Remuneration report

The Remuneration Committee

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

Remuneration policy

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

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

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

Pensions

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

Directors' remuneration

	Salary and fees		Discretionary bonus		Other benefits		Profit on exercise of share options		Total	
	Year ended 30 June 2002 £000	Year ended 30 June 2001 £000	Year ended 30 June 2002 £000	Year ended 30 June 2001 £000	Year ended 30 June 2002 £000	Year ended 30 June 2001 £000	Year ended 30 June 2002 £000	Year ended 30 June 2001 £000	Year ended 30 June 2002 £000	Year ended 30 June 2001 £000
Executives										
David Garrard	250	250	250	400	15	16	–	–	515	666
Andrew Rosenfeld	250	250	250	400	54	36	–	–	554	686
Paul Coster	137	130	95	150	31	23	–	350	263	653
	637	630	595	950	100	75	–	350	1,332	2,005
Non-executives										
Clive Richards	35	35	–	–	–	–	–	–	35	35
Christopher Sheridan	35	35	–	–	–	–	–	–	35	35
	70	70	–	–	–	–	–	–	70	70
Total	707	700	595	950	100	75	–	350	1,402	2,075

In advance of the discretionary bonus award for 2002 by the Remuneration Committee, David Garrard and Andrew Rosenfeld requested that their awards be waived in favour of charitable donations by the Company of equivalent sums.

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

	Ordinary shares of 25 pence each 30 June 2002	Ordinary shares of 25 pence each 30 June 2001
David Garrard	29,792,406	29,792,406
Andrew Rosenfeld	24,578,753	24,578,753
Paul Coster	1,435,857	1,435,857
Clive Richards	211,110	211,110
Christopher Sheridan	16,666	16,666

There has been no change in the beneficial and non-beneficial shareholdings of the Directors between 30 June 2002 and the date of this Report.

Employee share option schemes
The Employee Share Option Schemes are available to executive Directors and senior management.

The 1996 Share Option Schemes were adopted in November 1996 and comprise an Approved Scheme which was the subject of Inland Revenue clearance, and an Unapproved Scheme. The performance criterion required under the Approved Scheme is that the increase in the share price of the Company is greater than or equal to the increase in the Retail Price Index following the grant of the option. The performance criterion required under the Unapproved Scheme is that the growth in the share price of the Company following the grant of the option places the Company in the top quartile of peer group property companies.

At an Extraordinary General Meeting in November 2001, the shareholders of the Company approved the Minerva plc 2001 Discretionary Share Option Scheme and Sharesave Scheme.

The Discretionary Scheme has two parts, an Inland Revenue approved part and an unapproved part. The Discretionary Scheme is subject to a performance condition which ranks the Company's total shareholder return (share price growth and reinvested dividends) over a period of three years against a peer group which consists of other comparable quoted companies in the FTSE Real Estate Sector and the following targets apply:

Ranking in Peer Group	Proportion of options exercisable
Upper quartile	All
Median	One third
Below median	Nil

For performance between median and upper quartile the number of shares under option will become exercisable on a pro-rated basis. If the performance condition is not met in full after three years, it will be retested at the end of the fourth and fifth years and to the extent the condition has not been met by the end of the fifth year, the relevant options will lapse. With the exception of the Sharesave Scheme all share options granted under the Employee Share Option Schemes are granted at market value.

The Sharesave Scheme, which has been approved by the Inland Revenue, is an all-employee Scheme which offers employees the opportunity to save up to a maximum of £250 each month with a selected bank or building society over a three or five year period. At the end of three or five years, employees may use their savings, plus a tax-free bonus to exercise an option to buy a certain number of shares in the Company at up to a 20 per cent discount to the share price shortly before they start saving. The first options under the scheme were granted in April 2002 with normal exercisable dates of June 2005 and June 2007.

Employee share option schemes continued

During the year share options were granted to executive Directors and senior management. At 30 June 2002, the share options held by Directors in the Company were as follows:

Approved 1996 Share Option Scheme

	At 1 July 2001	Granted during year	Exercised during year	At 30 June 2002	Exercise price	Exercise period
David Garrard	9,351	–	–	9,351	320.8p	Apr 2004 to Apr 2011
Andrew Rosenfeld	9,351	–	–	9,351	320.8p	Apr 2004 to Apr 2011

Unapproved 1996 Share Option Scheme

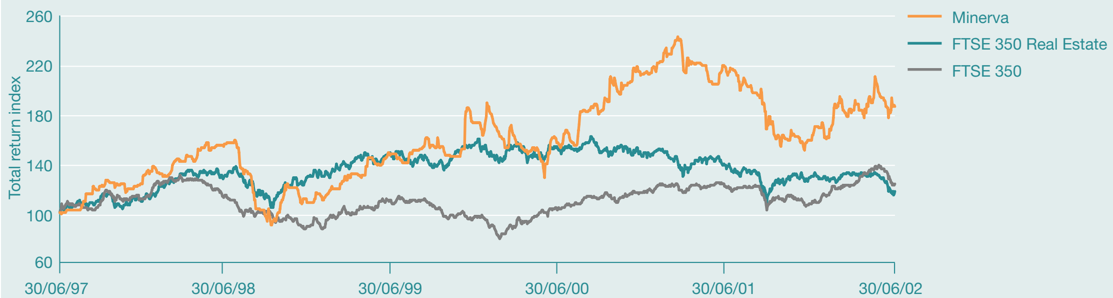
	At 1 July 2001	Granted during year	Exercised during year	At 30 June 2002	Exercise price	Exercise period
David Garrard	302,370	–	–	302,370	320.8p	Apr 2004 to Apr 2008
Andrew Rosenfeld	302,370	–	–	302,370	320.8p	Apr 2004 to Apr 2008
Paul Coster	43,725	–	–	43,725	141.0p	Nov 1999 to Nov 2003
Paul Coster	37,402	–	–	37,402	320.8p	Apr 2004 to Apr 2008

