Delivering prime assets

Minerva plc
Annual report and accounts
2010

Minerva is committed to delivering prime assets through its developments and pipeline, creating value for all of its shareholders.

Our developments

2-13

All three developments, located in the City and West End of London, are of the highest quality and are being delivered into an environment of restricted competitive supply.

We focus on:

- Prime locations in London
- Meeting the needs of constrained supply
- Highest quality standards
- Sustainability

Our pipeline

14-15

Assembly of a development pipeline will provide the Group with inherent opportunities to develop, either solely or in joint venture with others.

We focus on:

- High-end residential
- Mixed-use
- Central London offices

Building shareholder value

16-31

The results for the year have benefited from an improvement in the valuation of the Group's real estate portfolio.

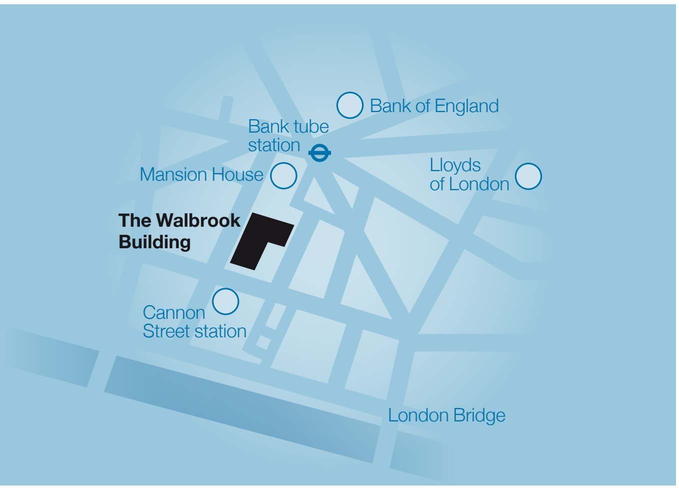
Property valuation up	17.4%
EPRA NAV up	180%

Developments

The Walbrook Building London EC4

Prestigious City location

The Walbrook Building stands in the heart of the City of London, adjacent to the Mansion House and within a stone's throw of the Bank of England. Transport links are excellent with major tube lines adjacent to the building immediately to the north and south.



Current market value[1]	Uplift in value[2]
£240.8m	38.6%

[1]At 30 June 2010.

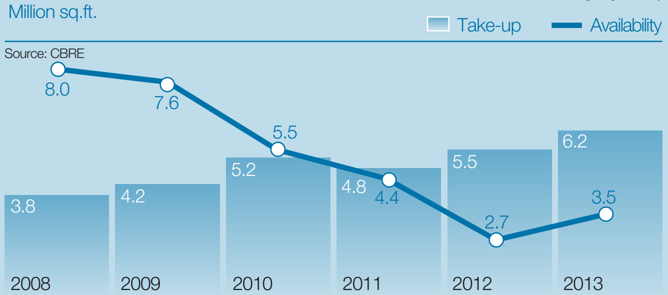
[2]After adjusting for expenditure in the year.

“We gently curved and sculpted the form of the building to respond to this unique historic location.”

Grant Brooker, Senior Partner, Foster and Partners

Meeting the supply needs of the City

Take-up versus availability of City of London office space 2008–2013 (projected)
Million sq.ft.

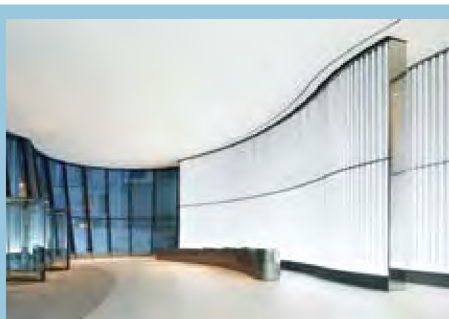


There is an increasing shortage of large, Grade A office buildings with the consequence that tenants’ choice is becoming limited. Generally speaking, new speculative development is very limited and this will result in a shortage of new office space in the short to medium term. City occupiers tend to prefer larger floor-plates for their efficiency, both in terms of space utilisation and for employee interaction. The Walbrook Building has floors from 35,000 to 50,000 sq.ft. and they offer efficient floor-plates, generally with only six internal columns and floor to ceiling high fenestration.

Developments

Setting a new benchmark for quality

Designed by Foster and Partners, The Walbrook Building offers large open plan floor plates with a minimum number of columns, whilst providing high quality accommodation.



Quality in every way
The striking design of the entrance hall matches the contemporary exterior of the building.

Exceeds sustainability targets

With the highest BREEAM rating of 'Excellent' The Walbrook Building offers tenants efficient, sustainable and adaptable accommodation.

Improving energy efficiency
The exterior of The Walbrook Building is enveloped by aerofoil shaped blades which provide solar shading to keep the building cool, thus improving energy efficiency.

“The project achieves the highest environmental BREEAM rating, which is an important consideration for potential occupiers.”

Mark Slim, Executive Director, CBRE

The St Botolph Building London EC3

A new landmark for the East City of London

This striking new building is located on the eastern side of the City of London. The completed development stands on an island site and provides some 560,000 sq.ft. of high quality Grade A office and retail accommodation.

Current market value[1]

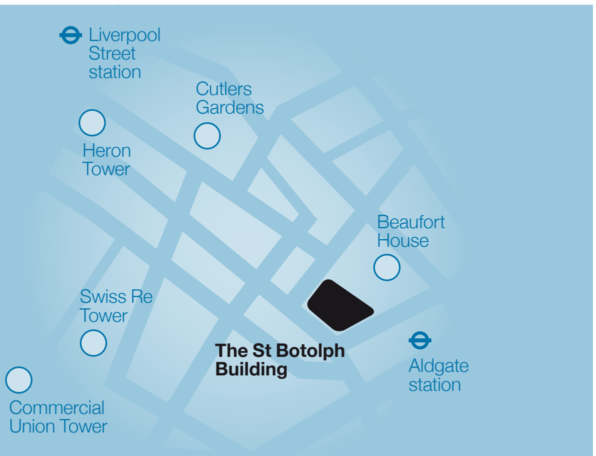
£245.7m

[1]At 30 June 2010.

Uplift in value[2]

26.0%

[2]After adjusting for expenditure in the year.

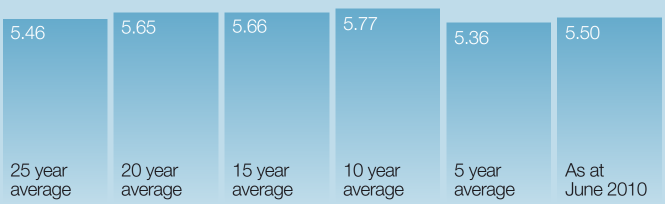


Meeting the needs of modern occupiers

Meeting the needs for efficient accommodation, The St Botolph Building provides substantial rectangular floor-plates around a large central atrium providing genuine flexibility in space planning with extensive runs of clear well lit space. This configuration is well matched to the demands of both cellular and open plan occupiers, giving the building wide tenant appeal.

Prime City of London yields over time
Yield %

Source: CBRE



"The TWIN® lift system provides efficient vertical transport within the building using less space than a conventional lifting system."

Adam Scott, Divisional Director, Roger Preston & Partners

Developments

Quality design by leading architects

The St Botolph Building has been designed by leading British architects Grimshaw, with an industrial design heritage. The entrance hall and atrium spaces provide an impressive and contemporary environment.

Flexible and functional
The balanced layout of four perimeter cores creates flexible office space suitable for a broad range of occupiers including dealing operations on the lowest floors.

Attention to detail
Grimshaw has a reputation for attention to detail and quality: attributes that are reflected in every part of the building, including the windows and facade which features innovative solar shading.

Incorporating highly efficient interiors

The lifting technology in the building provides highly efficient circulation, whilst minimising space take.

State-of-the-art efficiency
The TWIN® lift system incorporates 16 lift cars operating in eight open 'scenic' shafts. The computer coordinated movement of the cars will be visible to all users of the building and improve access around the building.

“Our aim was to create a highly adaptable and efficient commercial building with a pleasant working environment.”

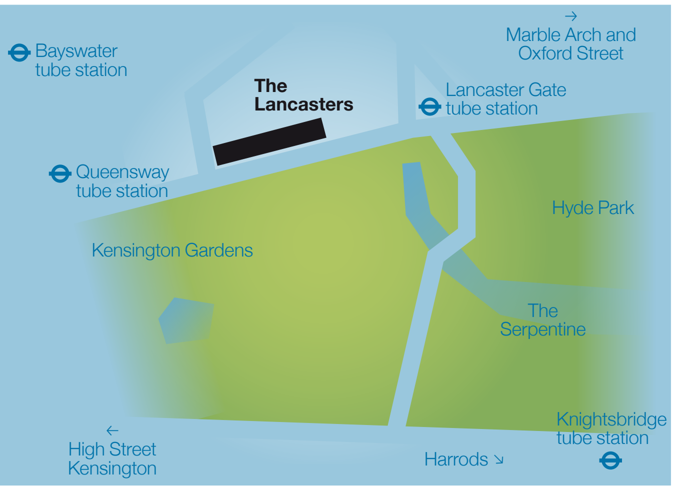
Sir Nicholas Grimshaw, Founder, Grimshaw Architects

The Lancasters London W2

Unrivalled aspirational location

Centrally located on the northern side of Hyde Park close to Kensington Gardens, Mayfair, Knightsbridge and Kensington and Chelsea. Five minutes north is Paddington station with its excellent rail links and express access to Heathrow Airport.

Current market value[1]	Uplift in value[2]
£320.1m	+19.3%
[1]At 30 June 2010.	[2]After adjusting for expenditure in the year.



Satisfying demand for ultra-prime

The Lancasters provides high-quality apartments, targeted at the supply constrained ultra-prime residential market of Central London.

"Distinguished residences for the most discerning buyers."

Ed Lewis, London residential development Director, Savills

"We take inspiration from the architecture of the building and use this as our starting point for a bespoke interior scheme."

Kamini Ezralow, Managing Director, Intarya

The very finest in contemporary living

The Lancasters was originally an elegant terrace of 15 magnificent, stucco-fronted Grade II listed houses dating from the mid-19th century. Each of the 77 new homes has been designed around the grandeur of the original architecture and interior features of the building.

Contemporary kitchens
The kitchens are fitted with the latest appliances.

Classic with contemporary

The interior architecture includes plaster mouldings and timber panelling, paying homage to the original features, juxtaposed with the sleek kitchens and spa-inspired bathrooms to create a seamless blend of contemporary and traditional.

Classic with contemporary
The mouldings taken from original cornices recovered from the site have been used as a template to decorate pillars, and there are feature fireplaces in all reception rooms.

Our pipeline

The Group has a pipeline of future mixed-use development opportunities at the Ram Brewery and Croydon Estate and a high-end residential opportunity at the Odeon Kensington.

High-end residential

Read more on page 24

Odeon Kensington, London W8
Acquired towards the end of 2005 the property is held freehold with a short-term lease to Odeon Cinemas which is subject to a development break clause. It is located in a prime residential area on the south side of Kensington High Street, just south of Holland Park.

Planning consent was granted in November 2008, for an all-private residential scheme of around 100,000 sq.ft. with 35 apartments, five town houses, a basement car park, multi-screen public cinema and off-site affordable housing.

Mixed-use

Read more on page 24

Ram Brewery, London SW18
The site consists of approximately eight acres in the centre of Wandsworth, close to the Town Hall.

Progress is being made on a revised planning application for the Ram Brewery site which is expected to be submitted later in this financial year. This follows the decision by the Secretary of State for Communities and Local Government in June not to grant planning permission for the main site, despite the application being approved by Wandsworth Council and the Greater London Authority.

Our proposals, in relation to the Buckhold Road site, are due to go back to the Secretary of State this autumn incorporating a revised Section 106 agreement.

Central London

Read more on page 21

With our recent expertise and experience in this arena, the Group is well positioned to consider new development opportunities in Central London, either solely or in joint venture with others.

Croydon Estate, London Borough of Croydon

Minerva, as one of the key strategic stakeholders in the central Croydon area, is playing a major part in shaping the future development plan. This will, amongst other things, increase commercial and residential accommodation in order to meet the needs of Croydon, which has been identified and prioritised as the 'key' economic hub for growth in South London.

During the year, the Group has concentrated efforts on generating income in the short and medium term from its existing properties. The focus on the leasing of the vacant shop units has been productive and attention is now being focused on the office accommodation.

Chairman's statement

"We continue to remain fully focused on achieving a number of operational and development milestones such that the Group is now well placed to deliver value into the cycle from its portfolio of first rate London based assets."

The past financial year has been an eventful one for the Group. It represented a period of transition for your Company during a most testing time for the real estate market. In the face of extreme challenges brought on by the credit crunch, we have successfully achieved a number of important milestones. These include the comprehensive refinancing of the Group's loan facilities; the sale of Wigmore Street at a significant premium; reaching pre-lettings of approximately 45 per cent of the total office space at The St Botolph Building; and achieving pre-sales now totalling approximately £230 million at Lancaster Gate, representing just over half of the total area of the scheme.

The Board has also defended the Group from a takeover attempt by KiFin Limited, Minerva's largest shareholder, at a price that the Board believed significantly undervalued Minerva. More recently, we were forced to respond to a series of disclosure and control seeking resolutions to be voted on by shareholders at a General Meeting requisitioned by KiFin. At the General Meeting on 8 September 2010, shares representing over 83 per cent of the Company's issued share capital were voted. All the resolutions were defeated as the overwhelming majority of votes cast by independent voting shareholders (excluding KiFin and its associates) were against the resolutions.

In responding to KiFin's actions, we have always sought to act in the best interests of shareholders as a whole.

Despite these challenges, we continue to remain fully focused on achieving a number of operational and development milestones such that the Group is now well placed to deliver value into the cycle from its portfolio of first rate London based assets.

Operational progress

In September 2009, I was pleased to report that we had successfully concluded the refinancing and restructuring of the Group's loan facilities. Among other benefits, this provides the Group with no scheduled maturities in the current financial year and a good financial platform from which to progress our developments.

With a strengthened funding platform in place, construction of our City of London properties continued on programme. We achieved practical completion on The Walbrook Building in February this year and on The St Botolph Building earlier this month.

In December 2009, I was pleased to report that Minerva achieved an important leasing milestone with respect to The St Botolph Building with the agreement to pre-let 145,000 sq.ft. of the building to international law firm Clyde & Co. This was concluded on competitive terms. Approximately 45 per cent of the office space in this building has now been let or pre-let.

These two prime office developments are located in a City of London market where existing competing supply for similar efficient large floor plate buildings is extremely limited and where future supply has been severely curtailed by the scarcity of development funding. Discussions continue with a number of prospective tenants for the remaining space.

Construction at Lancaster Gate is progressing well. We formally launched this ultra-prime development, incorporating a stunning 5,300 sq.ft. show apartment, in June and pre-sales have been most encouraging. By 30 June 2010 we had exchanged contracts for pre-sales totalling circa £230 million, representing 52 per cent of the total saleable area, at price levels substantially ahead of our original expectations. Buyer interest in this high quality scheme is truly international and we remain confident that the sales and pricing success achieved to date will continue.

"The Board is focused on, and remains fully committed to, delivering the full value potential of the Group's portfolio for all shareholders."

Chairman's statement

On 30 June this year, the Secretary of State turned down our planning application for the Ram Brewery site in Wandsworth, primarily over concerns around the impact of the proposed tall buildings at the northern end of the site and their proximity to the nearby gasholder. The regeneration and change of use benefits were otherwise applauded in both his and the Planning Inspector's reports. This decision was unexpected and a disappointment in the light of support for the proposed scheme from both Wandsworth Council and the Mayor of London. However, the guidance now given, together with the further consultation with key stakeholders, will assist in our new application. This development will be a significant part of the regeneration of Wandsworth Town Centre and we are confident that consent for its redevelopment will be forthcoming in due course.

In December 2009, following an extensive and competitive sale process, Minerva sold its property located at Wigmore Street, London W1 for £40.75 million. The sale of this property, which was a non-core asset, provided a 20 per cent premium to the book value as at 30 June 2009.

In the same month, we acquired Northacre plc's minority interest in our Odeon Kensington scheme, ensuring that the full profits from this development will accrue for the benefit of Minerva and its shareholders. During the last financial year, we have continued to monitor the market and review the options for maximising returns from this property. Whilst a disposal remains an option, in the light of the shortage of supply of new prime residential accommodation in Central London, our preferred route is to develop the site, possibly in some form of joint venture. However, this will not happen until appropriate funding is secured and our other developments have been further de-risked.

Consultations continue regarding the future of the Croydon Estate as part of a wider master plan promoted by the local authority. We have been successful in generating short-term income from the estate, through the leasing of retail units on the site. Additionally, we are exploring a number of possible redevelopment options with respect to parcels of our ownership.

Financial results

Whilst uncertainty remains as to the pace and extent of economic recovery and the full impact of global governmental spending cuts have yet to be seen, the prime real estate market in London has clearly demonstrated its inherent defensive strengths over this financial year. The improvement in the prime London market, coupled with the decisive actions taken by the Group, has had a significant effect on the value of the Group's property portfolio, which is now valued at £1,124.9 million (30 June 2009: £807.0 million); an increase of 17.4 per cent in the year, after adjusting for expenditure and disposals. With the strengthened funding platform we now have in place, the Group is geared to benefit from a recovering London property market as clearly shown by our results for the year, where a 17.4 per cent net increase in the portfolio value has delivered an increase in diluted EPRA NAV per share of 180 per cent.

Abortive offer for the Company and General Meetings

On 17 November 2009 KiFin, which held 29.5 per cent of the issued shares of Minerva, made an unsolicited offer to acquire the remaining share capital of the Company at a price of 50 pence per share. The Board of Minerva considered that this offer significantly undervalued the Company and recommended that shareholders should not accept it. The offer lapsed on 8 January 2010 with acceptances representing just 0.08 per cent of the issued share capital of Minerva.

At the Annual General Meeting of the Company held on 4 December 2009, during the time of its bid, KiFin voted against a number of the resolutions proposed, including my own reappointment. KiFin was able to defeat those resolutions due to the size of its shareholding and to an insufficient turn out of independent voting shareholders. It is worth noting that, excluding KiFin, over 99 per cent of shareholders that voted did so in favour of the resolutions. Following the Annual General Meeting, the Board independently resolved to reappoint me as Chairman for the duration of the bid period. It took this decision on the basis that Minerva should not be without an independent Chairman whilst the subject of an unsolicited offer from its major shareholder and concluded that I would properly represent the interests of all shareholders.

