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The first section of this report looks at our philosophy and policies, and how we are implementing them.

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Minerva is a property investment and development company whose principal strategy is to create shareholder wealth through investment in commercial property. Its policy is to invest in assets with strong cash flow, rental growth potential and where the opportunity exists to add significant value through active and entrepreneurial management. A central part of this strategy is the maintenance of a broad based financial framework which is able to evolve alongside the changing profile of the Group.

2003 Financial summary

£53.1m_Rental income
(2002_£47.8m)

£0.3m_Profit before tax, exceptional
items and goodwill amortisation
(2002_£6.3m)

£4.7m_loss after taxation
(2002_profit after taxation of £4.8m)

317.2p_Net asset value per share
(2002_351.3p)

3.15p_Total dividend per share
for the year
(2002_3.1p)

£141.2m_Cash reserves
(2002_£120.2m)

We have grown and evolved significantly and whilst we continually set ourselves ambitious goals for the future, we never lose sight of our history – property investment and development.

The Company
is underpinned by
long-term income from
good quality tenants
derived from a focused
London investment
portfolio. By adopting
an intelligent approach
to the management
of our properties,
we seek to enhance
shareholder value.

Sampson House and Ludgate House, London SE1
Sampson House and Ludgate House stand adjacent to one another on the South side of the river Thames just to the East of Blackfriars Bridge. The buildings are let on long leases to Schlumberger Sema and United Business Media respectively, both generating strong cash flow.

The area is now experiencing a renaissance as a lifestyle destination incorporating work and living space as well as being a cultural focal point for London. Well established venues such as The National Theatre and the Royal Festival Hall have now been joined by the restored Globe Theatre. The Tate Modern gallery is located immediately to the East of our holdings and draws thousands of tourists and art lovers to the area. The South Bank is further strengthened by the London Eye further to the West and the Millennium Bridge almost immediately opposite our sites. Transport connections to the area are excellent, with mainline stations at Waterloo and London Bridge, together with Cannon Street and Blackfriars just across the river.

The Group is currently working with Foster and Partners in order to create a master plan for the future redevelopment of this substantial site.

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IMAGE REMOVED

Rental income has increased by 77 per cent since Sampson House was acquired in 1997. There are further agreed rent increases due under the lease agreement, the first of which takes place in December 2003 when the annual rent will increase to £8 million per annum.

Sampson
House

Ludgate
House

We have eliminated speculative risk on our recently completed office developments. In terms of our future plans, development will not commence until the Group's exposure has been protected through pre-leasing.

A number of prototype designs were considered in the formulation of the new *Minerva Building*. The final scheme incorporates glazed façades and consists of eight double skin walls which stand facing each other like four open books; the "book covers" do not meet, allowing a vertical gap to rise through the edge of the structure, reinforcing the slim profile of the building form and creating a dramatic slotted window which runs the height of each block.

IMAGE REMOVED

The Minerva Building, London EC3
The Minerva Building, designed
by leading British architect
Grimshaw, is a proposal to provide
1 million sq.ft. net of high quality
office accommodation – the first
single building within the City of
London to do so.

The 50 storey building will be
217m high.

It will provide office accommodation
for a range of users including financial
institutions, professional organisations
and smaller companies.

There will be a rooftop restaurant
which will be publicly accessible.

It will provide shops and activity at
street level and assist the regeneration
of the eastern City fringe.

Its design is based on principles of
sustainability and energy conservation.

Related works will improve the local
area and benefit the public realm.

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We have added to the diversity of the Company, through its investment in Scarlett Retail, which owns the Alders department store chain.

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Scarlett Retail, a partnership between Minerva, Lehman Brothers and new management, successfully acquired Alders plc, a UK department store and homeware retailer, in February 2003. The acquisition was financed by non-recourse bank debt from Lehman Brothers and equity, both ordinary and preference, subscribed by each partner.

Through its equity investment in Scarlett Retail of £10.4 million, Minerva has secured control over the Alders department store in Croydon which lies at the heart of the Park Place development.

Since the acquisition of Alders, new management has undertaken a comprehensive reorganisation and rationalisation programme in order to adjust, streamline and redirect the Company for future growth. Minerva's majority equity investment in Scarlett Retail has the potential to provide the Group with significant future rewards.

Our strong cash
reserves provide the
Group with security,
liquidity and flexibility.

The Group continues to maintain significant cash reserves, providing it with security, liquidity and flexibility.

The Group's flexibility was illustrated recently by its accumulation of shares in Alders plc which reached 26.5 per cent prior to its acquisition by *Scarlett Retail*. This stake provided the Group with a strong platform from which it launched a successful bid for Alders plc, which was completed in February 2003.

During the year the Group used its cash to obtain full ownership of 90 High Holborn for £12.5 million. The immediate availability of cash enabled the Group to complete the transaction quickly and, once secured, cash reserves were replenished through a refinancing of the newly developed property.

IMAGE REMOVED

We believe that by adopting our philosophy and policies we will be able to generate considerable growth.

The year to June 2003 can be adequately summed up as a period of achievement and transition.

Our achievements have included securing the "green light" from the Secretary of State for the development of our 1 million sq.ft. Park Place shopping centre in Croydon; in partnership with Lehman Brothers and a new highly experienced management team, the acquisition in February of this year of the retail group Alders plc; and the elimination of all speculative risk on our recently completed Central London office development programme.

I refer to the term "transition" as I believe this fairly reflects the current Group position as we prepare our two most significant sites for redevelopment. One site will create the City of London's largest single office building – The Minerva Building and the other site will house one of the country's largest covered shopping malls, at Park Place in Croydon. The consequence of this transition is the inevitable trade off between current rental income and future value enhancement through development. Sitting as we currently do with the opportunity to develop two of the country's most significant commercial projects, this is a trade off that we are content, at the present time, to make.

This transitional phase is equally applicable to Alders plc, in which we acquired a joint venture interest through our investment in Scarlett Retail Group Limited ("Scarlett Retail") earlier this year. Since the acquisition, Scarlett Retail has undertaken a series of activities including a fair value exercise of Alders' assets and liabilities and a comprehensive reorganisation and rationalisation programme in order to adjust, streamline and redirect the "new Alders". This course of action has had an inevitable and significant impact upon the Minerva Group accounts. However we believe that Alders is now well positioned to reap the rewards of the new management's corporate strategy.

All of this activity has been conducted against a challenging global and domestic economic and political backdrop which has inevitably had an adverse effect on the real estate market in London.

The consequence of that which I say above is reflected in the financial results for the year ended 30 June 2003 which I now articulate below.

For the year ended 30 June 2003, net asset value per share has reduced by 9.7 per cent to 317.2 pence, from 351.3 pence per share. Profit before tax and exceptional items of £1.4 million was made by Minerva's core business (2002: £6.3 million). After the effect of exceptional items and the inclusion of our share of the results of Scarlett Retail, the loss for the year before tax was £5.2 million (2002: £6.3 million profit).

Your Board is nevertheless pleased to recommend a final dividend of 2.1 pence per share, making a total dividend for the year of 3.15 pence per share, an increase of 1.6 per cent compared with last year. Subject to approval at the Annual General Meeting, the final dividend will be paid on 17 December 2003 to those shareholders on the register at the close of business on 10 October 2003.

I would now like to turn briefly to each of our principal constituent activities in order that you, our shareholders, have a clear picture of what lies ahead for the coming year.

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We are, and will continue to remain focused on our core business, that of real estate investment and development; we will seek to avoid taking unnecessary speculative development risk; and we will conduct our business activities against a backdrop of high cash reserves which at the year end stood at £141.2 million.

I have been asked on a number of occasions over the past year why it is that we choose to hold such a high level of cash within the Group. Having navigated a commercial path that spans several economic cycles, I have learned that the flexibility and security that cash provides in uncertain times far outweighs the risk of precipitate investment in assets with a less than certain future. I would make the point however that this policy is constantly under review having regard to the opportunities that arise for further investment and the changing nature of the economic and real estate markets.

Obtaining the support of Government for our proposals in Croydon was a significant step forward in achieving our goal of developing one of the Country's leading town centre retail schemes. Now that we have reached this stage there is much to be done in order to prepare the way for development to commence. We are now working closely with Croydon Council to ensure that over the coming year all of the necessary legal documentation is progressed so as to enable a smooth transition through to funding and thereafter commencement of the demolition and construction programme.

Having secured a successful planning outcome for Croydon, we now turn our attention firmly towards The Minerva Building, where we have for most of this year been addressing all of the issues that have arisen as a consequence of quite the most detailed and rigorous consultation process. We are now hopeful that the Corporation of London will consider this application at Committee towards the end of this year.

I would now like to address the acquisition of Alders plc. This transaction was the culmination of a long-term plan to obtain control of the existing Alders department store in Croydon which lies at the heart of our Park Place development proposal. Additionally, Alders is to be our anchor tenant in the new project. The rationale for investing in Scarlett Retail was based purely on property fundamentals and not the sudden desire to change the Group's direction towards the retail sector. However, a constituent part of Scarlett Retail's acquisition of Alders involved the installation of a new, vibrant and experienced management team headed by Terry Green and Phil Cox whose reputation in the retail sector goes before them. As a consequence of which, an opportunity has arisen in Alders which may in due course lead to additional shareholder value, albeit that we are currently treading extremely cautiously in terms of our expectations in this regard. Our gross investment in Scarlett Retail is relatively small, around £10.4 million, with the balance of funding being a combination of non-recourse debt, and co-investment by Lehman Brothers and new management.

I have read recent reports suggesting that there are signs of economic recovery and the embryonic signals of renewed activity in the Central London office market. There are even suggestions that the office letting market has "bottomed out". This may well prove to be correct, but I am not yet convinced that such a claim can be fully justified and there is certainly no clear pattern to suggest that the worst is behind us. Habitually a recovery in the property industry lags the broader economic revival by some considerable time, and whilst we recognise the importance of positioning ourselves for such a recovery, clear evidence of this trend will be necessary before we risk substantial shareholder funds.

The consequence of what I say above is that we will continue to focus on the Group's existing development and investment portfolio and most particularly The Minerva Building and Park Place. We regard this to be by far the best application of our management time and cash resources. In tandem, we will seek to maximise the value of our investment in Scarlett Retail which in itself brings a new opportunity for further shareholder value. Additionally, if market conditions are suitable and the appropriate opportunities arise, we will look to invest funds in projects which can further enhance the net asset value of the Group.

In closing, and perhaps more so this year than any other, I would really like to thank my colleagues at Minerva and our professional team who have together worked tirelessly in achieving a number of important strategic successes set against the backdrop of difficult market conditions.

