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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services Act 1986 immediately.

If you have sold or otherwise transferred all your holding of ordinary shares (other than ex-rights), you should send this document, together with the accompanying Form of Proxy, to the purchaser(s) or transferee(s), or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee(s). However, this document should not be forwarded or transmitted by you to any person in the United States, Canada, Japan, Australia or the Republic of Ireland.

Copies of this document, which comprises a Prospectus relating to Minerva prepared in accordance with the listing rules of the London Stock Exchange made under Section 142 of the Financial Services Act 1986, have been delivered for registration to the Registrar of Companies in England and Wales as required by Section 149 of that Act.

HSBC Investment Bank, which is regulated by The Securities and Futures Authority Limited, is acting exclusively for Minerva and will not be responsible to anyone other than Minerva for providing the protections offered to customers of HSBC Investment Bank, nor for providing advice in relation to the Acquisition or the Rights Issue.

✓ **Minerva plc**



Proposed acquisition of St. Swithin's House and Walbrook House, London EC4

and

1 for 3 Rights Issue

of

up to 31,937,218 new ordinary shares of 25p each at 190p per share

underwritten by

HSBC Investment Bank plc

Member HSBC Group

Application has been made to the London Stock Exchange for the new ordinary shares to be admitted to the Official List. The Rights Issue is conditional, *inter alia*, on Admission. It is expected that Admission will become effective and dealings in the new ordinary shares, nil paid, will commence on 10 February 1998.

The latest time and date for acceptance and payment in full under the Rights Issue is 3.00 p.m. on 4 March 1998. The procedure for acceptance and payment is set out in Part II of this document and will be set out in full in the provisional allotment letters which are expected to be despatched to Qualifying shareholders (other than certain Overseas shareholders) on 9 February 1998.

Notice of an Extraordinary General Meeting of Minerva, which is to be held at 11.00 a.m. on 9 February 1998 at the offices of Olswang, 90 Long Acre, London WC2E 9TT, is set out on page 35 of this document. The Form of Proxy enclosed with this document for use in connection with the Extraordinary General Meeting should be completed and returned to Minerva's registrars, IRG plc, in accordance with instructions contained thereon as soon as possible and in any event so as to arrive not later than 11.00 a.m. on 7 February 1998.

This document is not for distribution in the United States, Canada, Japan, Australia or the Republic of Ireland. Neither the new ordinary shares nor the provisional allotment letters which are expected to be posted to Qualifying shareholders (other than certain Overseas shareholders) on 9 February 1998 have been or will be registered under the United States Securities Act of 1933, as amended or under the securities laws of any state of the United States, any province or territory of Canada, Japan, Australia or the Republic of Ireland. The new ordinary shares will not, subject to certain exceptions, be offered, sold, taken up or delivered in the United States, Canada, Japan, Australia, the Republic of Ireland or their respective territories or possessions.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

RIGHTS ISSUE AND THE ACQUISITION

1998

Record date for the Rights Issue	Close of business on 2 February
Latest time and date for receipt of Forms of Proxy	11.00 am on Saturday 7 February
Extraordinary General Meeting	11.00 am on Monday 9 February
Despatch of provisional allotment letters	9 February
Dealings in the new ordinary shares, nil paid, to commence	10 February
Latest time and date for splitting provisional allotments, nil paid	3.00 p.m. on Monday 2 March
Latest time and date for acceptance and payment in full	3.00 p.m. on Wednesday 4 March
Dealings to commence in the new ordinary shares, fully paid	5 March
Completion of the Acquisition	12 March
Latest time and date for splitting allotments, fully paid	3.00 pm on Monday 23 March
Latest time and date for registration of renunciation	3.00 pm on Wednesday 25 March
Despatch of definitive share certificates and CREST stock accounts credited	by 31 March

OTHER EVENTS

Ordinary shares to start trading <i>ex</i> the interim dividend	23 February
Record date for the interim dividend	Close of business on 27 February
Minerva to announce interim results for six months ended 31 December 1997	20 March
Payment date for interim dividend	22 April

Minerva plc

(Registered in England and Wales No. 2649607) ✓

Directors

David Eardley Garrard (*Chairman*)
Andrew Ian Rosenfeld (*Chief Executive*)
Paul Antony Coster (*Property Director*)
William Samuel Clive Richards (*Non-executive Director*)
Christopher Julian Sheridan (*Non-executive Director*)

Head Office

10 Gloucester Place
London W1H 3AX

22 January 1998

To shareholders and, for information only, to holders of options under the share option schemes

Dear Sir or Madam

Proposed acquisition of St. Swithin's House and Walbrook House, London EC4 Proposed 1 for 3 Rights Issue of up to 31,937,218 new ordinary shares at 190p per share

Introduction

It was announced today that Minerva has agreed conditional on the approval of shareholders to acquire St. Swithin's House and Walbrook House, two freehold properties in the City of London, from City Acre Investment Trust Limited for a total consideration of £87.5 million payable in cash on completion of the Acquisition. Minerva is also proposing to raise approximately £58.3 million, net of expenses, by way of a 1 for 3 Rights Issue of up to 31,937,218 new ordinary shares at 190p per share and has arranged a loan facility in an initial amount of £43 million from BHF-BANK AG. The Rights Issue, which is conditional, *inter alia*, on Admission and the passing of the Resolution, has been underwritten by HSBC Investment Bank.

As mentioned above, in view of its size, the Acquisition is conditional upon the approval of shareholders which is to be sought at an Extraordinary General Meeting convened for 11.00 a.m. on 9 February 1998. The Resolution to be proposed at the Extraordinary General Meeting is summarised below and is set out in full in the Notice of Extraordinary General Meeting on page 35 of this document.

The purpose of this document is to provide you with information on the Acquisition and the Rights Issue.

Background to and reasons for the Acquisition

Since the listing of its ordinary shares on the London Stock Exchange in November 1996, Minerva has reshaped its portfolio, making acquisitions totalling £179.4 million and realising proceeds of £107.1 million from disposals of properties which the Directors considered to have limited growth potential in the medium term. These acquisitions have included the then headquarters of Banque Paribas in Wigmore Street, London W1, for £37 million, a portfolio of properties from the Ladbroke Group for £25 million, St Botolph's House, London EC3, for £28.7 million, Ambassador House, London E1 for £17 million and Sampson House, London SE1 for £56.5 million. The most significant sale was 250 Euston Road, London NW1 to the Prudential Assurance Company for £105 million in September 1997.⁽¹⁾

These transactions have contributed to the Group's distinctive commercial property investment and development portfolio and have, in your Directors' opinion, created a wide range of opportunities to create additional capital value.

The proposed acquisition of St. Swithin's House and Walbrook House is in keeping with your Board's stated objective of strengthening and expanding the asset base of the Group, and represents, in the Directors' opinion, a further high quality addition to the Group's portfolio with opportunities to unlock significant capital value in the medium term, whilst in the interim period benefiting from a strong rental stream.

⁽¹⁾ Full details are disclosed in paragraphs 14.12 and 14.13 of Part V of this document.

PART I Letter from the Chairman of Minerva

The Properties, which were constructed in the 1950s, are freehold, purpose-built office buildings comprising 237,652 sq. ft. (net) and include 17 car parking spaces. The Properties, being adjacent, occupy a substantial site in the City of London. St. Swithin's House, which is 179,190 sq. ft. (net), is currently fully let to Barclays Bank Plc ("Barclays Bank") until March 2012 and Walbrook House, which is 58,462 sq. ft. (net), is principally let to Westpac Banking Corporation ("Westpac") until December 1999. Westpac has sub-let the entire building to a number of financial institutions. A part of the Property is let as a public house on a lease expiring in June 2058 although the lease contains provisions for termination in the event of a redevelopment. The approximate current net rental income per annum from the Properties amounts to £7.75 million of which £5.40 million is payable by Barclays Bank, £2.30 million by Westpac and the remaining £0.05 million by the tenant of the public house. The Walbrook House site currently has planning permission for a new headquarters office building of 70,084 sq. ft. (net).

A description and a valuation of the Properties, prepared by Weatherall Green & Smith, International Property Consultants, is set out in Part III of this document. The Properties have been valued by them on an open market basis at £87.5 million as at 22 January 1998.

The outlook for the specific areas of the commercial property sector in which Minerva is focused, namely Central and Greater London, remains strong in terms of tenant demand and investment activity. In particular, as a consequence of the improving letting market for office properties in the City of London, your Board believes that Walbrook House and St. Swithin's House, which are prime freehold properties located in the heart of the City of London, have considerable investment and development potential.

It is the stated policy of your Board to expand and adapt the asset base of the Group where it sees opportunity to enhance capital value, while at the same time maintaining flexibility by controlling gearing levels. The Rights Issue is intended to part finance the Acquisition and provide flexibility to take advantage of opportunities within the portfolio. The balance of the funding requirement for the Acquisition, including costs, will be met from the loan facility from BHF-BANK AG described below. The *pro forma* impact on the Group's balance sheet of the Acquisition and the Rights Issue is set out in the statement of *pro forma* net assets of the Enlarged Group contained in Part IV of this document.

Terms of the Acquisition

Under the terms of the Acquisition Agreement, Minerva has agreed, conditional only on the passing of the Resolution, to purchase the Properties for a total consideration of £87.5 million, all of which will be satisfied in cash. The Directors consider that the value of the Properties justifies the price to be paid. Completion of the Acquisition is expected to take place on 11 March 1998.

The Acquisition is not conditional on Admission. There are restrictions on the sale of the Properties in the 18 month period following completion.

A summary of the main terms of the Acquisition Agreement is set out in paragraph 6 of Part V of this document.

Debt financing

Minerva has arranged a loan facility with BHF-BANK AG in an initial amount of £43 million to part finance the acquisition of the Properties. Further details of the loan arrangements are set out in paragraph 6 of Part V of this document.

Current trading and prospects

Following the acquisition of St. Botolph's House and Ambassador House late last year, the Company has appointed architects Nicholas Grimshaw and Partners Limited to produce plans for a major headquarters office development on this site. A planning application is due to be submitted later this year.

Since the year end, your Board has advanced its plans for the redevelopment of the Group's significant landholding in Central Croydon. Revised plans are being drawn up by our architects RTKL to include a significant retail and leisure element to the development.

The site at Wigmore Street/Welbeck Way, London W1 was purchased with vacant possession and planning permission. Subject to entering into appropriate funding arrangements, it is intended that development work to create 42,000 sq. ft. of high quality office space will commence later this year and the Directors estimate that completion will take place in the second half of 1999.

Plans are being prepared by architects Sidell Gibson Partnership for the development of a 42,000 sq.ft. new headquarters office building at Chatham Place, East Harding Street, EC4. A planning application is expected to be submitted later this year. Minerva has the right to vacant possession of this property, on giving the requisite notice, for redevelopment.

As with all of Minerva's properties for which planning applications are being progressed, the Directors intend that vacant possession will only be obtained, and development commitments will only be entered into, once each project is pre-let or pre-sold.

Since 30 June 1997, trading has been in line with the Directors' expectations and the Board sees clear evidence of continued improving market conditions in the locations where Minerva has made its acquisitions during the last year.

Your Board has declared an interim dividend in respect of the six month period ended 31 December 1997 of 0.8p per share (1997: nil) payable on 22 April 1998 to shareholders on the register at close of business on 27 February 1998. The new ordinary shares issued pursuant to the Rights Issue will not be entitled to receive this interim dividend.

Minerva expects to announce its interim results for the six months ended 31 December 1997 on 20 March 1998.

Details of the Rights Issue

The Company proposes to raise approximately £58.3 million, net of expenses, by way of an issue of up to 31,937,218 new ordinary shares at the Rights Issue Price payable in full on acceptance, to Qualifying shareholders, on the basis of

1 new ordinary share for every 3 existing ordinary shares

held on the Record Date and so in proportion for any other number of ordinary shares then held.

Entitlements of Qualifying shareholders will be rounded down to the nearest whole number of new ordinary shares. Fractional entitlements that would otherwise have arisen will not be allotted and not be sold in the market. **The latest time and date for acceptance and payment in full in respect of the Rights Issue is 3.00 p.m. on 4 March 1998.**

The Rights Issue is conditional, *inter alia*, on the passing of the Resolution and Admission occurring by 8.30 a.m. on 10 February 1998 (or later time and date being not later than 8.30 a.m. on 20 February 1998 as HSBC Investment Bank may decide).

The new ordinary shares will, following the latest time for registration of renunciation of provisional allotment letters, be in registered form and will, when issued and fully paid, rank *pari passu* in all respects with the ordinary shares already in issue (excluding the right to receive the interim dividend in respect of the six months ended 31 December 1997 which was announced today and which will be paid to holders of existing ordinary shares by reference to a record date of 27 February 1998).

It is expected that provisional allotment letters will be despatched on 9 February 1998 to Qualifying shareholders (other than certain Overseas shareholders), following the Extraordinary General Meeting, and that admission of the new ordinary shares, nil paid, to the Official List of the London Stock Exchange will become effective and dealings in the new ordinary shares, nil paid, will commence on 10 February 1998. Dealings in the new ordinary shares, fully paid, are expected to commence on 5 March 1998.

Your attention is drawn to Part II of this document which contains further information about the Rights Issue and sets out the procedure for acceptance and payment. Further information will also be set out in the provisional allotment letter which will be sent to Qualifying shareholders (other than certain Overseas shareholders). Overseas shareholders are referred to the paragraph headed "Overseas shareholders" in Part V of this document.

Directors' and major shareholders' intentions

Messrs W S C Richards and C J Sheridan intend to take up their entitlements to new ordinary shares under the Rights Issue in full.

