

NORTHACRE

— LONDON —



Northacre PLC – Report and Accounts 2013

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Chairman's Statement

The dominant event of the year has been the acquisition of the controlling shareholding in Northacre PLC by Spadille Limited, a company wholly owned and controlled by Abu Dhabi Capital Management LLC ("ADCM").

The acquisition was facilitated through the sale of my own shareholding and another major shareholder on January 17th 2013. ADCM have since consolidated their holdings during the offer period to 66.8% of the issued Ordinary share capital of Northacre PLC.

Northacre PLC has as such entered a new prosperous era, and as the founder and Non-Executive Chairman, I welcome ADCM on board to complete my vision for the Company in an ever increasingly competitive market. Our joint vision is to re-establish Northacre PLC firmly back as the number one prime residential development manager in London.

We are further planning to project the Company internationally and capitalise on the inherent strength and established pedigree of the Northacre brand, and where our experience and expertise can add value.

Since the year end, we have received the resignations of three Directors namely the Chief Executive Officer and Finance Director Ken MacRae, Executive Director Mohamed AlRafi and Non-Executive Director Malcolm Williams. The Company wishes to express its appreciation to those Directors for their contribution to the Company as Directors and Board members over the past years.

Jassim Alseddiqi and Mustafa Kheriba, Chief Executive Officer and Chief Operating Officer of ADCM, were appointed Executive Directors and members of the Board on the 27th February 2013. The Company has identified a new Chief Executive Officer who will join Northacre on the 2nd

September 2013. Details of this appointment will be disclosed in due course.

The Group is happy to announce that all apartments at The Lancasters Development have now been sold and dividends of £42.7m have been received from the joint venture company, being Northacre's share of the profits. A further £7.1m are expected within the next 12 months.

Our development team is focusing their attention on the Vicarage Gate Development (pictured front cover and left) expected to complete in spring 2015.

As a result of Jassim Alseddiqi and Mustafa Kheriba taking up their executive roles, the Company has renewed its efforts to secure the next development opportunity – now with evidence of substantial funding.

London has achieved a global city status with an increasing number of international purchasers who wish to work, live and or study in the capital, and with London being the fastest growing city in Europe with an expected growth of one million people over the next decade, there is an increasing demand for good residential stock.

We remain optimistic. Our product should command that extra premium in a market place where the discerning purchaser is ever more demanding.

Klas Nilsson

Non-Executive Chairman

Date: 12th July 2013

Executive Director's Statement

Northacre PLC has been successful in developing and delivering landmark properties over the past two decades. The recent completion of The Lancasters Development enhanced the resilience of our mantra and placed our balance sheet in vigorous health.

Building on last year's results, the Company made good progress as more competitive market conditions emerged during the year. While we are actively seeking to acquire new schemes, our view still holds strong that patience will be required to acquire the right opportunities that are suitable for a Northacre branded development and at the right price.

This is an exciting time in the life cycle of Northacre PLC. Our objectives are clear, and our stakeholders have specific, identifiable commitments which focus on every area of the business. These commitments have been assiduously and earnestly embraced by all. We adamantly believe that we have the right mix of strategy, commitment to excellence and personnel to implement the Company's plan, and to cement the Company's reputation and stronghold as a leading development manager in the prime Central London arena.

Healthy Pipeline

Post the delivery of The Lancasters Development, Northacre PLC is currently developing Vicarage Gate House. The Vicarage Gate House scheme is looking to be one of the most prestigious residential developments in Central London and will be the talk of the town once completed.

Furthermore, the Business Development team maintains a strong and healthy pipeline of opportunities, and we will continue to manage the pipeline carefully to ensure we chose the right opportunity for Northacre. With the assistance and support of ADCM, we have set out a clear set of priorities.

The development team will continually look for ways to create shareholder value by being better at sourcing and securing new opportunities. The Company now encourages a culture where outperformance is expected and where everyone is measured on the value they create.

Outlook

The prime residential market in London continued to experience strong growth into 2013. Prime London property has proven a favourable investment asset class for the world's wealthy in the current environment, and has been resilient to stagnant domestic economic growth and the government's new stamp duties.

Northacre PLC is well-positioned with a healthy cash balance and a new strong and harmonising relationship with ADCM, allowing the Company to source and finance new development opportunities with more ease.

Culminating with the successful completion of The Lancasters Development this year, Northacre PLC has further solidified its position in the prime Central London residential market with its exceptional track record, strong brand pedigree, and experienced team.

Last but not least, we seek to embark on expanding the pedigree and brand of Northacre globally, and are presently exploring opportunities to carve a new niche globally.