Sir David Garrard Chairman

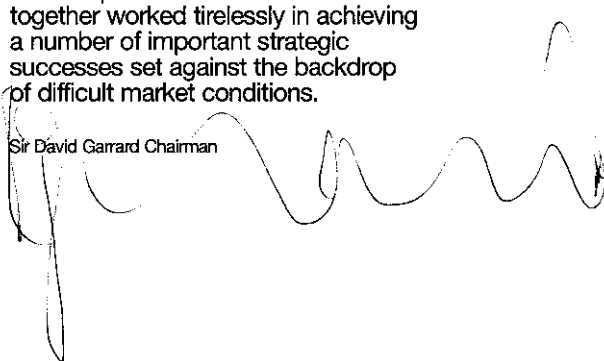
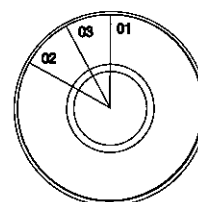
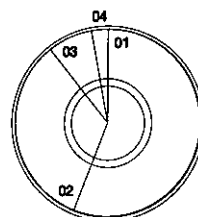


IMAGE REMOVED



Portfolio value
(by sector %)

01 Office_83%
02 Retail_9%
03 Industrial_8%



Portfolio value
(by region %)

01 London - West End,
Central and
Greater London_57%
02 London - City and
Midtown_34%
03 Scotland_8%
04 South_1%

Chief Executive's business review

Andrew Rosenfeld

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Set against the backdrop of economic and political uncertainty, a war in the Middle East and a declining Central London property market, this year has, to say the least, been a challenging one. We have however been extremely busy working our most important property assets which we believe will create substantial future shareholder value. In addition, we have spent considerable time securing the acquisition of Alders plc which has underpinned our development proposals at Park Place, Croydon and provided the Group with a new and potentially rewarding retail investment.

For the team at Minerva this has been a period where huge managerial commitment has been rewarded with successful outcomes.

Our current development programme is now completed and we have been able to eliminate any further speculative risk at a time when the leasing market in London is under significant pressure both in terms of rental levels and tenant incentives.

Our proposals for our shopping development at Park Place, Croydon have been given the "go ahead" by the Secretary of State. The procedure for consultation has been a lengthy one, and we have faced many hurdles in achieving our objectives, none greater than the issue of transportation which lay at the heart of the concerns expressed by the Greater London Authority. As experienced developers, we subscribe to the consensus approach of decision making – in short we like to feel that everybody's views have been considered and wherever possible accommodated within the plans being proposed. I believe that it was this philosophy that enabled us to work with the Greater London Authority and others in a positive and productive manner and in so doing arrive at an outcome which satisfied the aspirations and pre-occupations of all consultees and in a manner which avoided a Public Inquiry.

As a consequence of this approach, Croydon and its neighbouring hinterland now has the opportunity to benefit from significant inward investment to create one of the country's leading town centre shopping malls which will total over 1 million sq.ft. and incorporate over 100 new shops, modern restaurant facilities and a major new department store for Alders which will extend to around 350,000 sq.ft. This development will significantly increase the town's turnover, create new jobs and regenerate this important area of the town centre.

This decision by the Secretary of State has now opened a whole new area of activity for the Group as we prepare the way for the important aspects of compulsory purchase, financing and ultimately demolition and construction.

We have during the year continued to acquire those property interests not within Minerva's direct control and which would otherwise form part of the compulsory purchase order issued by the local authority. The principal interests that have been acquired during the year, or where terms have been agreed subsequently, include a series of mixed use buildings totalling nearly 120,000 sq.ft., at a combined purchase price of around £5.5 million.

It is our intention, wherever possible, to continue this process of acquisition so as to minimise the number of interests that will ultimately be incorporated within the compulsory purchase procedure.

In addition, we are in the process of completing our arrangements with Nestlé UK Ltd who will benefit from the further new provision of office and ancillary accommodation to complement their existing holdings on the site thus consolidating their presence in Croydon.

Furthermore, as part of the planning process we are concluding the documentation required to record our Section 106 Agreement with Croydon Council which caters for all of the contributions that will be made by Minerva to enhance the local community in and around Croydon.

Carrying on with the Croydon theme, in February of this year Scarlett Retail acquired Alders plc. This acquisition represents the culmination of a three and a half year activity which has now enabled Minerva to obtain control of an extremely important property asset which lies at the heart of our Park Place development. The total cost to Scarlett Retail of the Alders acquisition was substantially underpinned by freehold and long leasehold property assets located principally around London and the South East. The acquisition was financed through a combination of non-recourse debt and equity. Our original investment in Alders of £30.2 million was sold to Scarlett Retail for £33.2 million thus realising a profit of £3 million. As part of the transaction, Minerva invested approximately £10.4 million for its majority stake in Scarlett Retail. Taking account of the £3 million profit, Minerva's net investment in Scarlett Retail equates to around £7.4 million. The partnership in Scarlett Retail is with Lehman Brothers and new management, who together share the remaining equity.

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Alders is run by Terry Green and Phil Cox, who together with their newly formed management team collectively comprise one of the most experienced forces in the retail sector. We will of course seek to ensure that the interests of Minerva shareholders are uppermost on the agenda as the new management seeks to maximise the potential from this business and we look forward to the progress that we hope will be made.

I think it is appropriate to re-emphasise at this point that we are first and foremost a property investment and development company whose primary activity will continue to focus on unlocking shareholder value from existing property assets and through future property acquisitions.

With this firmly in mind I should now like to turn to our proposals for The Minerva Building, where we are planning to develop a headquarter office development of over 1 million sq.ft., at the junction of Houndsditch and St. Botolph's Street in London EC3. I can report that during the year an enormous amount of work has been carried out and progress made as we move towards the most advanced stage of the planning process.

Much of the year has been taken up conducting a detailed consultation procedure involving key interested parties including the Corporation of London, the Greater London Authority, English Heritage and CABE. This has, inter alia, culminated in the finalisation of the building design and the creation of a major new City square bounded by St. Botolph's Church to the east, Sir John Cass's School to the west, Houndsditch to the north and adjacent to Fenchurch Street to the south.

We are now hopeful that our planning application will be considered by the Corporation of London towards the end of this year. This proposed development will be unique within the traditional "Square Mile" and will offer the City of London a rare opportunity to develop a signature office complex which will not only meet the future needs of financial occupiers, but will, in our opinion, create a landmark of the highest architectural quality within one of the most important financial districts in the world.

Although referred to earlier in the year, I feel that it is necessary to briefly touch on the acquisition of our joint venture partners' interest in 90 High Holborn WC1. Here, our tenant Olswang, also retained a 50 per cent interest in the equity value of the completed development. During this financial year we acquired Olswang's interest for £12.5 million and in so doing obtained full ownership of the completed office development, which was subsequently refinanced on a long-term investment facility on terms which have enabled us to fully recover the total development cost along with the additional funds required to purchase Olswang's stake. This property is now fully leased for a term of 20 years to Olswang at an initial rent of £6.1 million per annum which increased to £8.1 million per annum in June 2003, rising to £8.3 million per annum in September 2004 and a minimum of £8.5 million per annum in March 2007. As part of this transaction we agreed to share with Olswang any temporary shortfall in rent relating to the 5th and 6th floors. This is referred to in the Chief Financial Officer's review.

Turning to the property portfolio in general, we have during the year continued to work the portfolio in an active and entrepreneurial manner.

In respect of the Wallbrook Estate, where we have the benefit of a planning consent for a headquarters office building of 452,000 sq.ft. designed by Foster & Partners, we have acquired further property at 103 Cannon Street – a 14,000 sq.ft. office and retail investment – for circa £6.9 million. In addition, we have renewed a planning consent for 9,860 sq.ft. of offices at 15 St. Swithin's Lane which sits adjacent to our proposed development. We also own other small buildings along St. Swithin's Lane which together with 15 St. Swithin's Lane may create the opportunity to submit a further planning application of around 15,000 sq.ft. of offices.

Our investments, on the South Bank adjacent to the Tate Modern – "Bankside", have significant development potential albeit that the properties are the subject of mid to long-term leases. We are evaluating the development potential inherent within our ownership and we regard this as a significant opportunity for the future.

The Criterion development at Piccadilly Circus, comprises 121,477 sq.ft. of modern air-conditioned offices developed in 1993 and let to management consultants, McKinsey's. There is in addition a total of 90,639 sq.ft. of retail and restaurant accommodation principally leased to Lillywhites and Virgin Megastore. The offices generate £5.025 million per annum (£41.40 p.sq.ft.) and are currently the subject of a rent review.

I would now like to turn to the main highlights of the Group's financial performance over the last 12 months.

Net rental income during the year increased from £43.9 million to £47.6 million, principally as a result of new rental contributions arising from our completed office developments at 90 High Holborn and 42-48 Wigmore Street, the latter of which was leased to the Government.

Profit before tax and exceptional items of £1.4 million, was made by Minerva's core business. After the effect of exceptional items and the inclusion of the Group's share of the results of Scarlett Retail, the loss for the year before tax was £5.2 million (2002: £6.3 million profit).

The Group's property portfolio was independently valued by Atis Real Weatheralls at circa £1.06 billion. This has been reflected in the net asset value per share which has decreased 9.7 per cent to 317.2 pence from 351.3 pence per share. The main contribution to this decline has been from the performance of the Central London portfolio, reflecting weaker market conditions principally in the City of London and the West End. The property revaluation has taken account of the elimination of stamp duty payable in newly designated disadvantaged areas, which has accounted for a positive valuation adjustment in respect of around 30 per cent of the portfolio. A final dividend of 2.1 pence per share is proposed, which together with the interim dividend of 1.05 pence per share, makes a total dividend for the year of 3.15 pence per share (2002: 3.1 pence per share).

Total bank borrowings at 30 June 2003 were £670.2 million (2002: £619.3 million). Cash balances were £141.2 million (2002: £120.2 million) and the Group had undrawn loan facilities of £2.9 million (2002: £15.3 million). The increase in net debt from £499 million to £529 million during the year largely reflects the expenditure required to complete our two developments together with the acquisition of the minority interest in 90 High Holborn, partly reduced by the net proceeds arising from the sale of our shares in Alders plc and our reinvestment in Scarlett Retail.

During the year, new financings totalling £126 million were completed. At 30 June 2003 the average interest cost of borrowings for the Group was 6.9 per cent (2002: 7.1 per cent) with a weighted average loan maturity of nine years. The Group has continued to adopt a risk averse hedging strategy in terms of its borrowings with 95 per cent of the Group's bank debt attracting fixed rates of interest.

In recent months, there have been a number of encouraging key economic indicators pointing towards recovery, in our own domestic market, the United States and Japan.

It is generally accepted that a recovery in the commercial property market follows the broader economic trend albeit that there is a delay in this filtering through to the marketplace. A number of commentators are suggesting that the Central London market has stabilised with rents levelling out and tenant incentives not increasing.

Bluntly, I believe that it is too early and the economic environment is too fragile to make judgements on the nature and extent of any recovery. We will therefore continue to adopt an extremely cautious approach to substantial further investment, adopting a risk averse policy until such time as a clearer and stronger trend emerges.

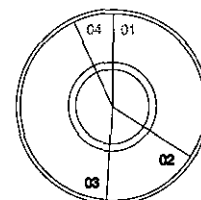
We are fortunate that we have completed our current construction programme, having leased all of our new office projects. Furthermore, we retain a high level of cash within the Company which at one level will provide us with a buffer against fluctuating market conditions but at another level offers us the flexibility to invest as and when opportunities arise.

The year ahead offers us the exciting prospect of progressing our proposed development plans for Park Place, Croydon and securing planning consent for what will in our view be one of the City of London's most significant new landmark office developments. There is much to do in order to maximise the value of both of these projects, as there is in enhancing the value of our existing asset base, maintaining a close stewardship of our investment in Alders, through Scarlett Retail, and seeking further opportunities for investment in new projects. We therefore look forward to the year ahead with a degree of cautious optimism.