"Our property portfolio comprises well-located, high-quality office and residential developments."

This decision was also taken with reference to the level of support from independent shareholders at the Annual General Meeting. Once the bid period had lapsed, a General Meeting was held on 5 March 2010 to allow shareholders the opportunity to vote on my reappointment as a Director of the Company. My reappointment was approved by a majority of votes cast, although KiFin voted against the resolution.

Following a formal request from KiFin on 22 July 2010, a further General Meeting was held on 8 September 2010 in which a series of disclosure and control seeking resolutions proposed by KiFin were put to the shareholders. The Board strongly advised shareholders to vote against these resolutions and I am pleased to report that for all the resolutions put to the vote at that General Meeting over 99 per cent of votes cast by independent shareholders (excluding KiFin and its associates) were against the resolutions, which were consequently defeated.

Whilst your Board regrets the considerable time expended and financial costs of dealing with these matters, the Board's primary objective has been to act in the interest of all shareholders. This will remain its priority.

The Board

On a separate matter of Board representation, in the 2009 Annual Report and Accounts we stated that we would look to supplement the non-executive membership of the Board when appropriate. Following the financial restructuring of the Group's loans and the lapse of KiFin's offer, the Board took steps to make such appointments. I am pleased to have welcomed Martin Pexton and Daniel Kitchen to the Board on 5 March and 4 May 2010 respectively. Their extensive experience and skills will be a great benefit to the Company and, with these appointments, the Board is well balanced to guide the Group's further progress.

Outlook

Our property portfolio comprises well-located, high-quality office and residential developments which are being delivered into supply constrained markets in the City and West End of London. The significant uplift in the value of our property portfolio reflects improving market conditions in London and the benefits of a restructured funding platform. Given the prime nature of our assets we are well-positioned to deliver and benefit from further improvements in the London property market.

The Board is focused on, and remains fully committed to, delivering the full value potential of the Group's portfolio for all shareholders.

Oliver Whitehead
Chairman

21 September 2010

Business review

Our overall objective is to deliver attractive, long-term returns to shareholders through investment, development, sale and management of UK real estate.

"With its restructured funding platform, Minerva is well placed to benefit from further improvements in the real estate market."

Salmaan Hasan
Chief Executive

"The Company has demonstrated a strong financial performance in the year."

Ivan Ezekiel
Finance Director

"We are very proud to have delivered two striking new buildings in the City in 2010."

Tim Garnham
Group Development Director

Strategy

Overview

Minerva has successfully navigated through a very difficult couple of years for the property and financial markets and has achieved, during the financial year under review, a restructuring and refinancing of the Group's bank loan facilities. This included, inter alia:

- the deferral of loan covenants;
- the extension of loans; and
- the removal and/or reduction of recourse to the assets of the wider Group.

This refinancing and restructuring, completed towards the beginning of the financial year, was essential and has enabled the Group to ensure the completion of the developments under construction, whilst also maintaining financial stability. This financial leverage, which worked against the Group whilst the real estate market was deteriorating, has contributed beneficially to the Group's improved financial performance in the year under review.

The developments which are either under construction or have recently been completed are:

- The Walbrook Building – City of London offices;
- The St Botolph Building – City of London offices; and
- Lancaster Gate – ultra-prime residential.

All three developments, located in the City and West End of London, are of the highest quality and are being delivered into an environment of restricted competitive supply.

The Group also has a pipeline of other development opportunities, including the mixed-use and high-end residential opportunities respectively at the Ram Brewery and Odeon Kensington.

Strategy

Our overall objective is to deliver attractive, long-term returns to shareholders through investment, development, sale and management of UK real estate.

Our strategy is to focus on real estate opportunities:

- where we have inherent skills, such as site assembly, planning and construction;
- predominantly located in London;
- principally relating to high-end residential, mixed-use and Central London office developments;
- working with joint venture partners, where appropriate; and
- incorporating structured finance to drive returns.

The strategy is being implemented through:

- the delivery of high quality real estate, typified by our developments at The Walbrook, St Botolphs and Lancaster Gate, in areas of the real estate market where supply is constrained;
- the assembly of a development pipeline which can provide the Group with inherent opportunities to develop, either solely or in joint venture with others; and
- adhering to risk-adjusted return disciplines.

Bank funding, which the real estate industry has used extensively in recent years, has been severely restricted as a result of the banking crisis and is unavailable, other than on a very limited basis, for speculative development. Therefore, our longer term funding model will be designed with the flexibility to accommodate capital from joint venture or other business partners and, to a lesser degree than previously, bank funding. We will seek to undertake a project management role for larger projects for which a value-added success fee will be sought. In doing so, we will reduce the capital outlay in any one project and will leverage our skill base with partners who are willing to share development risk in order to drive value.

Developments will only be taken forward as market conditions permit. The Group will continue to focus primarily on large, high quality developments, where there are opportunities to add value. We will continue to focus principally on high-end residential and mixed-use schemes as well as, where appropriate, Central London office developments.

Delivery of value

Priorities to deliver further value include:

- the leasing of the remaining space at The Walbrook and St Botolph Buildings on competitive terms to de-risk and drive further value;
- the sale of further apartments at our Lancaster Gate development, adding to the significant value already created;
- the design and creation of a new scheme for the Ram Brewery, which will provide a development for the enduring benefit of the community while addressing the concerns of other consultees, including statutory bodies;
- realising the value from Odeon Kensington, a site which has planning permission, either through sale or redevelopment in conjunction with a joint venture partner; and
- selective disposals of non-core properties.

Business review

Operational review

City of London offices

Market overview

The year has seen a considerable positive shift in market conditions and sentiment in the City occupational market. Take-up has increased for all unit sizes, and there has been renewed activity from large financial sector occupiers. Over the 12 months to 30 June 2010, take-up totalled 7.6 million sq.ft., an 80 per cent increase on the preceding year and 15 per cent higher than the 10-year annual average.

Availability has also fallen considerably over the last year, due to the marked slow-down in development activity caused by the lack of funding in the current market, and the strong levels of take-up. Total availability has fallen by 22 per cent, with the availability of new and refurbished space falling by 47 per cent. The speculative development pipeline is currently at its lowest level for five years with 2.4 million sq.ft. under construction, 800,000 sq.ft. of which will complete within the next six months.

Prime headline rents have already grown by 13.6 per cent to £50.00 per sq.ft. over the last 12 months, and it is our view that the lack of quality supply will be the principal driver of rental growth going forward. Prime rents are expected to reach £52.50 per sq.ft. by the end of 2010, and there has already been evidence outside the normal prime definition where values in excess of this have been achieved. Since the end of the second quarter of the calendar year, UBS has committed to pre-let 700,000 sq.ft. at 4–6 Broadgate on a 20-year term at a rent of £54.50 per sq.ft. Looking further ahead, although there are still downside threats to the outlook for the economy, occupier demand remains solid and coupled with continuing limited supply, prime rents are expected to increase by 10.5 per cent to £58.00 per sq.ft. by the end of 2011.

Source: Knight Frank

The Walbrook Building London EC4

Foster & Partners have designed this prime office development which is located in the central core of the City of London close to the Bank of England and Mansion House. The building provides approximately 445,000 sq.ft. of high quality Grade A office and retail accommodation and represents the only completed vacant new building in the City capable of meeting the demands of a single occupier requiring greater than 150,000 sq.ft.

Practical completion has now been achieved under the 'design and build' contract with the construction costs being within budget. In environmental terms and in line with the quality of the scheme, The Walbrook Building achieves an 'excellent' design assessment rating under BREEAM (Building Research Establishment Environmental Assessment Method).

Following the formal launch of the building into the leasing market, we continue, together with our leasing agents, to offer the building set against a diminishing availability of new buildings and a lack of new supply coming forward over the next three to four years.

The St Botolph Building London EC3

This striking new building stands on the eastern side of the City of London and has been designed by Grimshaw Architects. The completed development stands on an island site and provides some 560,000 sq.ft. of high quality Grade A office and retail accommodation. Under the BREEAM assessment, this building achieves a 'very good' for its environmental performance.

A number of milestones have been achieved during the course of the year.

We were able to complete levels 1 and 2 on time which enabled Lockton International to move in and start operating on 1 June 2010. They now have approximately 600 people working in the building. Lockton are paying a rent of some £45.00 per sq.ft. on a 20-year lease term with upward only rent reviews.

"Commentators predict prime rents in the City to rise significantly."

At the turn of the year, we achieved a further letting of some 145,000 sq.ft. to lawyers Clyde & Co on a 20-year lease at an initial rental of £48.00 per sq.ft., with upward only rent reviews and a rent free period of circa 36 months. We understand Clyde & Co will start fitting out towards the end of this calendar year so that they can be in occupation in the latter part of 2011.

We have also now achieved practical completion of the building which occurred earlier this month.

The office element of the building is now 45 per cent let and we continue to actively market the accommodation, through leading City agents, on a floor by floor basis.

London residential

Market overview

The improvement in the Prime London Market continued through to the end of June 2010, although there are signs that growth slowed during the last three months of the financial year following considerable gains seen during the latter part of 2009 and early 2010. Purchaser activity gathered momentum through 2009 and early 2010, driven by cash-rich buyers not dependent on high levels of mortgage finance, the continued relative weakness of sterling and London's status as a centre of world finance. Whilst price growth has generally slowed in the key markets for international buyers such as Chelsea, Kensington and St. John's Wood, the strongest growth has continued to be in the prime South-West London markets, such as Fulham, Wandsworth and Richmond, driven by domestic 'needs based' demand.

At the top end of the prime market in Central London (+£10 million), traditionally fuelled by strong demand from international buyers, we are still witnessing solid demand for the best properties. Good prices are still being achieved for finished product at this end of the market, where supply is tight, and is reinforced by a lack of new schemes starting. The scarcity of available development finance will continue to constrain new project starts although there is some evidence of appetite from lending banks to provide financing to this market, but on a limited scale.

The relative weakness in sterling continues to make UK property appealing to overseas buyers and is helping generate international demand, with the spread of nationalities buying increasing each year.

Source: Savills

Lancaster Gate London W2

This property was acquired in July 2006. Planning permission was obtained for 192,000 sq.ft. of ultra-prime residential, which was refined this year by obtaining permission to provide the affordable accommodation off-site, and change the scheme to an 'all-private' development with 77 residential apartments. In this regard, the requisite off-site affordable accommodation has been acquired.

Construction is progressing in line with the construction programme, with practical completion for the whole scheme scheduled in summer 2011. There will be a comprehensive range of residential units, combining the historical features and the grand setting of the building overlooking Hyde Park, with contemporary design and facilities.

At the beginning of the year, we had achieved pre-sales for circa 27 per cent of the scheme by area. Further milestone deposits relating to these sales have been received from the purchasers in accordance with the contractual terms. Since then, the scheme has been officially launched onto the market with a show apartment dressed. Following this, there have been further sales and, as at 30 June 2010, pre-sales of around 52 per cent by area, equal to just over £230 million of revenue, have been contracted.

Business review

Odeon Kensington London W8

This property was acquired towards the end of 2005 and is held freehold with a short-term lease to Odeon Cinemas which is subject to a development break clause. It is located in a prime residential area on the south-side of Kensington High Street, just south of Holland Park.

Planning consent was granted in November 2008, for an all-private residential scheme of around 100,000 sq.ft. with 35 apartments, five town houses, a basement car park, multi-screen public cinema and off-site affordable housing.

Towards the end of 2009, we acquired Northacre's interest in the scheme for £2.25 million and the property is now wholly-owned by the Group.

At the current time development has not commenced and we are reviewing our options regarding this site, with a view to its redevelopment.

Leinster House Hotel London W2

This property was acquired in October 2007 and is located directly opposite our Lancaster Gate scheme. An income is derived from the hotel through a block-booking agreement with Westminster City Council. As previously reported, we will initiate discussions with the planning authorities regarding the redevelopment in due course and expect a future scheme on this site to benefit from the success of the Lancaster Gate development.

London mixed-use

Ram Brewery London SW18

The site consists of approximately 8 acres in the centre of Wandsworth, close to the Town Hall.

Following our planning application for the main part of this site, Wandsworth Council resolved in December 2008 to grant planning consent for a high quality residential-led mixed-use scheme, which was supported by the Greater London Authority and Transport for London. The scheme was for over one million sq.ft. of accommodation, comprising approximately 1,000 apartments and 200,000 sq.ft. of retail, restaurant and office space. In February 2009 however, the Secretary of State decided to call in the planning application for a local inquiry, which was held in November and December 2009. The result was that the main part of the scheme was rejected by the Planning Inspector and Secretary of State. However, our proposals for Buckhold Road, comprising over 200 apartments, were accepted as satisfactory subject to the draft Section 106 agreement being amended.

This is being prepared in conjunction with Wandsworth Council and we hope to revert to the Secretary of State in autumn 2010 in this regard.

The key issues revolved around the two tall buildings proposed and their location within the conservation area and proximity to a nearby gasholder. Most of the regenerative benefits created by the scheme were accepted, and will be reincorporated into the next planning application. Accordingly, a new scheme is being designed to reflect the Planning Inspector and Secretary of State's comments. It is expected that a new planning application will be ready for submission during this financial year.

The subsequent site acquisition made in 2008 of properties at 1–9 Church Row will not be incorporated into the revised scheme. These will be subject to a further planning application once the revised application for the main site is resolved. Partial completion of this acquisition took place towards the end of 2009, with completion of the balance in early 2010. We will consult in due course with the Planning Authority regarding its future redevelopment.

The Croydon Estate London Borough of Croydon

Minerva's Croydon Estate comprises approximately 6 acres, essentially divided into two large land holdings within the town centre. The existing buildings comprise around one million sq.ft. of offices dating from the 1960's and 1970's, one of the UK's largest department stores and additional retail and leisure accommodation.

Croydon Council's new 'Imagine Croydon' initiative is now into the second stage following the initial consultation with land owners. The preferred master planner will be appointed by the end of September and will initially work with all stakeholders to identify the potential of the Mid Croydon area. The master planned options are scheduled to be published in early 2011. A further period of consultation will enable land owners and interested parties to make further comments.

Minerva, as one of the key strategic stakeholders in the Central Croydon area, will play a major part in shaping the future development plan. The intensification of development incorporating significant increases in commercial and residential accommodation will seek to meet the aspiration of Croydon which has been identified and prioritised as the 'key' economic hub for growth in South London.

During the year, the Group has concentrated efforts on generating income in the short and medium term from its existing properties. The focus to derive rent from the leasing of the vacant shop units has been very active and successful, with attention now being focused on the office accommodation where we are looking to improve occupancy levels.

Financial review

Review of results

Introduction

The results for the year have benefited from an improvement in the valuation of the Group's real estate portfolio since 30 June 2009, which is widely considered to have been a cyclical low for commercial property valuations.

Headline results

Basic net asset value per share at 30 June 2010 increased to 8.9 pence (30 June 2009: net liability per share of 28.8 pence). A more relevant measure of the Group's position is Diluted EPRA ('EPRA') net asset value per share, which incorporates the valuation of the Group's total property, including trading properties before taxation, and adds back the post-tax fair value on financial instruments at 30 June 2010. The EPRA net asset value per share increased by 180 per cent to 131.8 pence at 30 June 2010 (30 June 2009: 47.1 pence).

The table below reconciles basic net assets per share as shown in the consolidated accounts to diluted net assets per share set out by EPRA.

	30 June 2010 Pence	30 June 2009 Pence
Basic net assets/(liabilities) per share	8.9	(28.8)
Potential share awards	(0.3)	–
Diluted basic net assets/(liabilities) per share	8.6	(28.8)
Group's share of:		
– Revaluation surplus on trading properties (pre-tax)	70.4	42.9
– Revaluation deficit on valuation of financial instruments (post-tax)	52.8	33.0
EPRA net assets per share	131.8	47.1

Consolidated income statement

Profit before tax, incorporating property revaluation movements of our investment portfolio only, was £69.1 million (2009: loss of £289.2 million).

The results can be broken down as follows:

	2010 £m	2009 £m
Net outgoings from ongoing operations	(15.9)	(6.9)
Exceptional administrative costs	(2.4)	–
Fair value adjustments		
– Properties	107.9	(284.6)
– Derivative financial instruments	(27.4)	2.4
Gain/(loss) on sale of investment/ owner-occupied property	6.9	(0.1)
Profit/(loss) before tax	69.1	(289.2)

Net property income increased to £6.9 million during the year (2009: £5.2 million). This is mainly a result of lower property outgoings, principally in relation to costs on our estate in Croydon which were high in the corresponding year when the development agreement was terminated; although the net effect of this has been partly offset by reduced rental income following the disposal of the 42 Wigmore Street property in the year.

During the year, net financing costs totalled £42.7 million (2009: £3.1 million), net of interest capitalisation of £39.8 million (2009: £32.2 million) on the Group's development projects. The principal component of the increase is the adverse movement in valuation of derivative financial instruments of £27.4 million, most of which relates to an interest rate swap which no longer qualifies for hedge accounting purposes following the refinancing during the year and is therefore expensed through the income statement. It should be noted that circa £6.3 million of the movement relates to recycling of a hedge reserve through the income statement, with no consequential effect on net assets. Interest on development projects which achieved practical completion in the year and lower interest receivable on short term cash deposits are also contributory factors to the increase.

Total administrative expenses for the year were £10.1 million (2009: £6.9 million). The increase in the year is mainly in relation to exceptional costs incurred in connection with the unsolicited approach and offer from KiFin for the remainder of the shares it did not already own in the Company and the subsequent General Meeting to re-elect the Chairman, Oliver Whitehead.

As referred to above, the Group's investment property performance has benefited during the year under review. This has been a result of strengthening investment yields for prime real estate in London, as well as an improvement to the financial terms expected to be obtained on leasing our City of London developments. The Group is benefiting from its delivery of new large floor-plate buildings in the City of London, for which existing and forecast competitive supply is severely restricted. The increase in valuation of our City developments has been partly offset by a fall in the valuation of the Ram Brewery site where, despite a resolution to grant planning permission by Wandsworth Council and support from the Mayor of London, planning permission was not granted by the Secretary of State. These, together with other factors have been reflected in the valuation of our investment properties which has shown, in aggregate, an increase of £107.9 million (2009: reduction of £281.9 million), after adjusting for expenditure and disposals in the year.