The other Directors and certain shareholders and family trusts connected with such Directors (holding in aggregate 46,844,988 ordinary shares, representing 48.9 per cent. of the Company's existing issued ordinary

PART I Letter from the Chairman of Minerva

share capital) intend to take up such number of their rights to subscribe for new ordinary shares pursuant to the Rights Issue as can be funded by the placing, nil paid, of the balance of their respective entitlements under the Rights Issue. HSBC Investment Bank has conditionally agreed to use its reasonable endeavours to procure placees for the rights to subscribe for 15,214,613 new ordinary shares, nil paid, at a price of 5p per share of the persons referred to above. As a term of the placing of the rights to subscribe described above, the relevant placees will be required to subscribe in full for the new ordinary shares represented by such rights at the Rights Issue Price.

HSBC Investment Bank, which owns 4,565,468 ordinary shares (approximately 4.8 per cent. of the Company's existing issued ordinary share capital), intends to take up its full entitlement under the Rights Issue.

CREST

The Company's ordinary shares were admitted to CREST with effect from 28 November 1996. The new ordinary shares will be issued in certificated form and be represented by definitive share certificates which are expected to be despatched by 31 March 1998. Shareholders wishing to hold new ordinary shares applied for under the Rights Issue in uncertificated form will need to comply with the relevant procedure for conversion of such shares into uncertificated form following receipt of their definitive share certificates. Shareholders who currently hold their ordinary shares in CREST will, if they take up their entitlement to new ordinary shares pursuant to the Rights Issue, have their CREST stock accounts credited with the number of new ordinary shares for which they agree to subscribe.

Extraordinary General Meeting

Set out at the end of this document is a notice convening an Extraordinary General Meeting of the Company to be held at the offices of Olswang, 90 Long Acre, London WC2E 9TT at 11.00 a.m. on 9 February 1998 at which the Resolution will be proposed. The Resolution comprises the following:

- (i) approval of the Acquisition;
- (ii) increasing the Company's authorised share capital from £42,468,233.75 to £50,000,000.00 by the creation of 30,127,065 new ordinary shares (representing 17.73 per cent. of the Company's existing authorised ordinary share capital). The increase in share capital is to allow the Directors to issue new ordinary shares in connection with the Rights Issue and to enable the Directors to exercise the authority proposed to be obtained as described in (iii) below; and
- (iii) authorising the Directors under section 80 of the Act to allot relevant securities up to a maximum nominal amount of £10,645,739.25 (representing 44.4 per cent. of the existing issued ordinary share capital and 33.3 per cent. of the Company's enlarged issued ordinary share capital following completion of the Acquisition and Rights Issue). This authority will lapse on the fifth anniversary of the Extraordinary General Meeting. The Directors intend that the new ordinary shares to be issued in connection with the Rights Issue will be issued pursuant to this authority and thereby preserve the Directors' authority to issue shares pursuant to section 80 of the Act and related authority to issue new ordinary shares for cash which were obtained at Minerva's last Annual General Meeting. The Directors have no present intention to use such authority.

Action to be taken

To vote on the Resolution

You will find enclosed with this document a Form of Proxy for use by shareholders in connection with the Extraordinary General Meeting.

Whether or not you propose to attend the Extraordinary General Meeting in person or whether or not you propose to take up your rights to new ordinary shares under the Rights Issue, you are requested to complete the Form of Proxy enclosed and return it to Minerva's registrars, IRG plc, Balfour House, 390-398 High Road, Ilford, Essex IG1 1NQ so as to arrive not later than 11.00 a.m. on 7 February 1998.

If you complete and return the Form of Proxy you may still attend and vote at the meeting in person should you wish to do so.

To participate in the Rights Issue

Provisional allotment letters, nil paid, containing full instructions regarding acceptance, payment, renunciation, splitting and registration are expected to be despatched to Qualifying shareholders (other than certain Overseas shareholders) on 9 February 1998. The attention of Overseas shareholders is drawn to paragraph 8 of Part V of this document. If, once you have received a provisional allotment letter, you wish to take up your entitlement in whole or in part under the Rights Issue, you should lodge the provisional allotment letter together with the remittance, in accordance with the instructions printed thereon, with IRG plc, Balfour House, 390-398 High Road, Ilford, Essex IG1 1NQ. The latest time for acceptance and payment in connection with the Rights Issue is 3.00 p.m. on 4 March 1998.

Further information

Further information on the Properties, the Company and the Rights Issue can be found in Parts II to V of this document.

Recommendation

Your Directors, who have been advised by HSBC Investment Bank, believe that the Acquisition and Rights Issue are in the best interests of the Company and of shareholders as a whole. In providing advice to the Directors, HSBC Investment Bank has placed reliance on the Directors' commercial assessment of the Acquisition.

Your Directors unanimously recommend shareholders to vote in favour of the Resolution, as they and the family trusts and companies in which they have an interest, have undertaken to do in respect of their respective holdings of ordinary shares (being in aggregate 46,981,654 ordinary shares representing approximately 49.0 per cent. of the existing issued ordinary share capital of Minerva).

Yours faithfully

David E Garrard
Chairman

PART II Further information relating to the Rights Issue

1. Details of the Rights Issue

Minerva proposes to offer by way of rights up to 31,937,218 new ordinary shares at the Rights Issue Price, payable in full on acceptance, to Qualifying shareholders to raise approximately £58.3 million, net of expenses.

Qualifying shareholders are being offered the right to subscribe by way of rights, on and subject to the terms and conditions set out in this document and in the provisional allotment letter, for new ordinary shares at the Rights Issue Price, free of all expenses, payable in full on acceptance on the following basis:

1 new ordinary share for every 3 existing ordinary shares

held on the Record Date and so in proportion to any other number of ordinary shares then held. Entitlements of Qualifying shareholders have been rounded down to the nearest whole number of new ordinary shares and fractional entitlements that would otherwise have arisen will not be allotted and not be sold in the market. The latest time and date for acceptance and payment in full in respect of the Rights Issue is 3.00 p.m. on 4 March 1998.

The Rights Issue has been fully underwritten by HSBC Investment Bank pursuant to the Underwriting Agreement, details of which are set out in paragraph 6 of Part V of this document.

The Rights Issue is conditional on:

- (i) the passing of the Resolution at the EGM;
- (ii) the Underwriting Agreement having become or being declared unconditional and not having been terminated in accordance with its terms prior to Admission; and
- (iii) Admission becoming effective in accordance with the listing rules of the London Stock Exchange by not later than 8.30 a.m. on 10 February 1998 (or such later date and time not being later than 8.30 a.m. on 20 February 1998 as HSBC Investment Bank may agree).

Application has been made to the London Stock Exchange for Admission. It is expected that provisional allotment letters in respect of the new ordinary shares will be posted to Qualifying shareholders (other than certain Overseas shareholders) on 9 February 1998 following the Extraordinary General Meeting. It is expected that Admission will become effective and that dealings in the new ordinary shares will commence, nil paid, on 10 February 1998. If for any reason the provisional allotment letters are posted later than 9 February 1998, the times and dates referred to in this document will be revised to reflect the date of posting of the provisional allotment letters and will be set out in the provisional allotment letter. The new ordinary shares, which will, following the latest time for registration of renunciation of provisional allotment letters, be in registered form, will be credited as fully paid and will rank, at the time of issue, *pari passu* in all respects with the ordinary shares already in issue (excluding the right to receive the interim dividend in respect of the six months ended 31 December 1997 which was announced today and which will be paid to holders of existing ordinary shares by reference to a record date of 27 February 1998). The new ordinary shares are not being made available in whole or in part to the public except under the terms of the Rights Issue.

The attention of Overseas shareholders is drawn to paragraph 8 of Part V of this document.

All documents and remittances will be sent to or by the allottee or their renounees (or their agents, as appropriate) at the risk of the person entitled thereto.

2. Action to be taken

(a) Provisional allotment and nil paid rights

The provisional allotment letters are expected to be sent to Qualifying shareholders (other than certain Overseas shareholders) immediately following the passing of the Resolution at the Extraordinary General Meeting.

The provisional allotment letter will set out the procedure to be followed to dispose (whether before or after payment of the Rights Issue Price) of any new ordinary shares and will contain details of the procedure for acceptance and payment, splitting, renunciation, consolidation and registration of all or part of a Qualifying shareholder's entitlement. Such provisional allotment letter will represent the right to subscribe for the new ordinary shares referred to therein and, once renounced by the shareholder originally entitled thereto, will become a negotiable bearer document. The provisional allotment letter will *inter alia* set out the holding of ordinary shares on which the Qualifying shareholder's entitlement has been calculated and the aggregate number of new ordinary shares which the Qualifying shareholder has been provisionally allotted.

The allotment and issue of the new ordinary shares will be made on the terms and subject to the conditions set out in this document and in the provisional allotment letter.

(b) Procedure for acceptance by Qualifying shareholders and renouncees

Qualifying shareholders wishing to subscribe for all or any of the new ordinary shares to which they are entitled should lodge the provisional allotment letter in accordance with the instructions thereon and send it, in the reply-paid envelope provided, or deliver it, together with a remittance for the relevant amount payable, to "IRG plc A/C Minerva", Balfour House, 390-398 High Road, Ilford, Essex IG1 1NQ so as to arrive not later than 3.00 p.m. on 4 March 1998, being the latest time for acceptance and payment in full. If a provisional allotment letter is sent by post, Qualifying shareholders are recommended to allow at least two working days for delivery. The instructions and other terms set out in the provisional allotment letter are part of the terms of the allotment and issue of the new ordinary shares.

Provisional allotment letters received after 10.00 a.m. on 4 March 1998 will be deemed to have been declined and the entitlements thereunder will lapse. The Company reserves the right (but shall not be obliged) to accept (i) provisional allotment letters received by post not later than 3.00 p.m. on 5 March 1998 (the cover bearing a legible postmark dated not later than 3.00 p.m. on 4 March 1998); and (ii) acceptances in respect of which a remittance is received prior to 3.00 p.m. on 4 March 1998 from an authorised person (as defined in the Financial Services Act 1986) specifying the new ordinary shares concerned and an undertaking to lodge the relevant provisional allotment letter duly completed in due course. The Company also reserves the right (in its sole discretion) to treat a provisional allotment letter as valid and binding on the person by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required. Reference in this document to rights to new ordinary shares having been taken up include rights which Qualifying shareholders shall be deemed to have validly taken up pursuant to the procedure described above.

(c) Money laundering

It is a term of the Rights Issue that, to ensure compliance with the Money Laundering Regulations 1993 ("Money Laundering Regulations"), IRG plc or HSBC Investment Bank are entitled to require, in their absolute discretion, verification of identity from a person lodging a provisional allotment letter. If the value at the Rights Issue Price of the new ordinary shares for which you are subscribing does not exceed £10,000, you will not be required to satisfy the verification of identity requirements described below. However, if such value is £10,000 or more and the acceptance is to be settled by way of third party payment, then failure to provide the necessary evidence of identity may result in your provisional allotment letter being treated as invalid or in delays in accepting your subscription. In order to avoid this, if the value at the Rights Issue Price of the new ordinary shares for which you are applying does exceed £10,000, payment should be made by means of a cheque drawn by the person named in the provisional allotment letter (or one of such persons). If this is not practicable and you use a cheque drawn by a third party (for example, a building society or banker's draft), you should:

- (a) write the name, address and date of birth of the person named on the provisional allotment letter (or one of such persons) on the back of the cheque, building society cheque or banker's draft;
- (b) if a building society cheque or banker's draft is used, ask the building society or bank to endorse the name and account number of the person whose building society or bank account is being debited by the cheque or banker's draft, such endorsement being validated by a stamp and authorised signature; and
- (c) if you are making the acceptance as agent for one or more persons, indicate on the provisional allotment letter whether you are a UK or EC regulated person or institution (for example, a bank or broker) and specify your status; if you are not a UK or EC regulated person or institution, you should contact IRG plc, Balfour House, 390-398 High Road, Ilford, Essex IG1 1NQ (Tel: 0181 639 2000).

If you deliver your provisional allotment letter personally by hand, you should ensure that you have with you evidence of your identity bearing your photograph (for example, a full, valid passport) and evidence of your address. In any event, if it appears to IRG plc that an acceptor is acting on behalf of some other person, further verification of the identity of any person on whose behalf the acceptor appears to be acting may be required.

PART II Further information relating to the Rights Issue

By lodging a provisional allotment letter, each Qualifying shareholder undertakes to provide such evidence of identity at the time of lodging the provisional allotment letter or, at the absolute discretion of HSBC Investment Bank or IRG plc at such specified time thereafter, as may be requested to ensure compliance with the Money Laundering Regulations.

IRG plc and/or HSBC Investment Bank are entitled, in their absolute discretion, to determine whether verification of identity requirements apply to any acceptor and whether such requirements have been satisfied. Neither IRG plc nor the Company nor HSBC Investment Bank shall be responsible or liable to any person for any loss or damage suffered or alleged to have been suffered as a result of the exercise of such discretion.

In relation to any provisional allotment letter in respect of which the necessary verification of the identity of the acceptor or the person on whose behalf the acceptor appears to be acting has not been received on or before 3.00 p.m. on 4 March 1998 (or such later date as HSBC Investment Bank may in its absolute discretion determine) the Company may, in its absolute discretion, elect to treat the relevant provisional allotment letter as invalid and/or delay the despatch of the relevant number of new ordinary shares until the necessary verification has been provided. In the event that a provisional allotment letter is invalid, the money payable or paid in respect of the acceptance will be returned (without interest) to the shareholder concerned.

(d) Payment

All payments must be made by cheque or bankers' draft in pounds sterling drawn on a bank or building society in the United Kingdom, the Channel Islands or the Isle of Man, which is either a settlement member of the Cheque & Credit Clearing Company Limited or which has arranged for its cheques and bankers' drafts (as appropriate) to be cleared through the clearing facilities provided for members of that company and must bear the appropriate sort code number in the top right-hand corner. Any acceptance which does not comply with these requirements will be treated as invalid.