2001 Discretionary Share Option Scheme

	At 1 July 2001	Granted during year	Exercised during year	At 30 June 2002	Exercise price	Exercise period
David Garrard	–	274,363	–	274,363	227.8p	Dec 2004 to Dec 2011
Andrew Rosenfeld	–	274,363	–	274,363	227.8p	Dec 2004 to Dec 2011
Paul Coster	–	149,802	–	149,802	227.8p	Dec 2004 to Dec 2011

The mid market value of the Company's shares on the London Stock Exchange at 30 June 2002 was 267.0 pence per share. During the year the share ranged from 218.0 pence to 315.5 pence.

Total shareholder return performance
The total shareholder return to the members of the Company, relative to the FTSE 350 Real Estate Index and the FTSE 350 Index respectively, over the five years to 30 June 2002, is demonstrated graphically as follows:



Source: Datastream

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

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

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

By order of the Board

Christopher Sheridan Chairman of the Remuneration Committee
20 September 2002

Corporate governance

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

Board of Directors

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

The non-executive Directors, each of whom is independent from management and has no commercial or other connection with the Company (other than as shareholders), are able to exercise independent judgement. The Board has not sought to comply with provisions of the Combined Code which require the appointment of a Senior Independent Director and the appointment of three non-executive Directors on the Audit Committee, believing such appointments are not necessary given the composition of the Board.

All Directors have access to independent professional advice at the expense of the Company and to the services of the Company Secretary who is responsible to the Board for ensuring the Board procedures are followed.

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

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

Board Committees

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

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

The Remuneration Committee The Remuneration Committee, comprising Christopher Sheridan (Chairman) and Clive Richards, meets at least once a year to review the terms and conditions of employment of executive Directors including the provision of incentives and performance related benefits. The report on Directors' remuneration is set out on pages 16 to 19.

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

Communication with shareholders

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

Internal control

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

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group which has been in place during the year under review and up to the date of approval of the Annual Report and Accounts. As part of this process the Board carries out an annual review of significant business risks, considering the scope and effectiveness of the Company's system of internal control. This involves the identification of risks specific to the areas of property, finance and external markets which impact on its objectives, together with the controls and reporting procedures designed to mitigate those risks. These are reviewed, adopted and, if appropriate, updated during the year. These include business risks, financial controls and the regulatory environment.

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

Going concern

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

Compliance with the Combined Code

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

Directors' responsibilities

The Directors are required by UK company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period and of the profit or loss, total recognised gains and losses and cash flows of the Group for that period. The Directors confirm that in preparing the financial statements for the year ended 30 June 2002, suitable accounting policies, in accordance with United Kingdom accounting standards, consistently applied and supported by reasonable and prudent judgements and estimates, have been used. The Directors also confirm that the going concern basis is appropriate. The Directors are responsible for maintaining proper accounting records, for safeguarding the assets of the Company and the Group, and for taking reasonable steps to prevent and detect fraud and other irregularities.

Report of the Directors

The Directors present their report and the audited financial statements of the Group for the year ended 30 June 2002.

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

Results and dividends
The financial statements deal with the results of the Group for the year ended 30 June 2002 which are shown on page 25. The Directors recommend the payment of a final dividend of 2.07 pence per share in respect of the year ended 30 June 2002, which, subject to approval at the Annual General Meeting, will be payable on 5 December 2002 to shareholders listed on the Register of Members on 4 October 2002. This, together with an interim dividend of 1.03 pence per ordinary share, paid on 9 May 2002, makes a total dividend for the year of 3.1 pence per ordinary share.

Directors
The Directors of the Company at the date of this report are shown on page 14. Andrew Rosenfeld and Christopher Sheridan retire by rotation in accordance with the Articles of Association. Both, being eligible, offer themselves for re-election at the next Annual General Meeting.

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

There has been no change in the beneficial and non-beneficial shareholdings of the Directors between 30 June 2002 and the date of this Report except as disclosed in the Remuneration Report.

Substantial shareholdings
The Company has been notified of the following substantial interests in the share capital of the Company as at 20 September 2002:

	Shares	Per cent
Newton Investment Management Limited	17,367,346	10.84
Trustees of the A I Rosenfeld Trust*	17,281,169	10.79
FMR Corp., Fidelity International Limited and subsidiaries	16,063,229	10.03
Herling Limited	12,371,309	7.72
Trustees of the Garrard Rosenfeld Settlement	8,674,212	5.41
Friends Ivory & Sime	7,856,466	4.90
Zurich Financial Services Group	6,499,594	4.06
Aviva plc	6,382,510	3.98
Legal & General Investment Management	5,384,502	3.36

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

Annual General Meeting
The Annual General Meeting of the Company will be held on 27 November 2002.

Declaration of final dividend The Directors have recommended the payment of a final dividend of 2.07 pence per share. The Directors recommend shareholders to vote in favour of this resolution as they unanimously intend to do so in respect of their own beneficial shareholdings.

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

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

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

Purchase of own shares At the 2001 Annual General Meeting, the shareholders passed a resolution granting to the Company authority to make market purchases of the Company's ordinary shares subject to certain specified limits. This authority expires at the conclusion of the 2002 Annual General Meeting to be held on 27 November 2002. Under resolution 9, which is proposed as a special resolution, the Directors are seeking to renew such authority to make market purchases (if they deem it appropriate from time to time) of up to 24,012,963 ordinary shares of 25 pence each in the Company at no more than 105 per cent of the average of the closing mid market price for the ordinary shares of the Company for the five days prior to the date of purchase, nor at less than 25 pence each.