Mustafa Kheriba
Executive Director

Date: 12th July 2013

Financial Review

Financial Highlights

- Net Asset Value (NAV) increased to 150.11 pence per share (2012: 138.99 pence per share)
- Revenue increased by 17% to £3.5m (2012: £3.0m)
- Operating loss for the year is £7.7m (2012: £6.5m)
- Profit before tax is £16.8m (2012: loss £7.9m)
- Dividends received during the year were £26.6m (2012: £1.2m)
- Further dividends of £15m were received after the reporting date

Review of Financial Results

Consolidated Income Statement

This has been a successful year during which the Group received over 50% of our total expected profit share from The Lancasters Development which, at the date of this report, was fully sold. The total dividend income received from The Lancasters Development in the year was £26.6m (2012: £1.2m) with a further £15.0m received after the year end.

Group revenue for the year increased by 17% to £3.5m (2012: £3.0m), which reflected a higher level of activity in Intarya, the Group's interior design business. Intarya's revenue increased by 45% to £3.2m (2012: £2.2m). Development management fee income fell by 58% to £0.349m (2012: £0.829m) as expected due to the reduced role required as The Lancasters Development was sold.

Administrative expenses increased to £8.9m (2012: £6.7m). The increase was driven by additional legal and professional fees of £0.5m in relation to the offer made by ADCM and the full bonus provision of £3.4m for staff and directors following the receipt of significant dividends from The Lancasters Development. Our cost base is driven by the employment of skilled teams of professionals to manage current and potential developments. The Group has streamlined the cost base in recent years to reflect the lower activity on The Lancasters Development and lack of new projects. Excluding the bonus provision, Group staff costs were reduced by £0.3m to £3.1m (2012: £3.4m).

The receipt of dividends from The Lancasters Development allowed the Group to repay all of its debt during the year. Loan arrangement costs decreased by 81% to £0.3m (2012: £1.6m). Finance costs were at a similar level of £2.1m (2012: £2.1m) and are forecasted to be £nil in the next year as the Group's positive cash position allows it to meet the day-to-day working capital requirements.

Our profit before tax is £16.8m (2012: loss £7.9m) and the significant increase is a reflection of investment revenue of £26.6m (2012: £1.2m) received during the year.

Consolidated Statement of Comprehensive Income

In accordance with International Accounting Standards we have measured fair value of the available for sale financial asset, being The Lancasters Development, with reference to the secured sales. The change in fair value reported for the year was a decrease of £18.7m (2012: increase £19.6m), which reflected an increase in the fair value of £7.9m (2012: £20.8m) and dividends received of £26.6m (2012: £1.2m).

Consolidated Statement of Financial Position

The receipt of significant dividends from The Lancasters Development in the year was the main driver of the change in the constituent assets and liabilities of the Northacre PLC Consolidated Statement of Financial Position.

The Group secured a new loan facility of £15m (of which only £13m was drawn down) with Auster Real Estate Opportunities S.a.r.l. on 1st May 2012. Following receipt of significant dividends from The Lancasters Development, the loan of £14.3m, including interest, was repaid on 29th November 2012. As at 28th February 2013 Group borrowings were £nil (2012: £11.2m) and total liabilities were reduced by 68% to £4.7m (2012: £14.8m).

The dividends from The Lancasters Development improved the Northacre PLC cash position from £0.9m at the start of the year to £9.2m at February 2013. After the reporting date our cash position improved further following a receipt of an additional Lancaster's dividends of £15m. Northacre PLC's cash position as at the date of this report is circa £20m with a further £7.1m expected from The Lancasters Development in the next 12 months.

Looking forward, the Group will focus on securing new projects and will increase both its development income and investment income. Supported by ADCM and with its substantial funding support we expect to be in good position to manage further developments in the future.

Kasia Maciborska
Group Financial Controller

Date: 12th July 2013

Board of Directors

Klas Nilsson

Non-Executive Chairman

Following his training as an architect in Germany, Klas founded Nilsson Architects in 1975. In 1989, he co-founded Northacre PLC, turning his architectural practice into a wholly-owned subsidiary of the Group. This resulted in a brand new hybrid of architect/developer, fuelled by Klas's passionate desire to see projects through from design to completion, sharing jointly in the creation of the results.

Brian Harris

Non-Executive Director

Brian has over 35 years experience in the building and property industry as a Partner of Built Asset Consultant, EC Harris LLP. A Fellow of the Royal Institution of Chartered Surveyors he has specialised in cost and project management and is a leading authority on the delivery of capital projects and the management of risk. He has been closely involved in the growth of EC Harris LLP into one of the foremost global consultancies. He is a Trustee of the United Kingdom Historic Building Preservation Trust (part of The Prince's Regeneration Trust).

Alexandre de Rothschild

Non-Executive Director

Alexandre is Partner and Member of the Group Management Committee of Rothschild. Alexandre joined Rothschild in 2008 to focus primarily on the establishment of a Merchant Banking platform within the Group. Prior to that, Alexandre worked for Argan Capital (ex Bank of America's European Principal Investing arm), a leading independent European private equity fund based in London and focused on acquiring and developing European mid-market companies. Before joining Argan, Alexandre worked for Bear Stearns Investment Banking in New York where he was an analyst in the M&A Global Industries team for two years. Alexandre graduated from ECOLE SUPERIEURE DU COMMERCE EXTERIEURE - Paris.