Business review

Our high-end residential projects at Lancaster Gate and Odeon Kensington, the performance of which had remained comparatively resilient during the downturn, have also shown strong valuation increases in the year, equivalent to £58.9 million, after adjusting for costs incurred in the year (2009: net decrease in value of £37.6 million). These properties are now valued at £398.1 million (30 June 2009: £292.2 million) and remain significantly above their historical cost.

The Group's operations have realised sufficient tax losses to ensure there is no liability to either corporation or deferred tax (2009: credit £2.2 million). Although the investment properties have increased in valuation during the year, overall they are held at below the relevant tax-based cost.

The Group's profit for the year was £69.1 million (2009: loss of £287.1 million). No dividend has been paid or declared during this financial year (2009: £nil).

Consolidated statement of financial position

The Group's property portfolio has been valued by CB Richard Ellis Limited ('CBRE') at 30 June 2010. The total property portfolio has been valued at £1,124.9 million (30 June 2009: £807.0 million), comprising investment properties at £726.8 million (30 June 2009: £514.8 million) and trading properties at £398.1 million (30 June 2009: £292.2 million). In aggregate, after adjusting for expenditure and disposals in the year, investment and trading property valuations have both increased by 17.4 per cent with, as mentioned earlier, only the investment property revaluation movement being reflected in the income statement.

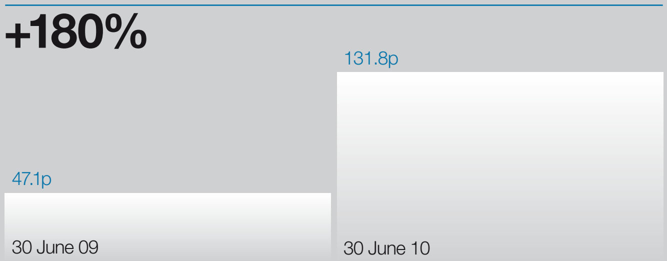
	Valuation 30 June 2010 £m	Annual portfolio valuation increase %
The Walbrook Building, London EC4	240.8	
The St Botolph Building, London EC3	245.7	
Ram Brewery, London SW18	84.0	
Croydon Estate, London Borough of Croydon	65.0	
Westerhill Road, Glasgow	57.1	
Others	34.2	
Investment properties	726.8	17.4
Lancaster Gate, London W2	320.1	
Odeon Kensington, London W8	78.0	
Trading properties	398.1	17.4
Total property portfolio	1,124.9	17.4

A reconciliation of the movement in the valuation of the investment and trading properties is set out below:

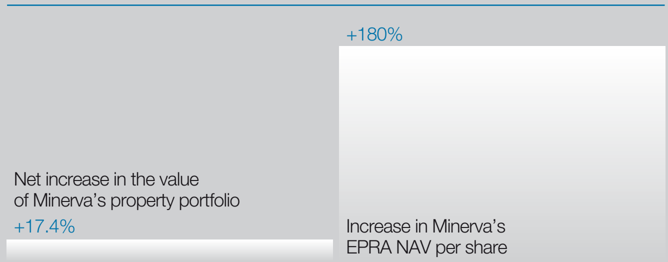
	Investment properties £m	Trading properties £m
At valuation – 1 July 2009	514.8	292.2
Additions	142.9	47.0
Disposals	(27.0)	–
Revaluation	107.9	58.9
Movement in prepayments and accrued income	(11.8)	–
At valuation – 30 June 2010	726.8	398.1

"The EPRA net asset value per share increased by 180% to 131.8p at 30 June 2010."

Minerva's EPRA NAV
pence per share



Increase from 30 June 2009 to 30 June 2010
%



No investment or trading property acquisitions were made during the year. Additions, under both categories of property, principally relate to expenditure incurred progressing our development programme. Investment property disposals made during the year relates to the part of 42 Wigmore Street held for investment purposes.

The Group's trading properties, Lancaster Gate and Odeon Kensington, are stated at their historical cost of £228.6 million (30 June 2009: £181.6 million) in aggregate in the statement of financial position, in line with the accounting policy of the Group. The independent valuation of these properties by CBRE has therefore not been reflected in the Group's basic net asset value, but is reflected in the Group's estimated pre-tax share of the revaluation surplus of these properties in the EPRA net asset value. EPRA net asset value takes into account the profit sharing arrangements in place with Northacre plc on the Lancaster Gate development, which provide for Minerva to earn profits based on the following tranches:

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

As previously reported, during the year the Group acquired Northacre's interest in Odeon Kensington for £2.25 million, excluding acquisition costs. This acquisition of Northacre's equity interest, together with their share of the future profit, now means that the property is entirely owned by Minerva for the future benefit of its shareholders. The statement of financial position includes amounts owing from the minority interest of £0.2 million (30 June 2009: amounts owing to the minority interest of £0.3 million), which now represents Northacre's interest in Lancaster Gate only.

Group net debt at 30 June 2010 was £804.8 million (30 June 2009: £638.6 million), comprising borrowings of £859.8 million (30 June 2009: £720.9 million) reduced by cash and short-term deposits of £55.0 million (30 June 2009: £82.3 million). The increase in net debt during the year of £166.2 million is principally in relation to the expenditure incurred progressing the developments, the completion of the acquisition of properties at the Ram Brewery, the purchase of the minority interest and profit share in Odeon Kensington; partially offset by the net proceeds arising from the disposal of 42 Wigmore Street and deposits received on Lancaster Gate which have been applied against the project loan.

Group borrowings	**Year ended 30 June 2010 £m**	Year ended 30 June 2009 £m
Balance brought forward	**720.9**	526.6
Loan additions	**168.9**	215.0
Loan repayments	**(27.0)**	(18.8)
Loan amortisation and other movements	**(3.0)**	(1.9)
Balance carried forward	**859.8**	720.9

Financing

Overview

The activities of the Group are financed through a mixture of equity, cash and bank borrowings. As part of its normal activities, the Group finances acquisitions and funds developments with bank debt, while maintaining cash in reserve. Loans are arranged with banks with which the Group has long-standing relationships and cash is placed with selected financial institutions with good credit ratings.

The Group has a number of financings in place, with total committed loan facilities of approximately £1 billion. Further to the loan refinancing and restructurings completed during the year, the Group has undrawn loan facilities of circa £139.3 million (30 June 2009: £349.3 million).

At 30 June 2010, the average interest cost of debt for the Group was 6.3 per cent (30 June 2009: 6.5 per cent), with a weighted average interest margin, significantly below prevailing market margins, of 1.5 per cent (30 June 2009: 1.6 per cent).

Net debt as a proportion of the Group's total property portfolio at valuation was 72 per cent at 30 June 2010 (30 June 2009: 79 per cent).

Summary of banking revisions during the year

Loan maturities

During the first half of the year under review, we extended four facilities totalling £144.3 million which were due to expire in 2010. The Group is now in the position where it has no scheduled loan maturities in the current financial year ending 30 June 2011.

In respect of facilities scheduled to mature in the year ending 30 June 2012, the Group has yet to formally commence discussions regarding their renewal. The Group has received written comfort from the bank that provides the facilities, that it sees no reason why the facilities cannot be extended on appropriate terms, subject to its internal credit approval.

Business review

Financial covenants

During the year under review we also concluded discussions with our banks, and negotiated revised commercial terms for development facilities approaching £600 million, which include, inter alia, the deferral of loan to value covenants. Following this, other than a facility totalling circa £19.1 million (which continues to be in compliance based on the valuations at 30 June 2010), the Group has no net worth or loan to value covenants due to be tested during the current financial year ending 30 June 2011.

The facilities provided in relation to The Walbrook and St Botolph Buildings, as is common practice for such development loans, contain certain leasing milestones. These principal milestones, which are at levels which require less than two-thirds of the respective buildings to be leased, are set to be tested during the financial year ending 30 June 2012. Given the extreme shortage of available new Grade A office accommodation in the City of London, your Board believes that these milestones will be duly achieved.

Benefits secured by the Group

In order to retain the significant loan facilities relating to The Walbrook and the St Botolph developments, which are at levels which the Board believes are not generally available in the current market, we agreed to grant specific limited additional security for future interest payments and certain other financing costs in respect of the two City property development loans. In exchange, the Group secured from the banks several significant concessions including:

- the removal of Minerva plc interest guarantees;
- the removal of Group net worth covenants; and
- the provision of new committed funding and the removal of restrictions on existing funding totalling £31 million, for the purposes of financing post-completion interest and other finance costs in relation to the two developments.

The aforementioned additional security granted in relation to both developments effectively consists of capped charges over the Group's share of future dividends from its Lancaster Gate development. Additionally, in relation to the St Botolph development, a similarly capped second-ranking charge was granted over our Westerhill Road property in Scotland and is only enforceable in the event that the proceeds from the realisation of all other security over the St Botolph development are insufficient to satisfy the liabilities they secure. The Group estimates that the maximum amount secured by the additional security is approximately £37 million, which is less than half of the Group's projected share of dividends from the Lancaster Gate development.

Exit fees

Both City development loans contain exit fees when the loans are fully repaid. For The Walbrook Building, this is capped at up to 1.35 per cent of the total facility commitment. For The St Botolph Building, the maximum fee represents 10 per cent of the net profit of the development after settling all outstanding obligations of the borrower, but is subject to a minimum fee of £0.5 million. These fees represent obligations of subsidiaries of Minerva plc.

Interest rate management

With regard to risk management, the Group's policy is, where possible, to match the revenue profile from the properties with certainty in relation to interest costs. Where there is less certainty of revenue, for example as is the case where properties are being developed, we endeavour to hedge interest costs with swaps, caps and other financial instruments. In terms of interest rate hedging, we use interest rate derivatives to manage the interest rate profile and, as at 30 June 2010, 94 per cent (30 June 2009: 96 per cent) of the Group's bank borrowings were hedged under interest rate swap agreements. In addition, the Group has in place interest rate swap agreements to hedge future bank borrowings as we progress and hold our developments. Bearing in mind the unprecedented reduction in UK and world interest rates since autumn 2008, the interest rate swap agreements historically put in place are at higher than prevailing interest rates for the respective periods and this position is reflected in the valuation of the Group's derivative financial instruments. EPRA net asset value adds back the Group's share of the non-cash valuation deficit of £88.5 million (30 June 2009: £53.2 million) on the basis that the interest rate swaps are held to maturity.

Summary

The bank loan restructuring and extensions negotiated this year represent a true measure of the highly constructive relationship that the Group has with its existing lending banks and the quality of its portfolio. The restructured arrangements provide very meaningful benefits to the Group as a whole as they not only secure important additional financing, but also enable it to be ring-fenced from continuing net worth covenants and interest guarantees, thus limiting future risk. Through these arrangements, all shareholders continue to benefit from the preservation of facilities on terms and at levels which are not generally available in the current market. This is particularly evident this financial year, with the Group demonstrating a strong financial performance, with EPRA net asset value increasing by 180 per cent.

Other performance indicators

We have already set out the financial performance indicators by which we assess our business model, being basic and EPRA net asset value. The sustainability of our strategy however, is equally underpinned by the attention we pay to wider, business-critical, aspects of our activities. All of our developments have an impact on the communities in which we operate and are subject to a range of legal, regulatory and planning regimes; we are committed to maintaining compliance in all these areas. Consistent with our commitment to be at the forefront in this arena, we look to anticipate and, where possible, take commercial advantage of issues which may affect the future value and earnings potential of the business.

Health and safety

The health and safety of our employees and contractors is a concern of paramount importance to Minerva and we are committed to a regime of safe working practices. We had one Reportable Incident on our projects in the reporting period under review (2009: seven Reportable Incidents).

People

We have a small and strong team of commercially-focused and experienced people, combining site-assembly, development, management and financing skills. Their acumen delivers the skills which underpin the Minerva market offering. Their loyalty to the Group is reflected in terms of their average length of service which stands at 8.6 years at 30 June 2010 (30 June 2009: 7.6 years).

Planning

Planning considerations constitute one of the major value drivers of our business. Maintaining good relationships with local planning authorities whilst leveraging and growing our reputation to secure timely permissions consistent with our commercial objectives is fundamentally important to our success in achieving our strategy. During the year under review, one planning application was referred to a public inquiry and declined by the Secretary of State and another application was successful.

Energy and carbon emissions reduction

We continue to work towards reducing our carbon emissions, and identifying opportunities for incorporating energy efficiency measures into our developments. With the introduction of additional regulation in this area and a growing demand from potential occupiers for energy-efficient buildings, we recognise the value associated with improving the sustainability of our investments and exceeding where possible the existing requirements for buildings to reduce carbon dioxide emissions.

We are pleased to report that preliminary assessments predict that The Walbrook Building will exceed the Part L requirements by 38 per cent (2009: 38 per cent) and The St Botolph Building will exceed the requirements by 11 per cent (2009: 11 per cent). For our other developments the predicted performance against the Part L requirements will be included in our Business Review in future years. In respect of Lancaster Gate, because of the nature of the listed building, it is predicted that an EcoHomes ‘Pass’ will be obtained.

Business review

Key risks and uncertainties

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

We recognise that risk is attached to making investment decisions in order to drive growth for shareholders. This is amplified in the UK property sector by exposure in development and gearing.

In setting out the Group's main risks and uncertainties, the outlook, and in respect of other content, the Annual Report and Accounts contain statements which, by their nature, cannot be considered indications of likelihood or certainty. The statements are based on the knowledge and information at the date of preparation of this Business review, and what are believed to be reasonable judgements. A wide range of factors may cause the actual outcome and results to differ materially from those contained within, or implied by, these various forward looking statements. Nor should any of these statements be construed as a profit forecast.

Our main risks and uncertainties revolve around the following areas:

Business environment

External economic and market factors may adversely affect the Group's business model. The Board specifically considers the risk these factors pose at an annual strategy review. They are also considered at each Board meeting and by management when making decisions.

Property market

The Group's speculative developments may suffer from poor market demand from tenants or buyers. We address this, in accordance with our strategy, by looking to situate our developments in supply-constrained sectors of the market in well-located areas of London. The Group's current developments, which are prime, are designed and priced to attract tenants or buyers and leading agents are employed to market them effectively.

The lack of competitive supply of new buildings, caused by the credit crunch, has improved the relative position of the Group. The leasing of the Group's commercial developments and the sale of the units within its residential developments represents an uncertainty upon which the Group remains focused.

Development

The Group may acquire sites with the intention of increasing their value through a change of use or redevelopment, but planning permission may not be achieved. We seek to address this risk by obtaining appropriate expert advice before an acquisition is made and prior to the submission of a planning application. Before significant planning applications are made, the Group, and its advisers, have detailed consultations with the relevant planning authority, statutory authorities and other relevant stakeholders. However, in circumstances where planning permission is denied, the Group will seek to understand the underlying reasons for such a decision and will consider submitting a new application which seeks to address some or all of the concerns raised.

Unforeseen environmental and archaeological issues and related regulatory concerns which come to light during the Group's development of a site may delay completion and increase costs. We manage this risk by undertaking desktop or full assessments as well as physical investigations as necessary and where practical. We strive to provide adequate contingency for such matters in the development appraisal and programme, supported by appropriate insurance when available. The Group appoints specialist advisers in this area.

Control may be lost during construction projects which may result in unnecessary specifications, increased costs and additional time to complete. To address this risk we carefully monitor our developments, enter into design and build contracts where possible and appropriate, and appoint skilled professionals to help advise and manage the project plans, costs and progress. In addition, contingency plans are provided to help mitigate this risk.

Changes in legislation, regulation or best practice, particularly in relation to planning and taxation, may impact the costs, timings and profitability of the Group's schemes in progress. Such changes are closely monitored with the assistance of appropriate professional advisers so that any impact may be mitigated where possible and, where relevant, opportunities identified.

Finance

Appropriate financing needs to be in place to fund acquisitions and developments and to meet specific financial obligations. The Group addresses this by placing a strong emphasis on building long-term relationships with lenders, who are kept appraised of the Group's progress and strategy, with the aim of ensuring that the Group's facilities appropriately reflect its circumstances and the business environment in which it operates.

Compliance with lenders' covenants is a key issue, especially in the current economic environment. The Group regularly monitors the requirements of each loan facility in this regard and, if necessary or appropriate, seeks to negotiate amendments of covenants and obligations in order to ensure, where possible, that the loan financing continues and is appropriate.

The Group aims to retain adequate cash reserves during the development phase of its projects and to provide it with the ability to fund its overheads and invest in new projects as appropriate. This is addressed by careful cash monitoring, undertaken through regular budget reviews, development appraisals and other cash flow reviews. The impact of market conditions on the Group's cash flow is kept under review.

Movements in interest rates can have an impact on the profitability of projects and affect cash flow. We manage this risk by monitoring interest rates and entering into interest rate swap and related hedging agreements.

Corporate responsibility

Health and safety is a key issue especially where property construction is involved. Poor practice or carelessness could cause injury or a fatality which may also impact the business. The Group takes health and safety matters very seriously and the Board considers health and safety at each scheduled meeting. Procedures are monitored to ensure compliance by the Group and its contractors with the Construction (Design and Management) Regulations as well as other legislation, regulation and good practice.

Concern about the impact of the business on the environment, local communities and other stakeholders may impact the Group's share price or demand for its properties by buyers or tenants. We understand the importance of corporate responsibility and its relevance when making business decisions. The Group's developments are therefore planned to meet and, wherever possible, exceed the requirements set out in environmental regulation and planning guidelines. The Group regards strong relationships with stakeholders as vitally important and particularly encourages regular dialogue with the local community. Each year the Group provides a Corporate Responsibility Report to stakeholders to communicate its progress and aspirations for the coming year.

Corporate governance

The ownership of over 29 per cent of the Company's issued share capital by one shareholder can restrict the Company's capability to approve special business at shareholder meetings requiring a 75 per cent support from the members. This may restrict the Board's ability to issue shares or make necessary changes to the Company's constitution to reflect best practice in corporate governance or company law. The Board continues to monitor and address this issue at Board meetings and seeks to maintain an active dialogue with its major shareholders.

People

The attraction and retention of key management and employees is of particular importance, given the Group's small headcount, and the skills these individuals bring to the organisation. The Group addresses this matter by regularly reviewing salaries and benefits to ensure that Directors and employees' remuneration is competitive. The Group seeks to align executive Directors and employees' rewards with the Group's achievements and performance through annual bonuses and long-term share based arrangements. The Group places emphasis on training and development where appropriate.