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

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

Compliance with the Combined Code

A statement on Corporate Governance is set out on pages 20 and 21.

Corporate social responsibility

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

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

The Group also recognises the importance of social and ethical matters in the conduct of its business. The Board has adopted a Statement of Policies in respect of the social, environmental and ethical issues facing the business, and monitors matters relating to its corporate social responsibilities.

Health and safety

The Group is committed to achieving a high standard of health and safety and regularly reviews its policies and practices to ensure that appropriate standards are maintained.

Suppliers

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

At the year end the Company had an average of 24 days (2001: 23 days) purchases outstanding.

Donations

During the year the Group made charitable donations of £100,000. No political donations were made during the year.

Auditors

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

By order of the Board

Ivan Ezekiel Secretary
20 September 2002

Independent auditors' report to the members of Minerva plc

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

Respective responsibilities of directors and auditors

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

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

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 30 June 2002 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers Chartered Accountants and Registered Auditors
London
20 September 2002

Consolidated profit and loss account

For the year ended 30 June 2002	Note	Year ended 30 June 2002 £000	Year ended 30 June 2001 (restated)* £000
Rental income		47,782	46,498
Net property outgoings		(3,924)	(4,819)
		43,858	41,679
Administrative expenses		(6,577)	(5,875)
Other income		188	124
Operating profit	3	37,469	35,928
Profit on sale of investment properties		–	848
Income from listed investments		1,401	798
Net loss on listed investments		–	(24)
Net financing costs	6	(32,597)	(30,965)
Profit on ordinary activities before taxation		6,273	6,585
Tax on profit on ordinary activities	7	(1,463)	(1,025)
Profit on ordinary activities after taxation		4,810	5,560
Dividends	9	(4,966)	(4,806)
(Withdrawn from)/transferred to reserves in the year		(156)	754
Earnings per share – basic and diluted	10	3.0p	3.5p

*Restated as described in note 1.

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

Consolidated balance sheet

As at 30 June 2002	Note	30 June 2002 £000	30 June 2001 (restated)* £000
Fixed assets			
Investment properties	11	1,075,026	988,508
Tangible fixed assets	12	412	604
Investments	14	24,648	15,960
		1,100,086	1,005,072
Current assets			
Debtors	15	8,170	8,135
Cash at bank and in hand	16	120,236	123,357
		128,406	131,492
Creditors: amounts falling due within one year	17	(39,523)	(40,158)
Net current assets		88,883	91,334
Total assets less current liabilities		1,188,969	1,096,406
Creditors: amounts falling due after more than one year	18	(607,266)	(549,498)
Provisions for liabilities and charges	20	(3,924)	(2,461)
		577,779	544,447
Equity minority interests	13	(15,088)	(15,117)
Net assets		562,691	529,330
Capital and reserves			
Called up share capital	21	40,048	40,048
Share premium account	22	197,101	197,101
Revaluation reserve	22	286,236	252,719
Other reserves	22	41,795	41,795
Profit and loss account	22	(2,489)	(2,333)
Equity shareholders' funds		562,691	529,330
Net asset value per share	23	351.3p	330.4p

*Restated as described in note 1.

The financial statements were approved by the Board of Directors on 20 September 2002 and were signed on its behalf by:

D E Garrard Director
A I Rosenfeld Director

Parent Company balance sheet

As at 30 June 2002	Note	30 June 2002 £000	30 June 2001 £000
Fixed assets			
Investments:			
Subsidiary undertakings	13	48,179	48,179
		48,179	48,179
Current assets			
Debtors	15	225,016	214,858
Cash at bank and in hand		10,014	20,195
		235,030	235,053
Creditors: amounts falling due within one year	17	(3,529)	(3,432)
Net current assets		231,501	231,621
Total assets less current liabilities		279,680	279,800
Creditors: amounts falling due after more than one year	18	–	–
Net assets		279,680	279,800
Capital and reserves			
Called up share capital	21	40,048	40,048
Share premium account	22	197,101	197,101
Revaluation reserve	22	–	–
Other reserves	22	14,315	14,315
Profit and loss account	22	28,216	28,336
Equity shareholders' funds		279,680	279,800

The financial statements were approved by the Board of Directors on 20 September 2002 and were signed on its behalf by:

D E Garrard Director
A I Rosenfeld Director

Consolidated cash flow statement

For the year ended 30 June 2002	Note	Year ended 30 June 2002 £000	Year ended 30 June 2001 £000
Net cash inflow from operating activities	27a	38,101	38,734
Returns on investments and servicing of finance		(29,454)	(28,134)
Interest received		5,220	5,652
Interest paid		(35,782)	(34,473)
Income received from listed investments		1,108	687
Taxation			
UK corporation tax		–	–
		8,647	10,600
Capital expenditure and financial investment		(54,846)	(47,689)
Additions to investment properties		(46,022)	(52,291)
Additions to tangible fixed assets		(201)	(366)
Additions to listed investments		(8,792)	(4,987)
Receipts from sale of investment properties		–	8,848
Receipts from sale of tangible fixed assets		65	1,107
Receipts from sale of listed investments		104	–
Equity dividends paid		(4,854)	(4,650)
Cash outflow before use of liquid resources and financing		(51,053)	(41,739)
Management of liquid resources	27b/c	2,298	(15,672)
Financing		47,932	64,891
Issue of share capital		–	470
New long-term loans		115,840	69,282
Issue costs of long-term loans		(941)	(1,989)
Repayment of long-term loans		(66,967)	(2,872)
(Decrease)/increase in cash	27b/c	(823)	7,480