Andrew Rosenfeld Chief Executive

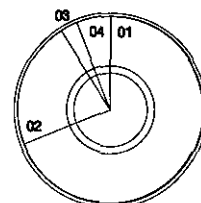


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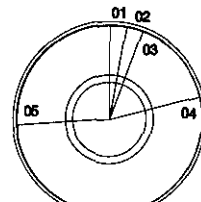
Security of income
(% of net income)

- 01 0-10 years_34%
- 02 10-15 years_17%
- 03 15-20 years_42%
- 04 20 years plus_7%



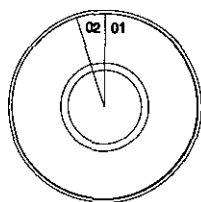
Portfolio income
(by quality %)

- 01 Large corporations and Partnerships_69%
- 02 Financial institutions_22%
- 03 Government_3%
- 04 Other_6%



Debt maturity

- 01 Less than 1 year_1%
- 02 1-2 years_1%
- 03 2-5 years_16%
- 04 5-10 years_55%
- 05 10 years plus_27%



Debt hedging

- 01 Fixed_95%
- 02 Floating_5%

Chief Financial Officer's review

Ivan Ezekiel

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Introduction

This year's results include those of our joint venture investment in Scarlett Retail which acquired Allders during the year.

Review of results

Profit before tax, exceptional items and goodwill amortisation for the year was £0.3 million, comprising a profit of £1.4 million (2002: £6.3 million) from the core real estate business of Minerva and the Group's share of Scarlett Retail's loss of £1.1 million (2002: £nil). After deducting exceptional items and goodwill amortisation relating to the Group's investment in Scarlett Retail, the reported loss before taxation for the Group for the year was £5.2 million (2002: £6.3 million profit).

Minerva Net rental income has increased during the year by 8.5 per cent to £47.6 million (2002: £43.9 million). The increase in rental income, before property outgoings, from £47.8 million to £53.1 million principally arises from new rental income following the completion of our two developments during the first half of our financial year at 90 High Holborn and 42-48 Wigmore Street, which have been let to Olswang and the Government respectively. The effect of the increase was partially offset by, amongst other things, higher operational void and related costs arising from properties where the Group continues to maintain development flexibility.

Group net financing costs increased by £8.6 million to £41.2 million. The increase principally reflects a combination of higher levels of borrowings secured against property assets, the cessation of interest capitalised on our two completed developments part way through the financial year and reduced rates of interest on the Group's cash deposits.

With regard to 90 High Holborn, the Group restructured its arrangements with Olswang during the year, acquiring the remaining 50 per cent interest in the joint venture for £12.5 million. This was subsequently funded as part of a refinancing of the property. In addition, as reported last September, Olswang took an overriding 20-year lease over the entire development and, as part of this transaction, Minerva agreed to share with Olswang any difference between their rental income and expense in respect of 39,000 sq.ft. of office accommodation, which has subsequently been under-leased by Olswang to the Police Complaints Commission.

Minerva's share of the difference referred to above, principally arising from the rent free period in the under-lease, totals circa £1.9 million and will be recognised in the profit and loss account over the period until first review. Following completion of the developments at 90 High Holborn and 42-48 Wigmore Street, the properties were refinanced with two new long-term, non-recourse bank facilities totalling £126 million. In doing so, as reported at the time of our interim results, a one-off charge of £0.5 million has been recognised in the profit and loss account in respect of unamortised loan issue costs written-off on loans repaid. At 30 June 2003, the average interest cost of borrowing for the Group was 6.9 per cent (30 June 2002: 7.1 per cent) with a weighted average maturity of circa nine years.

The Group tax charge for the year was £1.3 million (2002: £1.5 million) consisting of deferred taxation arising from capital allowances claimed and other timing differences which we are required to provide in accordance with FRS 19. The Group has no liability to current UK corporation tax as there are losses brought forward and capital allowances available. Based on the latest property portfolio valuation, there is an estimated potential capital gains tax liability of approximately £64 million should the properties be sold and no capital allowances be retained by the Group.

Scarlett Retail During the year the Group invested circa £10.4 million for a majority equity stake in Scarlett Retail, a joint venture with Lehman Brothers, Terry Green and Phil Cox who share the remaining equity. Scarlett Retail, which is financed by a combination of equity and non-recourse bank debt, announced an offer to acquire Allders plc in December 2002, and declared the offer unconditional in February 2003. As part of this transaction, the Group sold its 26.5 per cent stake in Allders to Scarlett Retail for £33.2 million, repatriating cash to Group reserves and generating a profit of £3 million over its original cost. In terms of financial presentation, this profit has been offset against the Group's total investment in Scarlett Retail of £10.4 million to give a net-cost of investment of £7.4 million, and I would refer you to the section below explaining the accounting treatment adopted for recognising the Group's share of net assets and results of this joint venture.

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The Group's investment in Scarlett Retail has resulted in acquisition goodwill of £13.5 million, which is being amortised over 20 years. The goodwill figure arises after adjusting the acquired net assets of Scarlett Retail to fair value. The adjustments are given in note 15, but relate principally to the clearance of old stock, the adjustment of the carrying value of the fixed assets in line with FRS 11 as well as a realignment in respect of the pension scheme.

The period since acquisition has been one of significant transformation and adjustment with new management implementing extensive change in order to redirect the activities of Scarlett Retail. This has necessitated a review of all areas and there have been significant costs incurred as a result. Our share of the results of the joint venture for the period since acquisition, before exceptional items, principally redundancy and other restructuring costs, and goodwill amortisation, contributed a loss of £1.1 million to the Group's pre-tax results. After exceptional charges, goodwill amortisation and tax, the Group has recognised a loss of £4.3 million, representing its share of Scarlett Retail's results after tax.

Shareholders' funds and dividends
Principally as a result of the reduction in the valuation of our property portfolio and our share of the loss of Scarlet Retail, shareholders' funds at 30 June 2003 were £508.1 million, which corresponds to a net asset value per share of 317.2 pence, a decrease of 9.7 per cent from 351.3 pence at 30 June 2002. Despite NAV falling during the year, since our first financial year-end as a listed company on 30 June 1997, the annual compound growth in NAV per share has been 9.7 per cent, and by including the cumulative dividends per share that have been paid or proposed during the period, the compound return has been 11 per cent per annum.

A final dividend of 2.10 pence per share is proposed. Together with the interim dividend of 1.05 pence per share already paid, this brings the total dividend for the year to 3.15 pence per share, an increase of 1.6 per cent on the total dividend for 2002.

Financing and structure

Minerva The Group finances its activities through a mixture of cash flow and borrowings. The Group seeks to selectively gear property investments with secured long-term bank debt whilst holding a large amount of cash providing the Group with security, liquidity and flexibility. The Group deposits its cash with selected financial institutions with high credit ratings.

Total borrowings at 30 June 2003 were £670.2 million (2002: £619.3 million). Cash and short-term deposits were £141.2 million (2002: £120.2 million) and the Group had undrawn loan facilities of £2.9 million (2002: £15.3 million). The increase in net debt during the year largely reflects the expenditure required to complete the developments at Wigmore Street and 90 High Holborn together with the acquisition of the minority interest in 90 High Holborn, albeit that the net increase was partly reduced by the net realisation of cash from the sale of our listed share investment in Alders plc and subsequent reinvestment in Scarlett Retail.

In terms of its borrowings, the Group adopts a risk-averse hedging strategy with almost all of its borrowings, which are secured on property assets, at fixed rates. The Group continues to use interest rate derivatives to manage its exposure to adverse interest rate movements and at 30 June 2003, 95 per cent (2002: 87 per cent) of Group borrowings were hedged under fixed or swapped-fixed interest rate agreements.

The Group also seeks to borrow on a long-term basis to match, where possible, the income from leases. At 30 June 2003, 82 per cent (2002: 70 per cent) of the Group's borrowings are due to mature in more than five years.

At the year end, the fair value of the Group's debt and interest rate hedging derivatives, required to be disclosed under FRS 13 "Financial Instruments", resulted in a notional cost of £66.7 million (2002: £25.9 million), which if taken to reserves after tax at 30 per cent, would reduce the Group's net asset value by £46.7 million (2002: £18.2 million), equivalent to 29.1 pence per share (2002: 11.3 pence per share). Further details are provided in note 20 to the financial statements. We have conducted a further valuation subsequent to the year end, and at 31 August 2003 the notional cost has reduced to £44.8 million, which if taken to reserves on a similar post-tax basis, would result in a reduction in the Group's net asset value by £31.4 million or 19.6 pence per share.

Scarlett Retail Scarlett Retail is funded by ordinary and preference share capital of £14.2 million, of which Minerva's share is £10.4 million. The balance of the funding which supported Scarlett Retail's acquisition of Alders plc was non-recourse bank debt provided by Lehman Brothers. At 30 June 2003, the joint venture had net borrowings of £162.4 million, consisting of bank borrowings of £164.4 million and cash and short-term deposits of £2 million.

Accounting for Scarlett Retail
Although Scarlett Retail is a subsidiary as defined under the Companies Act, it is considered by the Board, having regard to the Shareholders' Agreement, that the most appropriate method of accounting for Scarlett Retail is as a joint venture under the gross equity method of accounting prescribed by FRS 9, Associates and Joint Ventures. Under the gross equity method, the Group's share of Scarlett Retail's gross assets, gross liabilities and results are included in the consolidated results of the Group.

Ivan Ezekiel Chief Financial Officer



Board of Directors

Sir David Garrard FFS

Chairman

(Aged 64)

Responsible for the overall strategy of the Group and all major decisions relating to acquisitions, disposals and matters of corporate policy and direction. He was the founder and senior partner of the London commercial estate agency, Garrard Smith and Partners, until his acquisition and privatisation of the publicly quoted Land Investors plc. Following the sale of his family's and his own interests in Land Investors in 1988, he founded, with Andrew Rosenfeld, Minerva.

Andrew Rosenfeld BSC MRICS

Chief Executive

(Aged 41)

Jointly responsible for the overall strategy of the Group and its implementation. He is responsible for the identification and negotiation of property acquisitions and disposals, and has overall responsibility for the corporate finance activities of the Group. He was co-founder of the Group in 1988, prior to which he worked for merchant bankers, Schrodgers, in their property division, Berisford Property Group, and alongside David Garrard at Land Investors PLC.

Paul Coster MRICS

Property Director

(Aged 51)

Responsible for various development activities in the Group. He joined the Group in November 1989 and was previously Managing Director of the publicly quoted Centrovincial Estates plc and, prior to joining Minerva, he was a main board director of Burford Holdings plc where he was responsible for the management of the investment portfolio.

Clive Richards OBE FCA FCMA FMIM

Non-executive Director, Chairman of

the Audit Committee and a member

of the Remuneration Committee

(Aged 66)

Following six years at Peat Marwick Mitchell in 1960 he joined Wedd Durlacher Mordant, subsequently a major constituent part of Barclays de Zoete Wedd where he became Managing Partner. From 1970 to 1976 he worked at N M Rothschild & Sons Ltd where he rose to become Group Finance Director. In 1976 he left to set up his own investment and financial services company Clive Richards & Co which has been involved in a number of successful ventures. He is currently non-executive Chairman of Intelligent Environments Group plc and CEL International Limited and a non-executive Director of Corin Group PLC and Xpertise Group PLC. Appointed to the Board of Minerva in November 1996.

Christopher Sheridan FCIB MSI

Non-executive Director, Chairman

of the Remuneration Committee and

a member of the Audit Committee

(Aged 60)

Joined Samuel Montagu & Co Limited in 1962 and became a Director in 1974. He was appointed head of Samuel Montagu's Treasury Division, with overall responsibility for all the bank's dealing activities, in 1976. He was Chief Executive of Samuel Montagu from 1984 to 1994, where as head of merchant banking of the Midland Bank Group he oversaw the changes during "Big Bang" as well as the integration into HSBC. He is Chairman of Yorkshire Building Society and non-executive Director of Prudential-Bache International Bank Limited, Hanover Acceptances Limited and Standard Bank London Limited. He is also a member of the International Executive Committee of the law firm Lovells. Appointed to the Board of Minerva in November 1996.

