

30 Minerva plc Annual report and accounts 2001 Remuneration report

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

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

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

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

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

Directors' remuneration

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

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

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

31 Minerva plc Annual report and accounts 2001

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

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

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

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

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

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

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

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

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

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

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

By order of the Board

Christopher Sheridan Chairman of the Remuneration Committee
10 September 2001

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

34 Minerva plc Annual report and accounts 2001 Report of the Directors

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Suppliers The Company's policy concerning the payment of its trade creditors and other suppliers is to:

- settle the terms of payment with major suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in their contracts; and
- pay all suppliers in accordance with its contractual and other legal obligations.

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

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

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

By order of the Board

Ivan Ezekiel Secretary
10 September 2001

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

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

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

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

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

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

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

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

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

Opinion In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 30 June 2001 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers Chartered Accountants and Registered Auditors
London
10 September 2001

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

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

*Reclassified as described in note 13.

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

38 Minerva plc
Annual report and
accounts 2001
**Consolidated
balance sheet**

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

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

D E Garrard Director
A I Rosenfeld Director

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

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

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

D E Garrard Director
A I Rosenfeld Director

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

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

41 Minerva plc
Annual report and
accounts 2001
**Statement of total
recognised gains
and losses**

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

**Note of historical cost
profits and losses**

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

**Reconciliation of
movements in
shareholders' funds**

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

42 Minerva plc Annual report and accounts 2001

Notes to the financial statements

1. Accounting policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Staff costs	Year ended 30 June 2001 £000	Year ended 30 June 2000 £000
Average number of employees (including executive Directors) employed by the Group	28	26
Staff costs for the above persons (excluding executive Directors):		
Wages and salaries	1,263	1,088
Discretionary bonuses	335	460
Social security costs	194	190
Other pension costs	29	26
	1,821	1,764

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

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

44 Minerva plc
Annual report and
accounts 2001
Notes to the financial
statements continued

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

6. Taxation

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

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

7. Profit dealt with by Parent Company

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

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

9. Earnings per share

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

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

10. Investment properties

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

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

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

11. Tangible fixed assets

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

46 Minerva plc
Annual report and
accounts 2001
Notes to the financial
statements continued

12. Investment in subsidiary undertakings	Total
Parent Company	£000
At 1 July 2000	48,179
Movement in the year	–
At 30 June 2001	48,179

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

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

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

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

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

14. Debtors: amounts falling due within one year

	Group 30 June 2001 £000	Group 30 June 2000 £000	Parent Company 30 June 2001 £000	Parent Company 30 June 2000 £000
Amounts owed by subsidiary undertakings	–	–	214,644	213,300
Other debtors	4,266	4,432	4	28
Prepayments and accrued income	3,311	2,186	210	105
	7,577	6,618	214,858	213,433

15. Cash at bank and in hand

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

16. Creditors: amounts falling due within one year

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

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

	Group 30 June 2001 £000	Group 30 June 2000 £000	Parent Company 30 June 2001 £000	Parent Company 30 June 2000 £000
Bank/building society loans	549,498	480,159	–	–
Other creditors	–	3,955	–	–
	549,498	484,114	–	–

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

18. Financial instruments

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

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

48 Minerva plc
Annual report and
accounts 2001
Notes to the financial
statements continued

18. Financial instruments continued

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

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

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

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

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

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

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

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

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

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

18. Financial instruments continued

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

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

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

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

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

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

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

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

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

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

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

50 Minerva plc
Annual report and
accounts 2001
Notes to the financial
statements continued

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

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

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

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

51 Minerva plc

Annual report and accounts 2001

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

21. Net asset value per share

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

22. Capital commitments

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

23. Commitments under operating leases

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

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

24. Contingent liabilities

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

52 Minerva plc
Annual report and
accounts 2001
Notes to the financial
statements continued

25. Notes to the cash flow statement

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

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

*Reclassified as described in note 13.

b. Analysis of changes in net debt

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

26. Related party transactions

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

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

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

Ordinary resolutions

1. To receive, consider and adopt the report of the Directors, the annual accounts and the auditors' report thereon for the year ended 30 June 2001.
 2. To declare a final dividend of 2.0 pence per ordinary share payable on 6 December 2001.
 3. To reappoint David Garrard as a Director of the Company.
 4. To reappoint Clive Richards as a Director of the Company.
 5. To approve the remuneration policy set out in the annual report and accounts.
 6. To reappoint PricewaterhouseCoopers as auditors and to authorise the Directors to determine their remuneration.
 7. That the Directors be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities within the meaning of Section 80 of the Companies Act 1985 ("the Act") up to an aggregate nominal amount of £13,349,434 provided that this authority shall expire 15 months from the date of this resolution or, at the conclusion of the Company's next AGM, if earlier, and so that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.
-