Statement of total recognised gains and losses

For the year ended 30 June 2002	Note	Year ended 30 June 2002 £000	Year ended 30 June 2001 (restated) £000
Profit on ordinary activities after taxation		4,810	5,560
Unrealised surplus on revaluation of investment properties		33,488	92,733
Movement in equity minority interest share on revaluation of investment properties		29	(15,117)
Total recognised gains and losses for the year		38,327	83,176
Prior year adjustment	2	(2,445)	–
Total recognised gains since the last annual report		35,882	83,176

Note of historical cost profits and losses

For the year ended 30 June 2002	Year ended 30 June 2002 £000	Year ended 30 June 2001 (restated) £000
Profit on ordinary activities before taxation	6,273	6,585
Realisation of revaluation deficit of previous years	–	(9,577)
Historical cost profit/(loss) on ordinary activities before taxation	6,273	(2,992)
Historical cost loss for the year retained after taxation and dividends	(156)	(8,823)

Reconciliation of movements in shareholders' funds

For the year ended 30 June 2002	Note	Year ended 30 June 2002 £000	Year ended 30 June 2001 (restated) £000
Profit on ordinary activities after taxation		4,810	5,560
Dividends		(4,966)	(4,806)
		(156)	754
Unrealised surplus on revaluation of investment properties		33,488	92,733
Movement in equity minority interest share on revaluation of investment properties		29	(15,117)
New share capital issued		–	470
Net movement in shareholders' funds		33,361	78,840
Opening equity shareholders' funds:			
As previously stated		531,775	451,926
Prior year adjustment	2	(2,445)	(1,436)
As restated		529,330	450,490
Closing equity shareholders' funds		562,691	529,330

Notes to the financial statements

1. Accounting policies

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

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

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

Presentation of financial statements FRS 19 'Deferred Tax' and UITF 28 'Operating Lease Incentives' were adopted during the year. The financial effect is shown in note 2.

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

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

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

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

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

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

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

Rental income Rental income is recognised after treating lease incentives that do not enhance the property as a revenue reduction and spread evenly over the period to the earlier of the first rent review or the lease term. The previous policy was to recognise rental income as it became payable under the terms of the lease and to capitalise the cost of other incentives. Service charges and other income amounts receivable from tenants are credited against the relevant expenditure.

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

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

1. Accounting policies continued

Deferred taxation Deferred tax is provided in respect of all timing differences that have originated, but not reversed, at the balance sheet date that may give rise to an obligation to pay more or less tax in future. A deferred tax asset is recognised when its recoverability is considered to be reasonably certain. Previously, the Group's accounting policy was only to provide for deferred tax to the extent that liabilities or assets were expected to be payable or receivable in the foreseeable future. Deferred tax is measured on a non-discounted basis at the tax rates which apply at the balance sheet date. No provision is made for tax liabilities on unrealised revaluation gains at the balance sheet date.

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

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

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

2. Comparatives

The effects of adopting UITF 28 and FRS 19 for the current and prior years are as follows:

	Rental income £000	Taxation £000	Profit after taxation £000	Investment properties £000	Debtors £000	Equity shareholders' funds £000	Net assets per share pence
Year ended 30 June 2002							
Before adopting UITF 28 and FRS 19	47,848	–	6,339	1,075,050	8,146	566,665	353.7
Effect of adopting UITF 28	(66)	–	(66)	(24)	24	(50)	–
Effect of adopting FRS 19	–	(1,463)	(1,463)	–	–	(3,924)	(2.4)
As stated	47,782	(1,463)	4,810	1,075,026	8,170	562,691	351.3
Year ended 30 June 2001							
As previously reported	46,482	–	6,569	989,050	7,577	531,775	332.0
Effect of adopting UITF 28	16	–	16	(542)	558	16	–
Effect of adopting FRS 19	–	(1,025)	(1,025)	–	–	(2,461)	(1.6)
As restated	46,498	(1,025)	5,560	988,508	8,135	529,330	330.4

Notes to the financial statements continued

3. Operating profit

	Year ended 30 June 2002 £000	Year ended 30 June 2001 £000
Operating profit is stated after charging/(crediting):		
Auditors' remuneration for audit (Company: 2002: £8,000, 2001: £8,000)	79	75
Depreciation	351	326
Operating lease rentals:		
– land and buildings	1,998	2,338
– equipment	1	1
Profit on sale of tangible fixed assets	23	21
The Group's auditors also charged the following amounts for provision of non-audit services	18	10

4. Staff costs

	Year ended 30 June 2002	Year ended 30 June 2001
Average number of employees (including executive Directors) employed by the Group	30	28

	£000	£000
Staff costs for the above persons (including executive Directors):		
Wages and salaries	2,102	1,893
Discretionary bonuses	975	1,285
Social security costs	377	391
Other pension costs	30	29
	3,484	3,598

5. Directors' remuneration

	Year ended 30 June 2002 £000	Year ended 30 June 2001 £000
Aggregate emoluments	1,402	1,725
Emoluments of highest paid Director	554	686

Details of Directors' emoluments are set out in the tables in the Remuneration Report on pages 16 to 19.