Executive management team

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Ivan Ezekiel BSC FCA ATII
Group Finance
(Aged 37)

Qualified as a Chartered Accountant with KPMG and worked for Capital and Regional Properties plc for three years as Group Financial Controller before joining Minerva in November 1997. His responsibilities include finance, accounting, tax and co-ordination of management and external reporting.

Tim Garnham BSC
Developments
(Aged 46)

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

Edward Moody BSC MRICS
Asset Management
(Aged 42)

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.

Arthur Rixon BSC
Structured Finance
(Aged 52)

Joined Minerva full-time in November 1996 with responsibility for general property and structured finance. He has 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.

Quentin Thompson BSC MRICS
Asset Management
(Aged 40)

Joined Minerva from surveyors, Chesterton International plc, in February 1991. Prior to Chesterton International plc, he worked for Bernard Thorpe, now part of DTZ Debenham Thorpe, where he was involved in all aspects of property management. He is responsible for the management of specific properties within the portfolio.

Steven Yewman BSC MRICS
Property Acquisitions and Disposals
(Aged 33)

Joined Minerva in May 1989, having previously worked at Land Investors PLC. He is responsible for the evaluation and co-ordination of the Group's property acquisitions and disposals.

The Remuneration Committee

The Remuneration Committee, as constituted by the Board, is responsible for the determination of the remuneration, including the grant of share-based incentives, of the executive Directors of Minerva plc.

The Remuneration Committee comprises the two non-executive Directors of the Company, Christopher Sheridan (Chairman of the Committee) and Clive Richards. The composition of the Committee, which consists exclusively of independent Directors, has not altered during the year. Members of the Committee have no personal financial interest, other than as shareholders, in the outcome of the decisions taken by the Committee. The Remuneration Committee met once during the year. The Company Secretary has provided administrative support and information to the Remuneration Committee.

Remuneration policy

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

The remuneration packages currently comprise:

Basic salaries and benefits Basic salaries and benefits are reviewed regularly by the Remuneration Committee having regard to a number of factors, including the responsibility and performance of the individual and competitive market practice. Benefits principally include the provision of a company car, medical insurance and life assurance cover.

Performance-related bonus Bonuses are awarded by the Remuneration Committee having regard to a number of factors, including the share price performance of the Company, the Group's performance relative to the All Property Capital Value Index published by the Investment Property Databank, and the individual's performance.

Individual performance is measured by the achievement of strategic and personal objectives, including, but not limited to:

- preparation for and attainment of planning consent;
- delivery of development programmes;
- portfolio investment performance; and
- capital structure and funding.

Share options Share options are granted by the Remuneration Committee annually, based on the individual's performance, position and responsibilities. The vesting and exercise of the options are subject to demanding performance conditions which include, where applicable, a comparison against a peer group of other comparable quoted companies in the FTSE Real Estate Sector.

The Remuneration Committee consults with the Chairman and Chief Executive, as appropriate, with regard to its proposals for the remuneration of the executive Directors.

Directors' remuneration

	Salary and fees			Bonus		Other benefits		Total
	Year ended 30 June 2003 £000	Year ended 30 June 2002 £000	Year ended 30 June 2003 £000	Year ended 30 June 2002 £000	Year ended 30 June 2003 £000	Year ended 30 June 2002 £000	Year ended 30 June 2003 £000	Year ended 30 June 2002 £000
Executives								
Sir David Garrard	263	250	–	250	22	15	285	515
Andrew Rosenfeld	263	250	–	250	55	54	318	554
Paul Coster	150	137	100	95	38	31	288	263
	676	637	100	595	115	100	891	1,332
Non-executives								
Clive Richards	35	35	–	–	–	–	35	35
Christopher Sheridan	35	35	–	–	–	–	35	35
	70	70	–	–	–	–	70	70
Total	746	707	100	595	115	100	961	1,402

Pensions

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

Directors' interests

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

	Ordinary shares of 25 pence each 30 June 2003	Ordinary shares of 25 pence each 30 June 2002
Sir David Garrard	29,792,406	29,792,406
Andrew Rosenfeld	24,578,753	24,578,753
Paul Coster	1,435,857	1,435,857
Clive Richards	211,110	211,110
Christopher Sheridan	16,666	16,666

There has been no change in the beneficial and non-beneficial shareholdings of the Directors between 30 June 2003 and the date of this Report.

Employee Share Option Schemes

The Group operates two types of share option plans, Executive Share Option Schemes and a Sharesave Scheme.

Executive Share Option Schemes The Employee Share Option Schemes are available to executive Directors and senior management.

Until November 2001, executive Directors and senior management were granted share options under the Company's 1996 Share Option Schemes. The 1996 Share Option Schemes were adopted in November 1996 and comprise an Approved Scheme which was the subject of Inland Revenue clearance, and an Unapproved Scheme. The performance criterion required under the 1996 Approved Scheme is that the increase in the share price of the Company is greater than or equal to the increase in the Retail Price Index at any time following the third anniversary of the grant of the option. The performance criterion required under the 1996 Unapproved Scheme is that the growth in the share price of the Company at any time following the third anniversary of the grant of the option places the Company in the top quartile of a peer group of quoted property companies. When these share price based performance conditions were set in 1996 the Remuneration Committee believed that they best aligned the Company's business strategy at that time with shareholders' interests.

The 2001 Discretionary Share Option Scheme, which was approved by shareholders in November 2001, has two parts, an Inland Revenue approved part and an unapproved part. The Discretionary Scheme is subject to a performance condition which ranks the Company's total shareholder return (share price growth and reinvested dividends) over a period of three years against a periodically reviewed peer group of quoted property companies and the following targets apply:

Ranking in peer group	Proportion of options exercisable
Upper quartile or above	All
Median	One-third
Below median	Nil

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

The Remuneration Committee believes that this performance condition is appropriate and demanding, as the measure is considered an effective way of aligning the interests of management and shareholders with share options only able to be exercised in full in return for upper quartile or above total shareholder return performance.

Under the Scheme Rules, the performance conditions, including the comparable quoted companies in the FTSE Real Estate Sector, may be amended by the Remuneration Committee to ensure they remain appropriate. The peer groups referred to above between them currently contain the following quoted companies: Benchmark Group PLC, The British Land Company PLC, Brixton PLC, Capital & Regional plc, Chelsfield plc, Derwent Valley Holdings plc, Development Securities plc, Great Portland Estates PLC, Hammerson PLC, Helical Bar plc, Land Securities PLC, Liberty International PLC, London Merchant Securities plc, Pillar Property PLC, Quintain Estates and Development PLC, Shaftesbury Plc, Slough Estates plc and St Mowden Properties plc.

All Employee Sharesave Scheme The Company has operated an Inland Revenue 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 start saving. Options granted to executive Directors under the Sharesave Scheme are not subject to performance conditions. The Sharesave Scheme is an Inland Revenue approved all-employee Scheme, the terms of approval for which do not allow the imposition of performance conditions on the exercise of options.

The mid-market price of the Company's shares on the London Stock Exchange at 30 June 2003 was 176.5 pence per share. During the year the share price ranged from 113 pence to 268 pence.

During the year share options were granted to executive Directors and senior management. At 30 June 2003, the share options held by Directors in the Company were as follows:

Sir David Garrard						
Scheme	At 1 July 2002	Granted during year	Exercised during year	At 30 June 2003	Exercise price	Exercise period
A	9,351	—	—	9,351	320.8p	Apr 2004 to Apr 2011
B	302,370	—	—	302,370	320.8p	Apr 2004 to Apr 2008
C	274,363	—	—	274,363	227.8p	Dec 2004 to Dec 2011
C	—	310,650	—	310,650	169.0p	Sep 2005 to Sep 2012

Andrew Rosenfeld						
Scheme	At 1 July 2002	Granted during year	Exercised during year	At 30 June 2003	Exercise price	Exercise period
A	9,351	—	—	9,351	320.8p	Apr 2004 to Apr 2011
B	302,370	—	—	302,370	320.8p	Apr 2004 to Apr 2008
C	274,363	—	—	274,363	227.8p	Dec 2004 to Dec 2011
C	—	310,650	—	310,650	169.0p	Sep 2005 to Sep 2012

Paul Coster						
Scheme	At 1 July 2002	Granted during year	Exercised during year	At 30 June 2003	Exercise price	Exercise period
B	43,725	—	—	43,725	141.0p	Nov 1999 to Nov 2003
B	37,402	—	—	37,402	320.8p	Apr 2004 to Apr 2008
C	149,802	—	—	149,802	227.8p	Dec 2004 to Dec 2011
C	—	177,692	—	177,692	169.0p	Sep 2005 to Sep 2012

Scheme A: Approved 1996 Share Option Scheme.

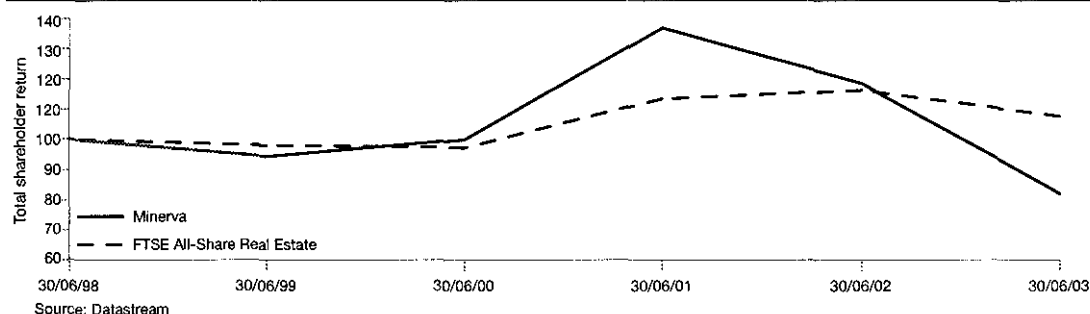
Scheme B: Unapproved 1996 Share Option Scheme.

Scheme C: 2001 Discretionary Share Option Scheme.

No other Directors have been granted share options in the shares of the Company or other group entities. None of the terms and conditions of the share options was varied during the year. No payment was made for the grant of any share options. All options were granted in respect of qualifying services.

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 All-Share Real Estate Sector Index for each of the last five financial years, is illustrated graphically by the following chart:



The Company is a constituent of the FTSE All-Share Real Estate Index and, therefore, the Remuneration Committee considers this to be the most appropriate broad market equity index for illustrating the Company's performance.

Non-executive remuneration

Non-executive Directors receive a fee for their services to the Company, including in connection with Board and Board Committee meetings. The current level of fees were approved by the Board in September 1999. The non-executive Directors do not receive any pension benefits from the Company, nor do they participate in any bonus or employee share option schemes.

Service contracts, contracts of significance and notice periods

The service contracts of Sir David Garrard, Andrew Rosenfeld and Paul Coster are dated 21 November 1996. The contracts have no stated termination date but provide for the Directors and the Company to give notice periods of at least six months and 12 months respectively. The Remuneration Committee reviews the service contracts periodically.

Non-executive Directors do not have service agreements. Letters of appointment are subject to the provisions of the Articles of Association dealing with the appointment and rotation, and are subject to a notice period of three months.