Cheques and bankers' drafts should be made payable to "IRG plc, A/C Minerva" and should be crossed "A/C payee only". Eurocheques, unless drawn on a bank in the United Kingdom, the Channel Islands or the Isle of Man, will not be accepted. Any interest earned on payments made before they are due will be retained for the benefit of the Company.

Cheques and bankers' drafts will be presented on receipt. The Company reserves the right to instruct IRG plc to seek special clearance of cheques to allow the Company to obtain value for remittances at the earliest opportunity. Any person returning a provisional allotment letter with a remittance in the form of a cheque thereby warrants that the cheque will be honoured on first presentation. If this term is not met, the provisional allotment letter may be rejected and the entitlements thereunder will be deemed to have lapsed.

All documents or remittances sent by an acceptor, or as he or she may direct, will be sent through the post at his/her own risk. The Company and HSBC Investment Bank may (in their sole discretion) treat a provisional allotment letter as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions.

All enquiries in connection with provisional allotment letters should be addressed to New Issues Department, IRG plc, Balfour House, 390-398 High Road, Ilford, Essex IG1 1NQ (Tel: 0181 639 2000).

(e) Dealings in nil paid rights

Dealings on the London Stock Exchange in the new ordinary shares are expected to commence, nil paid, at 8.30 a.m. on 10 February 1998. Until 3.00 p.m. on 25 March 1998, a transfer of such rights can be made by renunciation as described in paragraph (g) below without payment having been made for the new ordinary shares provisionally allotted.

(f) Dealings in fully paid rights

After acceptance of the new ordinary shares provisionally allotted and payment in full in accordance with the terms set out in paragraph (d) above and in the provisional allotment letter, the fully paid rights to the new ordinary shares may be transferred by delivery of a duly renounced provisional allotment letter to the transferee until 3.00 p.m. on 23 March 1998. Thereafter, the new ordinary shares will be in registered form and will be transferable only by instrument of transfer complying with the Company's Articles of Association or in any other written form of which the Directors may approve or, in the case of new ordinary

shares which are subsequently transferred into CREST, in accordance with the relevant procedure for transfer thereunder. The new ordinary shares will initially be issued in certificated form. After 3.00 p.m. on 23 March 1998 and pending the issue of the definitive share certificates instruments of transfer will be certified by IRG plc against surrender of fully paid provisional allotment letters or, in the case of renounced fully paid provisional allotment letters, fully paid registration receipt forms bearing IRG plc's stamp. After posting of definitive share certificates, the provisional allotment letters will cease to be valid for any purpose.

(g) Procedure for renunciation and splitting

The provisional allotment letters will be fully renounceable save as required by the laws of certain foreign jurisdictions and may be split up to 3.00 p.m. on 23 March 1998.

A transfer of rights to subscribe for new ordinary shares can be made by renunciation of the provisional allotment letter and delivery of such letter to the transferee or, in the case of any person in whose favour the rights have been renounced, by delivery of the provisional allotment letter to the transferee. Payment of the Rights Issue Price for each of the new ordinary shares so transferred must be made prior to 3.00 p.m. on 23 March 1998.

A Qualifying shareholder who wishes to transfer all (and not some of) the new ordinary shares comprised in a provisional allotment letter may renounce such allotment by completing and signing Form X on the provisional allotment letter and delivering (but not in or into the United States, Canada, Japan, South Africa, the Republic of Ireland or Australia) the entire provisional allotment letter to the transferee or to the stockbroker or bank who has acted for such transferee in the transaction. Once a provisional allotment letter has been renounced, it will become a negotiable instrument in bearer form. The latest time and date for registration of renunciation in respect of provisional allotment letters is 3.00 p.m. on 25 March 1998.

If a Qualifying shareholder wishes to have only some of such new ordinary shares registered in his name and to transfer the remainder, or to transfer all the new ordinary shares comprised in a provisional allotment letter but to different persons, he may have the provisional allotment letter split, for which purpose he also must complete and sign Form X on such provisional allotment letter. The provisional allotment letter must then be lodged by post or, during normal business hours, by hand with the New Issues Section, IRG plc, Balfour House, 390-398 High Road, Ilford, Essex IG1 1NQ, so as to arrive not later than 3.00 p.m. on 2 March 1998, if nil paid or 3.00 p.m. on 23 March 1998 if fully paid for it to be cancelled and exchanged for the split provisional allotment letters required. The number of split provisional allotment letters required and the number of new ordinary shares to be comprised in each split should be stated in a covering letter. Form X on the split provisional allotment letter will be marked by the registrars "original duly renounced" before issue.

(h) Registration of new ordinary shares in the name of a Qualifying shareholder

A Qualifying shareholder who wishes to have all of his new ordinary shares registered in his name must accept and make payment for such allotment in accordance with the provisions set out in the provisional allotment letter and this document.

(i) Registration of new ordinary shares in name of persons other than Qualifying shareholders

A transferee or his agent(s) who wish(es) to have the new ordinary shares comprised in a provisional allotment letter registered in his name must complete Form Y on the provisional allotment letter and lodge the entire provisional allotment letter by post with the New Issues Section, IRG plc, Balfour House, 390-398 High Road, Ilford, Essex IG1 1NQ by not later than 3.00 p.m. on 23 March 1998. After registration of the new ordinary shares, they will be transferable by written instruments of transfer in the usual or common form. Registration cannot be effected unless the provisional allotment letter is fully paid pursuant to the Rights Issue.

(j) CREST

The Company's ordinary shares were admitted to CREST with effect from 28 November 1996. The new ordinary shares will be issued in certificated form and be represented by definitive share certificates which are expected to be despatched by 31 March 1998. Shareholders wishing to hold new ordinary shares applied for under the Rights Issue in uncertificated form will need to comply with the relevant procedure for conversion of such shares into uncertificated form following receipt of their definitive share certificates. Shareholders who currently hold their ordinary shares in CREST will, if they take up their entitlement to new ordinary shares pursuant to the Rights Issue, have their CREST stock accounts credited with the number of new ordinary shares for which they agree to subscribe.

(k) Posting

All documents and remittances sent by post to, or by, the Qualifying shareholders or their renounees (or their agents, as appropriate) will be sent at the risk of such persons.

3. Procedure in respect of rights not taken up

Qualifying shareholders who do not wish to take up their entitlement to new ordinary shares need not take any action. If payment in full for any new ordinary shares provisionally allotted (whether from the original Qualifying shareholder or any person in whose favour the rights have been renounced) is not received by IRG plc at the address stated above in paragraph (b) by the latest time for acceptance and payment (3.00 p.m. on 4 March 1998), or such later time as may be permitted at the Company's discretion under paragraph (b) above, in accordance with the procedure laid down for acceptance and payment in this document and in the provisional allotment letter, then the provisional allotment in respect of such shares will be deemed to have been declined and will lapse. The Rights Issue has been fully underwritten by HSBC Investment Bank on the terms of the Underwriting Agreement described in paragraph 6 of Part V of this document. HSBC Investment Bank will, as agent for the Company, endeavour to procure subscribers for all, or as many as possible of the number of new ordinary shares not taken up by no later than 3.00 p.m. on 6 March 1998, at a price which is at least equal to the aggregate of the Rights Issue Price and the expenses of procuring such subscribers (including commissions, brokerage and VAT if applicable) in respect of the new ordinary shares not taken up.

If subscribers are procured on such basis, the relevant new ordinary shares will be allotted to such subscribers and any net proceeds (after deduction of the Rights Issue Price and such expenses) will be paid by cheque (without interest) to the Qualifying shareholders originally entitled thereto whose rights have not been taken up (or have been deemed not to have been taken up) *pro rata* to their lapsed provisional allotments, save that no payment will be made of amounts of less than £3.00; which amounts will be aggregated and paid to the Company for its own benefit. Cheques for amounts due (if any) will be sent by post, at the risk of the persons entitled thereto, to the first named or sole Qualifying shareholder at his registered address,

If, at any time after 3.00 p.m. on 4 March 1998, in HSBC Investment Bank's opinion, it is unlikely that subscribers can be procured for new ordinary shares on the basis described above, HSBC Investment Bank shall not be obliged to procure or seek to procure subscribers for such new ordinary shares on such basis but will cause the new ordinary shares to be subscribed for at the Rights Issue Price or, to the extent that it fails to do so, shall subscribe as principal or procure a nominee to do so, in such case, subject to and in accordance with the terms of the Underwriting Agreement.

None of the Company, HSBC Investment Bank nor any person responsible for procuring subscribers or seeking to procure such subscribers shall be responsible or have any liability whatsoever for any loss or damage (actual or alleged) arising from any insufficiency or alleged insufficiency of any dealing price at which any rights to new ordinary shares may be sold or subscribers for new ordinary shares may be procured or the terms or timing of any such sales or subscription or any decision not to endeavour to procure subscribers.

4. Share option schemes

In accordance with the rules of the share option schemes, the number of ordinary shares in respect of which options have been granted under such schemes and which may be exercised and/or the price at which such ordinary shares may be acquired by the exercise of such options and the maximum number of ordinary shares which may be subject to options will be adjusted to take account of the terms of the Rights Issue in such manner as the Remuneration Committee of the Board decides. Any such adjustments will be subject to written confirmation from the auditors of Minerva that, in their opinion, the adjustments are fair and reasonable and, in relation to the approved share option scheme only, will also be subject to prior approval by the United Kingdom Inland Revenue. In due course, holders of options under the share option schemes will be sent an explanatory letter regarding any such adjustments.

5. United Kingdom Taxation

The attention of shareholders is drawn to paragraph 7 of Part V of this document. Shareholders who are in any doubt as to their tax position should consult their professional advisers immediately.

6. Overseas shareholders

The making of the Rights Issue to persons with registered addresses in, or who are resident in or citizens of, countries other than the United Kingdom may be affected by the laws of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirements to enable them to take up their rights under the Rights Issue. The attention of Overseas shareholders is drawn to paragraph 8 of Part V of this document.

Weatherall Green & Smith

The Directors
Minerva plc
10 Gloucester Place
London W1H 3AX

22 Chancery Lane
London
WC2A 1LT

The Directors
HSBC Investment Bank plc
Vintners Place
68 Upper Thames Street
London EC4V 3BJ

22 January 1998

Dear Sirs

Minerva plc

Property valuation as at 22 January 1998

In accordance with your instructions, we have, as external valuers (as defined in the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual) undertaken an open market valuation as at 22 January 1998 of the two freehold properties, St. Swithin's House and Walbrook House in the City of London ("the Properties") referred to in this valuation report. We have prepared this valuation report for inclusion in its entirety in this document, comprising a prospectus of Minerva plc ("Minerva") dated 22 January 1998 ("Prospectus") which is to be sent to shareholders of Minerva in connection with the acquisition of the freehold Properties referred to herein and the related Rights Issue of new ordinary shares of Minerva.

This valuation report has been prepared in accordance with the current edition of the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors. The valuers responsible for carrying out this instruction are qualified for the purposes of preparing this valuation report in accordance with Practice Statement 5 and Practice Statement 13 issued by the Royal Institution of Chartered Surveyors. We also confirm the valuation has been made in accordance with the relevant provisions of Chapter 18 of the Listing Rules of the London Stock Exchange Limited ("London Stock Exchange").

Provision and verification of information

(a) Title

Details of the nature and extent of the Properties, the tenure and tenancies, permitted uses and other relevant information have been supplied by Minerva and its solicitors, Olswang, and we have made relevant enquiries and obtained further information where appropriate. Where possible, this information has been confirmed during our internal and external inspections which were for valuation purposes only and carried out on 16 and 31 December 1997.

We have seen copies of all of the leases and we have read the Report on Title prepared by Olswang in respect of the Properties referred to herein. On the basis of the Report on Title, we understand, in preparing this valuation report, that the vendors are possessed of good and marketable title; which title they will agree to transfer to Minerva pursuant to the Acquisition Agreement (as defined in the Prospectus).

The Properties have been valued disregarding any mortgages or other charges.

(b) Town planning

We have made oral enquiries of the local planning and highway authorities and the information obtained is assumed to be correct unless otherwise revealed to us by the information and documents supplied to us or by our enquiries. No formal searches have been instigated. We have been informed that there are no local authority planning or highway proposals that might involve the use of compulsory purchase powers or otherwise directly affect the Properties.

(c) Surveys, state of repair and deleterious materials

Our valuation reflects the general condition of the Properties evident from our inspections and any defects of which we have been made aware as detailed in the Report on Title, prepared by Olswang. In addition we have been provided with and have taken full account of structural surveys prepared by Andrews, Kent & Stone dated January 1998 for the current owners of the Properties.

(d) Plant and Machinery

This valuation report has been prepared on the basis that the Properties include such plant and machinery and other fittings which would normally be regarded as landlord's fittings but exclude tenant fitting out works which cannot be rentalised on a rent review or lease renewal.

(e) Floor areas

The Properties included in this certificate have been measured in accordance with the Royal Institution of Chartered Surveyors Code of Measuring Practice. The floor areas given are derived from check measurements taken on site in conjunction with those calculated from scale floor plans provided by the Vendor's agents. All measurements, areas and ages quoted in this valuation report are approximate.

(f) Pollution

We have not carried out any investigations into pollution hazards which might affect the Properties and this valuation report assumes, unless otherwise revealed to us by the information and documents supplied to us in the course of our enquiries, that the Properties are not adversely affected by any form of pollution.

(g) Costs, taxation and Value Added Tax

In arriving at our valuation of the Properties as set out in this valuation report, no allowance has been made for the costs of realisation, any liability for tax which might arise in the event of disposal or for the existence of any mortgages or similar financial encumbrances over the Properties. Our valuation is exclusive of value added tax (if any).