The potential impact on the Group, were any of these risks to materialise, depends on the severity of the event. The Group has in place a control environment that is regularly monitored and which identifies risks to the Group, addressing them with measures to mitigate their impact. The Group seeks to attain the appropriate balance whereby the opportunities and their associated risks are identified and explored.

Board of Directors

Oliver Whitehead CBE
Chairman
Aged 69
Chairman of the Nominations Committee
Member of the Audit Committee
Member of the Remuneration Committee

Joined the Board of Minerva in July 2006 and appointed Chairman in November 2006. He is also Chairman of Norland Managed Services Limited. He was Chief Executive of Alfred McAlpine from May 1993 to August 2003 and from then until June 2007 was Chairman of Alfred McAlpine. Between March 2004 and February 2005 he was non-executive Chairman of ITNET plc. Formerly Group Chief Executive of Babcock International Group plc, having previously been an executive Director of AMEC plc and John Laing plc.

Salmaan Hasan BA MBA
Chief Executive
Aged 45

Joined Minerva in July 2005 from Deutsche Postbank AG where, as Head of Property Finance, he ran the unit for 11 years concluding over £5 billion of structured property loans in the UK and Europe. Prior to this he worked at Industrial Bank of Japan and Samuel Montagu in London. He is responsible, alongside the Board, in setting the strategy of the Group, day-to-day management and new business initiatives.

Ivan Ezekiel BSC FCA ATII CF
Finance Director and Company Secretary
Aged 44

Responsible for finance, accounting, tax and co-ordination of management and external reporting. He qualified as a Chartered Accountant with KPMG and worked for Capital and Regional Properties plc as Group Financial Controller before joining Minerva plc in November 1997 as Chief Financial Officer. He was appointed to the Board in March 2005.

Tim Garnham BSC
Group Development Director
Aged 53

Joined Minerva in January 1998 from the Trafalgar House Property Group where, as Deputy Managing Director of the property division, he was responsible for the UK development programme including a number of major London developments. He is responsible for the overall control of the Group's development and leasing activities.

John Matthews FCA
Non-executive Director
Aged 65
Senior Independent Director
Chairman of the Remuneration Committee
Chairman of the Audit Committee
Member of the Nominations Committee

Qualified as a Chartered Accountant with Dixon Wilson & Co. Worked in corporate finance at N M Rothschild and County NatWest which he was with for 17 years, latterly as a Managing Director. Deputy Chairman and Deputy Chief Executive of Beazer plc from 1988 to 1991. Chief Executive of Indosuez Capital Limited until 1994 when he left to concentrate on his non-executive directorships, in particular Crest Nicholson plc, of which he became Chairman in 1996, and Regus plc, of which he became Chairman in 2002. He was appointed to the Board of Minerva in September 2007 and as senior independent director in November 2008. He retired as Chairman of Regus earlier this year and is currently Senior Independent Director at Diploma plc and SDL plc.

Daniel Kitchen BSC FCCA
Non-executive Director
Aged 58
Member of the Nominations Committee
Member of the Audit Committee
Member of the Remuneration Committee

He was appointed to the Board of Minerva on 4 May 2010. Previously he spent five years as Deputy Chief Executive of Heron International and prior to that he was Finance Director of Green Property plc for eight years. He is currently non-executive Chairman of Irish Nationwide Building Society, a non-executive Director of Kingspan Group plc and of LXB Retail Properties plc and a member of the Irish Takeover Panel.

Martin Pexton BA MBA
Non-executive Director
Aged 54
Member of the Nominations Committee
Member of the Audit Committee
Member of the Remuneration Committee

He was appointed to the Board of Minerva on 5 March 2010. Previously he was Managing Director of LMS Capital plc, a listed private equity company investing in energy, technology and real estate in the UK and US, where he was responsible for the day-to-day management of the company and was a non-executive Director of a number of the company's key portfolio businesses. Prior to that Martin spent five years as executive Director of London Merchant Securities plc, the FTSE 250 real estate and private equity company (now part of Derwent London plc).

Senior management team

Mark Cherry BSC MRICS
Investment
Aged 47

Joined Minerva in April 2005. He comes with wide experience in the fields of investment and development having previously worked for Postel Investment Management, Nelson Bakewell, Barclays Bank and more recently as a director of Burford. He is responsible for new acquisitions along with specific investment and development projects.

Peter Francis BSC ACA
Financial Control
Aged 30

Joined Minerva in February 2005 and was promoted to the position of Financial Controller in April 2010. He qualified as a Chartered Accountant with Deloitte and is responsible for the Group's day-to-day financial and administrative control.

Peter Holroyd
Construction
Aged 55

Joined Minerva in October 2005 after completing the Swiss Re Tower in the City of London as Swiss Re Assurance's Construction Director. Prior to that he was in property development in Canada. He is responsible for the Group's City of London construction projects.

Edward Moody BSC MRICS
Asset Management
Aged 49

Joined Minerva in August 1998 from the Corporation of London where he worked for nine years and headed the City Fund Portfolio. Prior to that he had been at the London Dockland Development Corporation. He is responsible for property asset management.

Alexander Morris BSC
Construction
Aged 38

Joined Minerva in October 2006 having previously worked on the Swiss Re Tower project for eight years, developing the building to shell and core, and fit-out. Prior to that he was with Gardiner and Theobald.

Sandra Odell FCIS
Company Secretarial
Aged 43

Joined Minerva in August 2010 with responsibility for providing support to the Group on all Company Secretarial and Corporate Governance matters. Previously Deputy Company Secretary at Alliance & Leicester plc and Head of Governance & Policy at Lloyds Banking Group plc.

Arthur Rixon BSC
Structured Finance
Aged 59

Joined Minerva full-time in November 1996 with responsibility for general property and structured finance. Prior to this, he spent 20 years in banking with Bankers Trust where he was a senior Vice President and was responsible for all aspects of structured financing both in London and the USA.

Steven Yewman BSC MRICS
Development
Aged 40

Joined Minerva in May 1989 having previously worked at Land Investors plc. His responsibilities include development activities in Croydon, together with specific new investment and development projects. He is a director of Croydon Town Centre Business Improvement District Limited.

Corporate governance

Statement by the Directors on compliance with the provisions of the Combined Code on Corporate Governance

The Board considers good corporate governance to be fundamental to the success of the Company and is committed to the highest standards. The way in which the Company has applied the principles of good governance as set out in Section 1 of the Combined Code 2008 on Corporate Governance ('the Code') (now replaced by the UK Corporate Governance Code, which will apply for the financial year beginning 1 July 2010) is set out below.

The Company has complied throughout the year with the provisions of the Code except for part of the year, during which time the Remuneration and Audit Committees did not comprise at least two independent non-executive Directors under provisions B.2.1 and C.3.1 of the Code. The selection and appointment of new independent non-executive Directors took place at the earliest opportunity following the successful restructuring of the Company's finances in September 2009 and the unsolicited bid for the Company that closed in January 2010.

Following the appointments of Martin Pexton and Daniel Kitchen to the Board in March and May 2010 respectively, the Company was compliant with all the provisions of the Code.

Chairman and Chief Executive

The Board has established clearly defined roles for the Chairman and the Chief Executive. The Chairman is responsible for the leadership of the Board, ensuring its effectiveness setting its agenda, providing challenge and direction for the Directors and representing the interests of all of the Company's shareholders. Once agreed by the Board as a whole, it is the Chief Executive's responsibility to ensure delivery of the strategic and financial objectives through the leadership of an effective executive team.

Board of Directors

The Company supports the principle of an effective Board leading and controlling the Company. The Board provides entrepreneurial leadership of the Group within a framework of effective controls which allows risk to be assessed and managed. The Board 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; other decisions are delegated to management. The current members of the Board, and the roles of each Director, are given in the biographical details of the Directors on pages 32 to 33.

Board independence

The Board considered Oliver Whitehead who joined the Board in 2006 to be independent as a non-executive Director and on his appointment as Chairman. John Matthews who joined the Board in 2007, and Daniel Kitchen and Martin Pexton who joined the Board in 2010 are also considered to be independent. In making these determinations, the Board has considered whether each individual is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could affect, the relevant Director's judgement. John Matthews was the Senior Independent Director. During the year the Chairman met with the non-executive Directors without the executive Directors being present. Following the appointments of Daniel Kitchen and Martin Pexton as additional non-executive Directors, the senior independent director will meet with these non-executive Directors without the Chairman being present at least annually.

Board balance

The non-executive Directors who have served on the Board and its Committees have been of high calibre and have contributed wide-ranging commercial and financial experience to the Board's decision making process. The balance of the Board has been further strengthened during the year by the appointment of two new experienced, independent directors, Daniel Kitchen and Martin Pexton. The Board continues to keep the balance of skills, knowledge and experience on the Board under review.

Board attendance

In addition to meetings of Directors arranged to discuss particular transactions and events and attendance at the 2009 Annual General Meeting (AGM) and General Meeting on 5 March 2010, the Board met formally on seven occasions during the year ended 30 June 2010. The Directors attended all Board and Committee meetings where they were members except where otherwise indicated in the table opposite. The table also sets out where Directors are not members but have attended Committee meetings by invitation.

	Board	Audit Committee	Remuneration Committee	Nominations Committee
Number of meetings	7	3	3	3

	Attended	Attended	Attended	Attended
Oliver Whitehead	7	3	3	3
Salmaan Hasan	7	–	1[1]	–
Ivan Ezekiel	7	3[1]	1[1]	–
Tim Garnham	7	–	–	–
Daniel Kitchen[2]	1	–	–	–
John Matthews	7	3	3	3
Martin Pexton[2]	2	–	1	–

1 Not a member of the Committee but attended by invitation.
2 Attended all possible Board Meetings/Committee meetings since their respective appointments to the Board.

For each meeting, the Board is supplied with information in a form and of a quality appropriate to enable it to discharge its duties.

Rotation of Directors

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. In addition, all Directors are required to submit themselves for re-election at the next AGM following their appointment by the Board.

Evaluation and training

The Board evaluation process was carried out based on a detailed questionnaire completed by all Directors and informal discussions with the Chairman. Responses were constructive and where changes or improvements were agreed to be necessary these are being implemented. The questionnaire covered an extensive range of topics including communications, competence and effectiveness of Directors, success of Board Committees, risk management and the appropriateness of the Group's strategy. The evaluation process is carried out annually and developed to ensure that the Board's performance continues to improve. Training in matters relevant to their role on the Board is available to all Directors. New Directors are provided with a tailored induction in order to introduce them to the operations and management of the business.

Company Secretary

The role of the Company Secretary is carried out by the Finance Director, fully supported by an experienced Deputy Company Secretary. All Directors have access to independent professional advice, paid for by the Company, and to the services of the Company Secretary who is available to give ongoing advice to all Directors on Board procedures and corporate governance.

Board changes

Martin Pexton was appointed a Director of the Company on 5 March 2010 and Daniel Kitchen was appointed a Director on 4 May 2010.

Board Committees

The Board has established three standing Committees. These Committees have regularly reviewed, written terms of reference which deal with their authorities and duties and which are available on the Company's website. Non-executive Directors play the primary role in these Committees. The Committees are:

The Remuneration Committee

The Committee is responsible for reviewing the terms and conditions of employment of executive Directors including the provision of incentives and performance related benefits. The Remuneration report is set out on pages 38 to 43.

The Nominations Committee

The Committee is responsible for the selection and appointment of all Directors to the Board and for succession planning. A report by the Nominations Committee is set out on page 44.

The Audit Committee

The Committee is responsible for, among other things, the appointment of auditors, reviewing the half year and annual financial results, considering matters raised by the auditors and overseeing the risk monitoring and internal control system operated by the Group. A report by the Audit Committee is set out on page 45.

Corporate governance

Relations with shareholders

The Company has always recognised the importance of clear communications with shareholders and has encouraged regular dialogue with institutional and other shareholders. The Company holds meetings with, and presents to, its existing shareholders and potential new shareholders to discuss strategic and other issues. In addition, during the year, the executive and non-executive Directors have met with and spoken to shareholders, responding to their questions ranging from the level of disclosure to the performance of the Company. Care is taken to ensure that inside information which has not already been made available to all shareholders is only released through proper channels. During the course of the year, shareholders are kept informed of the progress of the Company through the announcement of financial results and other news released through the London Stock Exchange, other news services and the Company's website. The principal means of communication with private shareholders are through the Annual Report, the Half Year Report, Interim Management Statements, the AGM and other shareholder meetings. The AGM Notice and related papers are posted to shareholders at least 21 days before the date of the AGM to ensure that shareholders have sufficient time in which to consider the items of business. The AGM provides the Board with an opportunity to communicate with, and answer questions from, private and institutional shareholders. Separate resolutions at the AGM are proposed on each issue so that they can be given proper consideration. The Company counts all proxy votes and will indicate at the Annual General Meeting the level of proxies lodged on each resolution where such resolution has been dealt with by a show of hands.

Accountability and audit

Internal control

The Board recognises that it is responsible 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, established in accordance with the Turnbull Guidance 2005, 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 Group'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.

Going concern

The Directors have a reasonable expectation that the Group has 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.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' remuneration report and the financial statements in accordance with applicable law and regulations.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are set out on page 32 to 33 confirm that, to the best of their knowledge:

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

By order of the Board

Salmaan Hasan
Chief Executive

21 September 2010

Remuneration report

The Remuneration Committee

The Remuneration Committee (the 'Committee'), is established under terms of reference approved by the Board. The Committee's terms of reference are kept under review and updated when appropriate.

Membership

During the financial year, the following Directors served on the Committee:

John Matthews	(Committee Chairman)
Daniel Kitchen	(from 4 May 2010)
Martin Pexton	(from 5 March 2010)
Oliver Whitehead	

Meetings and advice

The Committee met three times during the year and in the performance of its duties sought assistance from an external adviser, Hewitt New Bridge Street, in relation to the Executive Incentive Plan. The Deputy Company Secretary has provided administrative support to the Committee.

Remuneration policy

The remuneration policy is designed to motivate, reward and retain executive Directors of the highest calibre in a way which is consistent with their contribution to the success of the Company, while aligning their rewards and incentives directly with the performance and growth of the Company. The pay and employment conditions of all employees are considered by the Committee at its meetings when determining the Directors' remuneration. The Committee considers annual performance bonuses and long-term share based incentives to be the most effective mechanisms of aligning the interests of the executive Directors with shareholders. The Committee continues to monitor remuneration policy and will consult with major shareholders and representative bodies regarding any proposed changes to long-term incentive schemes. Any changes that are made to annual performance bonus arrangements will be disclosed to shareholders in future Remuneration reports.

The remuneration packages currently comprise:

Basic salaries and benefits

Basic salaries and benefits are reviewed by the Committee having regard to a number of factors, including the responsibility and performance of the individual and competitive market practice. Benefits to each Director principally include the provision of a company car, medical insurance and life assurance cover. In addition, contributions to a defined contribution pension scheme, based solely on basic salary, were made or have been accrued in respect of all executive Directors.

Annual performance bonuses

The Company's policy is to award performance bonuses primarily based upon the achievement of corporate objectives.

The Committee awarded cash bonuses for the financial year equivalent to 100 per cent of Directors' basic salaries, having taken into consideration the considerable business achievements made by the executive Directors in a very challenging economic environment. In particular, the Committee took into account the significant and comprehensive refinancing of the Group's bank loans, the leasing at The St Botolph Building to Clyde & Co, the achievement of construction milestones at The Walbrook Building, The St Botolph Building and Lancaster Gate, and the pre-sales and prices achieved to date at Lancaster Gate.

The Committee has reviewed the framework for awarding annual performance bonuses to executive Directors. It agreed that, for the year ending 30 June 2011, executive Directors could earn cash bonuses of up to 75 per cent of annual basic salary, based on the achievement of targets which would include leasing, sales and financing milestones relating to the business. An award of up to 150 per cent of annual salary could be achieved if those pre-agreed targets are exceeded.

Long-term share based incentives

Awards of share based incentives are considered by the Committee annually. The Company has ceased granting options under the Company's Executive Share Option Schemes and currently only operates the 2005 Executive Incentive Plan ('EIP') and the All Employee Savings Related Share Option Scheme ('Sharesave Scheme').

The level of award under the EIP would normally be capped at no more than 100 per cent of salary in performance shares and there is no intention to provide further matching performance share awards.

Directors' remuneration

	Salary and fees		Bonus		Other benefits		Total		Pensions	
	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000	**Year ended 30 June 2010 £000**	Year ended 30 June 2009 £000	**Year ended 30 June 2010 £000**	Year ended 30 June 2009 £000	**Year ended 30 June 2010 £000**	Year ended 30 June 2009 £000	**Year ended 30 June 2010 £000**	Year ended 30 June 2009 £000
Executives										
Salmaan Hasan	**441**	441	**441**	–	**21**	26	**903**	467	**44**	44
Ivan Ezekiel	**265**	265	**265**	–	**14**	23	**544**	288	**53**	53
Tim Garnham	**265**	265	**265**	–	**21**	27	**551**	292	**26**	26
	971	971	**971**	–	**56**	76	**1,998**	1,047	**123**	123
Non-executives										
Oliver Whitehead	**130**	130	**–**	–	**–**	–	**130**	130	**–**	–
Daniel Kitchen[1]	**8**	–	**–**	–	**–**	–	**8**	–	**–**	–
John Matthews	**50**	50	**–**	–	**–**	–	**50**	50	**–**	–
Martin Pexton[2]	**16**	–	**–**	–	**–**	–	**16**	–	**–**	–
John McNeil[3]	**–**	34	**–**	–	**–**	–	**–**	34	**–**	–
Clive Richards[4]	**–**	18	**–**	–	**–**	–	**–**	18	**–**	–
Christopher Sheridan[4]	**–**	18	**–**	–	**–**	–	**–**	18	**–**	–
	204	250	**–**	–	**–**	–	**204**	250	**–**	–

1 Appointed as a Director on 4 May 2010.
2 Appointed as a Director on 5 March 2010.
3 Resigned as a Director on 4 March 2009.
4 Resigned as a Director on 13 November 2008.

Directors' interests

At 30 June 2010, the Directors' interests, including immediate family interests, in the share capital of the Company were as follows:

	Ordinary shares 30 June 2010	Ordinary shares 30 June 2009
Oliver Whitehead	**314,573**	314,573
Salmaan Hasan	**477,142**	477,142
Ivan Ezekiel	**120,831**	120,831
Tim Garnham	**2,414**	2,414
Daniel Kitchen	**–**	–
John Matthews	**65,000**	65,000
Martin Pexton	**–**	–

Remuneration report

Employee share incentives

The Group operates two types of share plans: the EIP and the Sharesave Scheme. During the year, no conditional awards have been granted under the EIP and no options were granted pursuant to the Sharesave Scheme. None of the terms of the EIP or the Sharesave Scheme were varied during the year.