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

Auditable information

The Remuneration report consists of non-auditable information with the exception of the sections entitled Directors' remuneration and pensions, and the details of share options held by Directors set out on page 38.

Approval

At the Annual General Meeting to be held on 11 December 2003, an ordinary resolution will be proposed approving this report.

For and on behalf of the Board

Christopher Sheridan Chairman of the Remuneration Committee
26 September 2003

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

Board of Directors

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

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

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

The Directors are subject to retirement by rotation and re-election by shareholders in accordance with the Articles of Association of the Company, whereby one-third of the Directors retire by rotation each year. The three executive Directors have service contracts which have a notice period of no more than 12 months. Subject to reappointment by rotation, the continuing service of the non-executive Directors is reviewed by the Board periodically.

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

Board Committees

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

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

The Remuneration Committee The Remuneration Committee, comprising Christopher Sheridan (Chairman) and Clive Richards, meets at least once a year to review the terms and conditions of employment of executive Directors including the provision of incentives and performance related benefits. The report on Directors' remuneration is set out on pages 36 to 39.

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

Communication with shareholders

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

Internal control

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

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

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

Going concern

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

Compliance with the Combined Code

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

Statement of Directors' responsibilities

The Directors are required by UK company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period and of the profit or loss, total recognised gains and losses and cash flows of the Group for that period. The Directors confirm that in preparing the financial statements for the year ended 30 June 2003, suitable accounting policies, in accordance with United Kingdom accounting standards, consistently applied and supported by reasonable and prudent judgements and estimates, have been used. The Directors also confirm that the going concern basis is appropriate. The Directors are responsible for maintaining proper accounting records, for safeguarding the assets of the Company and the Group, and for taking reasonable steps to prevent and detect fraud and other irregularities.

The Directors are also responsible for maintaining the integrity of the Group's website. Information published on the internet is accessible in many countries with different legal requirements relating to the preparation and dissemination of financial statements. UK legislation governing preparation and dissemination of financial statements may therefore differ from that in other jurisdictions.

Report of the Directors

The Directors present their report and the audited financial statements of the Group for the year ended 30 June 2003.

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Principal activities and review of the business

The principal activities of the Group are that of property investment, development and management. The Group also has a joint venture investment in Scarlett Retail Group Limited which acquired Alders plc during the year. A detailed review of the business of the Group, including the position at the year end and future prospects, is included in the Chairman's statement, the Chief Executive's business review and the Chief Financial Officer's review.

Results and dividends

The financial statements deal with the results of the Group for the year ended 30 June 2003 which are shown on page 45. The Directors recommend the payment of a final dividend of 2.10 pence per share in respect of the year ended 30 June 2003, which, subject to approval at the Annual General Meeting, will be payable on 17 December 2003 to shareholders listed on the Register of Members on 10 October 2003. This, together with an interim dividend of 1.05 pence per ordinary share, paid on 14 May 2003, makes a total dividend for the year of 3.15 pence per ordinary share.

Directors

The Directors of the Company at the date of this report are shown on page 34. Paul Coster and Clive Richards retire by rotation in accordance with the Articles of Association. Both, being eligible, offer themselves for re-election at the next Annual General Meeting.

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

There has been no change in the beneficial and non-beneficial shareholdings of the Directors between 30 June 2003 and the date of this report except as disclosed in the Remuneration report.

Substantial shareholdings

The Company has been notified of the following substantial interests in the share capital of the Company as at 26 September 2003:

	Shares	Per cent
Fidelity International Limited and subsidiaries	17,351,900	10.83
Trustees of the A I Rosenfeld Trust*	17,281,169	10.79
Newton Management Limited	13,931,713	8.70
Herling Limited	12,371,309	7.72
Trustees of the Garrard Rosenfeld Settlement	8,674,212	5.41
Friends Ivory & Sime	7,856,466	4.90
Zurich Financial Services Group	6,393,843	3.99
Morley Fund Management Limited	6,382,510	3.98
Legal & General Investment Management	5,384,502	3.36

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

Annual General Meeting

The Annual General Meeting of the Company will be held on 11 December 2003.

Declaration of final dividend The Directors have recommended the payment of a final dividend of 2.10 pence per share. The Directors recommend shareholders to vote in favour of this resolution as they unanimously intend to do so in respect of their own beneficial shareholdings.

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

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

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

Purchase of own shares At the 2002 Annual General Meeting, the shareholders passed a resolution granting to the Company authority to make market purchases of the Company's ordinary shares subject to certain specified limits. No shares have been purchased pursuant to this authority, which expires at the conclusion of the 2003 Annual General Meeting to be held on 11 December 2003. Under resolution 9, which is proposed as a special resolution, the Directors are seeking to renew such authority to make market purchases (if they deem it appropriate from time to time) of up to 24,012,963 ordinary shares of 25 pence each in the Company, which represents 14.99 per cent of the issued share capital at the date of this report, at no more than 105 per cent of the average of the closing mid market price for the ordinary shares of the Company for the five days prior to the date of purchase, nor at less than 25 pence each.

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

Remuneration policy The Company's shareholders will be asked to approve the Remuneration report contained in the Annual Report and Accounts at the Annual General Meeting to be held on 11 December 2003 and resolution 5 is drafted accordingly.

Compliance with the Combined Code

A statement on Corporate governance is set out on pages 40 and 41.

Corporate social responsibility

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

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

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

Health and safety

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

Suppliers

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

- 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 Company had an average of 22 days (2002: 24 days) purchases outstanding.

Donations

During the year the Group made charitable donations of £90,000. No political donations were made during the year.

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 12 May 2003 and the Directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the Annual General Meeting.

By order of the Board

Ivan Ezekiel Secretary
26 September 2003



Independent
auditors'
report to the
members of
Minerva plc

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We have audited the financial statements which comprise the Consolidated profit and loss account, the Consolidated and Parent Company balance sheets, the Consolidated cash flow statement, the Statement of total recognised gains and losses, the Note of historical cost profits and losses, the Reconciliation of movements in shareholders' funds and the related notes. We have also audited the disclosures required by Part 3 of Schedule 7A to the Companies Act 1985 contained in the Remuneration report ("the auditable part").

Respective responsibilities of Directors and auditors

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

Our responsibility is to audit the financial statements and the auditable part of the Remuneration report in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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

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

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

Basis of audit opinion

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

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

Opinion

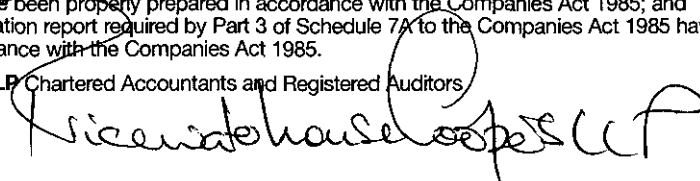
In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company and the Group at 30 June 2003 and of the loss and cash flows of the Group for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- those parts of the Remuneration report required by Part 3 of Schedule 7A to the Companies Act 1985 have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP Chartered Accountants and Registered Auditors

London

26 September 2003



Consolidated
profit and loss
account
For the year ended
30 June 2003

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				Year ended 30 June 2003	Year ended 30 June 2002
	Note	Before goodwill amortisation and exceptional items £000	Goodwill amortisation and exceptional items £000	Total £000	Total £000
Group and share of joint venture turnover	2	150,383	–	150,383	47,782
Less: Share of joint venture turnover	15	(97,303)	–	(97,303)	–
Total turnover		53,080	–	53,080	47,782
Net property outgoings		(5,505)	–	(5,505)	(3,924)
Administrative expenses		(6,625)	–	(6,625)	(6,577)
Other income		196	–	196	188
Group operating profit	3	41,146	–	41,146	37,469
Share of joint venture operating profit/(loss)	15	1,002	(5,028)	(4,026)	–
Share of operating profit		1,002	–	1,002	–
Share of exceptional items		–	(4,792)	(4,792)	–
Goodwill amortisation		–	(236)	(236)	–
Total operating profit/(loss)		42,148	(5,028)	37,120	37,469
Income from listed investments		952	–	952	1,401
Net financing costs	6	(42,766)	(504)	(43,270)	(32,597)
Profit/(loss) on ordinary activities before taxation		334	(5,532)	(5,198)	6,273
Taxation	7	(972)	1,437	465	(1,463)
(Loss)/profit on ordinary activities after taxation		(638)	(4,095)	(4,733)	4,810
Dividends	9	(5,046)	–	(5,046)	(4,966)
Retained loss		(5,684)	(4,095)	(9,779)	(156)
(Loss)/earnings per share – basic and diluted	10	(0.4p)	(2.6p)	(3.0p)	3.0p

The results for this year and prior year relate to continuing operations, with the exception of the joint venture which was acquired during the year.

Accounts

45_Financial statements 50_Notes to the financial statements 65_Notice of Annual General Meeting 67_Advisers to the Company 68_Principal property investments

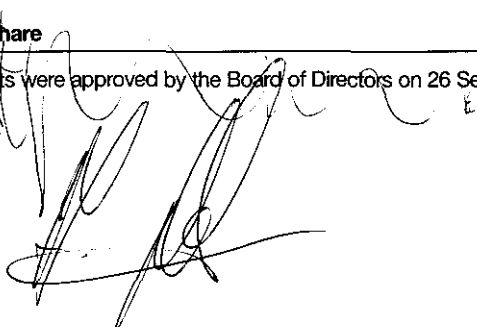
Consolidated
balance sheet
As at 30 June 2003

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	Note	30 June 2003 £000	30 June 2002 £000
Fixed assets			
Investment properties	11	1,059,543	1,075,026
Tangible fixed assets	12	1,267	412
Investments	14	107	24,648
Investment in joint venture:	15	3,069	-
Share of gross assets		105,727	-
Share of gross liabilities		(115,890)	-
Goodwill		13,232	-
		1,063,986	1,100,086
Current assets			
Debtors	16	10,275	8,170
Cash at bank and in hand	17	141,168	120,236
		151,443	128,406
Creditors: Amounts falling due within one year	18	(43,827)	(39,523)
Net current assets		107,616	88,883
Total assets less current liabilities		1,171,602	1,188,969
Creditors: Amounts falling due after more than one year	19	(658,290)	(607,266)
Provisions for liabilities and charges	21	(5,223)	(3,924)
Equity minority interests	13	-	(15,088)
Net assets		508,089	562,691
Capital and reserves			
Called up share capital	22	40,048	40,048
Share premium account	23	197,101	197,101
Revaluation reserve	23	241,413	286,236
Other reserves	23	41,795	41,795
Profit and loss account	23	(12,268)	(2,489)
Equity shareholders' funds		508,089	562,691
Net asset value per share	24	317.2p	351.3p

The financial statements were approved by the Board of Directors on 26 September 2003 and were signed on its behalf by:

D E Garrard Director
A I Rosenfeld Director



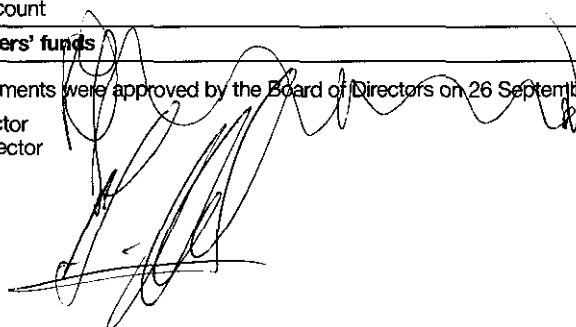
Parent
Company
balance sheet
As at 30 June 2003