Jassim Alseddiqi

Executive Director

Jassim Alseddiqi is the Chief Executive Officer of Abu Dhabi Capital Management. Jassim is also the Chairman of Injaz Mena Investment Company, and a board member at Abu Dhabi Capital Group, Emirates Buildings Establishment, Qannas Investments plc, and Northacre PLC. Preceding his tenure in the investment world, he was a noted lecturer at the Abu Dhabi-based Petroleum Institute. Jassim holds a Bachelor of Science in Electrical Engineering from the University of Wisconsin-Madison, and earned his Master's of Science degree in Electrical Engineering from Cornell University in the United States. He also has several publications in international engineering journals.

Mustafa Kheriba

Executive Director

Mustafa Kheriba is the Chief Operating Officer of Abu Dhabi Capital Management ("ADCM"), and is directly responsible for the day to day operations and financials of ADCM and group companies. Mustafa is also responsible for origination, deal sourcing, fund raising, due diligence, corporate governance and compliance. Prior to ADCM, Mustafa was the Vice President of Operations and Investment Management at Brainnox Investment Group, a German conglomerate based in Dubai. He oversaw their investments portfolio in Eastern Europe and the MENA region. Mustafa has a Masters of Business Administration from Ohio Dominican University, and a Bachelor of Arts from the University of Toronto.

Company Information

Directors

K.B. Nilsson
E.B. Harris
J. Alseddiqi
M. Kheriba
A. de Rothschild

Secretary

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Company Number 03442280

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Auditors

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Nominated Advisor and Broker

finnCap Limited
60 New Broad Street
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Registrars

Capita Registrars
The Registry
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Solicitors

Berwin Leighton Paisner LLP
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London Bridge
London EC4R 9HA

Directors' Report

For the year ended 28th February 2013

The Directors have pleasure in presenting their report and Group financial statements for the year ended 28th February 2013.

Business of the Group

Northacre PLC is the Group's holding company. The principal activity of its operating subsidiaries is property development, development management and the provision of architectural and interior design services for high quality residential property schemes.

Results and Dividends

The results of the Group for the year are set out in the Consolidated Income Statement and in the Consolidated Statement of Comprehensive Income on pages 13 and 14.

Net assets per share is 150.11 pence (2012: 138.99 pence). Net profit for the year before fair value recognition movements and consortium relief is £16.8m (2012: loss £7.9m) with a profit per share after consortium relief of 80.96 pence (2012: loss per share 27.27 pence).

Consolidated Income Statement

The Group's revenue for the year is £3.5m (2012: £3.0m) and it represents the Group's fee income rather than development income. Operating loss for the year is £7.7m (2012: £6.5m). Administrative expenses for the year increased to £8.9m (2012: £6.7m). The Consolidated Income Statement includes an exceptional item of £nil (2012: £0.8m) which included settlements with former Directors. Investment revenue increased in the year by £25.4m to £26.6m (2012: £1.2m) which represents an increase in the level of dividends received from The Lancasters Development. The Group recorded finance costs of £2.1m (2012: £2.1m). The entire Groups' debt has been repaid during the year therefore finance costs will reduce significantly in the coming year. After including the above items the Group recorded a profit before fair value recognition movements and consortium relief of £16.8m (2012: loss £7.9m).

Consolidated Statement of Comprehensive Income (the Group's interest in The Lancasters Development)

Based on the Group's accounting policy, other comprehensive income represents changes in the fair value of available for sale financial assets. At present, the movement in the available for sale financial assets consists of the change in value in the investment in The Lancasters Development and represents the Directors' valuation of the investment based on eventual profit share which will accrue, given the progress being made on The Lancasters Development.

The Other Comprehensive Loss (representing a change in fair value of available for sale financial assets) reported for the year was £18.7m (2012: income £19.6m). This represents the Directors' opinion of the increase in the value of the Group's entitlement to dividends from The Lancasters Development by £7.9m (2012: £20.8m) less dividends received during the year of £26.6m (2012: £1.2m).

Consolidated Statement of Financial Position

The investments in available for sale financial assets represent the equity value in each of our development schemes.

In accordance with IAS 39 'Financial Instruments: Recognition and Measurement', available for sale financial assets are shown at fair value at each reporting date with changes in fair value being shown as Other Comprehensive Income, or at cost less any necessary provision for impairment where a reliable estimate of fair value is not able to be determined.

Following measurement of the fair value of The Lancasters Development, the balance at the year end amounted to £22.1m (2012: £40.8m). This valuation is represented by an increase in the fair value of available for sale financial assets to a fair value of £48.7m, less the £26.6m dividend received in the year.

The Group continues to seek development opportunities in London that will maximise returns to shareholders.