6. Net financing costs

	Year ended 30 June 2002 £000	Year ended 30 June 2001 £000
Interest payable and similar charges:		
Bank interest and charges	43,688	40,509
Other interest	102	28
	43,790	40,537
Capitalised during the year	(5,960)	(3,826)
	37,830	36,711
Interest receivable:		
Bank interest	(5,140)	(5,659)
Other interest	(93)	(87)
	(5,233)	(5,746)
	32,597	30,965

7. Taxation

	Year ended 30 June 2002 £000	Year ended 30 June 2001 (restated) £000
UK corporation tax	–	–
Deferred tax	1,463	1,025
	1,463	1,025

No liability to UK corporation tax arises as the Group has losses brought forward and the benefit of capital allowances available.

	Year ended 30 June 2002 £000	Year ended 30 June 2001 £000
Profit on ordinary activities before taxation	6,273	6,569
Effect of prior year adjustment	–	16
Profit on ordinary activities before taxation as restated	6,273	6,585
Tax on profit on ordinary activities at 30 per cent	1,882	1,976
Income not taxable	(350)	(281)
Expenditure not deductible for tax purposes	157	152
Capital allowances	(1,057)	(1,641)
Tax losses and other timing differences	(632)	49
Sale of investment properties covered by losses	–	(255)
UK corporation tax charge	–	–

Notes to the financial statements continued

8. Profit dealt with by Parent Company

As permitted by Section 230 of the Companies Act 1985, the Company's profit and loss account has not been included in these financial statements. Of the profit on ordinary activities after taxation, a profit of £4,846,000 is dealt with in the financial statements of the Company.

9. Dividends

	Year ended 30 June 2002 £000	Year ended 30 June 2001 £000
Interim dividend paid of 1.03 pence per share (2001: 1.0 pence)	1,650	1,602
Proposed final dividend of 2.07 pence per share (2001: 2.0 pence)	3,316	3,204
	4,966	4,806

10. Earnings per share

Earnings per share is calculated on a weighted average of 160,193,213 ordinary shares of 25 pence each in issue throughout the year (2001: 160,077,646 ordinary shares) and is based on profits attributable to ordinary shareholders of £4,810,000 (2001: £5,560,000 (restated)).

Diluted earnings per share is calculated after allowing for the exercise of share options, and is based on 160,518,401 ordinary shares of 25 pence each (2001: 160,462,998 ordinary shares).

11. Investment properties

Group	Freehold £000	Long leasehold £000	Total £000
At 1 July 2001: At valuation	682,800	306,250	989,050
Prior year adjustment – UITF 28	–	(542)	(542)
At 1 July 2001 as restated: net book value	682,800	305,708	988,508
Additions	39,680	13,350	53,030
Revaluation surplus	8,910	24,578	33,488
At 30 June 2002: net book value	731,390	343,636	1,075,026
Amount included within prepayments and accrued income	10	14	24
At 30 June 2002: At valuation	731,400	343,650	1,075,050

The investment properties were valued on an open market value basis by Atis Real Weatheralls Ltd, external valuers, as at the year-end in accordance with the current edition of the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors.

The historical cost of properties at 30 June 2002 was £758,057,000 (2001: £705,027,000 (restated)). The total amount of interest capitalised as part of the cost of investment properties at 30 June 2002 was £23,342,000 (2001: £17,382,000).

12. Tangible fixed assets

Group	Short leasehold property £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost				
At 1 July 2001	444	373	615	1,432
Additions	–	67	134	201
Disposals	(1)	–	(203)	(204)
At 30 June 2002	443	440	546	1,429
Depreciation				
At 1 July 2001	358	218	252	828
Charge for the year	85	125	141	351
Written back on disposals	–	–	(162)	(162)
At 30 June 2002	443	343	231	1,017
Net book value at 30 June 2002	–	97	315	412
Net book value at 30 June 2001	86	155	363	604

13. Investment in subsidiary undertakings

Parent Company	Total £000
At 1 July 2001	48,179
Movement in the year	–
At 30 June 2002	48,179

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

Notes to the financial statements continued

13. Investment in subsidiary undertakings continued

Angelmist Limited	Minerva (City) Limited
Antares Properties Limited	Minerva Corporation plc
Castlereport Limited	Minerva (Croydon) Limited
Chainbill Limited	Minerva Property Holdings plc
Croydon Plaza Limited	Minerva Property Investments Limited
Dalebrook Properties Limited	Minerva Property Services Limited
Eagleprint Limited	Minerva Property Services (Wigmore Street) Limited
Futurestate Limited	OMD Holdings Ltd
Goldrock Developments Limited	OMD Holborn Ltd
Gradegilt Limited	OMD Property (Holborn) Ltd
Helios Property Investments Limited	OMD Property Ltd
Hutch Investments Limited	Sparrage Properties Limited
Jimtrack Limited	Tipace Limited
Larchfield Investments Limited	Twin Tower Properties Limited
M1 Limited	245 Blackfriars Road Limited
M6 Limited	245 Blackfriars Road Investments Limited
Minel Limited	90 High Holborn Limited Partnership
Minerva (Ambassador) Limited	

A property at 13 St. Swithin's Lane, London was acquired during the year through the purchase of shares and assumption of loans in Hutch Investments Limited. No other significant net assets were acquired. The book value and fair value of the properties at the time of acquisition equated to the consideration paid.

14. Investments

Group	Listed investments £000
At 1 July 2001	15,960
Additions	8,792
Disposals	(104)
Revaluation	–
At 30 June 2002	24,648

The market value of the listed investments was £24,625,000 at 30 June 2002.

At the year end, included within investments of the Group, is a 21.4 per cent interest in the ordinary shares of Allders plc, a company registered in England and Wales and quoted on the London Stock Exchange. Minerva does not participate in the commercial or financial policy decisions of the company and consequently the investment is not accounted for as an associated undertaking.