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	Note	30 June 2003 £000	30 June 2002 £000
Fixed assets			
Investments:			
Subsidiary undertakings	13	48,179	48,179
Investment in joint venture	15	10,435	–
		58,614	48,179
Current assets			
Debtors	16	220,755	225,016
Cash at bank and in hand		5,136	10,014
		225,891	235,030
Creditors: Amounts falling due within one year	18	(3,538)	(3,529)
Net current assets		222,353	231,501
Total assets less current liabilities		280,967	279,680
Creditors: Amounts falling due after more than one year	19	–	–
Net assets		280,967	279,680
Capital and reserves			
Called up share capital	22	40,048	40,048
Share premium account	23	197,101	197,101
Revaluation reserve	23	–	–
Other reserves	23	14,315	14,315
Profit and loss account	23	29,503	28,216
Equity shareholders' funds		280,967	279,680

The financial statements were approved by the Board of Directors on 26 September 2003 and were signed on its behalf by:

D E Garrard Director
A I Rosenfeld Director



Consolidated
cash flow
statement
For the year ended
30 June 2003

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	Note	Year ended 30 June 2003 £000	Year ended 30 June 2002 £000
Net cash inflow from operating activities	28a	42,544	38,101
Returns on investments and servicing of finance		(35,734)	(30,395)
Interest received		4,647	5,220
Interest paid		(41,051)	(35,782)
Income received from listed investments		1,622	1,108
Issue costs of long-term loans		(952)	(941)
Taxation			
UK corporation tax		-	-
		6,810	7,706
Capital expenditure and financial investment		(4,190)	(54,846)
Additions to investment properties		(30,410)	(46,022)
Additions to tangible fixed assets		(1,382)	(201)
Additions to listed investments		(5,594)	(8,792)
Receipts from sale of tangible fixed assets		18	65
Receipts from sale of listed investments	14	33,178	104
Acquisitions		(23,023)	-
Acquisition of subsidiary undertakings	13	(12,588)	-
Acquisition of joint ventures	15	(10,435)	-
Equity dividends paid		(4,960)	(4,854)
Cash outflow before use of liquid resources and financing		(25,363)	(51,994)
Management of liquid resources	28b/c	(21,186)	2,298
Financing		46,295	48,873
New long-term loans		136,029	115,840
Repayment of long-term loans		(89,734)	(66,967)
Decrease in cash	28b/c	(254)	(823)

Statement
of total
recognised
gains and
losses

For the year ended
30 June 2003

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	Year ended 30 June 2003 £000	Year ended 30 June 2002 £000
(Loss)/profit on ordinary activities after taxation	(4,733)	4,810
Unrealised (deficit)/surplus on revaluation of investment properties	(44,823)	33,488
Movement in equity minority interest share on revaluation of investment properties	–	29
Total recognised gains and losses for the year	(49,556)	38,327

Note of
historical cost
profits and losses

For the year ended
30 June 2003

	Year ended 30 June 2003 £000	Year ended 30 June 2002 £000
(Loss)/profit on ordinary activities before taxation	(5,198)	6,273
Realisation of revaluation deficit of previous years	–	–
Historical cost (loss)/profit on ordinary activities before taxation	(5,198)	6,273
Historical cost loss for the year retained after taxation and dividends	(9,779)	(156)

Reconciliation of
movements in
shareholders' funds

For the year ended
30 June 2003

	Year ended 30 June 2003 £000	Year ended 30 June 2002 £000
(Loss)/profit on ordinary activities after taxation	(4,733)	4,810
Dividends	(5,046)	(4,966)
	(9,779)	(156)
Unrealised (deficit)/surplus on revaluation of investment properties	(44,823)	33,488
Movement in equity minority interest share on revaluation of investment properties	–	29
Net movement in shareholders' funds	(54,602)	33,361
Opening equity shareholders' funds	562,691	529,330
Closing equity shareholders' funds	508,089	562,691

1. Accounting policies

The Group's accounting policies are as follows:

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

Consolidation The audited financial statements of the Company and all of its subsidiary undertakings have been consolidated, with the exception that where, in the opinion of the Directors, severe long-term restrictions exist over the control of a subsidiary, that subsidiary is accounted for as a joint venture under the gross equity method of accounting prescribed by FRS 9, Associates and joint ventures.

In accordance with Section 230 of the Companies Act 1985, a separate profit and loss account for the Company is not presented.

Goodwill Goodwill represents the excess of cost over the fair value of net assets acquired. In accordance with FRS 10, goodwill and intangible assets, goodwill arising on acquisitions is capitalised as an intangible asset and amortised through the profit and loss account on a straight-line basis over an appropriate period not exceeding 20 years.

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

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

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

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

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

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

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

Rental income Rental income is recognised after treating lease incentives that do not enhance the property as a revenue reduction and spread evenly over the period to the earlier of the first rent review or the lease term. Service charges and other income amounts receivable from tenants are credited against the relevant expenditure.

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

Depreciation and amortisation The cost of other fixed assets is their purchase cost, together with any incidental expenses of acquisition. The cost of leasehold improvements is depreciated over the remaining life of the lease. Motor vehicles and fixtures and fittings are depreciated over their expected lives of between three and five years.

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

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

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

1. Accounting policies continued

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

Significant accounting policies in respect of the Scarlett Retail Group Limited ("Scarlett Retail") joint venture are:

Turnover Turnover of Scarlett Retail consists of sales of merchandise and services to third parties including those under concession arrangements.

Stocks Goods held for resale, are stated at the lower of cost and net realisable value.

Operating leases Property lease rentals are accounted for on a straight-line basis to each rent review. Lease incentives and rent free periods are recognised in the profit and loss account on a straight-line basis over the term of the lease.

Pension costs Defined benefit liabilities are funded by payments to schemes controlled by independent trustees on the advice of external actuaries. The associated pension costs are charged against profits on a systematic basis are the useful lives of the eligible employees based on payable, actual methods and assumptions, in accordance with actuarial advice.

2. Segmental information

Except for its investment in Scarlett Retail, details of which are set out in note 15, the Group's operations are confined to property investment and development within the United Kingdom.

3. Operating profit

	Year ended 30 June 2003 £000	Year ended 30 June 2002 £000
Operating profit is stated after charging/(crediting):		
Auditors' remuneration for audit (Company: 2003: £17,000, 2002: £8,000)	97	79
Depreciation	530	351
Operating lease rentals:		
– land and buildings	2,038	1,998
– equipment	–	1
Profit on sale of tangible fixed assets	(7)	(23)
The Group's auditors also charged the following amounts for provision of non-audit services	21	18

4. Staff costs

	Year ended 30 June 2003 £000	Year ended 30 June 2002 £000
Average number of employees (including executive Directors) employed by the Group	31	30
	£000	£000
Staff costs for the above persons (including executive Directors):		
Wages and salaries	2,331	2,102
Discretionary bonuses	397	975
Social security costs	351	377
Other pension costs	33	30
	3,112	3,484

5. Directors' remuneration

	Year ended 30 June 2003 £000	Year ended 30 June 2002 £000
Aggregate emoluments	961	1,402
Emoluments of highest paid Director	318	554

Details of Directors' emoluments are set out in the tables in the Remuneration report on pages 36 to 39.

6. Net financing costs

	Year ended 30 June 2003 £000	Year ended 30 June 2002 £000
Group interest payable:		
Bank interest and charges	46,955	43,790
Capitalised during the year	(1,971)	(5,960)
	44,984	37,830
Group interest receivable	(4,278)	(5,233)
	40,706	32,597
Exceptional charge relating to early loan repayments	504	-
Group net financing costs	41,210	32,597
Share of joint venture interest payable	2,119	-
Share of joint venture interest receivable	(59)	-
Share of joint venture net financing costs	2,060	-
Total net financing costs	43,270	32,597

7. Taxation

	Year ended 30 June 2003 £000	Year ended 30 June 2002 £000
UK corporation tax	-	-
Deferred tax – current year	1,291	1,463
Deferred tax – prior years	8	-
Group corporation tax charge	1,299	1,463
Share of tax credit of joint venture	(1,764)	-
Total taxation (credit)/charge	(465)	1,463

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

	Year ended 30 June 2003 £000	Year ended 30 June 2002 £000
Group (loss)/profit on ordinary activities before taxation	(5,198)	6,273
Adjustment for share of joint venture loss before taxation	6,086	-
Group profit on ordinary activities before taxation	888	6,273
Tax on profit on ordinary activities at 30 per cent	266	1,882
Income not taxable	(289)	(350)
Expenditure not deductible for tax purposes	238	157
Capital allowances	(893)	(1,057)
Tax losses and other timing differences	157	(632)
Sale of listed investments covered by losses	521	-
Group corporation tax charge	-	-

8. Profit dealt with by Parent Company

As permitted by Section 230 of the Companies Act 1985, the Company's profit and loss account has not been included in these financial statements. Of the profit on ordinary activities after taxation, a profit of £6,333,000 (2002: £4,846,000) is dealt with in the financial statements of the Company.

9. Dividends

	Year ended 30 June 2003 £000	Year ended 30 June 2002 £000
Interim dividend paid of 1.05 pence per share (2002: 1.03 pence)	1,682	1,650
Proposed final dividend of 2.10 pence per share (2002: 2.07 pence)	3,364	3,316
	5,046	4,966

10. (Loss)/earnings per share

(Loss)/earnings per share is calculated on a weighted average of 160,193,213 ordinary shares of 25 pence each in issue throughout the year (2002: 160,193,213 ordinary shares) and is based on losses attributable to ordinary shareholders of £4,733,000 (2002: £4,810,000 profit).

Diluted (loss)/earnings per share is calculated after allowing for the exercise of share options, and is based on 160,318,750 ordinary shares of 25 pence each (2002: 160,518,401 ordinary shares).

11. Investment properties

Group	Freehold £000	Long leasehold £000	Total £000
At 1 July 2002: At valuation	731,400	343,650	1,075,050
Amount included within prepayments and accrued income	(10)	(14)	(24)
At 1 July 2002: Net book value	731,390	343,636	1,075,026
Additions	23,722	5,618	29,340
Revaluation deficit	(22,277)	(22,546)	(44,823)
At 30 June 2003: Net book value	732,835	326,708	1,059,543
Amount included within prepayments and accrued income	66	941	1,007
At 30 June 2003: At valuation	732,901	327,649	1,060,550

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

The historical cost of properties at 30 June 2003 was £789,897,000 (2002: £760,557,000). The total amount of interest capitalised as part of the cost of investment properties at 30 June 2003 was £25,313,000 (2002: £23,342,000).

12. Tangible fixed assets

Group	Leasehold improvements £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost				
At 1 July 2002	443	440	546	1,429
Additions	22	1,278	96	1,396
Disposals	(443)	(1)	(33)	(477)
At 30 June 2003	22	1,717	609	2,348
Depreciation				
At 1 July 2002	443	343	231	1,017
Charge for the year	2	401	127	530
Written back on disposals	(443)	—	(23)	(466)
At 30 June 2003	2	744	335	1,081
Net book value at 30 June 2003	20	973	274	1,267
Net book value at 30 June 2002	—	97	315	412

13. Investment in subsidiary undertakings

Parent Company	Total £000
At 1 July 2002	48,179
Movement in the year	—
At 30 June 2003	48,179

The Company is the ultimate holding company of the Group and has the following principal subsidiary undertakings all of which have as their main activity the holding of properties, investments or the provision of property related services. With the exception of 90 High Holborn Limited Partnership ("the Limited Partnership") all subsidiary undertakings are wholly-owned and are registered and operate in Great Britain. The Group has a 100 per cent interest in the Limited Partnership which has been established according to Jersey law and operates in Great Britain.