Special resolutions

8. That, subject to the passing of resolution 7 above, the directors be, and they are hereby empowered pursuant to Section 95 of the Act to allot equity securities (within the meaning of Section 94 of the Act) pursuant to the authority conferred by resolution 7 above for cash as if sub-Section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment:
 - a. of equity securities in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
 - b. (otherwise than pursuant to sub-paragraph a. above) of equity securities up to an aggregate nominal amount not exceeding £2,002,415; and shall expire at the conclusion of the next AGM of the Company to be held after the passing of this resolution or 15 months from the date of this resolution, whichever is the earlier, so that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

54 Minerva plc
Annual report and
accounts 2001
Notice of Annual
General Meeting
continued

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

- a. the maximum aggregate number of ordinary shares hereby authorised to be purchased is 24,012,963 (representing 14.99 per cent of the Company's issued ordinary share capital);
- b. the minimum price which may be paid for such ordinary shares is 25 pence per share (exclusive of expenses);
- c. the maximum price (exclusive of expenses) which may be paid for an ordinary share shall not be more than an amount equal to 105 per cent of the average of the closing middle market price for the ordinary share as derived from the Stock Exchange Daily Official List for the five business days immediately preceding the date on which the ordinary share is purchased;
- d. unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2002 or 15 months from the date of the Annual General Meeting at which this resolution is passed, whichever is the earlier; and
- e. the Company may make a contract or contracts to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract or contracts.

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

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

By order of the Board

Ivan Ezekiel Secretary
23 October 2001

Notes

1. **Proxies** A member entitled to attend and vote at the Meeting convened by this notice is entitled to appoint one or more proxies (who need not be members) to attend and, on a poll vote instead of him. A form of proxy is enclosed for the use of members. To be effective it must be completed and be deposited with the Company's Registrars, Capita IRG Plc, Balfour House, 390-398 High Road, Ilford, Essex IG1 1NQ at least 48 hours before the time of the Meeting.
2. **Documents for inspection** The following documents are available for inspection at the office of Olswang, 90 Long Acre, London WC2E 9TT, during business hours on any weekday from the date of this notice until the conclusion of the Meeting:
 - 2.1. a register of interests of Directors and their families in the shares of the Company;
 - 2.2. copies of all contracts of service under which Directors are employed by the Company; and
 - 2.3. a copy of the proposed amended articles of association of the Company.
3. **Authority to allot shares (resolutions 7 and 8)** It is proposed that authorities be granted for a period of 15 months or until the next AGM whichever is earlier. An ordinary resolution will be proposed to authorise the Board to allot the unissued share capital up to an aggregate nominal amount of £13,349,434 (a third of the present issued share capital). A special resolution will be proposed authorising the Board to allot shares in connection with a rights issue or for cash up to £2,002,415 being 5 per cent of the present issued ordinary share capital.
4. **Right to attend and vote** As permitted by Regulation 34 of the Uncertificated Securities Regulations 1995, only those persons whose names are entered on the register of members of the Company at 11:00 am on 26 November 2001 shall be entitled to attend the Meeting and to vote in respect of the number of ordinary shares registered in their names at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

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

Registrars

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

Stockbroker

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Citigroup Centre
33 Canada Square
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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

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1 Embankment Place
London WC2N 6NN

Valuers

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

Principal bankers

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

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

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

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

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

Registered office

25 Harley Street
London W1G 9BR

Registered in England

2649607

56 Minerva plc Annual report and accounts 2001

Principal property investments

Ambassador House London EC3

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

Delta Point Croydon, Surrey

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

Granite House 97-101 Cannon Street, London EC4

This property is located on Cannon Street adjacent to Walbrook House and forms part of The Walbrook Estate.

90 High Holborn London WC1

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

Ludgate House London SE1

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

St. Botolph's House London EC3

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

St. Swithin's House London EC4

The property, leased to Barclays Bank PLC for a further 11 years, has significant redevelopment potential and forms part of The Walbrook Estate.

Sampson House London SE1

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

The Croydon Centre Croydon, Surrey

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

The Brooks Shopping Centre Winchester

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

The Criterion London SW1

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

Walbrook House London EC4

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

Westerhill Road Bishopbriggs, Glasgow

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

27-37 Wigmore Street London W1

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

90-95 Wimpole Street and 25 Wigmore Street London W1

The property is let for a further 12 years on a lease guaranteed by Cornhill Insurance PLC, and occupied by Debenhams.

42-48 Wigmore Street London W1

This scheme, which is currently under construction, will comprise two new office buildings and retail totalling 42,000 sq.ft.