In respect of the last full year set of financial results for Allders plc for the period ended 30 September 2001, the financial statements recorded the following:

	£m
Profit on ordinary activities before taxation	14.4
Net assets	161.0

15. Debtors: amounts falling due within one year

	Group 30 June 2002 £000	Group 30 June 2001 (restated) £000	Parent Company 30 June 2002 £000	Parent Company 30 June 2001 £000
Amounts owed by subsidiary undertakings	–	–	224,770	214,644
Other debtors	6,048	4,266	8	4
Prepayments and accrued income	2,122	3,869	238	210
	8,170	8,135	225,016	214,858

16. Cash at bank and in hand

Cash at bank includes £4,382,000 (2001: £2,366,000) retained in rent accounts and not readily available to the Group for day-to-day commercial purposes.

17. Creditors: amounts falling due within one year

	Group 30 June 2002 £000	Group 30 June 2001 £000	Parent Company 30 June 2002 £000	Parent Company 30 June 2001 £000
Bank/building society loans	7,413	3,090	–	–
Dividend payable	3,317	3,205	3,317	3,205
Taxation and social security	1,010	1,024	–	–
Other creditors	2,817	8,555	2	1
Accruals and deferred income	24,966	24,284	210	226
	39,523	40,158	3,529	3,432

18. Creditors: amounts falling due after more than one year

	Group 30 June 2002 £000	Group 30 June 2001 £000	Parent Company 30 June 2002 £000	Parent Company 30 June 2001 £000
Bank/building society loans	607,266	549,498	–	–
	607,266	549,498	–	–

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

Notes to the financial statements continued

19. Financial instruments

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

Financial assets The Group's financial assets comprise listed investments (note 14), short-term debtors (note 15) and cash at bank and in hand (note 16). The cash at bank and in hand, consists mainly of short-term deposits with maturity periods of less than one year and earn interest at the rate prevailing at the time of the deposit for the term of the deposit.

Maturity of financial liabilities The debt maturity profile of the Group's bank and building society borrowings at 30 June 2002 is as follows:

	30 June 2002 £000	30 June 2001 £000
Less than one year	7,413	7,045
Between one and two years	77,307	3,394
Between two and five years	100,540	118,456
Over five years	434,015	432,462
	619,275	561,357
Unamortised loan issue costs allocated to future periods	(4,596)	(4,814)
	614,679	556,543

Undrawn facilities: At 30 June 2002, the Group had undrawn loan facilities, including committed undrawn development loan facilities, of:

	30 June 2002 £000	30 June 2001 £000
Less than one year	2,000	–
Between one and two years	12,424	–
Between two and five years	888	55,972
	15,312	55,972

In addition, at 30 June 2002, the Group has loan facilities in place to fund the acquisition of the existing Allders department store in Croydon, should it be required (note 24).

Interest rate risk profile of financial liabilities Fixed and floating rate liabilities of the Group as at 30 June 2002 are analysed as follows:

	30 June 2002		30 June 2001	
	Total £000	Weighted average interest rate (%)	Total £000	Weighted average interest rate (%)
Fixed and swapped-fixed rate debt	536,564	7.3	497,829	7.4
Floating rate debt	82,711	5.7	63,528	6.4
Total debt	619,275	7.1	561,357	7.3

19. Financial instruments continued

The Group's debt at 30 June 2002 is hedged under fixed, swapped or capped interest rate agreements as follows:

	30 June 2002		30 June 2001	
	Total £000	Weighted average period (years)	Total £000	Weighted average period (years)
Fixed rates	296,735	10.1	254,798	8.8
Swapped-fixed rates	239,829	6.1	243,031	6.8
Capped rates	45,000	0.3	7,000	1.3
Total	581,564		504,829	

In addition, the Group has entered into two forward-dated swaps. The first, for £85 million, is to commence in October 2002 and expire in January 2007 and will replace existing hedging arrangements due to expire in October 2002. The other swap, to commence in March 2005 until December 2008, is for £57,500,000 and will replace an existing swap for the same amount which is to expire in March 2005.

Swapped-fixed arrangements have the effect of transforming floating rate liabilities into fixed rate liabilities. The weighted average interest rate shown for fixed rate liabilities is 7.3 per cent (2001: 7.4 per cent) and includes loan margins ranging from 0.8 per cent to 1.75 per cent with all inclusive interest rates ranging from 6.3 per cent to 8.1 per cent (2001: 6.5 per cent to 8.5 per cent).

Floating rate debt incurs interest at margins between 0.9 per cent and 1.75 per cent over LIBOR (2001: 0.85 per cent and 1.75 per cent). The capped rate arrangement has the effect of establishing a maximum rate on £45 million of floating rate debt. This maximum rate is 7.85 per cent inclusive of a loan margin of 1.75 per cent. The cap forms part of a collared arrangement that establishes a minimum rate of 6.40 per cent inclusive of the loan margin.

Fair values A valuation was carried out as at 30 June 2002 by J C Rathbone Associates Limited, to calculate the market value of the Group's debt instruments on a replacement basis, taking into account the difference between fixed, fixed-swapped and collared interest rates for the Group borrowings and the prevailing interest rates for the respective periods of the appropriate debt instruments.