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

*During the year the Group increased its interest in the 90 High Holborn Limited Partnership from 50 per cent to 100 per cent. The consideration comprised entirely of cash.

14. Investments

Group	Listed investments £000
At 1 July 2002	24,648
Additions	5,594
Disposals	(30,135)
Revaluation	—
At 30 June 2003	107

During the year the Group disposed of its investment in 26.5 per cent of the share capital of Alders plc to Scarlett Retail for proceeds of £33,178,000. The gain arising of £3,043,000 has been offset against the cost of the investment in Scarlett Retail, the details of which are set out in note 15 below. The market value of the listed investments was £111,000 at 30 June 2003 (2002: £24,625,000).

15. Joint venture

Introduction The Group has an investment in Scarlett Retail Group Limited ("Scarlett Retail"), a joint venture with Lehman Brothers and Scarlett Retail's management team. Scarlett Retail was incorporated in England and Wales on 6 December 2002 and its offer to acquire the issued share capital of Alders plc, a UK department store and homeware retailer, was declared unconditional in February 2003. Scarlett Retail operates in the United Kingdom. The results of Scarlett Retail have been included in the Group results for the period to 30 June 2003.

The Group's interest in Scarlett Retail comprises an investment in the ordinary and preference share capital as follows:

	Total £000	Amount held by Group £000	Amount held by Group %
Ordinary shares	100	60	60.0
Preference shares	14,063	10,375	73.8
	14,163	10,435	

The ordinary shares held by the Group rank pari passu with the other ordinary shares with the exception that the Group has the right to receive a special dividend of at least £1.75 million.

The preference shares, which are cumulative and which have a coupon of 20 per cent per annum, are redeemable by 31 December 2008 or, if earlier, on a sale or listing of Scarlett Retail's shares.

On a return of capital, the assets of Scarlett Retail are to be applied to (i) pay the special dividend (referred to above if not already paid) (ii) pay any accrued unpaid dividend to preference shareholders calculated to the date of return of capital (iii) pari passu to holders of ordinary shares.

The Scarlett Retail shareholders' agreement sets out certain restrictions over the Group's control of Scarlett Retail's operating and financial activities. The Directors consider that these represent 'severe long-term restrictions' (as defined in FRS 2, Accounting for subsidiary undertakings) on the Group's control of Scarlett Retail and accordingly the Group has accounted for its investment in Scarlett Retail under the gross equity method specified by FRS 9, Associates and joint ventures.

Acquisition of joint venture The fair values of the Group's share of assets and liabilities of Scarlett Retail at acquisition were as follows:

	Book value at acquisition £000	Fair value revaluations £000	Total fair value to the Group £000
Net assets acquired			
Tangible fixed assets	74,958	(5,718)	69,240
Stock	28,646	(8,533)	20,113
Debtors	10,545	(1,470)	9,075
Cash at bank	2,945	–	2,945
Creditors: Amounts falling due within one year	(42,235)	1,396	(40,839)
Creditors: Amounts falling due over one year	(56,937)	–	(56,937)
Provision for liabilities and charges	(5,665)	(4,008)	(9,673)
	12,257	(18,333)	(6,076)
Goodwill			13,468
Consideration			7,392*

*As part of the acquisition of Scarlett Retail, the Group sold its stake in Alders plc to Scarlett Retail, realising a gain of £3,043,000. This gain has been offset against the gross cost of investment of £10,435,000 to give a net cost of investment to the Group of £7,392,000.

15. Joint venture continued

	30 June 2003 £000
Goodwill	
At 1 July 2002	–
Acquisition during the year	13,468
Amortisation charge	(236)
At 30 June 2003	13,232

Summarised financial information The Group's share of the consolidated financial results, gross assets and gross liabilities of Scarlett Retail for the period ended 30 June 2003 are as follows:

	Period ended 30 June 2003 Group share £000
Summarised profit and loss account	
Turnover	97,303
Operating profit before exceptional items and goodwill	1,002
Exceptional item – restructuring costs	(4,792)
Goodwill amortisation	(236)
Operating loss	(4,026)
Net financing costs	(2,060)
Loss before taxation	(6,086)
Taxation	1,764
Loss after taxation	(4,322)
Retained loss	(4,322)
	As at 30 June 2003 Group share £000
Share of gross assets	
Tangible fixed assets	70,357
Current assets	35,370
	105,727
Share of gross liabilities	
Creditors: Amount falling due within one year	(34,278)
Creditors: Amount falling due after one year	(70,796)
Provision for liabilities and charges	(10,816)
	(115,890)
Share of net liabilities	(10,163)

15. Joint venture continued

Pension Scarlett Retail's wholly-owned subsidiary, Alders plc, provides defined benefit pension arrangements to its employees through the Alders Retirement Benefits Scheme (the "Scheme"). The Scheme is funded in accordance with the advice of the Scheme actuary, is subject to independent actuarial indications every three years and has its assets held in separate trustee administered funds. The most recent actuarial valuation of the Scheme was carried out at 31 August 2001 and was updated to 28 June 2003 by a qualified independent actuary and showed that the actuarial value of the assets of the Scheme was sufficient to cover 88 per cent of the benefits that had accrued to members after allowing for future salary increases.

Had FRS 17 been adopted early in full, the impact on the Minerva Group's net assets and profit and loss reserves would have been to reduce Minerva Group's net assets and profit and loss reserves by £3,576,000 as follows:

	2003 Group share £000
Net pension liability	6,607
Percentage of which already booked as a fair value adjustment	(3,031)
	3,576

16. Debtors: amounts falling due within one year

	Group 30 June 2003 £000	Group 30 June 2002 £000	Parent Company 30 June 2003 £000	Parent Company 30 June 2002 £000
Amounts owed by subsidiary undertakings	—	—	218,882	224,770
Other debtors	5,244	6,048	1,750	8
Dividend due from joint venture	1,750	—	—	—
Prepayments and accrued income	3,281	2,122	123	238
	10,275	8,170	220,755	225,016

17. Cash at bank and in hand

Cash at bank includes £4,651,000 (2002: £4,382,000) retained in rent accounts and not readily available to the Group for day-to-day commercial purposes.

18. Creditors: amounts falling due within one year

	Group 30 June 2003 £000	Group 30 June 2002 £000	Parent Company 30 June 2003 £000	Parent Company 30 June 2002 £000
Bank/building society loans	7,687	7,413	—	—
Dividend payable	3,403	3,317	3,403	3,317
Taxation and social security	1,260	1,010	3	—
Other creditors	6,346	2,817	2	2
Accruals and deferred income	25,131	24,966	130	210
	43,827	39,523	3,538	3,529

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

	Group 30 June 2003 £000	Group 30 June 2002 £000	Parent Company 30 June 2003 £000	Parent Company 30 June 2002 £000
Bank/building society loans	658,290	607,266	–	–

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

20. Financial instruments

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

Financial assets The Group's financial assets comprise listed investments (note 14), short-term debtors (note 16) and cash at bank and in hand (note 17). The cash at bank and in hand, consists mainly of short-term deposits with maturity periods of less than one year and earn interest at the rate prevailing at the time of the deposit for the term of the deposit.

Maturity of financial liabilities The debt maturity profile of the Group's bank and building society borrowings at 30 June 2003 is as follows:

	30 June 2003 £000	30 June 2002 £000
Less than one year	7,687	7,413
Between one and two years	8,137	77,307
Between two and five years	107,067	100,540
Over five years	547,261	434,015
	670,152	619,275
Unamortised loan issue costs	(4,175)	(4,596)
	665,977	614,679

Undrawn facilities At 30 June 2003, the Group had undrawn loan facilities of:

	30 June 2003 £000	30 June 2002 £000
Less than one year	2,000	2,000
Between one and two years	–	12,424
Between two and five years	888	888
	2,888	15,312

20. Financial instruments continued

Interest rate risk profile of financial liabilities Fixed and floating rate liabilities of the Group as at 30 June 2003 are analysed as follows:

	30 June 2003		30 June 2002	
	Total £000	Weighted average interest rate %	Total £000	Weighted average interest rate %
Fixed and swapped-fixed rate debt	634,788	7.0	536,564	7.3
Floating rate debt	35,364	4.9	82,711	5.7
Total debt	670,152	6.9	619,275	7.1

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

	30 June 2003		30 June 2002	
	Total £000	Weighted average period Years	Total £000	Weighted average period Years
Fixed rates	293,932	9.1	296,735	10.1
Swapped-fixed rates	340,870	6.7	239,829	6.1
Capped rates	—	—	45,000	0.3
Total	634,802		581,564	

In addition, the Group has entered into a forward-dated swap to commence in March 2005 until December 2008. This is for £57,500,000 and will replace an existing swap for the same amount which is to expire in March 2005.

Swapped-fixed arrangements have the effect of transforming floating rate liabilities into fixed rate liabilities. The weighted average interest rate shown for fixed rate liabilities is 7.0 per cent (2002: 7.3 per cent) and includes loan margins ranging from 0.8 per cent to 1.6 per cent with all inclusive interest rates ranging from 5.5 per cent to 8.1 per cent (2002: 6.3 per cent to 8.1 per cent).

The capped interest rate formed one side of an interest rate collar, where the cap was purchased at 6.1 per cent and the floor was sold at 4.65 per cent. This expired in October 2002.

Floating rate debt incurs interest at margins between 0.9 per cent and 1.6 per cent over LIBOR (2002: 0.9 per cent and 1.75 per cent).

Fair values A valuation was carried out as at 30 June 2003 by J C Rathbone Associates Limited, to calculate the market value of the Group's debt instruments on a replacement basis, taking into account the difference between fixed and fixed-swapped interest rates for the Group borrowings and the prevailing interest rates for the respective periods of the appropriate debt instruments.

The valuation at 30 June 2003 of the fixed rate loans and interest rate swaps referred to above are as follows:

	30 June 2003			30 June 2002		
	Book value £000	Fair value £000	Fair value difference £000	Book value £000	Fair value £000	Fair value difference £000
Fixed rate loans	293,932	331,904	(37,972)	296,735	313,034	(16,299)
Derivative instruments:						
Interest rate swaps	—	28,693	(28,693)	—	9,546	(9,546)
Interest rate collars	—	—	—	—	86	(86)
	293,932	360,597	(66,665)	296,735	322,666	(25,931)

The fair value at 30 June 2003 was £66,665,000 (2002: £25,931,000) greater than the book value, which if taken to reserves after tax relief at 30 per cent, would reduce the Group's net asset value by £46,666,000 or 29.1 pence per share.

20. Financial instruments continued

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

	30 June 2003 £000	30 June 2002 £000
Unrecognised net losses on hedges at beginning of year	(9,632)	(1,653)
Net losses in previous years that were recognised during the year	5,875	220
Net losses arising on hedges in existence as at previous year end and not recognised during current year	(3,757)	(1,433)
Net losses arising this year that were not recognised in current year	(24,936)	(8,199)
Unrecognised net losses on hedges at end of year	(28,693)	(9,632)
of which:		
Net losses expected to be recognised within one year	(8,440)	(4,203)
Net losses expected to be recognised beyond one year	(20,253)	(5,429)
	(28,693)	(9,632)

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

Gearing Net gearing, measured as net debt to shareholders' funds, was 104 per cent at 30 June 2003 (2002: 89 per cent).