2005 Executive Incentive Plan

Participation in the EIP is available to executive Directors and senior employees of the Company and its subsidiaries. The EIP was adopted in November 2005 and comprises two parts. The first part provides for the Company to grant participants a conditional right (or an option with a nominal value exercise price) to acquire 'Matching Performance Shares' over a number of shares in the Company linked to the number of shares purchased by the participant from his or her annual bonus. The second part allows the Company to grant participants a conditional right to acquire 'Performance Shares' (or an option with a nominal value exercise price) which is not linked to the co-investment in Company shares by the participant. The vesting of awards of Matching Performance Shares or conditional rights to acquire Performance Shares is subject to a three year condition which will compare the Company's total shareholder return ('TSR') performance with the TSR of the companies in the Comparator Group as follows:

Ranking of the Company within Comparator Group	Proportion of Matching Performance Shares or Performance Shares which vest
Within the top 20 per cent of companies	100 per cent
Between the median company and the top 20 per cent of companies	Straight-line basis between 25 per cent and 100 per cent
Median company	25 per cent
Below median company	Nil

The TSR measure was chosen as it is considered to be well understood by the business and is a transparent measure that acts to align the interests of the participants with the interests of the Company's shareholders. For awards made in 2007 and 2008, the 'Comparator Group' has comprised companies in the FTSE All-Share Real Estate Index at the date of grant, excluding agents. The Committee considered this to be the Company's closest and most appropriate Comparator Group. The FTSE All-Share Real Estate Index was discontinued in December 2009 and for any future awards, the Committee will endeavour to include a list of companies that were included in that Index in the Comparator Group and exclude companies in the FTSE 350 Real Estate Index which are not comparable owing to size or business. The continued inclusion of companies classified as Real Estate Investment Trusts in future awards will also be taken into consideration. The Committee will decide how to treat any companies that leave the Comparator Group, due to takeover for example, based on the circumstances prevailing at the time. In addition, the Committee will have the power to scale back the vesting of awards where, in its reasonable opinion, there has not been satisfactory financial performance of the Company over the performance period.

As at 30 June 2010 the Company's TSR performance relative to its peer Group indicated that:

Award	Ranking of the Company within Comparator Group	Proportion of Matching or Performance Shares which would vest
2007	Below median company	Nil
2008	Top 20 per cent of companies	100 per cent

No awards were made under the EIP in 2009.

All Employee Sharesave Scheme

The Company has operated an H.M. Revenue and Customs approved Sharesave Scheme since 2002. All eligible employees of participating Group companies may participate in the Sharesave Scheme. The Scheme 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 started saving. Options granted under the Sharesave Scheme are not subject to performance conditions.

Share options and EIP awards

At 30 June 2010, options and awards granted to Directors over the following number of shares in the Company remained outstanding:

Salmaan Hasan

Scheme	At 1 July 2009	Granted during year	Exercised during year	Lapsed during year*	At 30 June 2010	Exercise price/ market value on date of award	Exercise period/date of vesting
EIP	218,892	–	–	218,892	–	nil/383.75p	Nov 2009
EIP	344,195	–	–	–	344,195	nil/256.25p	Sep 2010
EIP	1,633,333	–	–	–	1,633,333	nil/27.00p	Oct 2011

Ivan Ezekiel

Scheme	At 1 July 2009	Granted during year	Exercised during year	Lapsed during year*	At 30 June 2010	Exercise price/ market value on date of award	Exercise period/date of vesting
Sharesave	29,869	–	–	–	29,869	32.14p	Dec 2011 – May 2012
EIP	131,335	–	–	131,335	–	nil/383.75p	Nov 2009
EIP	206,517	–	–	–	206,517	nil/256.25p	Sep 2010
EIP	980,000	–	–	–	980,000	nil/27.00p	Oct 2011

Tim Garnham

Scheme	At 1 July 2009	Granted during year	Exercised during year	Lapsed during year*	At 30 June 2010	Exercise price/ market value on date of award	Exercise period/date of vesting
Sharesave	29,869	–	–	–	29,869	32.14p	Dec 2011 – May 2012
EIP	131,335	–	–	131,335	–	nil/383.75p	Nov 2009
EIP	206,517	–	–	–	206,517	nil/256.25p	Sep 2010
EIP	980,000	–	–	–	980,000	nil/27.00p	Oct 2011

Sharesave: 2001 Sharesave Scheme
Options granted under the Sharesave Scheme are not subject to performance conditions.

EIP: 2005 Executive Incentive Plan
The Total Shareholder Return has to be within the top 20 per cent of comparator companies for all share awards to vest. Share awards vest at progressively lower levels as the level of Total Shareholder Return falls to a median level at which point a quarter of options vest. Awards lapse for below median performance.

*All awards which lapsed during the year represent awards which did not vest due to the Company's comparative TSR performance.

No consideration was paid for the grant of any option or award.

The mid-market price of the Company's shares on the London Stock Exchange at 30 June 2010 was 109 pence per share. During the year the share price ranged from 13 pence to 124 pence.

Share ownership guidelines

Executive Directors are encouraged to build and retain an interest in the Company's shares to the value of 100 per cent of their basic salary (150 per cent for the Chief Executive).

Remuneration report

Non-executive remuneration

The non-executive Directors do not have service contracts. Their appointments are subject to the provisions of the Articles of Association and the Combined Code dealing with appointment and retirement by rotation. Non-executive Directors receive a fee for their services to the Company, including in connection with Board and Board Committee meetings. The non-executive Directors do not receive any pension or other benefits from the Company (such as bonuses, options or awards under any share incentive arrangements).

Oliver Whitehead joined the Board on 19 July 2006 for an initial three year term under an agreement also dated 19 July 2006. With effect from 19 July 2009, he was reappointed by the Board on the same conditions of service for a further term of three years. In accordance with the Articles of Association, he submitted himself for re-election at the Annual General Meeting of the Company held on 4 December 2009, but the resolution for his re-election was not approved by the shareholders. The Board announced its decision to reappoint Oliver Whitehead as Chairman following the meeting, taking into account the near unanimous support from independent voting shareholders and to seek to ensure that Minerva had a strong, independent Chairman acting in the interests of all shareholders. At the subsequent General Meeting of the Company held on 5 March 2010, his re-election as a Director was approved by the shareholders.

John Matthews was appointed to the Board under an agreement dated 7 June 2007, commencing on 17 September 2007 for an initial term of three years which was extended by a further three years with effect from 17 September 2010.

The agreements with Oliver Whitehead and John Matthews are terminable by either party on three months' notice.

Martin Pexton was appointed to the Board under an agreement dated 25 January 2010, commencing on 5 March 2010 and Daniel Kitchen was appointed to the Board under an agreement dated 20 April 2010, commencing on 4 May 2010, both of which were for an initial period of three years and terminable by either party on three months' notice.

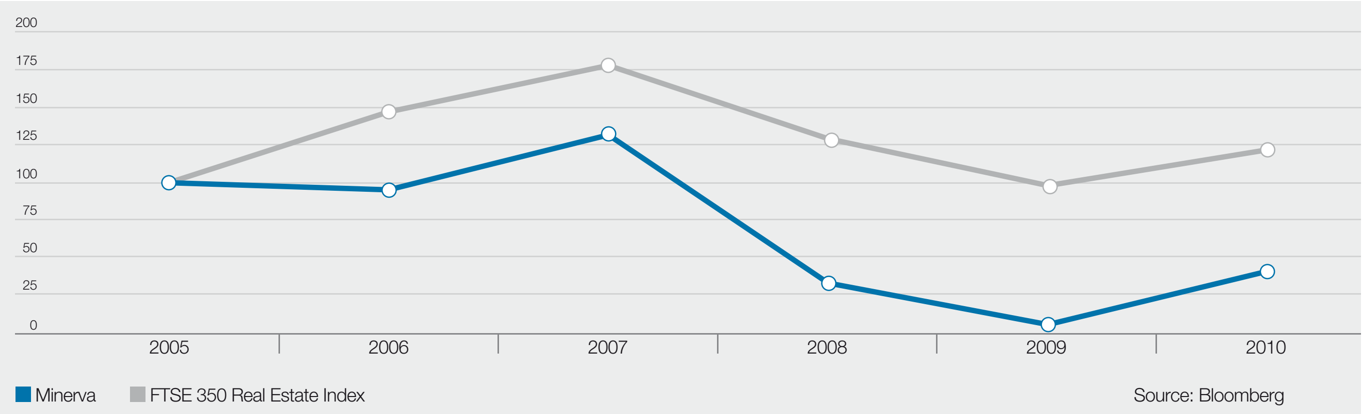
Service contracts, contracts of significance and notice periods

The service contract of Salmaan Hasan is dated 4 July 2005 and his appointment also commenced on that date. The contract has no fixed term and is terminable by either party on 12 months' notice. The service contract of Ivan Ezekiel is dated 24 August 2005. The contract has no fixed term and is terminable by the Company on 12 months' notice and by Ivan Ezekiel on six months' notice. Ivan Ezekiel's service contract provides that, in the event that his employment is terminated without notice (other than for cause), the Company will make a lump sum payment to him equivalent to 95 per cent of the salary and benefits he would have received had he remained in employment during the notice period in full and final settlement of any claims he may have. The service contract of Tim Garnham is dated 16 January 2006. His appointment commenced on 30 August 2005. The contract has no fixed term and is terminable by the Company on 12 months' notice and by Tim Garnham on six months' notice.

No Director has contractual rights for compensation on early termination beyond payment of the contractual notice period. The Remuneration Committee reviews the service contracts periodically. Other than set out above, there were no other persons who served as an executive Director of the Company during the year ended 30 June 2010. Apart from share options, conditional share awards and service contracts or non-executive Director letters of appointment, no contract subsisted during or at the end of the financial year in which a Director is or was materially interested and which is or was significant in relation to the Group's business during the period under review.

Total shareholder return performance

The total shareholder return to the members of the Company, calculated by reference to share price growth plus reinvested dividends, relative to the FTSE 350 Real Estate Index for each of the last five financial years, is illustrated by the following chart:



The Committee considers the FTSE 350 Real Estate Index to be the most appropriate broad market equity index available for illustrating the Company's performance.

Auditable information

The Remuneration report consists of non-auditable information with the exception of the sections entitled Directors' remuneration and the details of share options held by Directors set out in the tables and accompanying notes on pages 39 and 41.

Approval

An ordinary resolution will be proposed for the approval of this report at the Annual General Meeting of the Company.

For and on behalf of the Board

John Matthews
Chairman of the Remuneration Committee
21 September 2010

Nominations Committee report

The Nominations Committee

The Nominations Committee (the 'Committee') is established under terms of reference approved by the Board. The Committee's terms of reference are kept under review and updated when appropriate.

Membership

Throughout the financial year, the following Directors served on the Committee:

Oliver Whitehead	(Committee Chairman)
Daniel Kitchen	(from 4 May 2010)
John Matthews	
Martin Pexton	(from 5 March 2010)

Meetings

The Committee met three times during the year ended 30 June 2010.

Main activities of the Committee

The role of the Committee includes:

- monitoring the balance of skills, knowledge and experience on the Board;
- using executive search specialists, assisting the Board with the recruitment of Directors; and
- recommending to the Board the Directors proposed for re-election at the Annual General Meeting of the Company.

Following a thorough selection process, the Committee recommended the appointment of Daniel Kitchen and Martin Pexton.

The Committee meets periodically when required. When appropriate, the executive Directors may be invited by the Committee to its meetings. The Committee is able to consider items of business without other parties being present.

The Committee has access to such information and advice both from within the Group and externally, at the cost of the Company, as it deems necessary. This may include the appointment of external consultants, where appropriate.

For and on behalf of the Board

Oliver Whitehead
Chairman of the Nominations Committee

21 September 2010

Audit Committee report

The Audit Committee

The Audit Committee (the 'Committee') is established under terms of reference approved by the Board. The Committee's terms of reference are kept under review and updated when appropriate.

Membership

Throughout the financial year, the following Directors served on the Committee:

John Matthews	(Committee Chairman)
Daniel Kitchen	(from 4 May 2010)
Martin Pexton	(from 5 March 2010)
Oliver Whitehead	

John Matthews, is a Fellow of the Institute of Chartered Accountants in England and Wales. Martin Pexton has significant financial experience gained from his directorships within private equity and the real estate sectors. Daniel Kitchen is a Fellow of the Institute of Chartered Certified Accountants and has a breadth of financial experience gained from external appointments as a Finance Director and Chief Executive within the property investment and development sector. Therefore, the majority of Committee members are considered to have recent and relevant financial experience.

Meetings

The Committee met three times in the year ended 30 June 2010. When appropriate, the Finance Director, other Directors and the auditors were invited by the Committee to attend its meetings. The Committee is able to consider items of business without other parties being present.

Main activities of the Committee

The role of the Committee includes:

- detailed reviews of published annual and half year financial information including consideration of the appropriateness of accounting policies and material assumptions and estimates adopted by management;
- meeting with the auditors, in advance of the annual audit, to consider and discuss the nature and scope of the audit;
- an annual review of the need for an internal audit function, which confirmed that it was not necessary given the size and complexity of the Company;
- monitoring the independence of the auditors;
- meeting with the auditors without executive Directors present;
- reviewing and updating the formal policy for the auditors to supply non-audit services;
- considering the Company's report on internal control and risk management, in compliance with the Combined Code on Corporate Governance; and
- reviewing and reaffirming the Company's whistleblowing arrangements.

All of these activities were carried out by the Committee during the year with the exception of the review of internal control and risk management which was carried out by the Board.

Auditors

The Committee reviews the level of fees and type of non-audit work carried out by the auditors. During the year no work was provided by PricewaterhouseCoopers LLP other than the audit and work on the review of the half year results. In addition, the Committee further safeguards the auditors' objectivity by reviewing the measures they take to maintain their independence and manage any conflicts of interest.

PricewaterhouseCoopers LLP have been the Company's auditors since 1997. The auditors are required to rotate the audit partners responsible for the Group and subsidiary audits every five years and the current lead audit partner has been in place for four years. There are no contractual obligations restricting the Company's choice of auditor. The Audit Committee considers that the relationship with the auditors is working well and remains satisfied with their effectiveness. Accordingly, it has not considered it necessary to date to require the firm to tender for the audit work.

The Committee has recommended to the Board that the auditors be reappointed.

For and on behalf of the Board

John Matthews
Chairman of the Audit Committee

21 September 2010

Report of the Directors

The Directors present their report and the audited consolidated financial statements of the Group and of the Company for the year ended 30 June 2010.

Principal activities and review of the business

The principal activities of the Group and its subsidiaries are that of investment, development, sale and management of real estate in the UK. A review of the business of the Group is provided in the Chairman's statement on pages 16 to 19 and the Business review on pages 20 to 31. The Business Review details the Group's strategy and includes an operational update, including the progress of the Group's projects; a financial review, including hedging and risk management; as well as other information regarding the Group's activities and position at the year end.

Results and dividends

The financial statements deal with the results of the Group for the year ended 30 June 2010 and are shown on page 52. No dividend is declared or payable in respect of the year ended 30 June 2010 (2009: £nil).

Directors

The Directors of the Company who served during the year and up to the date of the financial statements are as follows:

Oliver Whitehead	
Salmaan Hasan	
Ivan Ezekiel	
Tim Garnham	
Daniel Kitchen	(appointed 4 May 2010)
John Matthews	
Martin Pexton	(appointed 5 March 2010)

Biographical details of the current Directors of the Company are set out on pages 32 to 33. The Articles of Association deal with the powers, appointment and replacement of Directors.

The interests of the Directors and their immediate families in the shares of the Company and in options over shares of the Company as at 30 June 2010 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 2010 and the date of this report.

Re-appointment of Directors

John Matthews, Martin Pexton and Daniel Kitchen will retire from office at the AGM in accordance with the Articles of Association and are each willing and eligible to stand for re-election. Resolutions will be proposed at the AGM to re-elect them.

Directors' qualifying third party indemnity provisions

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

Substantial shareholdings

The Company has been notified of the following substantial interests in the share capital of the Company as at 21 September 2010:

	Shares	Per cent
Kifin Limited	47,627,894	29.55
Morgan Stanley (Institutional Group)	9,847,330	6.11
Standard Life Investments (Institutional Group)	7,887,854	4.89
Credit Suisse Securities (Europe) Limited	6,437,680	3.99
Barclays Private Bank (U.K.)	5,726,174	3.55
JPMorgan Asset Management U.K. Limited	5,779,999	3.59
Blackrock Advisors (Institutional Group)	5,200,299	3.23
SISU Capital Limited	5,136,085	3.19

Annual General Meeting

The business to be considered at the Annual General Meeting of the Company is set out separately in the Notice of Annual General Meeting.

Combined Code on Corporate Governance

A statement on corporate governance is set out on pages 34 to 36.

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 Group's policy concerning the payment of its trade creditors and other suppliers is to set the terms of payment with major suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in their contracts and pay all suppliers in accordance with its contractual and other legal obligations. At the year end the Group had an average of 19 days (2009: 18 days) purchases outstanding.

Donations

During the year the Group made no charitable donations (2009: £100). No political donations were made during the year (2009: £nil).

Post balance sheet events

The post balance sheet events are disclosed in note 32 on page 83.

Share capital

The Company has a single class of share capital which is divided into ordinary shares of 25 pence each. Details of the Company's share capital are set out in note 25 on page 80. The rights and obligations that are attached to the shares are set out in the Company's Articles of Association unless specified by law or regulation. There are no restrictions on voting rights or the transfer of shares other than as specified by the Articles of Association, law or regulation.

Control of the Company

The Company is party to a number of loan facilities, certain of which contain change of control provisions. If a change of control were to occur, the ability of the Company to operate could depend upon the purchaser negotiating a waiver of those provisions from the relevant lenders or obtaining alternative finance. Other than the above arrangements, the Company is not party to any other significant agreements that would take effect, alter or terminate following a change in control of the Company. There are no agreements between the Company and the Directors or employees providing for compensation for loss of office or employment that occurs because of a change of control. The Company's share schemes contain provisions which take effect in the event of a change in control of the Company. No special rights are provided to any other shareholders with regard to the control of the Company.

Disclosure of information to auditors

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

Independent auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the AGM.

