000	**Parent Company 31 December 2012 £000**	Parent Company 30 June 2011 £000
Less than one year	**162,422**	116,073	**114,300**	-
Between one and two years	**328,185**	110,495	**-**	-
Between two and five years	**200,913**	511,702	**-**	-
Over five years	**29,570**	33,850	**-**	-
	721,090	772,120	**114,300**	-

17. Borrowings and derivative financial instruments (continued)

	Finance lease obligations		Finance lease obligations (net of future finance charges)	
Group	**31 December 2012 £000**	30 June 2011 £000	**31 December 2012 £000**	30 June 2011 £000
Less than one year	**585**	437	**16**	3
Between one and two years	**655**	514	**92**	3
Between two and five years	**1,965**	1,965	**311**	11
Over five years	**41,107**	42,089	**9,312**	9,554
	44,312	45,005	**9,731**	9,571
Future finance charges on leases	**(34,581)**	(35,434)	**-**	-
	9,731	9,571	**9,731**	9,571

Undrawn facilities

Group	**31 December 2012 £000**	30 June 2011 £000
Less than one year	**145,991**	17,867
Between one and two years	**-**	40,576
Between two and five years	**-**	48,162
Over five years	**-**	-
	145,991	106,605

Included within the analysis of undrawn facilities are development loan facilities, which, although committed, have conditions that need to be satisfied prior to drawdown

Interest rate risk profile of borrowings

	31 December 2012		30 June 2011	
Group	**Total £000**	**Weighted average interest rate %**	Total £000	Weighted average interest rate %
Swapped fixed rate borrowings	**518,159**	**7.3**	563,857	6 5
Deep discounted bonds	**114,300**	**5.7**	-	-
Floating rate borrowings	**88,631**	**4.5**	208,263	2 1
Total borrowings	**721,090**		772,120	

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 at 31 December 2012 is 7 0 per cent (2011 6 5 per cent) and includes loan margins ranging from 1 0 per cent to 4 0 per cent with all inclusive interest rates ranging from 2 6 per cent to 9 0 per cent (2011 5 2 per cent to 6 7 per cent) The weighted average period of the Group's swapped fixed rate borrowings was 2 4 years at 31 December 2012 (2011 3 3 years)

Floating rate borrowings at 31 December 2012 incurs interest at margins of 4 0 per cent over LIBOR (2011 between 1 2 per cent and 2 0 per cent)

17. Borrowings and derivative financial instruments (cont)

Derivative financial instruments

Group	Assets £000	Liabilities £000	Total £000
At 1 July 2010	-	(88,651)	(88,651)
Movement in fair value recognised in equity			
Effectiveness on cash flow hedges	-	10,769	10,769
Movement in fair value recognised in income statement			
Ineffectiveness on cash flow hedges	-	(1,283)	(1,283)
Movement on non-hedging instruments	-	3,464	3,464
At 1 July 2011	-	(75,701)	(75,701)
Movement in fair value recognised in equity			
Effectiveness on cash flow hedges	-	(419)	(419)
Movement in fair value recognised in income statement			
Ineffectiveness on cash flow hedges	-	(4,625)	(4,625)
Movement on non-hedging instruments	-	(1,805)	(1,805)
At 31 December 2012	**-**	**(82,550)**	**(82,550)**
Less Non-current portion		82,547	82,547
Current portion		(3)	(3)

Fair value estimation

All derivative financial instruments are carried at fair value in the statement of financial position, following a valuation as at 31 December 2012 undertaken by JC Rathbone Associates Limited Fair value is calculated using the present value of the estimated future cash flows For these financial instruments fair value approximates to carrying value

Fair value hierarchy

The Group's financial instruments measured at fair value fit within the following fair value hierarchy

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

The Group considers that all financial instruments outlined above fall within level 2 of the hierarchy

18. Financial risk management

In the normal course of business, the Group is exposed to interest rate risk, liquidity risk and credit risk, which it seeks to mitigate through a combination of sound business practices and use of derivative financial instruments