The valuation at 30 June 2002 of the fixed rate loans, interest rate swaps and interest rate caps referred to above are as follows:

	30 June 2002			30 June 2001		
	Book value £000	Fair value £000	Fair value difference £000	Book value £000	Fair value £000	Fair value difference £000
Fixed rate loans	296,735	313,034	(16,299)	254,798	263,084	(8,286)
Derivative instruments:						
Interest rate swaps		9,546	(9,546)		1,740	(1,740)
Interest rate collars		86	(86)		(87)	87
	296,735	322,666	(25,931)	254,798	264,737	(9,939)

The fair value at 30 June 2002 was £25,931,000 (2001: £9,939,000) greater than the book value, which if taken to reserves after tax relief at 30 per cent, would reduce the Group's net asset value by £18,152,000 or 11.3 pence per share.

Notes to the financial statements continued

19. Financial instruments continued

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

	30 June 2002 £000	30 June 2001 £000
Unrecognised net (losses)/gains on hedges at beginning of year	(1,653)	3,323
Net losses/(gains) in previous years that were recognised during the year	220	(65)
Net (losses)/gains arising on hedges in existence as at previous year end and not recognised during current year	(1,433)	3,258
Net losses arising this year that were not recognised in current year	(8,199)	(4,911)
Unrecognised net losses on hedges at end of year	(9,632)	(1,653)
of which:		
Net losses expected to be recognised within one year	(4,203)	(1,569)
Net losses expected to be recognised beyond one year	(5,429)	(84)
	(9,632)	(1,653)

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

Gearing Net gearing, measured as net debt to shareholders' funds, was 89 per cent at 30 June 2002 (2001: 83 per cent (restated)).

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

Further details are set out in the Financial review on pages 10 to 13.

20. Provision for liabilities and charges

	Group 30 June 2002 £000	Group 30 June 2001 (restated) £000
As previously stated	–	–
Effect of FRS 19 prior year adjustment	2,461	1,436
Charge for the year	1,463	1,025
At end of year	3,924	2,461

The provision which is entirely for deferred tax, comprises:

	Group 30 June 2002 £000	Group 30 June 2001 (restated) £000
Accelerated capital allowances and other timing differences	10,181	10,074
Losses available to offset	(6,257)	(7,613)
	3,924	2,461

The potential amount of further taxation, for which no provision has been made and which could arise if the properties held as investments were sold at the values at which they appear in the balance sheet, has been estimated at £75.0 million. Tax losses of approximately £64.4 million have not been recognised in the balance sheet, of which approximately £51.1 million have been used to reduce the contingent tax.

21. Called up share capital

	30 June 2002 Number	30 June 2001 Number	30 June 2002 £000	30 June 2001 £000
Authorised				
Ordinary shares of 25 pence each	300,000,000	300,000,000	75,000	75,000
Issued and fully paid				
At 1 July 2001	160,193,213	159,858,601	40,048	39,965
Issued on exercise of share options	–	334,612	–	83
At 30 June 2002	160,193,213	160,193,213	40,048	40,048

There have been no changes to the number of shares in issue since 30 June 2002.

At 30 June 2002 the following options granted to subscribe for new ordinary shares of 25 pence each under the Employee Share Option Schemes remained outstanding:

Period within which options are exercisable	30 June 2002 Number of shares	Subscription price (pence)
Nov 1999 to Nov 2003	403,073	141.0
Nov 1999 to Nov 2006	42,558	141.0
Nov 2000 to Nov 2004	70,034	185.6
Nov 2000 to Nov 2007	16,161	185.6
Jan 2001 to Jan 2005	110,153	199.7
Jan 2001 to Jan 2008	15,020	199.7
Sep 2001 to Sep 2005	108,106	157.3
Sep 2001 to Sep 2008	19,077	157.3
Apr 2004 to Apr 2008	1,119,044	320.8
Apr 2004 to Apr 2011	28,053	320.8
Dec 2004 to Dec 2011	1,553,138	227.8

At 30 June 2002 the following options granted to subscribe for new ordinary shares of 25 pence each under the Company's Sharesave Scheme remained outstanding:

First exercisable date	30 June 2002 Number of shares	Subscription price (pence)
June 2005	61,738	212.0
June 2007	10,928	212.0

22. Reserves

Group	Share premium account £000	Revaluation reserve £000	Other reserves £000	Profit and loss account £000
At 1 July 2001	197,101	252,719	41,795	112
Prior year adjustment (note 2)	–	–	–	(2,445)
At 1 July 2001 as restated	197,101	252,719	41,795	(2,333)
Surplus on revaluation of investment properties	–	33,488	–	–
Movement in equity minority interest share on revaluation of investment properties	–	29	–	–
Retained loss for the financial period	–	–	–	(156)
At 30 June 2002	197,101	286,236	41,795	(2,489)
Parent Company				
At 1 July 2001	197,101	–	14,315	28,336
Retained loss for the financial period	–	–	–	(120)
At 30 June 2002	197,101	–	14,315	28,216

23. Net asset value per share

Net asset value per share is calculated on 160,193,213 ordinary shares of 25 pence each in issue at 30 June 2002 (2001: 160,193,213) and is based on net assets attributable to shareholders of £562,691,000 (2001: £529,330,000 (restated)).

24. Capital commitments

Capital expenditure commitments contracted, but not provided for, at 30 June 2002 were £10,267,000 (2001: £40,307,000).

Under an agreement with Allders dated 21 February 2000, the Group has entered into an Option Agreement with Allders whereby Allders can require the Group, to acquire its existing store in Croydon for £50 million, comprising an initial payment of £35 million with a further payment of £15 million once the conditions of the Agreement for Lease for the new store in Park Place are satisfied. Under the arrangement, Allders will take a leaseback for a term of 35 years from the date of the agreement at a commencing rent of approximately £2.9 million per annum, rising to approximately £4.2 million when the further £15 million payment is made. The agreement also gives the Group the right to reverse the sale if the development conditions for Park Place are not satisfied. The Group has in place a loan facility to fund substantially the initial payment if required.