Investment and valuation yields where given are provided on a net basis, that is after allowing for a purchaser's estimated costs of acquisition including stamp duty and legal and agent's fees at 3.75 per cent. of valuation.

(h) Leases and net annual rent

Our valuation is based upon information relating to the terms of the existing occupational tenancies and permitted uses provided by Minerva and its solicitors Olswang, or contained within the Report on Title prepared by Olswang.

We have also been provided with copies of all leases and related documents and have read them to verify the information. We have given the net annual rent receivable for the Properties having regard to the definition set out in Chapter 18 of the Listing Rules of the London Stock Exchange. This defines net annual rent as the current income or income estimated by the valuer:

- (i) ignoring any special receipts or deductions arising from the Properties;
- (ii) excluding value added tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and
- (iii) after making deductions for superior rents (but not for amortisation) and any disbursements, including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent.

Basis of valuation

The Properties have been valued on an open market basis in accordance with the definition provided in the Appraisal and Valuation Manual published by the Royal Institution of Chartered Surveyors. Practice Statement 4 issued by the Royal Institution of Chartered Surveyors defines open market value as the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (i) a willing seller;
- (ii) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms, and for the completion of the sale;
- (iii) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (iv) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- (v) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

PART III Weatherall Green & Smith's valuation report

We are of the opinion that the current open market value of the Properties described in this valuation report as at 22 January 1998 is:

£87,500,000
(Eighty seven million five hundred thousand pounds)

The individual values are listed in the attached report.

Disclosure

This valuation report is provided for the stated purpose and is for the use only of those to whom it is addressed and for inclusion in the Prospectus. Weatherall Green & Smith has authorised this Part III for the purposes of Section 152(1)(e) of the Financial Services Act 1986. No responsibility is accepted to any other party, nor may any part of this valuation report be reproduced, or reference made to it, without our prior written approval. Furthermore, no reference may be made to this valuation report in any publication without our written approval.

Yours faithfully

Weatherall Green & Smith

PART III Weatherall Green & Smith's valuation report

<i>Property Description</i>	<i>Location age & tenure</i>	<i>Term of main tenancies</i>	<i>Net annual rents receivable</i>	<i>Open market value as at 22 January 1998</i>	<i>Net initial yield</i>
Two income producing office buildings occupying a site of approximately 0.57 hectares (1.4 acres) with frontages to Cannon Street, Walbrook and St. Swithin's Lane. Planning permission exists for the redevelopment of Walbrook House.					
St. Swithin's House, 11-12 St. Swithin's Lane, London EC4.					
Offices, car parking and cafeteria. Sub basement, basement, lower ground, ground and nine upper floors. Refurbished in the early 1990's to include air conditioning and raised floors in most areas; some disregarded for the purpose of rent review as tenant's improvements. 16,647m ² (179,190 sq ft) net internal area and 11 car parking spaces.	On the west side of St Swithin's Lane, with a secondary frontage to Walbrook. Bounded to the north by New Court and the Church of St Stephen, Walbrook, to the south by Walbrook House and Oxford Court and opposite Bucklersbury House, Queen Victoria Street, London EC4. Cannon Street station is about 100m (328 ft) to the south. Bank Underground station is about 200m (656 ft) to the north. The Bank of England and other City institutions are in close proximity. Originally constructed in the 1950s and subsequently refurbished. Freehold.	Let, apart from 3 car parking spaces and two ground floor rooms, to Barclays Bank Plc on a fully repairing and insuring basis for 35 years from 25 March 1977 subject to five yearly upward only reviews at a current rent of £5,400,000 per annum. The next rent review is due in March 2002. Upon review certain tenants improvements, referred to in a supplemental deed, are to be disregarded and in accordance with the lease the floor area is assumed to extend to 190,000 sq ft.	£5,400,000	£69,400,000	7.50%
Walbrook House, 27-29 Walbrook, London EC4.					
Offices arranged on basement, ground and nine upper floors with public house fronting Cannon Street on part ground and part basement. 5,173m ² (55,678 sq ft) net internal area offices and 258m ² (2,784 sq ft) public house. Air conditioned. Six car spaces.	On the north east of the junction of Cannon Street and Walbrook. Built in the early 1950s. Freehold.	The office accommodation is let on a fully repairing and insuring basis to Westpac Banking Corporation for a term expiring 31 December 1999 without further review at a current rent of £2,300,000 per annum. The tenant has sublet the building on various leases. The public house is let to Bass Holdings Limited on a fully repairing and insuring basis for a term expiring 23 June 2058 at a current rent of £52,500 per annum, subject to five yearly upward only reviews, the next rent review falling in June 1998. The lease in respect of the public house contains provisions which allow the landlord to require surrender for the purposes of redevelopment. This is conditional upon a new lease being granted at a market rent incorporating similar terms upon completion of redevelopment, the new premises to be of a certain minimum size.	£2,352,500	£18,100,000	12.53%

PART IV *Pro forma* statement of net assets of the Enlarged Group

The following statement is intended to provide investors with information about the impact of the Acquisition and the Rights Issue by illustrating how that transaction, and other transactions referred to, might have affected the financial position of the Company had the transactions been undertaken at 30 June 1997; being the date as at which the last audited balance sheet of the Group has been prepared.

The resulting *pro forma* statement of the net assets of the Enlarged Group set out below is for illustrative purposes only and, because of its nature, may not give a true picture of the Group's financial position. It is prepared on the basis set out in the notes below.

	<i>Adjustments</i>				
	<i>Minerva Group as at 30 June 1997 £m (Note (a))</i>	<i>Euston Road £m (Note (b))</i>	<i>Ambassador House £m (Note (c))</i>	<i>Rights Issue and Acquisition of the Properties £m (Notes (d) and (e))</i>	<i>Pro forma net assets of Enlarged Group £m</i>
Fixed assets					
Tangible assets:					
Investment properties	465.9	(33.3)	17.0	87.5	537.1
Other fixed assets	0.2	—	—	—	0.2
Investments	3.1	—	—	—	3.1
	<u>469.2</u>	<u>(33.3)</u>	<u>17.0</u>	<u>87.5</u>	<u>540.4</u>
Current assets					
Debtors	7.7	—	—	—	7.7
Cash at bank and in hand	31.8	33.3	(4.5)	13.8	74.4
	<u>39.5</u>	<u>33.3</u>	<u>(4.5)</u>	<u>13.8</u>	<u>82.1</u>
Creditors: amounts falling due within one year:					
Bank debt	(1.3)	—	—	—	(1.3)
Other debt	(2.0)	—	—	—	(2.0)
Other	(16.3)	—	—	—	(16.3)
	<u>19.9</u>	<u>33.3</u>	<u>(4.5)</u>	<u>13.8</u>	<u>62.5</u>
Net current assets/(liabilities)	<u>19.9</u>	<u>33.3</u>	<u>(4.5)</u>	<u>13.8</u>	<u>62.5</u>
Total assets less current liabilities	489.1	—	12.5	101.3	602.9
Creditors: amounts falling due after more than one year:					
Bank debt	(307.7)	—	(12.5)	(43.0)	(363.2)
Other debt	(7.0)	—	—	—	(7.0)
	<u>174.4</u>	<u>—</u>	<u>—</u>	<u>58.3</u>	<u>232.7</u>
Net assets	<u>174.4</u>	<u>—</u>	<u>—</u>	<u>58.3</u>	<u>232.7</u>
Net assets per share (p)	182.0				182.2
Effective number of ordinary shares	95,811,655				127,748,873
Net debt (£m)	286.2				299.1
Net gearing	164%				129%

Notes:

- (a) The information in respect of Minerva has been extracted without material adjustment from the consolidated balance sheet of the Group as at 30 June 1997 contained in the latest published audited consolidated financial statements of the Company.
- (b) The adjustment reflects the sale of 250 Euston Road, London NW1 to the Prudential Assurance Company Limited for £105 million, which was equal to its book value, as announced on 22 August 1997. The consideration was settled by the transfer to the Group from the Prudential Assurance Company Limited of the freehold and leasehold interests in properties (being Sampson House, London SE1, Part 40 (rear), 42-48 Wigmore St. and 2-3 Welbeck Way, London W1 and Chatham Place, London EC4) which were independently valued by Weatherall Green & Smith at £71.7 million, and £33.3 million in cash.
- (c) The adjustment reflects the acquisition of the head leasehold interest in Ambassador House, as announced on 10 September 1997, financed by £12.5 million of new bank debt and existing resources.
- (d) The Properties are shown at £87.5 million, being Weatherall Green & Smith's valuation as at 22 January 1998 as set out in their valuation report contained in Part III of this document.
- (e) For the purposes of this *pro forma* statement it has been assumed that the net proceeds (after estimated expenses of £2.4 million) of the Rights Issue of £58.3 million have been used to fund, in part, the acquisition of the Properties. The balance of the consideration payable will be met from new borrowing facilities.
- (f) The *pro forma* statement does not include:
 - the trading results of Minerva plc since 30 June 1997;
 - any revaluations of properties since 30 June 1997;
 - other acquisitions and disposals since 30 June 1997 (other than those set out above);
 - changes in financing arrangements of the Group since 30 June 1997 (other than those set out above); and
 - acquisition and disposal costs of all properties acquired and disposed of since 30 June 1997.
- (g) The calculation of net asset value per share at 30 June 1997 is based on the number of shares then outstanding. The calculation of net asset value per share on the *pro forma* net assets is based on the 95,811,655 ordinary shares outstanding at 22 January 1998 as set out in paragraph 2.1 of Part V of this document and up to 31,937,218 new ordinary shares to be issued under the Rights Issue.
- (h) *Pro forma* net debt is calculated as debt less cash at bank and in hand including the estimated net proceeds of the Rights Issue of £58.3 million.
- (i) Net gearing is calculated as net debt (as calculated in accordance with note (h)) as a percentage of net assets.

PART IV *Pro forma* statement of net assets of the Enlarged Group

**Coopers
& Lybrand**

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The Directors
Minerva plc
10 Gloucester Place
London W1H 3AX

The Directors
HSBC Investment Bank plc
Vintners Place
68 Upper Thames Street
London EC4V 3BJ

22 January 1998

Dear Sirs

Minerva plc

We have reviewed the calculation and bases of preparation of the unaudited *pro forma* statement of net assets (and the explanatory notes thereto) of Minerva plc ("the Company") and its subsidiary undertakings (the "Group") ("the *pro forma* financial information"). The *pro forma* financial information, for which the Directors of the Company are solely responsible and which has been prepared for illustrative purposes only, is set out in Part IV of the Company's prospectus dated 22 January 1998.

Our review, which was substantially less in scope than an audit performed in accordance with Auditing Standards, consisted primarily of comparing the unadjusted *pro forma* financial information with the source documents (as referred to in the explanatory notes), considering the evidence supporting the adjustments to the balance sheet of the Group at 30 June 1997 and discussing the *pro forma* financial information with the Directors of the Company.

In our opinion:

- (a) the *pro forma* financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Company; and
- (c) the adjustments are appropriate for the purposes of the *pro forma* financial information as disclosed pursuant to paragraph 12.29 of "The Listing Rules" of the London Stock Exchange Limited.

Yours faithfully

Coopers & Lybrand

Lists of the names of the partners in the United Kingdom firms of Coopers & Lybrand and its associate partnerships are open to inspection at the above address, which is the principal place of business.

All partners in the associate partnerships are authorised to conduct business as agents of, and all contracts for services to clients are with, Coopers & Lybrand. Coopers & Lybrand is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Coopers & Lybrand is a member of Coopers & Lybrand International, a limited liability association incorporated in Switzerland.

1. Responsibility statement

1.1 The Directors, whose names are set out in paragraph 1.2 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.2 The full names, functions and business address of the Directors are set out below:

David Eardley Garrard (*Chairman*)
 Andrew Ian Rosenfeld (*Chief Executive*)
 Paul Antony Coster (*Property Director*)
 William Samuel Clive Richards (*Non-executive Director*)
 Christopher Julian Sheridan (*Non-executive Director*)
 all of 10 Gloucester Place, London W1H 3AX

2. Share Capital

2.1 The following table sets out the authorised and issued share capital of the Company at the date of this document and as it will be following the issue of the new ordinary shares pursuant to the Rights Issue:

Shares	£	Present	£	Proposed
		Number		Number
Authorised	42,468,234	169,872,935	50,000,000	200,000,000
Issued and fully paid	23,952,914	95,811,655	31,937,218	127,748,873

The ordinary shares are, and the new ordinary shares will be when issued, fully paid. The new ordinary shares will rank *pari passu* in all respects with the ordinary shares now in issue (excluding the right to receive the interim dividend declared today in respect of the six months ending 31 December 1997).

2.2 The ordinary shares are, and the new ordinary shares will be, only listed on the Official List of the London Stock Exchange and are in registered form and may be held in uncertificated form through CREST. The new ordinary shares will be issued only pursuant to the Rights Issue and are not otherwise available in whole or in part to the public.