The Group's risk management policies and practices are as follows

Interest rate management

The Group has a portfolio of floating rate debt Interest rate swaps are generally used to alter the interest rate profile of the Group's debt, having the effect of transforming floating rate liabilities into fixed rate liabilities The Group has well established practices to monitor the interest rates prevailing on current borrowings Further details relating to derivative financial instruments are given in note 17

Sensitivity to interest rates

The Group's exposure to changes in interest rates relates to the effect of a rate change on the fair value of the Group's derivative financial instruments and the cost of servicing the Group's floating rate borrowings Based on the 31 December 2012 statement of financial position, a 50 basis point rise in interest rates could equate to a £10,180,000 net gain (2011 £13,439,000), conversely a 50 basis point fall could result in a net loss of £10,180,000 (2011 £13,439,000)

In the circumstances where there is a 50 basis point rise, a gain of £4,641,000 (2011 £6,308,000) in respect of the net gain would be expected to go through the income statement and a gain of £5,539,000 (2011 £7,131,000) would be taken to equity In the circumstances where there is a 50 basis points fall, a loss of £4,641,000 (2011 £6,308,000) in respect of the net loss would be allocated to the income statement with a loss of £5,539,000 (2011 £7,131,000) going through equity

Credit risk management

Principal financial assets comprise investments, trade and other receivables and cash and deposits

The credit risk in respect of cash and deposits is limited and mitigated since the counterparties are principally reputable banks with a minimum Standard and Poor's long term credit rating of A

The level of credit risk attaching to the remaining financial assets is low, given their relative size Other financial assets predominantly comprise rental and service charge income due from tenants, recoverable Value Added Tax and deposits receivable in respect of future trading property sales The credit risk attaching to these assets is mitigated by a combination of an assessment of a tenant's, purchaser's or, supplier's financial standing before credit is advanced, the holding deposits and/or guarantees and rental contracts requiring rent to be paid in advance

Liquidity management

Cash reserves are monitored to ensure adequate resources are available to provide the Group with security, liquidity and the flexibility during the development phase of its projects, whilst also enabling it to invest in new opportunities

The Group seeks, where possible, to borrow on a non-recourse or limited-recourse basis, with a view to maintaining an appropriate maturity profile that supports the Group's operations Borrowings usually comprise variable rate loans in the first instance Deep discount bonds are provided by shareholders to assist with liquidity management The deep discount bonds advanced in the period mature in less than one year and the company has received a letter of support from shareholders confirming their current intention to renew these bonds

18 Financial risk management (cont)

Capital risk management

The Group seeks to manage its capital in a way to safeguard its ability to continue as a going concern, provide returns for shareholders and benefits for other stakeholders

In order to achieve these objectives, the Group may adjust the dividends paid to shareholders, return capital to shareholders, issue new shares or purchase, develop or sell assets

The capital structure of the Group consists of net debt and shareholders' equity Shareholders' equity comprises share capital, reserves and retained earnings and is disclosed in the Group Statement of changes in equity Net debt comprises borrowings, which are disclosed in note 17 less cash which is disclosed in the Statement of financial position

Maturity analysis of the undiscounted contractual cash flows relating to financial liabilities

Group	Trade and other payable £000	Borrowings £000	Derivative financial instruments £000	Provisions £000	Total £000
31 December 2012					
Less than one year	34,593	180,250	25,896	2,955	243,694
Between one and two years	-	340,959	25,247	358	366,564
Between two and five years	-	215,501	34,021	686	250,208
Over five years	-	103,544	4,782	-	108,326
Total contracted cash flows	34,593	840,254	89,946	3,999	968,792
Carrying value	34,593	730,821	82,550	3,850	851,814
30 June 2011					
Less than one year	52,508	136,566	24,208	2,975	216,257
Between one and two years	-	131,730	20,433	369	152,532
Between two and five years	-	546,056	26,147	1,062	573,265
Over five years	-	125,012	8,526	170	133,708
Total contracted cash flows	52,508	939,364	79,314	4,576	1,075,762
Carrying value	52,508	781,691	75,701	4,339	914,239