25. Commitments under operating leases

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

	30 June 2002 £000	30 June 2001 £000
Under leases expiring in more than five years	2,007	1,980

26. Contingent liabilities

The Company has guaranteed certain obligations of its subsidiary undertakings, which at the balance sheet date amounted to £190,517,000.

27. Notes to the cash flow statement

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

	Year ended 30 June 2002 £000	Year ended 30 June 2001 (restated) £000
Operating profit	37,469	35,928
Depreciation charges	351	326
Profit on sale of tangible fixed assets	(23)	(21)
Movement in debtors	342	(757)
Movement in creditors	(38)	3,258
Net cash movement from operating activities	38,101	38,734

b. Reconciliation of net cash flow to movements in net debt

	Year ended 30 June 2002 £000	Year ended 30 June 2001 £000
(Decrease)/increase in cash during the year	(823)	7,480
Cash (inflow)/outflow from movement in liquid resources	(2,298)	15,672
Cash inflow from movement in debt financing	(51,887)	(64,421)
Other movements	(10,204)	(5,136)
Movement in net debt during the year	(65,212)	(46,405)
Opening net debt	(429,231)	(382,826)
Closing net debt	(494,443)	(429,231)

c. Analysis of changes in net debt

	At 1 July 2001 £000	Cash flow £000	Other non-cash movements £000	At 30 June 2002 £000
Net cash:				
Cash at bank and in hand	123,357	(3,121)	–	120,236
Less: Liquid resources	(114,533)	2,298	–	(112,235)
	8,824	(823)	–	8,001
Liquid resources:				
Deposits included in cash	112,167	(4,314)	–	107,853
Restricted cash	2,366	2,016	–	4,382
	114,533	(2,298)	–	112,235
Bank and building society debt:				
Debt due within one year	(3,090)	(1,323)	(3,000)	(7,413)
Debt due after one year	(549,498)	(50,564)	(7,204)	(607,266)
	(552,588)	(51,887)	(10,204)	(614,679)
Total	(429,231)	(55,008)	(10,204)	(494,443)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that an ANNUAL GENERAL MEETING of the members of the Company will be held at the offices of Olswang, 90 Long Acre, London WC2E 9TT on 27 November 2002 at 11:00 am for the purposes of considering and, if thought fit, passing the following resolutions which will be proposed as Ordinary Resolutions and Special Resolutions as specified:

Ordinary resolutions

1. To receive and adopt the report of the Directors, the annual accounts and the auditors' report thereon for the year ended 30 June 2002.

2. To declare a final dividend of 2.07 pence per ordinary share payable on 5 December 2002.

3. To reappoint Andrew Rosenfeld as a Director of the Company.

4. To reappoint Christopher Sheridan as a Director of the Company.

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

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

7. That the Directors be, and they are hereby, generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities within the meaning of Section 80 of the Companies Act 1985 ("the Act") up to an aggregate nominal amount of £13,349,434 provided that this authority shall expire 15 months from the date of the passing of this resolution or, at the conclusion of the Company's next AGM, if earlier, and so that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

Special resolutions

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

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

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

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

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

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

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

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

d. unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2003 or 15 months from the date of the Annual General Meeting at which this resolution is passed, whichever is the earlier; and

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

By order of the Board

Ivan Ezekiel Secretary
25 October 2002

Notes

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

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

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

4. Right to attend and vote As permitted by Regulation 34 of the Uncertificated Securities Regulations 1995, only those persons whose names are entered on the register of members of the Company at 11:00 am on 25 November 2002 shall be entitled to attend the Meeting and to vote in respect of the number of ordinary shares registered in their names at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

Advisers to the Company

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

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

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

Solicitors
Olswang
90 Long Acre
London WC2E 9TT

Auditors
PricewaterhouseCoopers
1 Embankment Place
London WC2N 6RH

Valuers
Atis Real Weatheralls Ltd
Norfolk House
31 St James's Square
London SW1Y 4JR

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

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

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

Lloyds TSB Bank plc
Great Surrey House
203 Blackfriars Road
London SE1 8NH

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

Registered office
25 Harley Street
London W1G 9BR

Registered in England
2649607

Principal property investments

Ambassador House London EC3
This property, which forms part of the redevelopment site for the Minerva Building, is leased to provide flexible income pending redevelopment.

Delta Point Croydon, Surrey
The property is leased to British Telecom plc at an annual rent of £4.65 million for a further 9 years.

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

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

Ludgate House London SE1
This building totals 174,000 sq.ft. and is leased to United Business Media Plc at an annual rent of £4.87 million for a further 13 years.

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

St. Swithin's House London EC4
The property, leased to Barclays Bank PLC for a further 9 years, has significant redevelopment potential and forms part of The Walbrook Estate.

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

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

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

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

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

Westerhill Road Bishopbriggs, Glasgow
This warehouse, distribution and office property is leased to Harper Collins for a further 23 years.

27-37 Wigmore Street London W1
This prominent headquarters building, located in London's West End, totals 66,000 sq.ft. and is leased to Banque Paribas for a further 9 years.

90-95 Wimpole Street and 25 Wigmore Street London W1
The property is let for a further 11 years on a lease guaranteed by Cornhill Insurance PLC, and occupied by Debenhams.

42-48 Wigmore Street London W1
This property comprises two new office buildings and retail totalling 42,000 sq.ft., of which 29,000 sq.ft. has been let to the Secretary of State for Transport, Local Government and the Regions for 15 years.

Design and production: Radley Yeldar
Photography: George Brooks