2.3 As at 21 January 1998, the following options to subscribe for ordinary shares granted for nil consideration to certain Directors and employees of the Company under the share option schemes were outstanding:

Name of option holder		Number of	Price per ordinary share at	Exercise period
		ordinary shares under option	which the option is exercisable	
P Coster (Director)	Approved	20,000	150p	26.11.99 to 25.11.06
	Unapproved	246,666	150p	26.11.99 to 25.11.03
A Rixon	Approved	20,000	150p	26.11.99 to 25.11.06
	Unapproved	113,333	150p	26.11.99 to 25.11.03
J Higson	Approved	66,667	150p	29.11.99 to 28.11.03
	Unapproved	20,000	150p	26.11.99 to 25.11.06
R Blee	Approved	113,333	150p	26.11.99 to 25.11.03
	Unapproved	66,667	150p	29.11.99 to 28.11.03
Q Thompson	Approved	20,000	150p	26.11.99 to 25.11.06
	Unapproved	113,333	150p	26.11.99 to 25.11.03
S Yewman	Approved	20,000	150p	26.11.99 to 25.11.06
	Unapproved	113,333	150p	26.11.99 to 25.11.03
I Ezekiel	Approved	15,189	197.5p	04.11.00 to 03.11.07
	Unapproved	65,823	197.5p	04.11.00 to 03.11.04
T Garnham	Approved	15,189	212.5p	05.01.01 to 04.01.08
	Unapproved	111,393	212.5p	05.01.01 to 04.01.05

2.4 Set out at the end of this document is a notice convening an Extraordinary General Meeting of the Company to be held at the offices of Olswang, 90 Long Acre, London WC2E 9TT at 11.00 a.m. on 9 February 1998 at which a Resolution will be proposed to:

- (i) approve the proposed Acquisition by Minerva of the Properties;
- (ii) increase the Company's authorised share capital from £42,468,233.75 to £50,000,000.00 by the creation of 30,127,065 new ordinary shares (representing 17.73 per cent. of the Company's existing authorised ordinary share capital); and
- (iii) authorise the Directors under section 80 of the Act for a period of five years to allot relevant securities up to a maximum nominal amount of £10,645,739.25 (representing 44.4 per cent. of the existing issued ordinary share capital and 33.3 per cent. of the Company's enlarged issued ordinary share capital following completion of the Acquisition and Rights Issue).

Other than in respect of the issue of the new ordinary shares pursuant to the Rights Issue, the Directors have no present intention of exercising such authority.

PART V Additional information

3. Memorandum and Articles of Association

3.1 Memorandum of Association

The memorandum of association of the Company provides that the Company's principal objects are to acquire by purchase, lease, exchange or otherwise for development, investment or re-sale and traffic in, land and houses and other property of any tenure or any interest. The objects of the Company are set out in full in clause 4 of its Memorandum of Association which is amongst the documents referred to in paragraph 16 below as being available for inspection.

3.2 Summary of the provisions of the Articles of Association as to the rights attaching to the ordinary shares

The Articles of Association of the Company, which were adopted by a special resolution passed at an extraordinary general meeting of the Company held on 21 November 1996, include provisions to the following effect which relate to the rights of the ordinary shares:

(a) Rights attaching to shares

Voting rights

Subject to disenfranchisement in the event of non-compliance in certain circumstances with a statutory notice requiring disclosure of interests in any shares and to any special terms for voting upon which any shares of the Company may have been issued or may for the time being be held (as to which there are none present), on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative shall have one vote and, on a poll, every member so present in person or by proxy shall have one vote for every share of which he is the holder. In the case of joint holders the vote of the person whose name appears first in the register of members and who tenders a vote will be accepted to the exclusion of any votes tendered by the other joint holders.

Dividends

Subject to the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Directors. Subject to the Act, the Directors may pay interim dividends as appear to them to be justified by the profits of the Company available for distribution. No dividend or interim dividend shall be paid otherwise than in accordance with the Articles of Association. Except as otherwise provided by the Articles of Association or the rights attached to the shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid and all dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company.

The Directors may, with the authority of an ordinary resolution of the Company, offer any holders of ordinary shares the right to elect to receive ordinary shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the Directors) of any dividend specified in the ordinary resolution.

The Directors may, at a general meeting declaring a dividend, direct that it is paid wholly or partly by the distribution of specific assets and where any difficulty arises in regard to the distribution, the directors may settle the same as they think fit and in particular may issue fractional certificates and fix the value of the distribution of any assets, and may determine that cash shall be paid to any member upon the basis of such value, and may vest any assets in trustees.

Distribution of assets on a winding up

If the Company is wound up, the liquidator may, with the sanction of an extraordinary resolution and any other sanction required by law, divide among the members in kind the whole or part of the assets of the Company and, for that purpose, may value any assets and determine how such division shall be carried out. With the like sanction the liquidator may vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he may determine but no member shall be compelled to accept any assets on which there is a liability.

(b) Transfer of shares

The shares of the Company may be transferred by an instrument of transfer which may be in any usual form or in any other form of which the Directors may approve. The instrument of transfer must be executed by or on behalf of the transferor and, where the share is not fully paid, by or on behalf of the transferee. The Directors may not refuse to register any transfer if the instrument of transfer is in respect of only one class of share, is in respect of a fully paid share, is in respect of a share on which the Company does not have a lien, is in favour of no more than four transferees, is lodged, duly stamped, at the registered office of the Company or such other place as the Directors may appoint and is accompanied by the share certificate to be transferred and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. Partly paid shares which are listed may be subject to restrictions provided that the restrictions are not such as to prevent dealings in the shares from taking place on an open and proper basis. The registration of transfers of shares or of any class of shares may be suspended at such times and for such periods (not exceeding 30 days in any year) as the Directors may determine.

(c) Variation of rights

Subject to the Act, if at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class may be varied in such a manner (if any) as may be provided by those rights or, in the absence of such provision, with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class, but not otherwise. To every such separate meeting, the provisions of the Articles of Association relating to general meetings shall apply except that the necessary quorum at any such meeting shall be two persons together holding or representing by proxy at least one-third in nominal value of the issued share capital of the class in question. At an adjourned meeting, one person holding shares of the class in question or his proxy is a quorum.

(d) Alteration of capital

Subject to the Act, the Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares, sub-divide its shares (or any of them) into shares of smaller amounts, determine that, as between the shares resulting from such a sub-division, any of them may have any preference or advantage as compared with the others, cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares cancelled. Subject to the Act, the Company may by special resolution reduce its authorised and issued share capital, any capital redemption reserve and any share premium account, in any way.

Subject to the Act, the Company may purchase its own shares (including redeemable shares), but not unless the purchase has been sanctioned by an extraordinary resolution passed at a separate meeting of the holders of all other classes of shares in the Company.

(e) Directors

Unless and until otherwise determined by the Company, the number of Directors shall not be less than three. A Director shall not be required to hold any share qualifications but shall nevertheless be entitled to attend and speak at any general meeting or at any separate meeting of the holders of any class of shares of the Company. Any Directors may at any time appoint any other Director to be an alternate Director of the Company. The alternate Director shall be deemed for all purposes to be an officer of the Company and shall alone be responsible for his own acts and defaults.

The Directors may delegate any of their powers, duties, discretion and authorities to committees consisting of such Directors as they think fit.

A Director, including an alternate Director, who is in any way, whether directly or indirectly, interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company shall declare the nature of his interest at a meeting of the Directors.

Section 293 of the Act which regulates the appointment and continuation in office of Directors who have attained the age of 70 shall apply to the Company.

Except in the circumstances set out below, a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest other than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

A Director shall be entitled to vote and be counted in the quorum, unless there is some other material interest, in the following circumstances:

- (i) the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any member of the Group;
- (ii) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any member of the Group for which he himself has assumed responsibility;
- (iii) any proposal concerning an offer of shares, debentures or other securities of or by the Group for subscription or purchase in which offer he is or is to be interested as a participant as the holder of such shares or securities or in its underwriting or sub-underwriting;
- (iv) any contract, arrangement, transaction or other proposal concerning any other company in which he holds an interest not representing one per cent. or more of any class of the equity share capital of such company, or of the voting rights available to members of the relevant company;
- (v) any contract, arrangement, transaction or proposal concerning the adoption, modification or operation of any scheme enabling employees including the executive Directors of the Group to acquire shares of the Company or any arrangement for the benefit of employees of the Group, which does not award him any privilege or benefit not awarded to the employees to whom such scheme relates; and
- (vi) any contract, arrangement, transaction or proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including Directors.

A Director shall not vote or be counted in the quorum on any resolution concerning his own appointment as the holder of any office or place of profit within the Group in which the Company is interested including fixing or varying the terms of his appointment or its termination.

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(f) Borrowing powers

Subject to the following, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part of it, and subject to the provisions of the Act, to issue debenture and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Directors shall restrict the borrowings of the Company and use all its powers to restrict the borrowings of the Group so that no money shall be borrowed if the aggregate principal amount including any premium payable on final repayment outstanding in respect of all monies borrowed by the Group (excluding internal borrowing of the Group), then exceeds or would, as a result of such borrowing, exceed an amount equal to five times the aggregate of:

- (i) the nominal amount paid up on the share capital of the Company; and
- (ii) the amount standing to the credit of the consolidated reserves of the Group whether distributable or undistributable and including (without limitation) share premium, capital redemption reserve and profit and loss accounts.

(g) Untraced shareholders

The Company shall be entitled to sell at the best price reasonably obtainable any share(s) or stock of a shareholder provided that:

- (i) for a period of 12 years no cheque or warrant sent to the shareholder has been cashed, and no communication has been received by the Company from the shareholder;
- (ii) the Company has, at the expiry of the period of 12 years, by advertisement in both a national daily newspaper and in a newspaper circulating in the area in which the shareholder's address is located, given notice of its intention to sell such shares or stock;
- (iii) the Company does not, in the next three months, receive any communication from the shareholder or his successors in title; and
- (iv) the Company has first given notice in writing to the London Stock Exchange of its intention to sell such shares or stock.

The proceeds of such sale shall be put into a separate account which shall be a permanent debt of the Company in respect of the relevant shareholder.

4. Directors

(a) Directors' interests in the Company's share capital

At 21 January 1998, the latest practicable date before the posting of this document, the interests of the Directors and their immediate families in the ordinary share capital of the Company which have been notified to the Company, pursuant to Section 324 or Section 328 of the Act and are required to be entered in the Register of Directors' interests maintained under the provisions of Section 325 of the Act or, so far as is or could with reasonable diligence be ascertained by the Directors, the interests of persons connected with the Directors, as they are now and as they will be, after completion of the Rights Issue are as follows:

	Ordinary shares	Percentage of existing issued ordinary share capital	Number of ordinary shares following the Rights Issue	Percentage of issued ordinary share capital following the Rights Issue
David Eardley Garrard	25,074,668	26.17	25,269,322	19.78
Andrew Ian Rosenfeld	24,784,583	25.87	24,976,757	19.55
Paul Antony Coster	2,063,440	2.15	2,081,076	1.63
William Samuel Clive Richards	126,666	0.13	168,888	0.13
Christopher Julian Sheridan	10,000	0.01	13,333	0.01

Notes:

- (i) The interests of D E Garrard and A I Rosenfeld include 2,300,000 ordinary shares held by Eagle Star Insurance Company Limited, in respect of which all voting rights are exercisable jointly by D E Garrard and A I Rosenfeld. These shares are under option in favour of D E Garrard and A I Rosenfeld.
- (ii) The interests of D E Garrard also include 12,093,003 ordinary shares currently and 12,196,362 ordinary shares following the Rights Issue, being all of the ordinary shares held and to be held by Herling Limited by reason of the fact that D E Garrard and family trusts in which he has an interest together are entitled to exercise more than one-third of the voting power at general meetings of that company.
- (iii) The interests of A I Rosenfeld also include 12,093,003 ordinary shares currently and 12,196,362 ordinary shares following the Rights Issue being all of the ordinary shares held and to be held by Herling Limited by reason of the fact that a family trust in which he has an interest is entitled to exercise more than one third of the voting power at general meetings of that company.
- (iv) The table reflects the undertakings given by: (a) W S C Richards and C J Sheridan to take up their entitlements in full under the Rights Issue; and (b) D E Garrard, A I Rosenfeld, P A Coster, and certain shareholders and family trusts connected with them to subscribe for such number of new ordinary shares as can be financed from the sale of the balancing proportion of the nil paid rights, as described in the Chairman's letter which is contained in Part I of this document.

(b) Directors' interests in transactions

No Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by any member of the Group during the current or immediately preceding financial year or was effected by any member of the Group during an earlier financial year and remains in any respect outstanding or unperformed.

(c) No loans have been granted nor any guarantees provided by any member of the Group to or for the benefit of any of the Directors.

(d) Directors' remuneration and service contracts

(i) There are no service agreements or letters of appointment in existence for any Director with the Company or any member of the Group which cannot within the next 12 months be terminated by the Company or the relevant member of the Group without payment of compensation (other than statutory compensation) and no such contracts are proposed.

(ii) The aggregate of the remuneration paid and benefits in kind granted to the Directors by the Group for the 11 month period ended 30 June 1997 was £321,000. No variation to the total emoluments received by the Directors will take place as a result of the Acquisition.

5. Substantial shareholdings

At 21 January 1998, being the latest practicable date before the posting of this document, save as set out at sub-paragraph 4(a) above, the Company has been notified or was aware of the following direct and indirect interests in three per cent. or more of the existing issued ordinary share capital of the Company:

	<i>Before Rights Issue</i>		<i>After Rights Issue</i>	
	<i>Ordinary shares</i>	<i>Percentage of issued ordinary share capital</i>	<i>Ordinary shares</i>	<i>Percentage of issued ordinary share capital</i>
Trustees of the Garrard Rosenfeld Settlement ⁽ⁱ⁾	19,327,924	20.17	19,193,119	15.26
Trustees of the A I Rosenfeld Trust ⁽ⁱⁱ⁾	18,972,403	19.80	19,134,560	14.98
Herling Limited	12,093,003	12.62	12,196,362	9.55
Hummel Investments Limited	11,583,996	12.09	11,683,004	9.15
Trustees of the David Garrard 1989 Trust ⁽ⁱⁱⁱ⁾	5,415,141	5.65	5,461,423	4.28
Mercury Asset Management Limited ^(iv)	4,969,000	5.19	n/a	n/a
HSBC Investment Bank plc ^(v)	4,565,468	4.77	6,087,290	4.77
Fidelity Investment Services Limited ^(v)	3,673,000	3.83	n/a	n/a
Morgan Grenfell Investment Management Limited ^(v)	3,335,000	3.48	n/a	n/a

Notes:

- (i) The Trustees of the Garrard Rosenfeld Settlement are deemed to be interested by virtue of their shareholding in Hummel Investments Limited in the ordinary shares in which such company is interested, which are therefore included in their total interests of ordinary shares.
- (ii) The Trustees of the A I Rosenfeld Trust are deemed to be interested in the ordinary shares in which Herling Limited is interested together with 2,293,631 ordinary shares held currently and 2,313,235 ordinary shares to be held following the Rights Issue by Hummel Investments Limited on their behalf, which are therefore included in their total interests.
- (iii) The Trustees of the David Garrard 1989 Trust are deemed to be interested in 1,804,787 ordinary shares held currently and 1,820,212 ordinary shares to be held following the Rights Issue by Hummel Investments Limited on their behalf, which are therefore included in their total interests.
- (iv) The interest of HSBC Investment Bank reflects the take-up of its entitlement under the Rights Issue but excluding any new ordinary shares which it is required to subscribe for under the Underwriting Agreement.
- (v) The interests of other shareholders set out above may change as a result of the Rights Issue. The above information cannot reflect such changes as the level of take-up of those shareholders under the Rights Issue is not known at the date of this document.