The Lancasters Development dividends

In the year under review, total dividends of £26.6m (2012: £1.1m) received from The Lancasters Development and were reported within investment revenue in the Consolidated Income Statement. The Group received two further dividends after the reporting date: £10m on 8th April 2013 and £5m on 2nd July 2013. The Group estimates that its total profit share (net of corporation tax) is likely to be in the region of £49.8m. The Group has received £42.7m to date in dividends from this project, and estimates that therefore a further £7.1m will be forthcoming.

Financing

Whilst the Group has not raised debt for a specific development project during the year, the Group maintains a regular dialogue with a range of UK and foreign investors and banks in order to assess appetite and to maintain good relations.

The Group secured a new loan facility during the year of £15m (£13m was drawn down on 30th May 2012) with Auster Real Estate Opportunities S.a.r.l. for general working capital needs. It allowed the Group to repay its previous loan and reduce its finance cost from 33% interest to just under 20% per annum. The facility was fully repaid on 29th November 2012 after receipt of significant dividends from The Lancasters Development.

As at 28th February 2013 the Group did not have any outstanding debt and has not secured any new facility since the year end.

Dividends

On 4th July 2013 the Group announced that the Directors of Northacre PLC are recommending a payment of a special dividend (representing an interim dividend for the current financial year) of 40p per Ordinary share to be paid on 22nd July 2013. The record date for this payment will be 12th July 2013 and the ex-dividend date will be 10th July 2013.

Directors' Report

For the year ended 28th February 2013 (Continued)

Directors and their Interests

The Directors who served the Company during the year together with their interests (including family interests) in the shares of the Company, at the beginning and end of the year, were as follows:

	Number of Issued 2.5p Ordinary Shares		
	At 28th February 2013	At 29th February 2012	% of Ordinary Shares
K.B. Nilsson	-	5,060,000	-
M.A. AIRafi (resigned 25th June 2013)	-	7,985,000	-
K. MacRae (resigned 19th June 2013)	25,000	-	0.09%
E.B. Harris	-	-	-
M.F. Williams (resigned 27th March 2013)	-	-	-
J. Alseddiqi (appointed 27th February 2013)	-	-	-
M. Kheriba (appointed 27th February 2013)	-	-	-

On 19th April 2012 the Group announced that on 23rd April 2012 Ken MacRae became Chief Executive Officer for the Northacre Group. Klas Nilsson continued as Non-Executive Chairman.

On 11th May 2012 the Group announced that on 10th May 2012 Klas Nilsson, Non-Executive Chairman of Northacre PLC, sold 60,000 Ordinary shares of Northacre PLC. Following the disposal Klas Nilsson's holding was reduced to 5,000,000 Ordinary shares of Northacre PLC.

On 20th December 2012 the Group released a statement regarding a possible offer. Northacre PLC announced that the Company has received approaches and was in preliminary discussions with two parties: Law 2492 Limited, a management buyout vehicle led by Ken MacRae (the Company's Chief Executive Officer) and Abu Dhabi Capital Management LLC ("ADCM"). On 28th of December 2012 ADCM announced that it had held preliminary discussions with Northacre PLC in respect of making an offer for Northacre PLC and notified shareholders that the possible offer valued each Ordinary share of Northacre PLC at 96p per share. On 17th January 2013 the Group announced a recommended cash offer by Spadille Limited. Spadille Limited was incorporated in Jersey on 7th January 2013 for the specific purpose of making the offer. The shares in Spadille Limited are wholly owned by ADCM, an alternative investment company which is incorporated in the United Arab Emirates. It was announced that Spadille Limited and Northacre PLC had reached agreement on the terms of a recommended cash offer, with a loan note alternative, to be made by Spadille Limited, for the whole of the issued and to be issued Ordinary share capital of Northacre PLC not already owned by Spadille. The offer was agreed at 96 pence in cash for each Northacre PLC Ordinary share, valuing the existing issued Ordinary share capital of Northacre PLC at approximately £25.65 million.

On 16th January 2013 the Group announced that Mohamed AIRafi contractually agreed to sell 135,000 shares to Spadille Limited at a price of 96p per share, subject to his shares being

dematerialised into certificated form, and Mohamed AIRafi, through his investment company MAR Investments Limited, sold 7,850,000 Ordinary shares of Northacre PLC to Spadille Limited at a price of 96p per share. Together, these shares were equal to 29.9 per cent of the issued Ordinary share capital of Northacre PLC. Following the disposal of his personal shares, Mohamed AIRafi now holds no interest, direct or indirect, in the Company.

On 17th January 2013 the Group announced that following the recommended cash offer by Spadille Limited Klas Nilsson, Non-Executive Chairman of Northacre PLC, sold 5,000,000 Ordinary shares of Northacre PLC to Spadille Limited at a price of 96p per share. These shares were equal to 18.7 per cent of the issued Ordinary share capital of Northacre PLC. Klas Nilsson now holds no interest, direct or indirect, in the Company.

