



Delivering prime assets

Minerva plc
Annual report and accounts
2010

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

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Our developments

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

We focus on:

Prime locations in London

Meeting the needs of constrained supply

Highest quality standards

Sustainability

Our pipeline

14-15 →

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

We focus on:

High-end residential

Mixed-use

Central London offices

Building shareholder value

16-31 →

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

Property valuation up	17.4%
EPRA NAV up	180%

Developments



The Walbrook Building London EC4

Prestigious City location

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

Current market value¹

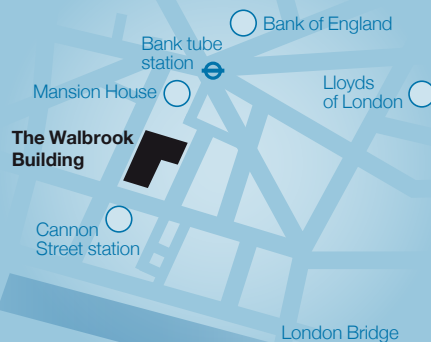
£240.8m

¹At 30 June 2010.

Uplift in value²

38.6%

²After adjusting for expenditure in the year.



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

Grant Brooker, Senior Partner, Foster and Partners

Meeting the supply needs of the City

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



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

Overview	Minerva plc
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Developments



Setting a new benchmark for quality

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



Quality in every way

The striking design of the entrance hall matches the contemporary exterior of the building.

Exceeds sustainability targets

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

Improving energy efficiency

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



A photograph of a modern building interior. The foreground features a curved, multi-level walkway with a polished, reflective metal railing. The walkway curves upwards and to the right. In the background, there are large windows with vertical blinds, allowing natural light to filter through. The overall atmosphere is clean, bright, and architectural.

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

Mark Slim, Executive Director, CBRE

Developments

The St Botolph Building London EC3

A new landmark for the East City of London

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

Current market value¹

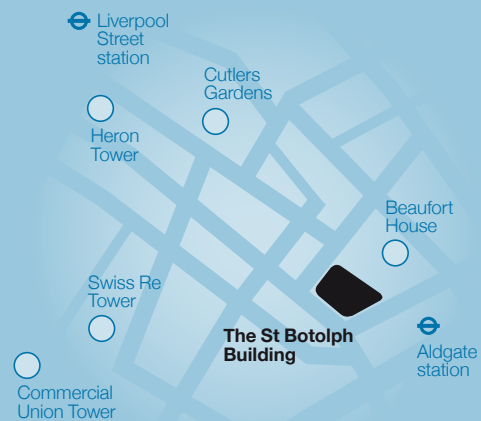
£245.7m

¹At 30 June 2010.

Uplift in value²

26.0%

²After adjusting for expenditure in the year.



Meeting the needs of modern occupiers


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

Prime City of London yields over time

Yield %

Source: CBRE





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

Adam Scott, Divisional Director, Roger Preston & Partners

Developments

Quality design by leading architects

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



Flexible and functional

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



Attention to detail

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

Incorporating highly efficient interiors

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

State-of-the-art efficiency

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



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

Sir Nicholas Grimshaw, Founder, Grimshaw Architects



Developments



The Lancasters London W2

Unrivalled aspirational location

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

Current market value¹

£320.1m

¹At 30 June 2010.

Uplift in value²

+19.3%

²After adjusting for expenditure in the year.





Satisfying demand for ultra-prime

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

“Distinguished residences for the most discerning buyers.”

Ed Lewis, London residential development Director, Savills

Developments

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

Kamini Ezralow, Managing Director, Intarya





The very finest in contemporary living

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



Contemporary kitchens

The kitchens are fitted with the latest appliances.