By order of the Board

Ivan Ezekiel
Secretary

21 September 2010

Corporate responsibility

Corporate responsibility is part of Minerva's business culture. Our commitments are set out in our Corporate Responsibility Policy, which reflects our approach to thinking about sustainability in a holistic manner, encompassing environmental, social and economic issues.

Our Corporate Responsibility Report for 2010 summarises how we have managed the sustainability aspects of our business from July 2009 to June 2010, and outlines our new initiatives and targets. Over the past year, we have continued to review and manage the sustainability impacts of our property investments and developments and identify areas for improvement. A summary of the key initiatives this year is provided below.

Sustainable developments

The Group prides itself on the high quality design of its developments. In recent years it has become clear that a key aspect of quality is how the development performs in sustainability terms. A series of additional sustainability performance indicators have been developed, which can be applied across our development portfolio. These will help us measure and monitor the sustainability performance of both the design and the construction phases of our developments.

We also use tools such as BREEAM (Building Research Establishment Environmental Assessment Method), EcoHomes and, where appropriate for future residential developments, The Code for Sustainable Homes to assess the performance of our developments in terms of sustainability. Investors and tenants are increasingly demanding that buildings are environmentally sound, especially in terms of energy efficiency and carbon dioxide emissions. The environmental performance of our portfolio is therefore an important consideration. A high BREEAM rating can be taken as a strong indication of the likely environmental performance of a building, as it may be stipulated by investors or tenants as a requirement.

We always strive to achieve a good sustainability rating under the appropriate scheme for each of our developments, within the constraints of the site. Our current and predicted performance is summarised in the table below.

Development	Assessment rating
The Walbrook Building	BREEAM 'Excellent'
The St Botolph Building	BREEAM 'Very Good'
Lancaster Gate (listed building)	Predicted EcoHomes 'Pass'
Odeon Kensington	Predicted EcoHomes 'Very Good'

Sustainable procurement

Our Sustainable Procurement Policy ('Policy') was developed in recognition that significant sustainability impacts – both positive and negative – can arise from our supply chain activities. The Policy therefore sets out in greater detail our commitments to improve the environmental, social and ethical impacts of our supplier base by procuring more sustainable goods and services. To help implement the Policy, this year we plan to implement procedures to provide structured guidance for our employees on the sustainability issues that should be considered during supplier selection and ongoing supplier management and engagement.

Sustainable management

We continue to look for ways to improve the environmental performance of our managed assets. Tenant engagement on sustainability issues is a priority for us. We seek to engage with our tenants on issues such as energy and water use reduction, waste management and promotion of sustainable transport, working together to improve the environmental performance of our buildings.

Investing in communities

The Group is proactive in community engagement through all stages of our business activities, including design, planning, construction and occupation. This is demonstrated by our proactive consultation during the planning process. Community engagement is not seen as an optional add-on but as a business-critical aspect of managing our developments effectively. The process of proactive consultation varies from project to project, depending on the location and the nature of the key stakeholders. What all of our developments have in common is a desire to go beyond the minimum statutory consultation and to engage the local community in a meaningful dialogue about how the development can meet their needs.

Shareholder dialogue

We recognise the importance of constructive dialogue with current and potential investors and the asset managers who act in their interest. We respond to enquiries relating to Socially Responsible Investment and our approach to Corporate Responsibility.

Continual improvement

In our 2008/09 Corporate Responsibility Report, the Group set itself a series of challenges to be tackled as 'Next Steps' towards improving the sustainability of our business activities. In 2009/2010, we have continued to respond successfully to many of these challenges and our progress is described in this year's report. We recognise that working towards sustainability is a process of continual improvement.

breeam

Investors and tenants are increasingly demanding that buildings are environmentally sound, especially in terms of energy efficiency and carbon dioxide emissions.
The environmental performance of our portfolio is therefore an important consideration. A high BREEAM rating can be taken as a strong indication of the likely environmental performance of a building, as it may be stipulated by investors or tenants as a requirement.

Independent auditors' report to the members of Minerva plc

We have audited the financial statements of Minerva plc for the year ended 30 June 2010 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Statements of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statements of Changes in Equity, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 37, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2010 and of the Group's profit and Group's and Parent Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance report set out on pages 34 to 36 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the Parent Company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 36, in relation to going concern; and
- the parts of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Jonathan Hook
Senior Statutory Auditor
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

21 September 2010

Consolidated income statement

For the year ended 30 June 2010	Note	Year to 30 June 2010 £000	Year to 30 June 2009 £000
Continuing operations			
Revenue	3	**12,458**	13,532
Property outgoings	3	**(5,511)**	(8,374)
Net property income	3	**6,947**	5,158
Administrative expenses		**(7,736)**	(6,906)
Exceptional administrative expenses	2	**(2,391)**	–
Total administrative expenses		**(10,127)**	(6,906)
Other income		**158**	319
Profit/(loss) on sale of investment properties	12	**3,894**	(92)
Profit on sale of owner occupied property	13	**3,012**	–
Impairment of owner occupied property	13	**–**	(2,750)
Gain on/(impairment of) other financial assets	15	**3**	(13)
Movement on revaluation of investment properties	12	**107,934**	(281,857)
Operating profit/(loss)	4	**111,821**	(286,141)
Finance costs	7	**(45,632)**	(10,712)
Finance income	8	**2,905**	7,619
Net finance costs		**(42,727)**	(3,093)
Profit/(loss) before taxation		**69,094**	(289,234)
Taxation credit	9	**–**	2,178
Profit/(loss) for the year		**69,094**	(287,056)
Attributable to:			
Equity shareholders		**69,114**	(287,033)
Minority interest		**(20)**	(23)
Profit/(loss) for the year		**69,094**	(287,056)
Earnings/(loss) per share			
– Basic	11	**42.9p**	(178.1p)
– Diluted	11	**41.4p**	(178.1p)

Consolidated statement of comprehensive income

For the year ended 30 June 2010	Note	Year to 30 June 2010 £000	Year to 30 June 2009 £000
Profit/(loss) for the year		**69,094**	(287,056)
Other comprehensive income			
Net loss on cash flow hedges	20	**(13,875)**	(68,711)
Amortisation of cash flow hedge reserve	7	**6,299**	–
Tax relating to net loss on cash flow hedges	23	**–**	4,280
Other comprehensive loss for the year, net of tax		**(7,576)**	(64,431)
Total comprehensive income/(loss) for the year		**61,518**	(351,487)
Attributable to:			
Equity shareholders		**61,288**	(351,065)
Minority interest		**230**	(422)
Total comprehensive income/(loss) for the year		**61,518**	(351,487)

Consolidated statement of financial position

Company number 2649607

As at 30 June 2010	Note	As at 30 June 2010 £000	As at 30 June 2009 £000
Assets			
Non-current assets			
Investment properties	12	**726,215**	502,395
Property, plant and equipment	13	**114**	6,270
Derivative financial instruments	20	**–**	419
Other financial assets	15	**47**	44
		726,376	509,128
Current assets			
Trading properties	16	**228,647**	181,597
Trade and other receivables	17	**26,726**	28,579
Cash and cash equivalents	18	**54,996**	82,306
		310,369	292,482
Total assets		**1,036,745**	801,610
Liabilities			
Current liabilities			
Trade and other payables	19	**(68,672)**	(51,618)
Derivative financial instruments	20	**(8,776)**	(1,124)
Borrowings	20	**(1,871)**	(21,760)
Provisions for other liabilities and charges	24	**(4,111)**	(4,132)
		(83,430)	(78,634)
Non-current liabilities			
Other payables	19	**–**	(15,600)
Borrowings	20	**(857,879)**	(699,116)
Derivative financial instruments	20	**(79,875)**	(52,934)
Deferred tax	23	**–**	–
Provisions for other liabilities and charges	24	**(1,372)**	(1,499)
		(939,126)	(769,149)
Total liabilities		**(1,022,556)**	(847,783)
Net assets/(liabilities)		**14,189**	(46,173)
Equity			
Called up share capital	25	**40,294**	40,294
Share premium account		**198,422**	198,422
Other reserves		**(20,778)**	(11,232)
Retained deficit		**(203,513)**	(273,910)
Total shareholders' equity/(deficit)		**14,425**	(46,426)
Minority interest		**(236)**	253
Total equity/(deficit)		**14,189**	(46,173)
Net asset/(liability) per share			
– Basic	26	**8.9p**	(28.8p)
– Diluted EPRA	26	**131.8p**	47.1p

The financial statements on pages 52 to 83 were approved by the Board of Directors for issue on 21 September 2010 and were signed on its behalf by:

S Hasan
Director

I H Ezekiel
Director

Parent Company statement of financial position

Company number 2649607

As at 30 June 2010	Note	As at 30 June 2010 £000	As at 30 June 2009 £000
Assets			
Non-current assets			
Investment in subsidiary undertakings	14	**36,158**	44,020
		36,158	44,020
Current assets			
Trade and other receivables	17	**53,814**	79,861
Cash and cash equivalents		**299**	3,340
		54,113	83,201
Total assets		**90,271**	127,221
Liabilities			
Current liabilities			
Trade and other payables	19	**(1,182)**	(631)
Total liabilities		**(1,182)**	(631)
Net assets		**89,089**	126,590
Equity			
Called up share capital	25	**40,294**	40,294
Share premium account		**198,422**	198,422
Other reserves		**20,499**	19,216
Retained deficit		**(170,126)**	(131,342)
Total equity		**89,089**	126,590

The financial statements on pages 52 to 83 were approved by the Board of Directors for issue on 21 September 2010 and were signed on its behalf by:

S Hasan
Director

I H Ezekiel
Director

Statements of changes in equity

For the year ended 30 June 2010

Group	Attributable to equity shareholders						
	Share capital £000	Share premium £000	Other reserves £000	Retained earnings/(deficit) £000	Total £000	Minority interest £000	Total equity/(deficit) £000
1 July 2008	40,294	198,422	52,800	11,023	302,539	671	303,210
Loss for the year	–	–	–	(287,033)	(287,033)	(23)	(287,056)
Other comprehensive loss	–	–	(64,032)	–	(64,032)	(399)	(64,431)
Total comprehensive loss	–	–	(64,032)	(287,033)	(351,065)	(422)	(351,487)
Contribution from minority interest	–	–	–	–	–	4	4
Share based payment	–	–	–	2,100	2,100	–	2,100
1 July 2009	40,294	198,422	(11,232)	(273,910)	(46,426)	253	(46,173)
Profit for the year	–	–	–	69,114	69,114	(20)	69,094
Other comprehensive loss	–	–	(7,826)	–	(7,826)	250	(7,576)
Total comprehensive income	–	–	(7,826)	69,114	61,288	230	61,518
Share based payment	–	–	–	1,283	1,283	–	1,283
Acquisition of minority interest	–	–	(1,720)	–	(1,720)	(719)	(2,439)
30 June 2010	**40,294**	**198,422**	**(20,778)**	**(203,513)**	**14,425**	**(236)**	**14,189**

Company	Attributable to equity shareholders				
	Share capital £000	Share premium £000	Other reserves £000	Retained earnings/(deficit) £000	Total equity £000
1 July 2008	40,294	198,422	17,116	36,692	292,524
Share based payment	–	–	2,100	–	2,100
Loss for the year	–	–	–	(168,034)	(168,034)
1 July 2009	40,294	198,422	19,216	(131,342)	126,590
Share based payment	–	–	1,283	–	1,283
Loss for the year	–	–	–	(38,784)	(38,784)
30 June 2010	**40,294**	**198,422**	**20,499**	**(170,126)**	**89,089**

Consolidated cash flow statement

For the year ended 30 June 2010	Note	Year to 30 June 2010 £000	Year to 30 June 2009 £000
Cash flows from operations	31	(34,472)	(31,156)
Interest received		2,000	5,301
Interest paid		(12,053)	(14,499)
Cash flows from operating activities		(44,525)	(40,354)
Investing activities			
Additions to investment properties		(121,935)	(162,922)
Additions to property, plant and equipment		(48)	(13)
Acquisition of minority interest		(2,439)	–
Receipts from sale of investment properties		31,316	1,956
Receipts from sale of owner occupied property		9,069	–
Receipts from sale of property, plant and equipment		–	186
Receipts from sale of other financial assets		–	173
Cash flows from investing activities		(84,037)	(160,620)
Financing activities			
New loans		131,858	187,540
Issue costs of loans		(933)	(940)
Equity contribution from minority interest		–	4
Repayment of loans		(28,617)	(20,762)
Cost of early loan repayment		(1,056)	–
Cash flows from financing activities		101,252	165,842
Net decrease in cash and cash equivalents		(27,310)	(35,132)
Cash and cash equivalents at beginning of year		82,306	117,438
Cash and cash equivalents at end of year		54,996	82,306

Parent Company cash flow statement

For the year ended 30 June 2010	Note	Year to 30 June 2010 £000	Year to 30 June 2009 £000
Cash flows from operations	31	**(3,132)**	(3,522)
Interest received		**91**	194
Cash flows from operating activities		**(3,041)**	(3,328)
Net decrease in cash and cash equivalents		**(3,041)**	(3,328)
Cash and cash equivalents at beginning of year		**3,340**	6,668
Cash and cash equivalents at end of year		**299**	3,340

Notes to the financial statements

1. Accounting policies

Basis of preparation

Minerva plc is a limited liability company incorporated and domiciled in the United Kingdom. The Group's financial statements consolidate those of the Company and its subsidiaries ('the Group') and equity account the Group's interest in joint ventures.

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

Accounting standards, amendments and interpretations

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year ending 30 June 2010:

- IFRS 8, 'Operating segments'
- IAS 1 (revised), 'Presentation of financial statements'
- IAS 23 (revised), 'Borrowing costs'
- IFRS 3 (revised), 'Business combinations'
- IAS 27 (revised), 'Consolidated and separate financial statements'
- Amendment to IFRS 1, 'First time adoption of IFRS' and IAS 27 'Consolidated and separate financial statements' on the Cost of an investment in a subsidiary, jointly controlled entity or associate
- Annual improvements to IFRSs (2008)
- Amendment to IAS 32, 'Financial instruments: Presentation', and IAS 1, 'Presentation of financial statements' on 'Puttable financial instruments and obligations arising on liquidation'
- Amendment to IFRS 2, 'Share based payments' on 'Vesting conditions and cancellations'
- Amendment to IFRS 7, 'Financial instruments: Disclosures'
- Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on Eligible hedged items
- IFRIC 15, 'Agreements for construction of real estate'

On adoption of IAS 1, (revised), the Group has elected to present an Income statement and a separate Statement of comprehensive income. In respect of all other new standards, amendments to standards and interpretations, these have not had a significant impact on the Annual Report for the year ended 30 June 2010.

The following standards and interpretations, although effective for the year ending 30 June 2010 do not have an impact or are not relevant for the Group:

- IFRS 1 (revised) 'First time adoption'
- IFRIC 12,'Service concession arrangements'
- IFRIC 13, 'Customer loyalty programmes relating to IAS 18, Revenue'
- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'
- IFRIC 16, 'Hedges of a net investment in a foreign operation'
- IFRIC 17, 'Distributions of non-cash assets to owners'

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the year ending 30 June 2010 and have not been adopted early by the Group:

- Annual improvements 2009
- Amendment to IFRS 2, 'Share based payments – Group cash-settled share based payment transactions'
- Amendments to IFRS 1 for additional exemptions
- Amendments IAS 32 Financial instruments: Presentation on classification of rights issues

Following an initial review it is not anticipated that the adoption of these standards and interpretations will have a material impact on the financial statements in the period of initial application.

Notes to the financial statements

1. Accounting policies

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

Measurement convention

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

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

– valuation of investment properties, where the Board has relied upon external valuations carried out by professionally qualified valuers in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors;
– valuation of derivative financial instruments, where the Board has relied upon the valuation carried out by JC Rathbone Associates Limited, finance risk consultants;
– recognition of a share based payment charge, where the Board has relied upon actuarial estimates produced by Lane Clark & Peacock LLP;
– distinction between investment properties, trading properties and owner occupied property, where the Board considers owner occupied property to be held for use in the supply of services and for administration purposes by the Group; and
– calculation of deferred tax, where indexation is used to reduce the provision for deferred tax on revaluation surpluses.

Other areas of judgement, risk and uncertainty, which are relevant to an understanding of the financial results and position of the Group, are referred to in the Business review.

Basis of consolidation

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

A joint venture is an undertaking in which the Group has a long-term interest and over which it exercises joint control, whereas an associate is an entity in which the Group has significant influence but not control over financial and operating policies. In accordance with IAS 31, the Group equity accounts for its share of net result after tax of joint ventures and associates, together with its share of fair value adjustments, through the income statement and recognises its share of the net assets of the joint ventures and associates in the consolidated statement of financial position. To the extent that fair value adjustments are in respect of cash flow hedges, these movements are recognised directly in equity.

Investments in subsidiaries

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

Revenue

Property revenue comprises rental income from operating leases, service charge income and other amounts receivable from tenants. Rental income and lease incentives to tenants are recognised in the income statement on a straight-line basis over the lease term.

In respect of residential unit sales, revenue is recognised, being the fair value of consideration received or receivable, when the significant risks and rewards of ownership have been transferred to the purchaser. Non-refundable deposits are deferred until the sale has been recognised or the deposit forfeited by the purchaser.

Other income comprises non-property revenue and other sundry amounts earned on an accruals basis.

1. Accounting policies

Property expenses

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

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

Foreign currency transactions

The consolidated financial statements of the Group are presented in UK Sterling, the functional and presentational currency of each company within the Group. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities, denominated in foreign currencies, are recognised in the income statement.

Exceptional items

Exceptional items are those significant items of income or expenditure which the Group has disclosed separately because of their quantum or incidence so as to give a clearer understanding of the Group's financial performance.

Investment properties

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

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

When the Group redevelops an existing investment property for continued use as an investment property, the property remains an investment property measured at fair value and is not reclassified.

Trading properties

Trading properties are properties held for sale and are included in the statement of financial position at the lower of cost and net realisable value. Properties reclassified as trading properties are transferred at deemed cost, being the carrying amount at the date of reclassification.

Notes to the financial statements

1. Accounting policies

Property transactions

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

Property, plant and equipment

This category comprises motor vehicles and fixtures and fittings following the disposal of all owner occupied property in the year. These assets are stated at historical cost, or in the case of owner occupied property its carrying value at the date of transfer, less accumulated depreciation and any accumulated impairment. Owner occupied property is depreciated over 50 years and motor vehicles and fixtures and fittings are depreciated on a straight-line basis over their estimated useful lives of between three and five years.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount.