On 28th January 2013 River View Acquisitions Limited (formerly Law 2492 Limited), announced that it does not intend to make an offer to acquire the entire issued share capital of Northacre PLC.

On 27th February 2013 the Group announced that Jassim Alseddiqi and Mustafa Kheriba have been appointed as Directors of Northacre PLC. Messrs Alseddiqi and Kheriba are the only two Directors of Spadille Limited, which made a recommended mandatory cash offer to acquire the entire issued and to be issued share capital of Northacre PLC on 7th February 2013. Neither Jassim Alseddiqi nor Mustafa Kheriba holds a direct interest in the issued share capital of Northacre PLC. Jassim Alseddiqi is an indirect shareholder of Northacre PLC through his shareholding in ADCM.

On 1st March 2013, Spadille Limited announced that the offer would remain open for acceptances until 1.00 p.m. (London time) on 14th March 2013. On 15th March 2013 the Group announced that the offer was no longer open for further acceptances. Together with the 13,365,000 Northacre PLC Ordinary shares acquired by Spadille Limited prior to 15th February 2013, the number of Northacre PLC Ordinary shares acquired by Spadille Limited or for which valid acceptances had been received by Spadille Limited before 14th March 2013 was 17,861,400 Northacre PLC Ordinary shares, representing 66.84 per cent of Northacre's PLC issued Ordinary share capital.

On 15th March 2013, following the recommended cash offer by Spadille Limited, Ken MacRae, Chief Executive Officer, sold 25,000 Ordinary shares of Northacre PLC to Spadille Limited at a price of 96p per share. These shares were equal to 0.09 per cent of the issued Ordinary share capital of Northacre PLC. Ken MacRae now holds no interest, direct or indirect, in the Company.

On 19th June 2013 the Group announced that Ken MacRae had resigned as Chief Executive Officer and Finance Director of Northacre PLC.

On 25th June 2013 the Group announced that Mohamed AIRafi had resigned as a Director of Northacre PLC.

On 3rd July 2013 the Group announced that Alexandre de Rothschild had been appointed as a Non-Executive Director of Northacre PLC.

Directors' Report

For the year ended 28th February 2013 (*Continued*)

Substantial Shareholdings

As at 30th May 2013, the following held in excess of 3% of the Ordinary share capital of the Company:

Spadille Limited	66.84%
Middle Eastern Properties Limited	25.44%
Mr Ahmed Ali Mukhtar Al Yousuf	4.02%

Donations

During the year, the Group made charitable donations of £4,150 (2012: £2,250).

Policy and Practice on the Payment of Creditors

It is the Group's policy to maintain good relationships with its suppliers. Payment terms are agreed with each supplier in advance and these terms adhered to. Due to the nature of the business the Directors do not consider that a meaningful trade creditors days figure can be calculated.

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution proposing that Kingston Smith LLP be re-appointed as auditors of the Company will be put to the Annual General Meeting.

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the Company and the financial performance and cash flows of the Group for that year.

In preparing those financial statements, the Directors are required to:

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

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

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

Statement of Compliance with the UK Corporate Governance Code

The principles of corporate governance and a code of best practice are set out in the UK Corporate Governance Code (UKCGC) issued in September 2012. The UKCGC requires certain disclosures to be made and although, as an AIM company, it is not obliged to report its compliance with UKCGC, the Company is committed to high standards of corporate governance throughout the Group and meeting the disclosure requirements as far as is reasonably practicable for a Group of this size.

The Board of Directors

At the date of this report the Group Board was made up of two executive and three non-executive Directors. The Board of Directors is responsible for the management, overall strategy and directions of the Group and meets regularly throughout the year. At each meeting a proper agenda is presented noting all the matters that require discussion and approval by the Directors. Generally the information available for discussion consists of project and financial updates.

The Board reserves the right to approve key decisions to ensure it retains proper control and direction of the Group whilst delegating authority to individual Directors who are responsible for day-to-day management of the business.

All Directors have, at the Company's expense, access to the services of the Company Secretary and where necessary, appropriate independent professional advisors.

Risks and uncertainties

The Board of Directors carries out risk management as outlined in Note 2 to the Consolidated Financial Statements.

Board Appointments

All appointments to the Board are discussed at a full board meeting and each member is given the opportunity to meet the individual concerned prior to the appointment being made.

As permitted by the UKCGC and the QCA Guidelines, due to the small size of the Board, it is not considered appropriate to establish a Nominations Committee.

Directors' Report

For the year ended 28th February 2013 (*Continued*)

The Remuneration Committee

The Remuneration Committee is composed of one executive and one non-executive Director with advice sought, where necessary, from the Finance Director and the Company Secretary. It meets as required during the financial year to carry out its responsibility of reviewing the performance of the executive Directors and setting the scale and structure of their remuneration packages.

The Company operates within a competitive environment and its performance and success depends on the performance of certain key Directors and employees. Executive remuneration packages are designed to attract, motivate, and retain Directors of the calibre to maintain the Company's position at the forefront of the prime residential sector.