Classic with contemporary

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

Classic with contemporary

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



Our pipeline

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

High-end residential

➔ Read more on page 24

Odeon Kensington, London W8

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

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

Mixed-use

➔ Read more on page 24



Ram Brewery, London SW18

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

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

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

Central London

➔ Read more on page 21

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



Croydon Estate, London Borough of Croydon

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

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



Chairman's statement

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



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

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

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

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

Operational progress

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

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

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

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

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

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

Chairman's statement

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

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

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

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

Financial results

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

Abortive offer for the Company and General Meetings

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

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

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

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

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

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

The Board

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

Outlook

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

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

Oliver Whitehead
Chairman

21 September 2010

Business review

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

21 Strategy
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22 City of London offices
23 London residential
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25 Financial review
25 Review of results
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30 Key risks and uncertainties



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

Salmaan Hasan
Chief Executive



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

Ivan Ezekiel
Finance Director



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

Tim Garnham
Group Development Director

Strategy

Overview

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

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

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

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

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

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

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

Strategy

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

Our strategy is to focus on real estate opportunities:

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

The strategy is being implemented through:

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

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

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

Delivery of value

Priorities to deliver further value include:

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

Business review

Operational review

City of London offices

Market overview

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

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

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

Source: Knight Frank

The Walbrook Building London EC4

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

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

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

The St Botolph Building London EC3

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

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

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

“Commentators predict prime rents in the City to rise significantly.”

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

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

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

London residential

Market overview

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

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

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

Source: Savills

Lancaster Gate London W2

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

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

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

Business review

Odeon Kensington London W8

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

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

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

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

Leinster House Hotel London W2

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

London mixed-use

Ram Brewery London SW18

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

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

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

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

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

The Croydon Estate London Borough of Croydon

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

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

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

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

Financial review

Review of results

Introduction

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

Headline results

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

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

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

Consolidated income statement

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

The results can be broken down as follows:

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

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

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

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

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

Business review

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

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

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

Consolidated statement of financial position

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

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

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

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

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

Minerva's EPRA NAV pence per share

+180%

131.8p

47.1p

30 June 09

30 June 10

Increase from 30 June 2009 to 30 June 2010 %

+180%

Net increase in the value
of Minerva's property portfolio
+17.4%

Increase in Minerva's
EPRA NAV per share

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

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

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

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

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

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

Financing

Overview

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

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

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

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

Summary of banking revisions during the year

Loan maturities

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

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

Business review

Financial covenants

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

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

Benefits secured by the Group

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

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

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

Exit fees

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

Interest rate management

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

Summary

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

Other performance indicators

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

Health and safety

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

People

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

Planning

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

Energy and carbon emissions reduction

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

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

Business review

Key risks and uncertainties

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

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

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

Our main risks and uncertainties revolve around the following areas:

Business environment

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

Property market

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

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

Development

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

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

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

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

Finance

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

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

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

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

Corporate responsibility

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

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

Corporate governance

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

People

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

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

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Board of Directors



Oliver Whitehead CBE

Chairman

Aged 69

Chairman of the Nominations Committee

Member of the Audit Committee

Member of the Remuneration Committee

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



Salmaan Hasan BA MBA

Chief Executive

Aged 45

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



Ivan Ezekiel BSC FCA ATII CF

Finance Director and Company Secretary

Aged 44

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



Tim Garnham BSC

Group Development Director

Aged 53

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



John Matthews FCA

Non-executive Director

Aged 65

Senior Independent Director

Chairman of the Remuneration Committee

Chairman of the Audit Committee

Member of the Nominations Committee

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

**Daniel Kitchen BSC FCCA****Non-executive Director**

Aged 58

Member of the Nominations Committee
 Member of the Audit Committee
 Member of the Remuneration Committee

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

**Martin Pexton BA MBA****Non-executive Director**

Aged 54

Member of the Nominations Committee
 Member of the Audit Committee
 Member of the Remuneration Committee

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

Senior management team

Mark Cherry BSC MRICS**Investment**

Aged 47

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

Peter Francis BSC ACA**Financial Control**

Aged 30

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

Peter Holroyd**Construction**

Aged 55

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

Edward Moody BSC MRICS**Asset Management**

Aged 49

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

Alexander Morris BSC**Construction**

Aged 38

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

Sandra Odell FCS**Company Secretarial**

Aged 43

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

Arthur Rixon BSC**Structured Finance**

Aged 59

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

Steven Yewman BSC MRICS**Development**

Aged 40

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