6. Material contracts

The following contracts which are, or may be, material have been entered into by members of the Group (otherwise than in the ordinary course of business) during the two years preceding the date of this document in addition to those contracts referred to as being on display in the Company's prospectus dated 22 November 1996 and the circular to shareholders dated 29 August 1997.

- (a) A sale agreement dated 22 August 1997 entered into between Larchfield Investments Limited ("Larchfield") (1), The Prudential Assurance Company Limited ("Prudential") (2) and Minerva (3) ("Disposal Agreement") whereby Larchfield agreed to sell and Prudential agreed to purchase the freehold property known as 250 Euston Road, London NW1 registered at HM Land Registry under Title Number NGL669603 for a consideration of £105,000,000, to be satisfied by the following:

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- (i) the transfer by Prudential to Larchfield (or to another member of the Group) of:
 - (aa) the freehold land and buildings known as Sampson House, 64 Hopton Street, Southwark, London SE1, together with adjoining land and buildings comprising a car park, plant room, public house, public conveniences, ancillary facilities and a residential flat development comprising all of the land registered at HM Land Registry under Title Number SGL269809 and part of the land registered under Title Number SGL492468;
 - (bb) the head leasehold interest in land and property known as Chatham Place, East Harding Street, London EC4, held pursuant to a headlease dated 9 May 1957 for a term of 99 years from 24 June 1955 which premises are registered at HM Land Registry under Title Number LN149174; and
 - (cc) the head leasehold interests in land and property known as Part 40 (rear) 42, 44, 46 and 48 Wigmore Street and 2 and 3 Welbeck Way, London W1 held pursuant to five headleases each of which has at least 900 years unexpired and is registered at HM Land Registry; and
- (ii) the payment by Prudential to Larchfield on completion of the sum of £33,300,000 in cash.

The Disposal Agreement includes the usual terms and conditions for the sale/acquisition of properties of the nature comprised in the transaction. The Company guaranteed the performance obligations of Larchfield under the Disposal Agreement.

- (b) A sale agreement dated 9 September 1997 between Legal and General Assurance Society Limited ("Legal and General") (1) and Minerva (2) whereby Legal and General agreed to sell and Minerva agreed to buy the head leasehold interest in the property known as Ambassador House, 2 White Kennett Street, London E1 registered at HM Land Registry under the Title Number NGL614152 for a total consideration of £17,000,000.
- (c) An Agreement (the "Acquisition Agreement") dated 22 January 1998 between City Acre Property Investment Limited ("City Acre") (1) and Minerva plc (2) ("Minerva") whereby Minerva agreed to purchase and City Acre agreed to sell the freehold properties known as Walbrook House, 27-29 Walbrook, London EC4 (including the Cannon Public House, 95 Cannon Street, London EC4), and St. Swithin's House, 11-12 St. Swithin's Lane, London EC4 registered at H.M. Land Registry with Title Absolute under title numbers NGL70444 and LN 91910 respectively (the "Properties"), for a consideration of £87,500,000.

In the case of Walbrook House, the registered proprietor is 29/30 Old Burlington Street Limited ("Burlington") who, prior to exchange of the Acquisition Agreement, entered into a contract for the sale of the same to City Acre. Accordingly City Acre will, as beneficial owner, direct the transfer of Walbrook House by Burlington to Minerva.

The Acquisition Agreement includes the usual terms and conditions for the sale/acquisition of Properties of the nature comprised in this transaction, save that:

- (i) Minerva is entitled to require the Properties or either of them to be transferred to any Minerva group company;
- (ii) Minerva or the acquiring Minerva group company is obliged to procure that title to the Properties is retained within the Minerva group for not less than 18 months following completion, save that:
 - (a) inter-group transfers of the Properties are permitted; and
 - (b) the transfer of the Properties to a third party is permitted provided the transfer consideration does not exceed the aggregate of £87,500,000 and acquisition costs (including stamp duty).

In the event that the Properties are acquired by a Minerva group company, Minerva is obliged not to dispose of the whole or a material part of the share capital of that company or create or allot any additional share capital to a third party, during such 18 month period.

- (iii) The Vendor has reserved for the benefit of two adjoining properties that it continues to own (37A and 38 Walbrook, herein referred to as "the Reserved Properties") certain rights of way and for the running of existing services through the Properties, a right to the use of three car parking spaces thereon, a right of overhanging of eaves and gutters and a right to repair and maintain the Reserved Properties and the services thereto, from the Properties;
- (iv) Minerva will on completion covenant with the Vendor not to build upon a two metre wide strip of land adjacent to the Reserved Properties and leading from Walbrook; and
- (v) Whilst the Vendor acknowledges that it enjoys no rights of light or air over the Properties for the benefit of the Reserved Properties, Minerva has agreed that in the event of any future redevelopment of or alteration to the Properties which results in a loss of light to 37A Walbrook, Minerva (or otherwise the owners or owners of the Properties) will compensate the owner of 37A Walbrook for any reduction in the value thereof resulting directly from the diminution of the light enjoyed. Minerva agrees to procure a direct covenant from any successor in title to the Properties to perform such compensation obligation, whereafter Minerva is released from all future liability.
- (vi) On completion the Vendor will grant to Minerva an option to acquire 37A Walbrook at open market value (to be determined by arbitration in default of agreement) which option will be triggered by:
 - (a) an intention on the part of the owner of 37A Walbrook to use the same for residential purposes or to make a planning application for residential use; or

- (b) in the event that any third party (not authorised by the owner of 37A Walbrook) makes a planning application for residential use and planning permission is thereafter obtained, then an intention on the part of the owner of 37A Walbrook to implement that planning permission; or
- (c) an intention on the part of the owner of 37A Walbrook to grant a lease of that property or any part thereof which does not absolutely prohibit residential use.

Completion of the Acquisition Agreement is conditional upon the passing of the Resolution but not on Admission. It is intended that the Acquisition Agreement will be completed on 12 March 1998.

- (d) A Loan Agreement dated 22 January 1998 entered into by Antares Properties Limited ("Antares") (1) and BHF-Bank AG (2) granting to Antares a loan facility secured over the Properties of £57,500,000, of which £43,000,000 is to be utilised and applied by Antares in purchasing the Properties. The facility is secured by fixed charges over each of the Properties. Antares has the right to substitute for itself as a party to the loan agreement any wholly-owned subsidiary of Minerva Property Holdings plc. Antares has the right to draw up to a further £14,500,000 in addition to the amount set out above for the period of the loan.
- (e) Pursuant to the Underwriting Agreement, HSBC Investment Bank has agreed (subject to certain conditions) to place the rights of certain Qualifying shareholders to subscribe for new ordinary shares at the Rights Issue Price ("Nil Paid Rights") with certain institutional and other investors at a price per such right of 5p on the terms that such placees agree to subscribe for new ordinary shares at the Rights Issue Price and has agreed to procure subscribers for all or any of the other new ordinary shares which are not taken up by Qualifying shareholders pursuant to the Rights Issue, failing which to subscribe for such shares itself at the Rights Issue Price.

The obligations of HSBC Investment Bank under the Underwriting Agreement are conditional, *inter alia*, on:

- (i) Admission becoming effective in accordance with the listing rules of the London Stock Exchange by not later than 8.30 a.m. on 10 February 1998 (or such later date being not later than 8.30 a.m. on 20 February 1998 as HSBC Investment Bank may determine); and
- (ii) the Resolution being passed.

The Underwriting Agreement contains warranties and an indemnity by the Company in favour of HSBC Investment Bank.

Pursuant to the Underwriting Agreement, the Company has agreed to pay to HSBC Investment Bank:

- (i) a commitment commission of 1¼ per cent. of the aggregate value of all the new ordinary shares at the Rights Issue Price;
- (ii) a further commission of ½ per cent. of the aggregate value of the new ordinary shares (other than those which have been placed, nil paid) at the Rights Issue Price in respect of each period of 7 days or part thereof from (and including) 21 February 1998 to the date when the obligations of HSBC Investment Bank under the Underwriting Agreement cease; and
- (iii) if the Underwriting Agreement becomes unconditional in all respects a commission of ¾ per cent. of the aggregate value of the new ordinary shares (other than those which have been placed, nil paid) at the Rights Issue Price.

In each case together with any value added tax thereon.

The Company has agreed that for a period of 12 months after Admission, it will not issue any securities, nor sell or grant options or otherwise dispose of, any securities of the Company without the prior written consent of HSBC Investment Bank.

HSBC Investment Bank shall have the right to terminate the Underwriting Agreement, *inter alia*:

- (i) for a breach of the Underwriting Agreement at any time up to and including Admission;
- (ii) for a breach of any of the warranties in the Underwriting Agreement at any time up to and including Admission; and
- (iii) up to and including Admission if either of the Acquisition Agreement or the Debt Finance Agreement are altered, revised or amended in any material respect without the prior written consent of HSBC Investment Bank.

There are no other contracts (being contracts entered into otherwise than in the ordinary course of business) which are or may be material which have been entered into by any member of the Group during the two years immediately preceding the date of this document.

There are no contracts (being contracts entered into otherwise than in the ordinary course of business) in respect of the Properties which are or may be material, which are being assumed by the Group.

7. United Kingdom taxation

The following paragraphs, which are intended as a general guide only and are based on current legislation and Inland Revenue practice, summarise the position of shareholders who (unless the position of non-United Kingdom resident shareholders is expressly referred to) are resident or ordinarily resident in the United Kingdom ("UK") for tax purposes and who hold their ordinary shares as an investment.

Any person who is in any doubt as to his position or who is resident or otherwise is subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser.

(a) Dividends

Under current UK legislation, no tax will be withheld from any dividend paid by the Company. However, the Company will have to account to the Inland Revenue for advance corporation tax ("ACT") in respect of dividends it pays. The rate of ACT is currently 25 per cent. of the dividend paid.

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An individual shareholder who is resident for tax purposes in the UK is entitled to a tax credit equivalent to 25 per cent. of the dividend. Such a shareholder will generally be liable to income tax on the aggregate sum of the dividend and the tax credit (the aggregate of the dividend and the associated tax credit being referred to as "the grossed-up amount of the dividend"). The tax credit will discharge the income tax liability of a lower rate tax payer and the liability of a basic rate tax payer but a higher rate tax payer will have a tax liability of an extra 20 per cent. of the grossed-up amount of the dividend. To the extent that the tax credit exceeds his overall liability to income tax (taking into account any other tax credits and allowances) an individual shareholder who is resident in the UK for tax purposes will be able to claim payment of the excess from the Inland Revenue. UK resident trustees of discretionary trusts liable to account for income tax at the rate of 34 per cent. on trust income may also be required to account for additional tax.

A UK resident shareholder (other than certain insurance companies) will not normally be liable to UK corporation tax on any dividend received and the grossed-up amount of the dividend will represent franked investment income in the hands of such a shareholder.

UK resident shareholders who are exempt from tax in respect of investment income are entitled to repayment by the Inland Revenue of the tax credit in respect of dividends.

From 6 April 1999, the tax rates applying to dividends will change. In particular, the value of tax credits available to UK resident individual shareholders will be reduced to 10 per cent. of the value of the grossed up dividend but tax will also be charged to basic rate and lower rate taxpayers at the Schedule F ordinary rate of 10 per cent. and so the tax credit will discharge such taxpayers' liability to tax in respect of the dividend. The maximum tax rate applicable to dividends will drop to 32.5 per cent. and so a higher rate taxpayer should be left with the same net dividend after tax as under the current rules. Where the dividends are received by UK resident trustees of discretionary trusts, the maximum tax rate will be 25 per cent. which will again result in the same after tax return as such shareholders currently receive. Further, it will generally not be possible to claim any repayments of tax credits from the Inland Revenue.

Special provisions apply to individuals who are not resident in the UK but who are Commonwealth citizens, nationals of states in the European Economic Area, residents of the Isle of Man or the Channel Islands or who fall within certain other classes, which entitle them to a tax credit which may be set off against their total UK income tax liability, or claimed in cash, to the same extent as if they were resident in the UK. Otherwise, the right of a shareholder who is not resident for tax purposes in the UK to claim any part of the tax credit will generally depend upon the existence and terms of any double tax treaty between the UK and the jurisdiction in which that person is resident.

Non-UK shareholders may be subject to foreign taxation on dividend income in their country of residence. Persons who are not resident in the UK should consult their own tax advisers concerning their tax liabilities (in the UK and any other jurisdiction) on dividends received, whether they are entitled to claim any part of the tax credit and, if so, the procedure for doing so, and whether any double taxation relief is due in any jurisdiction in which they are subject to tax.