The remuneration packages of individual Directors are structured so that the performance related elements form a more significant proportion of the total packages in order that they are aligned with the interests of the shareholders.

It is a rule of the Remuneration Committee that a Director shall not participate in the decision making in his/her remuneration.

The Audit Committee

The Audit Committee is composed of one executive and two non-executive Directors. The Audit Committee was formed by the Board of Directors to establish formal and transparent arrangements for considering how the financial reporting and internal control principles should be applied, and for maintaining an appropriate relationship with the Group's auditors.

Re-election of Directors

Directors retire by rotation in accordance with the Company's Articles of Association, which prescribe that at every Annual General Meeting one third of the Directors for the time being shall retire from office. Non-executive Directors are appointed initially on a three year term with a written notice period of three months by either party.

Shareholder Relations

The Company maintains a website (www.northacre.com) where the Group's statutory accounts and announcements will be available. The website conforms to the requirements of AIM Rule 26 and all the relevant information can be found there. Queries raised by any shareholder are responded are responded by the appropriate personnel in the Group.

Accountability and Audit

The Board believes that the Annual Report and Accounts are an important mechanism for presenting an updated position and prospects of the Group. This is highlighted in the Chairman's and Executive Director's reviews.

Internal Control

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

The Directors have established an organisational structure with clear operating procedures, lines of responsibility and delegated authority. In particular there are detailed procedures for capital investment into new development schemes and the approval of financial reporting. The Board has reviewed the need for an internal audit team and concluded that given the size of the Group it is not currently appropriate to employ such a function.

The Board has an Authority matrix which is designed to establish internal controls over payment approvals and the execution of legal agreements, representing a further risk management mechanism.

Statement of Disclosure to Auditors

- (a) so far as the Directors are aware, there is no relevant audit information of which the Group's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Annual General Meeting

Accompanying this report is the Notice of the Annual General Meeting which sets out the resolutions for the meeting.

By Order of the Board

Capita Company Secretarial Services Limited
Secretary

Date: 12th July 2013

Independent Auditors' Report to the Shareholders of Northacre Plc

For the year ended 28th February 2013

We have audited the Group and Parent Company financial statements of Northacre PLC for the year ended 28th February 2013, which comprise the Consolidated Income Statement, Consolidated and Company Statements of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated and Company Statements of Cash Flows, Consolidated and Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Report (set out on pages 8 to 11) the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 28th February 2013 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Matthew Meadows

Senior Statutory Auditor
For and on behalf of Kingston Smith LLP
Chartered Accountants
Statutory Auditor

Devonshire House
60 Goswell Road, London EC1M 7AD

Date: 12th July 2013

Consolidated Income Statement

For the year ended 28th February 2013

Continuing Operations Group	Note	2013 £	2012 £
Group Revenue	3	3,521,402	3,021,353
Cost of sales		(2,235,379)	(2,068,876)
Gross Profit		1,286,023	952,477
Administrative expenses		(8,943,929)	(6,676,018)
Other operating costs: Exceptional items	4	-	(756,879)
Group Loss from Operations		(7,657,906)	(6,480,420)
Investment revenue	5	26,577,553	1,177,224
Other gains	6	-	312,832
Finance costs	7	(2,117,427)	(2,054,269)
Impairment of goodwill	12	-	(821,043)
Profit/(Loss) for the year before Taxation	8	16,802,220	(7,865,676)
Taxation	10	4,832,506	577,204
Profit/(Loss) for the year attributable to equity holders of the Company		21,634,726	(7,288,472)
Profit/(Loss) per ordinary share			
Basic – Continuing and total operations	24	80.96p	(27.27)p
Diluted – Continuing and total operations	24	80.96p	(27.27)p
Company			
Loss for the year attributable to equity holders of the Company		(5,074,317)	(12,629,475)

Consolidated Statement of Comprehensive Income

For the year ended 28th February 2013

Continuing Operations Group	Note	2013 £	2012 £
Profit/(Loss) for the period attributable to equity holders of the Company		21,634,726	(7,288,472)
Other comprehensive income:			
Changes in fair value of available for sale financial assets	14(b)	(18,662,028)	19,605,236
Total comprehensive income for the period		2,972,698	12,316,764
Company			
Loss for the period attributable to equity holders of the Company		(5,074,317)	(12,629,475)
Other comprehensive income		-	-
Total comprehensive loss for the period	11	(5,074,317)	(12,629,475)