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

Further details are set out in the Chief Financial Officer's review on pages 30 to 33.

21. Provision for liabilities and charges

	Group 30 June 2003 £000	Group 30 June 2002 £000
At 1 July 2002	3,924	2,461
Charge for the year	1,299	1,463
At 30 June 2003	5,223	3,924
The provision which is entirely for deferred tax, comprises:		
	Group 30 June 2003 £000	Group 30 June 2002 £000
Accelerated capital allowances and other timing differences	12,167	10,181
Losses available to offset	(6,944)	(6,257)
	5,223	3,924

The potential amount of further taxation, for which no provision has been made and which could arise if the properties held as investments were sold at the values at which they appear in the balance sheet, has been estimated at £63.6 million.

Tax losses of approximately £65.8 million have not been recognised in the balance sheet, of which approximately £52.6 million have been used to reduce the contingent tax.

22. Called up share capital

	30 June 2003 Number	30 June 2002 Number	30 June 2003 £000	30 June 2002 £000
Authorised				
Ordinary shares of 25 pence each	300,000,000	300,000,000	75,000	75,000
Issued and fully paid				
Ordinary shares of 25 pence each	160,193,213	160,193,213	40,048	40,048

There have been no changes to the number of shares in issue since 30 June 2003.

At 30 June 2003 the following options granted to subscribe for new ordinary shares of 25 pence each under the Employee Share Option Schemes remained outstanding:

Period within which options are exercisable	30 June 2003 Number of shares	Subscription price Pence
Nov 1999 to Nov 2003	403,073	141.0
Nov 1999 to Nov 2006	42,558	141.0
Nov 2000 to Nov 2004	70,034	185.6
Nov 2000 to Nov 2007	16,161	185.6
Jan 2001 to Jan 2005	110,153	199.7
Jan 2001 to Jan 2008	15,020	199.7
Sep 2001 to Sep 2005	108,106	157.3
Sep 2001 to Sep 2008	19,077	157.3
Apr 2004 to Apr 2008	1,119,044	320.8
Apr 2004 to Apr 2011	28,053	320.8
Dec 2004 to Dec 2011	1,553,138	227.8
Sep 2005 to Sep 2012	1,782,360	169.0

At 30 June 2003 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 2003 Number of shares	Subscription price Pence
June 2005	1,792	212.0
Dec 2005	80,027	122.8
June 2007	3,122	212.0
Dec 2007	13,375	122.8

23. Reserves

	Share premium account £000	Revaluation reserve £000	Other reserves £000	Profit and loss account £000
Group				
At 1 July 2002	197,101	286,236	41,795	(2,489)
Deficit on revaluation of investment properties	–	(44,823)	–	–
Retained loss for the financial period	–	–	–	(9,779)
At 30 June 2003	197,101	241,413	41,795	(12,268)
Parent Company				
At 1 July 2002	197,101	–	14,315	28,216
Retained profit for the financial period	–	–	–	1,287
At 30 June 2003	197,101	–	14,315	29,503

24. Net asset value per share

Net asset value per share is calculated on 160,193,213 ordinary shares of 25 pence each in issue at 30 June 2003 (2002: 160,193,213) and is based on net assets attributable to shareholders of £508,089,000 (2002: £562,691,000).

25. Capital commitments

Capital expenditure commitments contracted, but not provided for, at 30 June 2003 were £nil (2002: £10,267,000).

26. Commitments under operating leases

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

	30 June 2003 £000	30 June 2002 £000
Under leases expiring in more than five years	1,995	2,007

27. Contingent liabilities

The Company has guaranteed certain obligations of its subsidiary undertakings, which at the balance sheet date amounted to £192,408,000.

28. Notes to the cash flow statement

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

	Year ended 30 June 2003 £000	Year ended 30 June 2002 £000
Group operating profit	41,146	37,469
Depreciation charge	530	351
Profit on sale of tangible fixed assets	(7)	(23)
Movement in debtors	(1,840)	342
Movement in creditors	2,715	(38)
Net cash movement from operating activities	42,544	38,101

28. Notes to the cash flow statement continued

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

	Year ended 30 June 2003 £000	Year ended 30 June 2002 £000
Decrease in cash during the year	(254)	(823)
Cash outflow/(inflow) from movement in liquid resources	21,186	(2,298)
Cash inflow from movement in debt financing	(45,343)	(51,887)
Other movements	(5,955)	(10,204)
Movement in net debt during the year	(30,366)	(65,212)
Opening net debt	(494,443)	(429,231)
Closing net debt	(524,809)	(494,443)

c. Analysis of changes in net debt

	At 1 July 2002 £000	Cash flow £000	Other non-cash movements £000	At 30 June 2003 £000
Net cash:				
Cash at bank and in hand	120,236	20,932	–	141,168
Less: Liquid resources	(112,235)	(21,186)	–	(133,421)
	8,001	(254)	–	7,747
Liquid resources:				
Deposits included in cash	107,853	20,917	–	128,770
Restricted cash	4,382	269	–	4,651
	112,235	21,186	–	133,421
Bank and building society debt:				
Debt due within one year	(7,413)	(274)	–	(7,687)
Debt due after one year	(607,266)	(45,069)	(5,955)	(658,290)
	(614,679)	(45,343)	(5,955)	(665,977)
Total	(494,443)	(24,411)	(5,955)	(524,809)

29. Reconciliation of amounts highlighted in the Annual Report and Accounts

a. Minerva's core business' profit before tax and exceptional items comprises:

	Year ended 30 June 2003 £000	Year ended 30 June 2002 £000
Profit/(loss) on ordinary activities before taxation	(5,198)	6,273
Adjustments:		
Share of joint venture operating loss	4,026	—
Share of joint venture net financing costs	2,060	—
Exceptional charge relating to early loan repayment	504	—
	1,392	6,273

b. The Group's share of Scarlett Retail's loss before tax, exceptional items and goodwill amortisation comprises:

	Year ended 30 June 2003 £000	Year ended 30 June 2002 £000
Share of joint venture operating loss	(4,026)	—
Adjustments:		
Share of joint venture exceptional items	4,792	—
Goodwill amortisation	236	—
Share of joint venture net financing costs	(2,060)	—
	(1,058)	—

c. Net rental income comprises:

	Year ended 30 June 2003 £000	Year ended 30 June 2002 £000
Total turnover	53,080	47,782
Net property outgoings	(5,505)	(3,924)
	47,575	43,858

Notice of Annual General Meeting

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NOTICE IS HEREBY GIVEN that an ANNUAL GENERAL MEETING of the members of the Company will be held at the offices of Olswang, 90 High Holborn, London WC1V 6XX on 11 December 2003 at 11:00 am for the purposes of considering and, if thought fit, passing the following resolutions which will be proposed as Ordinary Resolutions and Special Resolutions as specified:

Ordinary resolutions

1. To receive and adopt the report of the Directors, the annual accounts and the auditors' report thereon for the year ended 30 June 2003.
2. To declare a final dividend of 2.10 pence per ordinary share for the year ended 30 June 2003, payable on 17 December 2003.
3. To reappoint Paul Coster as a Director of the Company.
4. To reappoint Clive Richards as a Director of the Company.
5. To approve the Directors' Remuneration report set out in the annual report and accounts.
6. To reappoint PricewaterhouseCoopers LLP as auditors of the Company (having previously been appointed by the Directors to fill the casual vacancy arising by reason of the resignation of PricewaterhouseCoopers), from the conclusion of this meeting to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the Directors to determine their remuneration.
7. That the Directors be, and they are hereby, generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities within the meaning of Section 80 of the Companies Act 1985 ("the Act") up to an aggregate nominal amount of £13,349,434 provided that this authority shall expire 15 months from the date of the passing of this resolution or, at the conclusion of the Company's next AGM, if earlier, and so that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

Special resolutions

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

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

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

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

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

- a. the maximum aggregate number of ordinary shares hereby authorised to be purchased is 24,012,963;
- b. the minimum price which may be paid for such ordinary shares is 25 pence per share (exclusive of expenses);
- c. the maximum price (exclusive of expenses) which may be paid for an ordinary share shall not be more than an amount equal to 105 per cent of the average of the closing middle market price for the ordinary share as derived from the Stock Exchange Daily Official List for the five business days immediately preceding the date on which the ordinary share is purchased;
- d. unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2004 or 15 months from the date of the Annual General Meeting at which this resolution is passed, whichever is the earlier; and
- e. the Company may make a contract or contracts to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract or contracts.

By order of the Board

Ivan Ezekiel Secretary
24 October 2003

Notes

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

2. Documents for inspection The following documents are available for inspection at the office of Olswang, 90 High Holborn, London WC1V 6XX, during business hours on any weekday from the date of this notice until the conclusion of the Meeting: 2.1. a register of interests of Directors and their families in the shares of the Company; and 2.2. copies of all contracts of service under which Directors are employed by the Company.

3. Right to attend and vote The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that, only those persons whose names are entered on the register of members of the Company at 11:00 am on 9 December 2003 (or in the event that the Meeting is adjourned, on the register of members 48 hours before the time of any adjourned meeting) shall be entitled to attend the Meeting and to vote in respect of the number of ordinary shares registered in their names at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

Advisers to the Company

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Registrars

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

Stockbroker

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

Financial adviser

HSBC Investment Bank plc
8 Canada Square
Canary Wharf
London E14 5HQ

Solicitors

Olswang
90 High Holborn
London WC1V 6XX

Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Valuers

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

Principal bankers

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

ING BHF-Bank
61 Queen Street
London EC4R 1AE

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

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

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

The Royal Bank of Scotland PLC
135 Bishopsgate
London EC2M 3UR

Registered office

25 Harley Street
London W1G 9BR

Registered in England

2649607

Ambassador House London EC3

This property, together with St. Botolph's House, forms part of the redevelopment site for the Minerva Building.

Delta Point Croydon, Surrey

The property is leased to British Telecom plc at an annual rent of £4.65 million for a further 8 years.

Granite House 97-101 Cannon Street, London EC4

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

90 High Holborn London WC1

This property, comprising a new office building and retail totalling 181,000 sq.ft., is let to law firm, Olswang until 2022.

Ludgate House London SE1

This building totals 174,000 sq.ft. and is leased to United Business Media Plc at a current annual rent of £4.87 million until 2015.

St. Botolph's House London EC3

This property, together with Ambassador House, forms the redevelopment site for the Minerva Building.

St. Swithin's House London EC4

The property, leased to Barclays Bank PLC until 2012, has significant redevelopment potential and forms part of The Walbrook Estate.

Sampson House London SE1

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

The Croydon Centre Croydon, Surrey

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

The Brooks Shopping Centre Winchester

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

The Criterion London SW1

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

Walbrook House London EC4

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

Westerhill Road Bishopbriggs, Glasgow

This warehouse, distribution and office property is leased to Harper Collins for a further 22 years.

27-37 Wigmore Street London W1

This prominent headquarters building, located in London's West End, totals 66,000 sq.ft. and is leased to BNP Paribas until 2011.

90-95 Wimpole Street and 25 Wigmore Street London W1

The property is let for a further 10 years on a lease guaranteed by Cornhill Insurance PLC, and occupied by Debenhams.

42-48 Wigmore Street London W1

This property comprises two new office buildings and retail totalling 42,000 sq.ft., of which 29,000 sq.ft. has been let to the Secretary of State for Transport, Local Government and the Regions.