This summary assumes that the Company does not elect to pay dividends as foreign income dividends ("FIDs"). The tax treatment of a FID is different from that outlined above. The Company has no present intention of paying dividends as FIDs. This summary also assumes that dividends paid by the Company will not be subject to the special treatment which will apply to certain distributions in consequence of legislation included in Schedule 7 to the Finance Act 1997.

(b) Capital gains tax, stamp duty and stamp duty income tax

The Company has been advised as follows:

- (i) It is considered likely that the acquisition by Qualifying shareholders of new ordinary shares pursuant to the Rights Issue will in practice be treated as a reorganisation of the share capital of the Company for the purpose of UK capital gains tax. On that basis, any new ordinary shares so taken up by Qualifying shareholders under the Rights Issue will be treated as if they had been acquired at the same time as the existing holding of ordinary shares. For the purposes of the indexation allowance, the expenditure incurred on taking up the new ordinary shares will be treated as having been incurred at the time the amounts in respect of the new ordinary shares are paid. The amount subscribed for the new ordinary shares will be added to the base cost of the existing ordinary shares to which they relate.
- (ii) If a Qualifying shareholder disposes of his rights, nil paid, or if all or part of the rights are allowed to lapse or are deemed to have been allowed to lapse and a cash payment in respect thereof is received pursuant to paragraph 3 of Part II above, he may, depending on his circumstances, incur a liability to UK tax on chargeable gains.
- (iii) If the cash proceeds resulting from the disposal or lapse of some or all of the rights to subscribe for the new ordinary shares do not exceed the higher of five per cent. of the market value (on the date of disposal or lapse) of the ordinary shares in respect of which the rights arose, or £3,000, the Qualifying shareholder may elect not to be treated as making a part disposal for the purposes of tax on charged gains. No liability to tax on chargeable gains should then arise as a result of the disposal or lapse of the rights, but the proceeds will, on a disposal of ordinary shares, be deducted from the base cost of the Qualifying shareholder's existing holding of ordinary shares. In exceptional circumstances and at the request of the taxpayer, the Inland Revenue may treat larger receipts in the same way as smaller receipts and as not giving rise to part disposals. Qualifying shareholders will have to contact their Inspector to claim the treatment outlined in this paragraph.
- (iv) No stamp duty or stamp duty reserve tax ("SDRT") will be payable on the issue of provisional allotment letters, split provisional allotment letters, or new ordinary shares.

- (v) The purchase of rights to new ordinary shares represented by provisional allotment letters (whether nil paid or fully paid) on or before the latest time for registration of renunciation will not generally be liable to stamp duty but will (except in the case of certain purchases by market makers, brokers and dealers) generally be liable to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration paid. Where a purchase is effected through a stockbroker or other financial intermediary, that person should normally account to the Inland Revenue for the liability to SDRT and should indicate that this has been done in any contract note issued to a purchaser. In other cases, the purchaser or transferee of rights to the new ordinary shares represented by a provisional allotment letter is required to pay the SDRT and must account for it to the Inland Revenue.
- (vi) No stamp duty or SDRT will be payable on the registration of the new ordinary shares by the original holders of provisional allotment letters or by their renounees.
- (vii) The transfer on sale of the new ordinary shares after the latest time of registration of renunciation will generally be subject to *ad valorem* stamp duty which is normally payable at the rate of 50 pence for each £100 or part thereof of the consideration paid. A charge to SDRT at the rate generally of 0.5 per cent. of the consideration paid will arise on an agreement to transfer becoming unconditional. However, where, within six years of the date of the agreement, an instrument of transfer is executed pursuant thereto, and stamp duty is paid on that instrument, any liability to SDRT will be cancelled or repaid. A transfer of shares effected on a paperless basis through CREST will generally be subject to SDRT at the rate of 0.5 per cent. of the value of the consideration.

The above comments are intended as a general guide only and may not apply to certain classes of shareholders such as dealers. Any shareholder who is in doubt as to his tax position or who may be subject to tax in any jurisdiction other than the UK should consult an appropriate professional adviser without delay.

8. Overseas shareholders

(a) General

The offer by way of Rights Issue to Qualifying shareholders who are resident in, or citizens of, countries other than the United Kingdom may be affected by the law of the relevant jurisdiction.

No person receiving this document and/or a provisional allotment letter in any territory other than the United Kingdom may treat it or them as constituting an invitation or offer to him to subscribe, nor should he in any event use such provisional allotment letter in the relevant territory, unless such an invitation or offer could lawfully be made to him and such provisional allotment letter could lawfully be used without contravention of any registration or other legal or regulatory requirements. In such circumstances, this document and the provisional allotment letter will be deemed to have been sent for information only and should not be copied or distributed.

Any person outside the United Kingdom wishing to accept the offer of new ordinary shares comprised in a provisional allotment letter must satisfy himself as to the full observance of the laws of any relevant territory in connection with it, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territory. A shareholder who is in any doubt as to his position should consult his professional adviser in the relevant jurisdiction. All payments made under the Rights Issue must be made in pounds sterling.

Persons (including, without limitation, nominees and trustees) receiving a provisional allotment letter should not, in connection with the Rights Issue, distribute or send it into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a provisional allotment letter is received by any person in any such jurisdiction or by the agent or nominees of such a person, he or she must not seek to take up the rights referred to in such letter or renounce the provisional allotment letter except pursuant to an express agreement with the Company. Any person who does forward a provisional allotment letter into any such jurisdiction whether pursuant to a contractual or legal obligation or otherwise should draw the attention of the recipient to the contents of this paragraph 8(a). The Company reserves the right to treat a provisional allotment letter as having been declined or to refuse to register any purported renunciation of the rights represented thereby or reject a purported acceptance of a provisional allotment represented by a provisional allotment letter in favour of shareholders in any such jurisdiction or persons who are acquiring new ordinary shares for resale in any such jurisdiction.

The Company reserves the right to treat as invalid any provisional allotment letter which appears to the Company or its agents to have been executed or despatched in a manner which may involve a breach of the legal or regulatory requirement of any jurisdiction or that does not give the warranty set out in the paragraph of the provisional allotment letter headed "Overseas shareholders" to the effect that the person accepting and/or renouncing the provisional allotment letter (i) does not have a registered address (and is not otherwise located) in the United States, Canada, Australia, Japan, the Republic of Ireland or South Africa or any other jurisdiction in which it would contravene any legislation or other legal requirements (together, the "Prohibited Territories") and is not acting for the account or benefit of a person within the Prohibited Territories (ii) is not acquiring rights to new ordinary shares or new ordinary shares with a view to the offer, sale, re-sale, transfer, delivery or distribution, directly or indirectly, of any such rights to new ordinary shares in or into the Prohibited Territories and (iii) is not in or subject to the securities laws of any territory in which it would be unlawful to make an offer or invitation to subscribe for new ordinary shares or to use or deal with the provisional allotment letter and the Company shall not be bound to allot or issue any new ordinary shares in respect of such provisional allotment letter. The attention of Overseas shareholders with registered addresses in the United States, Canada, Japan, Australia, the Republic of Ireland or South Africa is drawn to paragraphs (c) to (i) below.

PART V Additional information

Notwithstanding any other provision of this document or the provisional allotment letter, the Company retains the right to permit any Overseas shareholder to take up his rights if the Company in its sole and absolute discretion is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question.

(b) *Notice in the London Gazette*

In accordance with Section 90 (5) of the Act, the offer by way of rights to Overseas shareholders will be made by the Company publishing a notice in the London Gazette on 10 February 1998 stating where copies of this document and the provisional allotment letter may be inspected or obtained on personal application by or on behalf of such shareholders. However, in order to facilitate acceptance of the offer by way of rights made to such Overseas shareholders by virtue of such publication, if requested, provisional allotment letters will be posted to such Overseas shareholders (other than those in the United States, Canada, Australia, Japan or the Republic of Ireland. Accordingly, Overseas shareholders may accept the offer by way of rights either by returning the provisional allotment letters posted to them in accordance with the instructions set out therein or, subject to surrendering the original of the provisional allotment letter posted to them (if any), by obtaining copies thereof from the place stated in the London Gazette notice and returning them in accordance with the instructions set out therein.

(c) *United States*

Neither the new ordinary shares nor the provisional allotment letter have been nor will they be registered under the US Securities Act of 1933, as amended ("US Securities Act") or under the securities laws of any state of the United States, and the new ordinary shares may not be offered, sold, delivered or transferred directly or indirectly within the United States, except in certain transactions exempt from the registration requirements of the US Securities Act. Accordingly, the Rights Issue is not being made in or into the United States.

Envelopes containing provisional allotment letters should not be postmarked in the United States or otherwise despatched from the United States and all acceptors for new ordinary shares must provide an address for registration outside the United States. Persons will be deemed to have made an invalid acceptance if their provisional allotment letter appears to the Company or its agents to have been executed in or despatched from the United States, or if they provide an address in the United States for registration or if they are unable to make the representations and warranties set out in the provisional allotment letter.

(d) *Canada*

The new ordinary shares have not been and will not be registered under the securities legislation of any province or territory of Canada and, subject to certain exemptions, may not be offered or sold within Canada.

(e) *Japan*

The relevant clearances have not been and will not be obtained from the Ministry of Finance of Japan and no prospectus in relation to the new ordinary shares has been or will be lodged with or registered by the Ministry of Finance of Japan. The new ordinary shares may not therefore, subject to certain exceptions, be offered or sold within Japan.

(f) *Australia*

No prospectus in relation to the new ordinary shares has been lodged with, or registered by, the Australian Securities Commission. A person may not:

(i) directly or indirectly offer for subscription or purchase, or issue an invitation to subscribe for or buy or sell the new ordinary shares; or

(ii) distribute any draft or definitive document in relation to any such offer, invitation or sale,

in the Commonwealth of Australia, its territories or possessions ("Australia") or to any resident of Australia (including corporations and other entities organised under the laws of Australia but not including a permanent establishment of such corporation or entity located outside Australia).

The Company reserves the right to treat as invalid any provisional allotment letter which appears to the Company or its agents to have been executed in or despatched from Australia or which provides an address in Australia for delivery of definitive share certificates for new ordinary shares or which does not include the warranty set out in the paragraph of the provisional allotment letter headed "Overseas shareholders" or if it believes acceptance of such provisional allotment letter does or may infringe applicable legal or regulatory requirements.

(g) *Republic of Ireland*

No document in relation to the new ordinary shares has been or will be lodged for registration with the Registrar of Companies in the Republic of Ireland and all subscribers for new ordinary shares must provide addresses outside the Republic of Ireland for the receipt of certificates for new ordinary shares. Persons will be deemed to have made an invalid acceptance if their provisional allotment letter appears to the Company or its agents to have been executed in or despatched from the Republic of Ireland, or if they provide an address in the Republic of Ireland for registration, or if they are unable to make the representations and warranties set out in the provisional allotment letter.

(h) *South Africa*

In order to comply with South African law, any provisional allotment letters sent to South Africa cannot be renounceable. Shareholders resident in South Africa will require the approval of the South African Exchange Control Authorities if they wish to take up their entitlements.

(i) Shareholders resident in other overseas territories

Shareholders resident in other overseas territories should consult their professional adviser as to whether any governmental or other consents are required, or other formalities need to be observed, to enable them to take up their provisional allotment of new ordinary shares under the Rights Issue.

(j) Offer to Overseas shareholders

The offer by way of rights to Overseas shareholders will be made by means of a notice in the London Gazette as explained in paragraph (b) above. Accordingly, this document is being sent to Overseas shareholders for information only and should not be copied or redistributed by them and does not constitute an offer or invitation to subscribe for or to procure any new ordinary shares in any such jurisdiction including in particular the United States, Canada, Japan, South Africa, Australia and the Republic of Ireland.

(k) Sale of Rights

In cases where Overseas shareholders do not take up or are unable to take up new ordinary shares, the procedures concerning the sale of new ordinary shares described in paragraph 3 of Part II above will apply.

(l) Governing law

The terms and conditions of the Rights Issue as set out in this document and the provisional allotment letter shall be governed by and construed in accordance with the laws of England.

9. Litigation

Neither Minerva nor any member of the Group is engaged in any litigation or arbitration proceedings which may have or have had during the twelve months prior to the date of this document a significant effect on the Group's financial position and, so far as the Directors of the Company are aware, no such litigation, arbitration or claim is pending or threatened by or against any member of the Group.

The Properties being acquired are not the subject of any litigation or arbitration proceedings which may have or have had during the twelve months prior to the date of this document a significant effect on the Properties' financial position and, so far as the Directors of the Company are aware, no such litigation, arbitration or claim is pending or threatened.

10. Indebtedness

As at the close of business on 25 December 1997, the Group had outstanding borrowings and other indebtedness of £298,100,551, none of which is guaranteed by third parties, consisting of secured bank loans of £288,920,845, hire purchase liabilities of £224,706 and deferred consideration of £8,955,000.

Save as aforesaid and apart from intra-Group liabilities and guarantees, no member of the Group had at the close of business on that date any loan capital (including term loans) outstanding or created but unissued or any mortgages, charges, debentures or any other borrowings or indebtedness in the nature of borrowing, including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments or finance lease obligations, guarantees or contingent liabilities.

At the close of business on 25 December 1997, the Group had cash balances of £24,202,051, of which £3,206,430 was retained for the payment of interest and tenants' deposits and was not readily available for Group purposes.

Under the terms of the Acquisition, the Group will not assume any indebtedness relating to the Properties.

11. Working capital

The Company is of the opinion that, following the Acquisition and the receipt of the net proceeds of the Rights Issue, and taking into account bank and other facilities available, the Enlarged Group has sufficient working capital for its present requirements.

12. Financial information

No historical financial information on St. Swithin's House and Walbrook House has been included because, in the opinion of the Directors, such information is of minor importance only and is not such as will influence assessment of the Properties or the Acquisition.