Consolidated Statement of Financial Position

As at 28th February 2013

	Note	2013 £	2012 £
Non-Current Assets			
Goodwill	12	8,007,417	8,007,417
Property, plant and equipment	13	919,229	1,062,598
Available for sale financial assets	14(b)	22,148,579	40,810,580
		31,075,225	49,880,595
Current Assets			
Inventories	15	1,378	118,006
Trade and other receivables	16	4,585,083	998,556
Cash and cash equivalents		9,194,508	916,963
		13,780,969	2,033,525
Total Assets		44,856,194	51,914,120
Current Liabilities			
Trade and other payables	17	4,741,075	3,558,655
Borrowings, including lease finance	19	-	10,513,442
		4,741,075	14,072,097
Non-Current Liabilities			
Borrowings, including lease finance	20	-	699,602
		-	699,602
Total Liabilities		4,741,075	14,771,699
Equity			
Share capital	25	668,091	668,091
Share premium account		18,552,361	18,552,361
Retained earnings		20,894,667	17,921,969
Total Equity		40,115,119	37,142,421
Total Equity and Liabilities		44,856,194	51,914,120

Approved by the Board on 12th July 2013

K.B. Nilsson Director
J. Alseddiqi Director

Company registration no. 03442280

Company Statement of Financial Position

As at 28th February 2013

	Note	2013 £	2012 £
Non-Current Assets			
Property, plant and equipment	13	937,237	1,055,842
Investments	14(c)	8,007,421	8,007,421
		8,944,658	9,063,263
Current Assets			
Trade and other receivables	16	3,218,933	7,412,064
Cash and cash equivalents		9,019,416	753,669
		12,238,349	8,165,733
Total Assets		21,183,007	17,228,996
Current Liabilities			
Trade and other payables	17	30,894,008	21,150,311
Borrowings, including lease finance	19	-	15,767
		30,894,008	21,166,078
Non-Current Liabilities			
Borrowings, including lease finance	20	-	699,602
		-	699,602
Total Liabilities		30,894,008	21,865,680
Equity			
Share capital	25	668,091	668,091
Share premium account		18,552,361	18,552,361
Retained earnings		(28,931,453)	(23,857,136)
Total Equity		(9,711,001)	(4,636,684)
Total Equity and Liabilities		21,183,007	17,228,996

Approved by the Board on 12th July 2013

K.B. Nilsson Director

J. Alseddiqi Director

Company registration no. 03442280

Consolidated and Company Statements of Cash Flows

For the year ended 28th February 2013

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Cash flows from operating activities				
Profit/(Loss) for the period before tax	16,802,220	(7,865,676)	(8,511,585)	(12,876,022)
Adjustments for:				
Investment revenue	(26,577,553)	(1,177,224)	(20,443)	(191,575)
Finance costs	2,117,427	2,054,269	2,119,810	2,003,907
Profit on disposal of investment in associate	-	(127,832)	-	-
Depreciation and amortisation	150,069	223,808	118,605	183,072
Goodwill impairment	-	821,043	-	-
Provision against investments	-	-	-	2,082,358
Decrease in inventories	116,628	218,002	-	-
(Increase)/decrease in trade and other receivables	(946,061)	(134,967)	6,089,337	7,625,926
Increase/(decrease) in trade and other payables	1,076,897	(1,474,399)	9,615,255	5,686,498
Cash (used in)/generated from operations	(7,260,373)	(7,462,976)	9,410,979	4,514,164
Interest paid	(2,117,427)	(2,054,269)	(2,119,810)	(2,003,907)
Corporation tax - consortium relief refunded	2,297,536	577,204	1,669,504	246,547
Net cash (used in)/generated from operating activities	(7,080,264)	(8,940,041)	8,960,673	2,756,804
Cash flows from investing activities				
Proceeds from sale of investment in associate	-	170,000	-	170,000
Purchase of plant, property & equipment	(6,700)	(35,458)	-	-
Interest received	20,494	7,224	20,443	1,875
Dividends received	26,557,059	1,170,000	-	20,000
Net cash generated from investing activities	26,570,853	1,311,766	20,443	191,875
Cash flows from financing activities				
Proceeds from borrowings	13,000,000	10,490,740	-	-
Repayment of borrowings	(24,190,342)	(1,568,247)	(699,602)	(1,843,247)
Repayment of finance leases	(22,702)	(158,570)	(15,767)	(130,832)
Net cash (used in)/generated from financing activities	(11,213,044)	8,763,923	(715,369)	(1,974,079)
Increase in cash and cash equivalents	8,277,545	1,135,648	8,265,747	974,600
Cash and cash equivalents at the beginning of the year	916,963	(218,685)	753,669	(220,931)
Cash and cash equivalents at the end of the year	9,194,508	916,963	9,019,416	753,669

Consolidated and Company Statements of Changes in Equity

For the year ended 28th February 2013

Group	Called Up Share Capital	Share Premium Account	Retained Earnings	Total
	£	£	£	£
As at 1st March 2011	668,091	18,552,361	5,605,205	24,825,657
Loss for the period	-	-	(7,288,472)	(7,288,472)
Other Comprehensive Profit for the period: Changes in fair value of available for sale financial assets	-	-	19,605,236	19,605,236
As at 29th February 2012	668,091	18,552,361	17,921,969	37,142,421
As at 1st March 2012	668,091	18,552,361	17,921,969	37,142,421
Profit for the period	-	-	21,634,726	21,634,726
Other Comprehensive Loss for the period: Changes in fair value of available for sale financial assets	-	-	(18,662,028)	(18,662,028)
As at 28th February 2013	668,091	18,552,361	20,894,667	40,115,119