Parent Company undiscounted contractual cash flows relating to financial liabilities comprise trade and other payables, which are due within one year and are disclosed in note 16

19. Deferred tax

Group	Accelerated capital allowances £000	Tax losses £000	Other temporary differences £000	Derivative financial instruments £000	Total £000
At 1 July 2010	2,883	(24,911)	22,028	-	-
Movement in income statement	1,563	19,515	(21,078)	-	-
Movement in equity	-	-	-	-	-
At 1 July 2011	4,446	(5,396)	950	-	-
Movement in income statement	(144)	(8,620)	8,764	-	-
Movement in equity	-	-	-	-	-
At 31 December 2012	**4,302**	**(14,016)**	**9,714**	-	-

Deferred tax assets in respect of losses available against future taxable income, not recognised at the statement of financial position date, amount to £18,944,000 (2011 £19,040,000) Deferred tax assets in respect of contingent losses not recognised at the date of the statement of financial position amount to £38,846,000 (2011 £29,870,000)

In addition, the Group has not recognised deferred tax assets in respect of capital losses generated in the prior periods These capital losses, totalling in the region of £300,000,000, which are subject to HMRC agreement, should be available to offset future capital gains if and when they arise

Other temporary differences represent differences arising on capitalised interest and contingent gains on investment properties

Finance Act 2012 was enacted on 17 July 2012 and introduced a reduction in the headline rate of corporation tax to 24% from 1 April 2012 and to 23% from 1 April 2013 A further reduction in the headline rate to 21% by 1 April 2014 has been announced by the Government The rate of 23% has been substantively enacted by the balance sheet date and therefore deferred tax is recognised at 23% The impact of these future rate reductions will be reflected as and when they are substantively enacted but are not anticipated to have a significant impact on the company's tax balances

20. Provisions for other liabilities and charges

Group	**31 December 2012 £000**	30 June 2011 £000
At 1 July	**4,339**	5,483
Credit to income statement	**(489)**	(1,144)
At end of period	**3,850**	4,339
Less non-current portion	**(895)**	(1,364)
Current portion	**2,955**	2,975

A provision has been made in relation to a residual leasehold interest considered to be onerous, potential remaining obligations arising from the Group's historic development activities, and other property costs All provisions are considered current, with the exception of the onerous lease, which is due to expire in December 2016

21 Called up share capital

Group and company	At 31 December 2012 £000	At 30 June 2011 £000	At 31 December 2012 Number	At 30 June 2011 Number
Authorised				
Ordinary shares of 25p each	**75,000**	75,000	**300,000,000**	300,000,000
Issued and fully paid				
Ordinary shares of 25p each	**41,948**	40,304	**167,791,347**	161,216,376

Scheme	Date of Grant	At 1 July 2011 Number	Granted during period Number	Exercised during the period Number	Forfeited/ cancelled during period Number	At 31 December 2012 Number	Exercise price Pence
2001 Sharesave Scheme	27 Oct 2008	417,155	-	(312,332)	(104,823)	-	32 14p
		417,155	-	(312,332)	(104,823)	-	

Scheme	Date of Award	At 1 July 2011 Number	Awarded during period Number	Exercised during the period Number	Forfeited/ lapsed during period Number	At 31 December 2012 Number	Market price on date of award Pence
2005 Executive Incentive Plan	27 Oct 2008	6,593,195	-	(6,262,639)	(330,556)	-	27 00p
		6,593,195	-	(6,262,639)	(330,556)	-	

At 31 December 2012
- no options and awards granted to employees over shares in the Company remained outstanding
- no options granted to subscribe for new ordinary shares of 25 pence each under the Company's Sharesave Scheme remained outstanding