13. Significant changes

Save as disclosed on page 3 in the Chairman's letter in Part I and in paragraphs 14.12 and 14.13 below, in respect of the acquisition and disposal of properties since 30 June 1997, there has been no significant change in the financial or trading position of the Group since 30 June 1997, being the end of the last financial period for which audited annual financial statements were published.

14. General

- 14.1 The expenses of the Rights Issue are payable by the Company and are estimated to amount to £2.4 million inclusive of irrecoverable VAT. The expenses include underwriting commission of £1.1 million.
- 14.2 The issue price of the new ordinary shares of 190p per share represents a premium of 165p over the 25p nominal amount of each new ordinary share.

PART V Additional information

- 14.3 HSBC Investment Bank, which is regulated by the Securities and Futures Authority Limited, has approved the contents of this document as required by the listing rules of the London Stock Exchange, and has given and has not withdrawn its consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.
- 14.4 Weatherall Green & Smith has given and not withdrawn its written consent to the inclusion in this document of its valuation report and the references to it or its name in the form and context in which they appear and has authorised the contents of Part III of this Prospectus containing its report and those references for the purposes of Section 152(1)(e) of the Financial Services Act 1986.
- 14.5 Coopers & Lybrand has given and not withdrawn its consent to the issue of this document with the inclusion of its letter in Part IV of this Prospectus and the references to its name in the form and context in which they appear and has authorised the contents of the relevant part of this Prospectus for the purposes of Section 152(1)(e) of the Financial Services Act 1986.
- 14.6 The auditors of the Company are Coopers & Lybrand, Chartered Accountants and Registered Auditors, 1 Embankment Place, London WC2N 6NN. Gerald Edelman, Chartered Accountants and Registered Auditors, 25 Harley Street, London W1N 2BR audited the accounts of the Company for the periods ended 30 June 1995 and 31 July 1996 and Coopers & Lybrand have audited the accounts of the Company for the year ended 30 June 1997 in accordance with Section 235 of the Act. Each of the accounts had unqualified audit reports within the meaning of Section 262(1) of the Act and did not contain a statement under Section 231(2) or (3) of the Act. Statutory accounts of the Company for each of the periods referred to above have been delivered to the Registrar of Companies in England and Wales pursuant to Section 242 of the Act.
- 14.7 The Company was incorporated with the name 146th Legibus plc in England and Wales on 27 September 1991 under the Act as a public company with registered number 2649607. The Company changed its name to Minerva plc on 3 December 1991.
- 14.8 The principal legislation under which the Company operates is the Act and the regulations made thereunder.
- 14.9 The Company's registered office is 25 Harley Street, London W1N 2BR and its principal place of business is at 10 Gloucester Place, London W1H 3AX.
- 14.10 The Company is the ultimate holding company of the Group and has the following subsidiary undertakings all of which have as their principal activity the holding or trading of or investment in properties. Save for Minerva Corporation Plc, Minerva Property Holdings plc and Wavenley plc which are wholly-owned public limited companies, each of the subsidiary undertakings is a (directly or indirectly) wholly owned private limited company registered in England and Wales and has its registered office at 25 Harley Street, London W1N 2BR.

<i>Name</i>	<i>Date of Incorporation</i>	<i>Issued Capital</i>
Angelmist Limited	9 May 1990	£2
Angelgate Management Company Limited	13 May 1988	£17
Antares Properties Limited#	23 July 1990	£2
Bassman Limited*	12 April 1996	£2
Croydon Plaza Limited	2 June 1988	£110
Dalebrook Properties Limited*	23 August 1989	£2
Eagleprint Limited	14 February 1997	£2
Edenrise Investments Limited*	15 February 1996	£2
Futurestate Limited	14 November 1994	£2
Helios Property Investments Limited	25 January 1990	£2
Jimtrack Limited	7 February 1997	£2
Larchfield Investments Limited	31 October 1988	£2
M1 Limited	25 July 1989	£2
M6 Limited*	25 July 1989	£2
Minel Limited	25 July 1989	£1,010
Minerva (Ambassador) Limited	2 September 1997	£2
Minerva (City) Limited	8 April 1997	£2
Minerva Corporation plc#	12 October 1987	£9,940,500
Minerva Property Holdings plc#	22 April 1997	£50,000
Minerva Property Investments Limited*	10 May 1988	£100
Minerva Property Trading Company Limited*	19 July 1989	£1,000
Minerva Properties Limited*	2 September 1996	£2
Minerva (Shopping Centres) Ltd*	11 January 1989	£1,000
Shroco Limited*	31 May 1991	£2
Sparrage Properties Limited	18 May 1989	£100
Twin Tower Properties Limited	24 November 1989	£110
Wavenley plc*	5 February 1962	£50,000

* Dormant

Intermediate holding company

PART V Additional information

14.11 The Rights Issue has been underwritten in full by HSBC Investment Bank plc, which is registered in England and Wales under number 976092 and has its registered office at Thames Exchange, 10 Queen Street Place, London EC4R 1BL. HSBC Investment Bank plc is regulated by the Securities and Futures Authority Limited.

14.12 Acquisitions totalling £179.4 million discussed in Part I of this document represent:

<i>Property</i>	<i>Date of Announcement</i>	<i>Value £m</i>
33 Wigmore Street, London W1	November 1996	37.0
Ladbroke Portfolio	March 1997	25.0
St. Botolph's House, London EC3	June 1997	28.7
Sampson House, London SE1	August 1997	56.5
Part 40 (rear), 42-48 Wigmore St. and 2-3 Welbeck Way, London W1	August 1997	8.0
Chatham Place, London EC4	August 1997	7.2
Ambassador House, London EC3	September 1997	17.0
Total		<u>179.4</u>

14.13 Disposals totalling £107.1 million discussed in Part I of this document represent:

<i>Property</i>	<i>Date of Announcement</i>	<i>Value £m</i>
250 Euston Road, London W1	August 1997	105.0
Others	—	2.1
Total		<u>107.1</u>

15. Middle Market Quotations

The table below sets out the middle-market quotations of the ordinary shares on the first dealing day in each of the last six months prior to the date of this document and on 21 January 1998, being the latest practicable date prior to the publication of this document. These prices have been derived from the London Stock Exchange Daily Official List for the relevant dates.

<i>Date</i>	<i>Price per ordinary share (p)</i>
1 August 1997	166½
1 September 1997	187½
1 October 1997	198
3 November 1997	199
1 December 1997	193
2 January 1998	211½
21 January 1998	221½

16. Documents available for inspection

Copies of the following documents will be available for inspection at the registered office of Minerva, 25 Harley Street, London W1N 2BR and at the offices of Olswang, 90 Long Acre, London WC2E 9TT during normal business hours on any weekday (Saturdays, bank and public holidays excepted) from the date of this document until 4 March 1998:

- (a) the Memorandum and Articles of Association of Minerva;
- (b) the audited consolidated accounts of Minerva for the two financial periods ended 31 July 1996 and 30 June 1997;
- (c) the material contracts referred to in paragraph 6 above as well as those previously on display and which have been entered into by members of the Group within the two years immediately preceding the date of this document;
- (d) the written consents referred to in paragraph 14 above;
- (e) the valuation reports set out in Part III of this document and the letter set out in Part IV;
- (f) the Directors' service contracts referred to in paragraph 4 above; and
- (g) this document.

22 January 1998

Definitions

The following definitions apply throughout this document, unless the context otherwise requires:

"Acquisition"	the proposed acquisition of the Properties pursuant to the Acquisition Agreement
"Acquisition Agreement"	the conditional agreement relating to the Acquisition dated 22 January 1998, between City Acre Property Investment Trust Ltd (1) and Minerva (2) and as summarised in paragraph 6 of Part V of this document
"Act"	the Companies Act 1985 (as amended)
"Admission"	the admission of the new ordinary shares, nil paid, to the Official List
"certificated" or "in certificated form"	a share or other security which is not in uncertificated form
"City Acre" or "Vendor"	City Acre Property Investment Trust Ltd.
"CREST"	the system for paperless settlement of trades and the holding of uncertificated shares (as defined in the Regulations) in respect of which CRESTCo is the Operator (as defined in the Regulations)
"CRESTCo"	CRESTCo Limited
"Debt Finance Agreement"	the loan agreement in respect of a facility provided by BHF-BANK AG summarised in paragraph 6(d) of Part V of this document
"Directors" or "Board"	the Directors of Minerva whose names appear on page 19 of this document
"Enlarged Group"	the Group following completion of the Acquisition
"Extraordinary General Meeting" or "EGM"	the extraordinary general meeting of the Company convened for 11.00 a.m. on 9 February 1998 by the Notice set out on page 35 of this document (or any adjournment thereof)
"Form of Proxy"	the proxy form accompanying this document for use in connection with the EGM
"Group"	Minerva and its subsidiaries and subsidiary undertakings
"HSBC Investment Bank"	HSBC Investment Bank plc
"London Stock Exchange"	London Stock Exchange Limited
"Minerva" or the "Company"	Minerva plc
"new ordinary shares"	the 31,937,218 new ordinary shares to be issued pursuant to the Rights Issue

“Official List”	the Official List of the London Stock Exchange
“ordinary shares”	ordinary shares of 25p each in the capital of the Company
“Overseas shareholders”	Qualifying shareholders who are resident in, or a citizen of, countries other than the United Kingdom and who have not given the Company an address in the UK for service of notices
“Properties”	the freehold properties to be acquired by Minerva from the Vendor known as St. Swithin’s House and Walbrook House, London EC4 and more particularly described in the valuation report in Part III of this document
“Prospectus”	this document
“provisional allotment letter”	the renounceable provisional allotment letter in respect of new ordinary shares to be issued in connection with the Rights Issue
“Qualifying shareholder”	a holder of ordinary shares on the register of members of the Company on the Record Date
“Record Date”	the record date for the Rights Issue, being the close of business on 2 February 1998
“Regulations”	the Uncertificated Securities Regulations 1995 (SI 1995 No. 95/3272)
“Resolution”	the ordinary resolution to be proposed at the EGM, notice of which is set out at the end of this document
“Rights Issue”	the proposed issue by way of rights of up to 31,937,218 new ordinary shares as described in this document and in the provisional allotment letters
“Rights Issue Price”	190p per new ordinary share
“shareholders”	holders of ordinary shares
“share option schemes”	the Minerva plc Approved 1996 Share Option Scheme and the Minerva plc Unapproved 1996 Share Option Scheme
“subsidiary” and “subsidiary undertakings”	have the meanings ascribed thereto in the Act and “subsidiaries” and “subsidiary undertakings” shall be construed accordingly

“uncertificated” or
“in uncertificated form”

recorded on the Company’s register of ordinary shares as being held in uncertificated form in CREST, and title to which, by virtue of the Regulations, may be transferred by means of CREST

“Underwriting Agreement”

the conditional agreement dated 22 January 1998 relating to the Rights Issue between the Company, certain other persons (defined therein) and HSBC Investment Bank, the principal terms of which are summarised in paragraph 6 of Part V of this document

“United States”

the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia

Minerva plc

(Registered in England and Wales No. 2649607)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Minerva plc will be held at the offices of Olswang, 90 Long Acre, London WC2E 9TT, at 11.00 a.m. on 9 February 1998 for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an ordinary resolution.

ORDINARY RESOLUTION

THAT:

- (a) the proposed acquisition by Minerva plc of the properties known as St. Swithin's House and Walbrook House, London EC4 and more particularly described in the circular to shareholders dated 22 January 1998 on the terms and conditions of an agreement between City Acre Property Investment Trust Ltd. (1) and Minerva plc (2) dated 22 January 1998, a copy thereof having been produced to the meeting and initialled by the chairman of the meeting for the purposes of identification, or on such revised terms and conditions, provided such revised terms and conditions are not materially different from the original terms, as the Directors of Minerva plc ("Directors") may agree, be and it is hereby approved and the Directors be and they are hereby authorised to take all non-material, necessary or desirable steps to implement the same and to give effect to such agreement as revised or modified;
- (b) the authorised share capital of the Company be and it is hereby increased from £42,468,233.75 to £50,000,000.00 by the creation of an additional 30,127,065 ordinary shares of 25p each to rank *pari passu* in all respects with the existing ordinary shares of 25p each in the capital of the Company; and
- (c) the Directors be and they are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 (the "Act") (in addition to and without prejudice to any existing power to allot relevant securities (as defined in section 80 of the Act)) to exercise all the powers of the Company to allot relevant securities (as defined in section 80 of the Act) up to an aggregate nominal amount of £10,645,739.25 during the period commencing on the date of the passing of this resolution and expiring on 8 February 2003 (both dates inclusive) but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require relevant securities (as defined in section 80 of the Act) to be allotted after such expiry and notwithstanding such expiry the Directors may allot relevant securities in pursuance of such offer or agreement.

By order of the Board

Richard Kleiner

Secretary

Registered Office:

25 Harley Street

London W1N 2BR

22 January 1998

Note:

1. A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy and/or alternate proxies (who need not be member of the Company) to attend and, on a poll, vote in his/her place.
2. To be valid, Forms of Proxy, duly signed, together with the power of attorney or authority (if any) under which they are signed (or a certified copy of such power or authority) must be lodged with the Company's Registrar, IRG plc, Balfour House, 390-398 High Road, Ilford, Essex IG1 1NQ by not later than 11 a.m. on 7 February 1998. Completion of a Form of Proxy will not affect the right of a member to attend and vote at the meeting.
3. Pursuant to Regulation 34 of the Uncertified Securities Regulations 1995 the Company gives notice that only those shareholders entered on the register of members of the Company at the close of business on 21 January 1998 will be entitled to attend or vote at the aforesaid general meeting in respect of the number of shares registered in their name at the time. Changes to entries in the register after the close of business on 21 January 1998 will be disregarded in determining the rights of any person to attend or vote at the meeting.