Leases – the Group as a lessor

Properties leased out under operating leases are included in investment or trading properties, with lease income being recognised over the term of the lease on a straight-line basis.

Leases – the Group as a lessee

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

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

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

Cash and cash equivalents

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

Borrowings

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

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

1. Accounting policies

Derivative financial instruments

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

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

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

Taxation

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

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

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

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

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

Trade and other receivables

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

Trade and other payables

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

Provisions for liabilities and charges

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

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

Notes to the financial statements

1. Accounting policies

Share based payment

The Group provides share based payment in the form of share options and share award plans. These plans are discussed in greater detail in the Remuneration report on pages 38 to 43.

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

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

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

Share capital

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

Retirement benefits

Employer contributions to schemes of employees are charged to the income statement as incurred.

Dividends

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

2. Financial information

	Before fair value items £000	Fair value items £000	Total £000
Revenue	12,458	–	12,458
Property outgoings	(5,511)	–	(5,511)
Net property income	**6,947**	**–**	**6,947**
Administrative expenses	(7,736)	–	(7,736)
Exceptional administrative expenses	(2,391)	–	(2,391)
Total administrative expenses	(10,127)	–	(10,127)
Other income	158	–	158
Profit on sale of investment properties	3,894	–	3,894
Profit on sale of owner occupied property	3,012	–	3,012
Gain on other financial assets	–	3	3
Movement on revaluation of investment properties	–	107,934	107,934
Operating profit	**3,884**	**107,937**	**111,821**
Finance costs	(16,196)	(29,436)	(45,632)
Finance income	905	2,000	2,905
Net finance costs	(15,291)	(27,436)	(42,727)
(Loss)/profit before taxation for the year ended 30 June 2010	**(11,407)**	**80,501**	**69,094**
Loss before taxation for the year ended 30 June 2009	(6,894)	(282,340)	(289,234)

Fair value items represent movements in fair value of investment properties, owner occupied property and derivative financial instruments held by subsidiaries.

Exceptional administrative expenses relate to costs associated with the KiFin offer and the subsequent general meeting.

3. Revenue and property outgoings

	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Rental income	**11,870**	12,782
Recoverable property expenses	**588**	750
Revenue	**12,458**	13,532
Property expenses including property provisions	**(4,041)**	(6,977)
Recoverable property expenses	**(588)**	(750)
Marketing expenses on properties under development	**(882)**	(647)
Property outgoings	**(5,511)**	(8,374)
Net property income	**6,947**	5,158

The chief operating decision maker has been identified as the Board of Directors which, following a review of the Group’s internal reporting and the requirements of IFRS 8, ‘Operating Segments’, considers that the Group operates in one business segment in Great Britain and as such no further segmental information is required.

Notes to the financial statements

3. Revenue and property outgoings

The Group's minimum lease payments receivable under non-cancellable operating leases are as follows:

	30 June 2010 £000	30 June 2009 £000
Less than one year	**10,645**	8,771
Between one and five years	**37,093**	27,947
Over five years	**110,493**	59,647
	158,231	96,365

4. Group operating profit/(loss)

	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Operating profit/(loss) is stated after charging/(crediting):		
Fees payable to Company's auditors for the audit of Parent Company and consolidated accounts	**60**	68
Fees payable to the Company's auditor and its associates for other services:		
Audit of the Company's subsidiaries pursuant to legislation	**70**	70
Other services pursuant to legislation	**37**	45
Tax services	**–**	–
All other services	**–**	15
Depreciation charge	**147**	281
Share based payment	**1,283**	2,100
Operating lease rentals – land and buildings	**677**	360
Property provisions	**(148)**	5,631
Loss on sale of property, plant and equipment	**–**	94

5. Staff costs

	Year ended 30 June 2010	Year ended 30 June 2009
Average number of employees (including executive Directors) employed by the Group	**25**	27

	£000	£000
Staff costs (including executive Directors)		
Wages and salaries	**2,716**	2,859
Discretionary bonuses	**1,220**	–
Share based payment	**1,283**	2,100
Social security costs	**506**	375
Pension costs	**133**	132
	5,858	5,466
Non-executive Directors		
Fees	**204**	250
Social security costs	**24**	28
	6,086	5,744

6. Directors' remuneration

	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Aggregate emoluments	**2,202**	1,297
Contributions to pension schemes of Directors	**123**	123

Details of Directors' emoluments are set out in the table in the Remuneration report on page 39. In addition to the above, £666,000 of the share based payment charge for the year is attributable to the Directors (2009: £1,060,000).

7. Finance costs

	Note	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Bank interest and charges		**52,488**	41,198
Amortisation of loan issue costs		**2,041**	1,410
Fair value loss on derivative financial instruments			
Movement on non-hedging instruments	20	**23,137**	165
Ineffectiveness on cash flow hedges		**–**	34
Amortisation of cash flow hedge reserve		**6,299**	–
		29,436	199
Interest on obligations under finance leases		**152**	150
Charges relating to early loan repayment		**1,338**	–
Capitalised interest and similar charges		**(39,823)**	(32,245)
		45,632	10,712

8. Finance income

	Note	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Interest on short-term deposits		**735**	4,839
Other interest receivable		**170**	209
Fair value gain on derivative financial instruments			
Movement on non-hedging instruments	20	**1,920**	2,571
Ineffectiveness on cash flow hedges	20	**80**	–
		2,000	2,571
		2,905	7,619

Notes to the financial statements

9. Taxation

	Note	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Corporation tax		–	–
Deferred tax credit	23	–	(2,178)
Taxation credit for the year		–	(2,178)
Profit/(loss) before taxation		69,094	(289,234)
Tax on profit/(loss) at 28 per cent		19,346	(80,986)
Expenses not deductible for tax purposes		920	991
Accelerated capital allowances		(2,025)	(118)
Differences arising from taxation of chargeable gains and property revaluations		(32,155)	79,092
Tax losses and other temporary differences		13,914	(1,157)
Taxation credit for the year		–	(2,178)

10. Loss dealt with by Parent Company

As permitted by Section 408 of the Companies Act 2006, the Company's income statement has not been included in these financial statements. A loss for the year of £38,784,000 (2009: £168,034,000) is dealt with in the financial statements of the Company.

11. Earnings/(loss) per share

Earning/(loss) per share is calculated on a weighted average of 161,174,373 ordinary shares of 25 pence each in issue throughout the year (2009: 161,174,373 ordinary shares) and is based on profits attributable to ordinary shareholders of £69,114,000 (2009: loss of £287,033,000).

Diluted earnings per share is calculated after allowing for the exercise of employee share options and incentive awards and is based on 166,980,667 ordinary shares of 25 pence each.

Due to the loss in the prior year, share options and incentive awards did not have a dilutive effect in that year.

12. Investment properties

Group	30 June 2010 £000	30 June 2009 £000
At 1 July: Net book value	502,395	589,730
Acquisitions	–	8,395
Additions	142,851	188,825
Disposals	(26,965)	(2,698)
Revaluation movement	107,934	(281,857)
At 30 June: Net book value	726,215	502,395
Recognition of finance lease obligations	(2,126)	(2,129)
Amounts included within prepayments and accrued income	2,661	14,574
At 30 June: At valuation	726,750	514,840

12. Investment properties

The investment properties were valued on a market value basis by CB Richard Ellis Limited, independent external valuers, as at the year-end in accordance with the current edition of the Appraisal and Valuation Standards issued by the Royal Institution of Chartered Surveyors. The total accumulated amount of interest capitalised as part of the cost of investment properties was £79,188,000 (2009: £52,247,000). The average cost of interest capitalised was 6.5 per cent (2009: 6.6 per cent).

During the year, the Group disposed of an investment property, realising a profit on disposal of £3,894,000 (2009: loss of £92,000).

Investment properties include freehold properties with a net book value of £397,232,000 (2009: £289,402,000) and long leasehold properties with a net book value of £328,983,000 (2009: £212,993,000).

13. Property, plant and equipment

Group	Owner occupied property £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Valuation/cost				
At 1 July 2008	9,160	1,573	659	11,392
Additions	–	13	–	13
Disposals	–	(227)	(402)	(629)
At 1 July 2009	9,160	1,359	257	10,776
Additions	–	48	–	48
Disposals	(9,160)	–	–	(9,160)
At 30 June 2010	**–**	**1,407**	**257**	**1,664**
Depreciation				
At 1 July 2008	207	1,439	178	1,824
Depreciation charge	103	72	106	281
Impairment	2,750	–	–	2,750
Disposals	–	(227)	(122)	(349)
At 1 July 2009	3,060	1,284	162	4,506
Depreciation charge	43	55	49	147
Disposals	(3,103)	–	–	(3,103)
At 30 June 2010	**–**	**1,339**	**211**	**1,550**
Net book value at 30 June 2010	**–**	**68**	**46**	**114**
Net book value at 30 June 2009	6,100	75	95	6,270

During the year, the Group disposed of its owner occupied property, realising a profit on disposal of £3,012,000 (2009: £nil).

In the prior year, the owner occupied property was valued on an open market value basis by CB Richard Ellis Limited, independent external valuers, at the year end in accordance with the current edition of the Appraisal and Valuation Standards issued by the Royal Institution of Chartered Surveyors. The valuation of the owner occupied property at 30 June 2009 was £6,100,000. The owner occupied property was held on a long lease.

14. Investment in subsidiary undertakings

Parent Company	**30 June 2010 £000**	30 June 2009 £000
At 1 July	**44,020**	50,980
Additions	**1,283**	2,100
Impairment	**(9,145)**	(9,060)
At 30 June	**36,158**	44,020

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

Notes to the financial statements

14. Investment in subsidiary undertakings

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

Angelmist Limited	Minerva Dowgate Limited
Antares Properties Limited	Minerva (Finance) Limited
Castlereport Limited	Minerva (Holland Park) Limited
Chainbill Limited	Minerva (Kensington) Limited
Croydon Leisure Limited	Minerva (Lancaster Gate) Limited
Croydon Plaza Limited	Minerva (Orchard Brae House) Limited
Croydon Retail Limited	Minerva Property Holdings plc
Dalebrook Properties Limited	Minerva Property Investments Limited
Eagleprint Limited	Minerva Property Services Limited
Futurestate Limited	Minerva Property Services (Wigmore Street) Limited
Goldrock Developments Limited	Minerva Residential Holdings Limited
Gradegilt Limited	Minerva (Skypark) Limited
Hutch Investments Limited	Minerva (Stores) Limited
Jack Cade Limited	Minerva (Ventures) Limited
Jimtrack Limited	Minerva (West End) Limited
Lancaster Gate (Hyde Park) Limited†	Minerva Walbrook Limited Partnership
Larchfield Investments Limited	Minerva (Wandsworth) Limited
Leinster HH LLP	OMD Holdings Limited
LLH One Limited	OMD Holborn Limited
LLH Two Limited	OMD Property (Holborn) Limited
M1 Limited	OMD Property Limited
M6 Limited	Park Place (General Partner) Limited
Minel Limited	Park Place Limited Partnership*
Minerva (Abingdons) Limited	Sparrage Properties Limited
Minerva Aldgate Limited	St Swithin's House (General Partner) Limited
Minerva (Ambassador) Limited	Tipace Limited
Minerva Bayswater One Limited	Tipace Investments Limited
Minerva Bayswater Two Limited	245 Blackfriars Road Limited
Minerva (City) Limited	245 Blackfriars Road Investments Limited
Minerva Corporation plc	90 High Holborn Limited Partnership*
Minerva (Croydon) Limited	

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

15. Other financial assets

Group	30 June 2010 £000	30 June 2009 £000
At 1 July	44	230
Gain/(impairment)	3	(13)
Disposals	–	(173)
At 30 June	47	44

Investments held as other financial assets are traded in active markets and are valued on the basis of quoted market prices at the statement of financial position date, which approximates to fair value.

16. Trading properties

Group	30 June 2010 £000	30 June 2009 £000
At 1 July: Net book value	181,597	133,799
Acquisitions	–	10,204
Additions	47,050	37,594
At 30 June: Net book value	228,647	181,597
At 30 June: At valuation	398,100	292,150

Trading properties comprise the Lancaster Gate and Odeon Kensington properties, which have been stated at cost in the consolidated statement of financial position at £228,647,000 comprising Lancaster Gate £194,359,000 and Odeon Kensington £34,288,000 (2009: £181,597,000 comprising Lancaster Gate £146,855,000 and Odeon Kensington £34,742,000), but were valued at 30 June 2010 on a market value basis by CB Richard Ellis Limited, independent external valuers, in accordance with the current edition of the Appraisal and Valuation Standards issued by the Royal Institution of Chartered Surveyors at £398,100,000 comprising Lancaster Gate £320,100,000 and Odeon Kensington £78,000,000 (2009: £292,150,000 comprising Lancaster Gate £220,900,000 and Odeon Kensington £71,250,000). The total accumulated amount of interest capitalised as part of the cost of the properties was £30,177,000 (2009: £19,766,000). The average cost of interest capitalised was 6.7 per cent (2009: 7.1 per cent).

Both properties were acquired by the Group, in partnership with residential developer, Northacre plc. However following the acquisition of their minority interest in Odeon Kensington in the year, trading properties are wholly owned with the exception of Lancaster Gate, where the Group holds a majority interest in the project and earns profits based on the tranches as set out in the Business Review.

Notes to the financial statements

17. Trade and other receivables

	Group 30 June 2010 £000	Group 30 June 2009 £000	Parent Company 30 June 2010 £000	Parent Company 30 June 2009 £000
Trade receivables	1,738	1,867	–	–
Allowance for doubtful debts	(75)	(153)	–	–
	1,663	1,714	–	–
Other receivables	20,859	10,179	101	21
Amounts owed by subsidiary undertakings	–	–	53,633	79,755
Prepayments and accrued income	4,204	16,686	80	85
	26,726	28,579	53,814	79,861

	Group 30 June 2010 £000	Group 30 June 2009 £000	Parent Company 30 June 2010 £000	Parent Company 30 June 2009 £000
Movement in allowance for doubtful debts				
At 1 July	153	253	–	–
Allowance	55	219	–	–
Written off	(7)	(19)	–	–
Recovered	(126)	(300)	–	–
At 30 June	75	153	–	–

Trade receivables comprise rental income and service charges which are due on contracted quarter days with no credit period. Trade receivables are assessed on a tenant by tenant basis and where there is doubt as to recoverability of the debt, a specific allowance is made. Other receivables predominantly comprise recoverable Value Added Tax and deposits receivable in respect of future trading property sales. All significant receivables due to be settled, have been received since 30 June 2010.

There are no current trade or other receivables, over due or past credit terms but not impaired greater than six months old. Group prepayments and accrued income at 30 June 2010 include £682,000 of prepaid development expenditure (2009: £13,564,000).

18. Cash and cash equivalents

Cash and cash equivalents include £28,753,000 (2009: £45,510,000) retained in deposit, rent and restricted accounts which is not readily available to the Group for day-to-day commercial purposes.

19. Trade and other payables

	Group 30 June 2010 £000	Group 30 June 2009 £000	Parent Company 30 June 2010 £000	Parent Company 30 June 2009 £000
Trade payables	**1,916**	1,683	**–**	–
Taxation and social security	**1,099**	1,865	**–**	–
Other payables	**5,958**	5,246	**299**	299
Amounts payable on property acquisitions	**–**	10,062	**–**	–
Accruals and deferred income	**28,819**	32,762	**883**	332
Deferred income on future sales of trading properties	**30,880**	15,600	**–**	–
	68,672	67,218	**1,182**	631
Less non-current portion of deferred income on future sales of trading properties	**–**	(15,600)	**–**	–
Current portion	**68,672**	51,618	**1,182**	631

Deferred income on future sales of trading properties relates to deposits received from pre-sales of apartments at Lancaster Gate. Of the total deposits received at 30 June 2010 of £30,880,000 (2009: £15,600,000), £15,700,000 was held in solicitor's accounts (2009: £5,200,000), £13,000,000 has been applied against the loan (2009: £10,400,000), and £2,180,000 was held within restricted cash and has been applied against the loan since the year end (2009: £nil).

20. Borrowings and derivative financial instruments

Group	30 June 2010 £000	30 June 2009 £000
Borrowings		
Current liabilities		
Bank and other borrowings	**1,869**	21,758
Finance lease obligations	**2**	2
	1,871	21,760
Non-current liabilities		
Bank and other borrowings	**855,755**	696,989
Finance lease obligations	**2,124**	2,127
	857,879	699,116

The fair value of borrowings approximates to the carrying value, by virtue of all borrowings comprising floating rate liabilities. All bank borrowings are secured on the land and buildings of the Group.

The bank and other borrowings figure shown within current liabilities represents ongoing loan amortisations. There are no loan maturities in the financial year ending 30 June 2011.

Notes to the financial statements

20. Borrowings and derivative financial instruments

Maturity of borrowings

	Bank and other borrowings	
	30 June 2010 £000	30 June 2009 £000
Less than one year	**1,869**	21,758
Between one and two years	**138,546**	118,240
Between two and five years	**455,261**	183,859
Over five years	**261,948**	394,890
	857,624	718,747

	Finance lease obligations		Finance lease obligations (net of future finance charges)	
	30 June 2010 £000	30 June 2009 £000	**30 June 2010 £000**	30 June 2009 £000
Less than one year	**153**	153	**2**	2
Between one and two years	**153**	153	**3**	2
Between two and five years	**459**	459	**10**	9
Over five years	**9,160**	9,313	**2,111**	2,116
	9,925	10,078	**2,126**	2,129
Future finance charges on leases	**(7,799)**	(7,949)	**–**	–
	2,126	2,129	**2,126**	2,129

Undrawn facilities

At 30 June 2010 the Group had undrawn loan facilities maturing as follows:

	30 June 2010 £000	30 June 2009 £000
Less than one year	**–**	3,074
Between one and two years	**3,844**	28,299
Between two and five years	**86,445**	84,893
Over five years	**49,014**	233,028
	139,303	349,294

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

Interest rate risk profile of borrowings

Fixed and floating rate borrowings of the Group as at 30 June 2010 are analysed as follows:

	30 June 2010		30 June 2009	
	Total £000	**Weighted average interest rate %**	Total £000	Weighted average interest rate %
Swapped fixed-rate borrowings	**803,218**	**6.5**	691,811	6.7
Floating rate borrowings	**54,406**	**2.2**	26,936	2.3
Total borrowings	**857,624**		718,747	

20. Borrowings and derivative financial instruments

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 6.5 per cent (2009: 6.7 per cent) and includes loan margins ranging from 1.0 per cent to 2.0 per cent with all inclusive interest rates ranging from 5.2 per cent to 7.4 per cent (2009: 5.2 per cent to 7.6 per cent). The weighted average period of the Group's swapped fixed rate borrowings was 3.1 years at 30 June 2010 (2009: 3.8 years).