22. Net asset value per share

Group	31 December 2012 £000	30 June 2011 £000
Basic net asset value	**152,460**	92,589
Adjustment for		
Group's estimated share of unrecognised revaluation surplus on trading properties	**48,123**	81,041
Group's share of fair value deficit on derivative financial instruments	**82,550**	75,701
Diluted EPRA net asset value	**283,133**	249,331

Diluted EPRA net asset value is a measure of the Group's financial position that incorporates the Group's pre-tax share of the unrecognised revaluation surplus of its trading properties, having taken into account the estimated share attributable to non-controlling interest and fair value deficit of the Group's derivative financial instruments

23. Dividends
No dividend was proposed or paid in respect of the period ended 31 December 2012 (2011 £nil)

24. Capital commitments
Capital commitments contracted, but not provided for, at 31 December 2012 relating to the Group's development activities were £9,966,000 (2011 £10,056,000)

25. Commitments under operating leases
Total commitments under non-cancellable operating leases

Group	31 December 2012 £000	30 June 2011 £000
Less than one year	**1,227**	1,246
Between one and five years	**4,212**	4,681
Over five years	**3,530**	4,883
	8,969	10,810

26. Contingent liabilities
The Company has guaranteed external borrowings of some of its subsidiary undertakings, which at the statement of financial position date amounted to £6,000,000 (2011 £22,974,000) In addition, the Company has guaranteed certain loan interest and tenant obligations of its subsidiary undertakings

27. Cash flows from operations

Group	31 December 2012 £000	30 June 2011 £000
Profit before taxation	**85,569**	100,213
Net finance costs	**88,533**	41,243
Operating profit	**174,102**	141,456
Depreciation	**34**	65
Property provisions	**(468)**	(380)
Movement on revaluation of investment properties	**(92,093)**	(39,683)
Profit on sale of investment properties	**(1,473)**	(994)
Profit on sale of property, plant and equipment	**(40)**	(4)
Profit on sale of trading properties	**(79,210)**	(98,630)
Amortisation of lease incentives, letting fees and other non-cash items	**(11,608)**	(10,026)
Share based payment	**156**	715
Trading property proceeds received, net of additions	**230,957**	94,820
(Increase)/decrease in trade and other receivables	**(3,717)**	4,260
(Decrease)/increase in trade and other payables	**(9,398)**	7,747
Cash flows from operations	**207,242**	99,346

27 Cash flows from operations (continued)

Parent Company	31 December 2012 £000	30 June 2011 £000
Profit/(loss) before taxation	**20,589**	(19,119)
Net finance costs	**-**	-
Operating profit	**20,589**	(19,119)
Impairment/(write back) of investment in subsidiary undertaking	**572**	(360)
Impairment of amount owed by subsidiary undertakings	**2,483**	13,909
(Increase)/decrease in trade and other receivables	**(134,383)**	4,186
Increase in trade and other payables	**110,739**	1,384
Cash flows from operations	**-**	-

28 Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary of Jupiter Properties 2011 UK Limited and the ultimate parent company is Jupiter Holdco (BVI) Limited Copies of the financial statements of Jupiter Properties 2011 UK Limited are publically available

29. Related party transactions

The Group has not entered into any transactions with related parties other than disclosed below and with key management who are considered to be the Directors

During the period the Company was charged £9,632,000 of management fees by subsidiaries (2011 £4,678,000) and £2,471,000 of management fees by parties related to parent undertakings (2011 £nil) Amounts advanced by the Company to subsidiary undertakings, are disclosed in note 14 and are unsecured, interest free and repayable on demand The Company received intra-group dividends of £64,800,000 during the period (2011 £nil)

The Company was provided debt funding by Jupiter Holdco BVI Limited, its ultimate parent undertaking The funding provided in the period, disclosed within the borrowings balance, was £105,000,000 and subsequently £9,300,000 of interest has accrued within the period, leaving an amount outstanding at the balance sheet date of £114,300,000 The total facilities provided aggregate to £240,000,000