Floating rate debt incurs interest at margins between 1.2 per cent and 1.75 per cent over LIBOR (2009: 1.2 per cent and 2.0 per cent).

Borrowings are discussed in further detail in the Financial review.

Derivative financial instruments

	Assets £000	Liabilities £000	Total £000
At 1 July 2008	15,370	(2,670)	12,700
Movement in fair value recognised in equity			
Effectiveness on cash flow hedges	(15,370)	(53,341)	(68,711)
Movement in fair value recognised in income statement			
Ineffectiveness on cash flow hedges	–	(34)	(34)
Movement on non-hedging instruments	419	1,987	2,406
At 1 July 2009	419	(54,058)	(53,639)
Movement in fair value recognised in equity			
Effectiveness on cash flow hedges	–	(13,875)	(13,875)
Movement in fair value recognised in income statement			
Ineffectiveness on cash flow hedges	–	80	80
Movement on non-hedging instruments	(419)	(20,798)	(21,217)
At 30 June 2010	**–**	**(88,651)**	**(88,651)**
Less non-current portion:			
Cash flow hedges	**–**	**39,622**	**39,622**
Non-hedging instruments	**–**	**40,253**	**40,253**
	–	**79,875**	**79,875**
Current portion	**–**	**(8,776)**	**(8,776)**

Fair value estimation

All derivative financial instruments are carried at fair value in the statement of financial position, following a valuation as at 30 June 2010 undertaken by JC Rathbone Associates Limited. Fair value is calculated using the present value of the estimated future cash flows. For these financial instruments fair value approximates to carrying value.

Fair value hierarchy

As of 1 April 2009, the Group adopted amendments to IFRS 7 'Financial Instruments: Disclosures.' IFRS 7 requires disclosures of how the Group's financial instruments measured at fair value fit within the following fair value hierarchy:

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

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

Notes to the financial statements

21. Financial assets and liabilities carrying values

Group	30 June 2010 £000	30 June 2009 £000
Non-current assets		
Held for trading financial assets		
Derivative financial instruments not used for hedging at fair value	**–**	419
Other financial assets at fair value	**47**	44
	47	463
Current loans and receivables		
Trade and other receivables at amortised cost less impairment	**26,726**	28,579
Cash and cash equivalents	**54,996**	82,306
	81,722	110,885
Total financial assets	**81,769**	111,348
Current liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	**(36,631)**	(49,685)
Borrowings at fair value	**(1,871)**	(21,760)
Provisions for other liabilities and charges	**(4,111)**	(4,132)
Held for trading financial liabilities		
Derivative financial instruments used for hedging at fair value	**(8,705)**	(442)
Derivative financial instruments not used for hedging at fair value	**(71)**	(682)
	(51,389)	(76,701)
Non-current liabilities		
Financial liabilities measured at amortised cost		
Borrowings at fair value	**(857,879)**	(699,116)
Provisions for other liabilities and charges	**(1,372)**	(1,499)
Held for trading financial liabilities		
Derivative financial instruments used for hedging at fair value	**(39,622)**	(52,934)
Derivative financial instruments not used for hedging at fair value	**(40,253)**	–
	(939,126)	(753,549)
Total financial liabilities	**(990,515)**	(830,250)

21. Financial assets and liabilities carrying values

Company	30 June 2010 £000	30 June 2009 £000
Current loans and receivables		
Trade and other receivables at amortised cost less impairment	**53,814**	79,861
Cash and cash equivalents at fair value	**299**	3,340
Total financial assets	**54,113**	83,201
Current liabilities		
Trade and other payables at amortised cost	**(1,182)**	(631)
Total financial liabilities	**(1,182)**	(631)

Investments classified as other financial assets and derivative financial instruments not used for hedging are financial assets or liabilities, held at fair value, with movements through the income statement.

Derivative financial instruments used for hedging are held at fair value and hedge accounted. Ineffective movements in fair value are taken through the income statement with the remaining effective movement recognised in equity.

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. Where an impairment is identified, the loss is recognised in the income statement.

22. Financial risk management

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

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

Interest rate management

The Group has a portfolio of floating rate debt. Interest rate swaps are generally used to alter the interest rate profile of the Group's debt, having the effect of transforming floating rate liabilities into fixed rate liabilities. The Group has well established practices to monitor the interest rates prevailing on current borrowings. Further details relating to derivative financial instruments are given in note 20.

Sensitivity to interest rates

The Group's exposure to changes in interest rates relates to the effect of a rate change on the fair value of the Group's derivative financial instruments and the cost of servicing the Group's floating rate borrowings. Based on the 30 June 2010 statement of financial position, a 50 basis point rise in interest rates could equate to a £16,476,000 net gain (2009: £19,764,000), conversely a 50 basis point fall could result in a net loss of £16,476,000 (2009: £19,764,000).

In the circumstances where there is a 50 basis point rise, a gain of £7,496,000 (2009: £553,000) in respect of the net gain would be expected to go through the income statement and a gain of £8,980,000 (2009: £19,211,000) would be taken to equity. In the circumstances where there is a 50 basis points fall, a loss of £7,496,000 (2009: £553,000) in respect of the net loss would be allocated to the income statement with a loss of £8,980,000 (2009: £19,211,000) going through equity.

Notes to the financial statements

22. Financial risk management

Credit risk management

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

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

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

Foreign currency management

The Group monitors its foreign exchange exposure and uses forward foreign exchange contracts or other methods of risk management where it considers appropriate.

Sensitivity to foreign currency

The Group's exposure to changes in the Euro/UK Sterling exchange rate relates to the effect of a rate change on a foreign exchange forward contract on development activities.

Based on the 30 June 2010 statement of financial position, a 1 per cent strengthening of UK Sterling against the Euro could equate to a gain of £nil (2009: £1,000) through the income statement. Conversely a 1 per cent weakening of UK Sterling against the Euro could equate to a loss of £nil (2009: £1,000) through the income statement.

Liquidity management

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

The Group seeks, where possible, to borrow on a non-recourse or limited-recourse basis, with a view to maintaining an appropriate maturity profile that supports the Group's operations. Borrowings usually comprise variable rate loans in the first instance.

Capital risk management

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

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

The capital structure of the Group consists of net debt and shareholders' equity. Shareholders' equity comprises share capital, reserves and retained earnings and is disclosed in the Group Statement of changes in equity. Net debt comprises borrowings, which are disclosed in note 20 less cash which is disclosed in the Statement of financial position.

22. Financial risk management

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

Group	Trade and other payables £000	Borrowings £000	Derivative financial instruments £000	Provisions £000	Total £000
30 June 2010					
Less than one year	**36,631**	**23,588**	**29,104**	**4,111**	**93,434**
Between one and two years	**–**	**163,464**	**21,103**	**312**	**184,879**
Between two and five years	**–**	**520,255**	**36,596**	**938**	**557,789**
Over five years	**–**	**329,771**	**8,164**	**467**	**338,402**
Total contracted cash flows	**36,631**	**1,037,078**	**94,967**	**5,828**	**1,174,504**
Carrying value	**36,631**	**859,750**	**88,651**	**5,483**	**990,515**
30 June 2009					
Less than one year	49,685	46,956	29,377	4,132	130,150
Between one and two years	–	156,901	15,515	300	172,716
Between two and five years	–	315,715	7,182	900	323,797
Over five years	–	524,952	4,786	748	530,486
Total contracted cash flows	49,685	1,044,524	56,860	6,080	1,157,149
Carrying value	49,685	720,876	54,058	5,631	830,250

Parent Company undiscounted contractual cash flows relating to financial liabilities comprise trade and other payables, which are due within one year are disclosed in note 19.

23. Deferred tax

Group	Accelerated capital allowances £000	Tax losses £000	Temporary differences £000	Derivative financial instruments £000	Total £'000
At 1 July 2008	4,454	(9,424)	7,872	3,556	6,458
Movement in income statement	(6)	(3,623)	727	724	(2,178)
Movement in equity	–	–	–	(4,280)	(4,280)
At 1 July 2009	**4,448**	**(13,047)**	**8,599**	**–**	**–**
Movement in income statement	**(1,565)**	**(11,864)**	**13,429**	**–**	**–**
Movement in equity	**–**	**–**	**–**	**–**	**–**
At 30 June 2010	**2,883**	**(24,911)**	**22,028**	**–**	**–**

Deferred tax assets in respect of losses available against future taxable income, not recognised at the statement of financial position date, amount to £52,414,000 (2009: £53,546,000).

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

24. Provisions for other liabilities and charges

	30 June 2010 £000	30 June 2009 £000
At 1 July	**5,631**	–
(Credit)/charge to income statement	**(148)**	5,631
At 30 June	**5,483**	5,631
Less non-current portion	**(1,372)**	(1,499)
Current portion	**4,111**	4,132

Notes to the financial statements

24. Provisions for other liabilities and charges

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

25. Called up share capital

Group and Parent Company	At 30 June 2010 £000	At 30 June 2009 £000	At 30 June 2010 Number	At 30 June 2009 Number
Authorised				
Ordinary shares of 25 pence each	**75,000**	75,000	**300,000,000**	300,000,000
Issued and fully paid				
At beginning and end of year	**40,294**	40,294	**161,174,373**	161,174,373

There have been no changes to the number of shares in issue since 30 June 2010.

At 30 June 2010, options and awards granted to employees over the following number of shares in the Company remained outstanding:

Scheme	Date of Grant	At 1 July 2009	Granted during year	Forfeited/ cancelled during year	At 30 June 2010	Exercise price
2001 Sharesave Scheme	27 Oct 2008	578,447	–	(101,554)	**476,893**	32.14p
		578,447	–	(101,554)	**476,893**	

Scheme	Date of Award	At 1 July 2009	Awarded during the year	Forfeited/ lapsed during year	At 30 June 2010	Market price on date of award
2005 Executive Incentive Plan	13 Nov 2006	878,556	–	(878,556)	**–**	383.75p
	11 Sep 2007	1,469,608	–	(70,388)	**1,399,220**	256.25p
	16 Oct 2007	7,745	–	–	**7,745**	218.75p
	27 Oct 2008	7,256,436	–	(663,241)	**6,593,195**	27.00p
		9,612,345	–	(1,612,185)	**8,000,160**	

At 30 June 2010 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 2010 Number of shares	Subscription price Pence
December 2011	**388,297**	32.14p
December 2013	**88,596**	32.14p

The following awards of conditional shares have been granted under the 2005 Executive Incentive Plan and remain outstanding at 30 June 2010:

Vesting date	30 June 2010 Number of shares	Subscription price Pence
September 2010	**1,399,220**	nil
October 2010	**7,745**	nil
October 2011	**6,593,195**	nil

25. Called up share capital

The fair value of grants and awards are measured by Lane Clark & Peacock LLP using a combination of Monte Carlo simulation models and modified binomial models, taking into account the terms and conditions upon which instruments were granted. The fair value is recognised over the expected vesting period. No awards were granted in the year. The main assumptions of the pricing model are as follows:

	2005 Executive Incentive Plan	2001 Sharesave Scheme	2001 Sharesave Scheme
Grant date	27 Oct 2008	27 Oct 2008	27 Oct 2008
Exercise price	nil	32.14p	32.14p
Expected life (years)	3	3	5
Expected volatility per annum	88%	88%	70%
Expected dividend yield per annum	0%	0%	0%
Risk free rate per annum	3.6%	3.7%	4.1%

Expected volatility was determined by reference to the historical volatility of the Minerva plc share price over a period consistent with expected life of the award and reflects the assumption that the historical volatility is indicative of future trends, but may not necessarily be the actual outcome.

The 2005 Executive Incentive Plan has a performance condition based on the Company's Total Shareholder Return ('TSR') measured against a Comparator Group of companies. This is a 'market condition' for the purpose of IFRS 2 and, as such, it is allowed for in the calculation of the fair value. The assumptions used were based on an analysis of the historic volatility of each comparator company's share price return as well as the statistical correlations between the historic TSRs of the different shares.

For both the Discretionary Share Option Scheme and Sharesave Scheme awards, the fair values take into account an assumed pattern of early exercise, dependent on the level of share prices during the exercise period.

26. Net asset value per share

	As at 30 June 2010 £000	As at 30 June 2009 £000
Basic net asset/(liability) value	**14,425**	(46,426)
Adjustment for:		
Group's estimated share of unrecognised revaluation surplus on trading properties	**118,038**	69,177
Group's share of fair value deficit on derivative financial instruments	**88,501**	53,239
Diluted EPRA net asset value	**220,964**	75,990

Notes to the financial statements

26. Net asset value per share

	As at 30 June 2010 £000	As at 30 June 2009 £000
Basic	**161,174**	161,174
Potential share awards	**6,437**	–
Diluted	**167,611**	161,174
	Pence	Pence
Basic net asset/(liability) value per share	**8.9**	(28.8)
Potential share awards	**(0.3)**	–
Diluted net asset/(liability) value per share	**8.6**	(28.8)
Adjustment for:		
Group's estimated share of unrecognised revaluation surplus on trading properties	**70.4**	42.9
Group's share of fair value deficit on derivative financial instruments	**52.8**	33.0
Diluted EPRA net asset value per share	**131.8**	47.1

Given the Group's significant unrecognised value of trading properties and fair value deficit on derivative financial instruments, a more relevant measure of the Group's financial position is one which adjusts for such items. Diluted EPRA net asset value incorporates the Group's pre-tax share of the unrecognised revaluation surplus of its trading properties, and adjusts for the fair value deficit of the Group's derivative financial instruments.

The dilution effect of the potential share awards reduces Diluted EPRA net asset value per share by 5.3 pence (2009: nil pence) to 131.8 pence (2009: 47.1 pence).

27. Dividends

No dividend was proposed or paid in respect of the year ended 30 June 2010 (2009: £nil).

28. Capital commitments

Capital commitments contracted, but not provided for, at 30 June 2010 relating to the Group's development activities were £44,281,000 (2009: £128,425,000).

29. Commitments under operating leases

Total commitments under non-cancellable operating leases:

	30 June 2010 £000	30 June 2009 £000
Less than one year	**1,147**	569
Between one and five years	**4,442**	1,656
Over five years	**5,874**	1,355
	11,463	3,580

30. Contingent liabilities

The Company has guaranteed external borrowings of some of its subsidiary undertakings, which at the statement of financial position date amounted to £22,051,000 (2009: £21,165,000).

31. Cash flows from operations

Group	Year to 30 June 2010 £000	Year to 30 June 2009 £000
Profit/(loss) before taxation	**69,094**	(289,234)
Net finance costs	**42,727**	3,093
Operating profit/(loss)	**111,821**	(286,141)
Depreciation	**147**	281
Impairment of owner occupied properties	**–**	2,750
Property provisions	**(148)**	5,631
Movement on revaluation of investment properties	**(107,934)**	281,857
Loss on sale of property, plant and equipment	**–**	94
(Profit)/loss on sale of investment properties	**(3,894)**	92
Profit on sale of owner occupied properties	**(3,012)**	–
Amortisation of lease incentives, letting fees and other non-cash items	**(626)**	(411)
Share based payment	**1,283**	2,100
Additions to and acquisitions of trading properties net of deposits received	**(31,792)**	(39,221)
(Increase)/decrease in trade and other receivables	**(1,793)**	2,372
Increase/(decrease) in trade and other payables	**1,476**	(560)
Cash flows from operations	**(34,472)**	(31,156)

Parent Company	Year to 30 June 2010 £000	Year to 30 June 2009 £000
Loss before taxation	**(38,784)**	(168,034)
Net finance income	**(7)**	(152)
Operating loss	**(38,791)**	(168,186)
Impairment of investment in subsidiary undertakings	**9,145**	9,060
Impairment of amount owed by subsidiary undertakings	**44,661**	153,595
(Increase)/decrease in trade and other receivables	**(18,698)**	2,392
Increase/(decrease) in trade and other payables	**551**	(383)
Cash flows from operations	**(3,132)**	(3,522)

32. Post balance sheet events

A number of changes to the UK corporation tax system were announced in the June 2010 Budget statement. The Finance (No 2) Act 2010, which received Royal Assent on 27 July, includes legislation to reduce the main rate of corporation tax from 28 per cent to 27 per cent from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1 per cent per annum to 24 per cent by 1 April 2014. The changes had not been substantively enacted at the balance sheet date but as there is no net deferred tax recognised at 30 June 2010, the Finance (No 2) Act 2010 would have no effect on these financial statements.

33. Related party transactions

The Group has not entered into any transactions with related parties other than with key management who are considered to be the executive Directors. The compensation, share awards and options granted to executive Directors in the year are disclosed in the Remuneration report on pages 39 and 41.

During the year the Company was charged £7,608,000 of management fees by subsidiaries (2009: £4,525,000). Amounts advanced by the Company to subsidiary undertakings, are disclosed in note 17 and are unsecured, interest free and repayable on demand. The Company received intra-group dividends of £22,400,000 during the year (2009: £nil).

The Group acquired the minority equity interest and related profit share in the Odeon Kensington from Northacre plc for £2.25 million net of costs in December 2009.

Further information

Property portfolio

The Walbrook Building
London EC4

The St Botolph Building
London EC3

Odeon Kensington
London W8

Lancaster Gate
London W2

Ram Brewery
London SW18

City of London Estate
103 Cannon Street
111 Cannon Street
13 St. Swithin's Lane
15 St. Swithin's Lane
17 St. Swithin's Lane
London EC4

Croydon Estate
The Croydon Centre
The Allders Department Store
Segas House East
Ellis House &
Segas House West
22–24 Park Lane
20–28 George Street
1a Katharine Street
London House
London Borough of Croydon

Westerhill Road
Bishopbriggs, Glasgow

Leinster House Hotel
London W2

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Landesbank Berlin
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Shareholders can log onto
www.capitashareportal.com
to see information on their
shareholding.

Design and production: Radley Yeldar – www.ry.com

Print: Royle Print

Cocoon 50 Silk is produced from 50% FSC recycled fibre and 50% FSC certified virgin chlorine free fibres.

FSC
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