Company	Called Up Share Capital	Share Premium Account	Retained Earnings	Total
	£	£	£	£
As at 1st March 2011	668,091	18,552,361	(11,227,661)	7,992,791
Total Comprehensive Loss for the period	-	-	(12,629,475)	(12,629,475)
As at 29th February 2012	668,091	18,552,361	(23,857,136)	(4,636,684)
As at 1st March 2012	668,091	18,552,361	(23,857,136)	(4,636,684)
Total Comprehensive Loss for the period	-	-	(5,074,317)	(5,074,317)
As at 28th February 2013	668,091	18,552,361	(28,931,453)	(9,711,001)

Notes to the Consolidated Financial Statements

For the year ended 28th February 2013

1. Principal Accounting Policies

The principal accounting policies are as follows:

Accounting basis and standards

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The following new standards, amendments to standards or interpretations are mandatory for the Group for the first time for the financial year beginning 1st March 2012, but are not currently considered to be relevant to the Group (although they may affect the accounting for future transactions and events):

- Amendment to IFRS 1, 'Presentation of Financial Statements' on Other Comprehensive Income.' The amendment confirms the treatment of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is before the date of transition to IFRSs.
- Amendments to IFRS 7 'Financial Instruments: Disclosures'. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.
- Amendment to IAS 12, 'Income taxes'. Deferred tax accounting for investment property at fair value' IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally, be through sale.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1st March 2012 and have not been early adopted:

- IFRS 9, 'Financial instruments', issued in November 2009 and effective from 1st January 2015. IFRS 9 represents the first phase of the IASB's project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. It sets out the classification and measurement criteria for financial assets and liabilities and requires all financial assets, including assets currently classified under IAS 39 as available for sale, to be measured at fair value through profit and loss unless the assets can be classified as held at amortised cost. Qualifying equity investments held at fair value may have their fair value changes taken through other comprehensive income by election.

- IFRS 10, 'Consolidated Financial Statements', effective from 1st January 2013. This standard builds on existing principles by identifying the concept of control as the determining factor in which an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess.
- IFRS 11, 'Joint arrangements', effective from 1st January 2013. This standard establishes principles for financial reporting by parties to a joint arrangement.
- IFRS 12, 'Disclosure of interests in other entities', effective from 1st January 2013. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.
- IFRS 13, 'Fair value measurement', effective from 1st January 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.
- IAS 1, 'Other Comprehensive Income', effective from 1st January 2013. The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. The amendments do not address which items are presented in other comprehensive income.
- IAS 19 (Revised), 'Employee Benefits' effective from 1st January 2013. These amendments are intended to provide a clearer indication of an entity's obligations resulting from the provision of defined benefit pension plan and how those obligations will affect its financial position, financial performance and cash flow.
- IAS 27 (Revised), 'Separate Financial Statements' (Revised), effective from 1st January 2013 has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.
- IAS 28 (Revised), 'Associates and Joint Ventures' (Revised), effective from 1st January 2013 prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.
- Amendment to IAS 32, 'Offsetting Financial Assets and Liabilities', effective from 1st January 2013 clarifies that the tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 32.

Notes to the Consolidated Financial Statements

For the year ended 28th February 2013 (Continued)

1. Principal Accounting Policies (Continued)

Business Combinations and Goodwill

Goodwill relating to acquisitions prior to 1st March 2006 is carried at the net book value on that date and is no longer amortised but is subject to annual impairment review. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition. Goodwill is tested annually for impairment.

Going Concern

The Company and Group currently meet their day-to-day working capital requirements through monies received from The Lancasters Development dividends. All of the Groups' loan facilities have been repaid during the year under review. In particular:

- (i) The loan due to Northacre PLC Directors Retirement and Death Benefit Scheme of £699,602 (2012: £699,602) was repaid on 17th December 2012. The total amount repaid was £711,300 including interest of £11,698.
- (ii) A Eurobond loan facility of £10,500,000 was agreed with Abu Dhabi Capital Management LLC ("ADCM") on 20th October 2011 and drawn down in full on 31st October 2011. This loan allowed the Group to repay its bankers facility and all Directors and related party loans. A fixed premium of £800,000 was due on signature of the agreement. According to the agreement, the Group had a right to early redemption and after receiving the first dividend payment from The Lancasters Development, the Group repaid £1,051,448 of the loan on 18th January 2012 plus £76,050 accrued interest. After securing new financing the Eurobond was repaid in full on 30th May 2012. The total amount repaid was £11,276,653 including interest of £1,828,101.
- (iii) A loan facility of £15,000,000 was agreed with Auster Real Estate Opportunities S.a.r.l. ("Auster") on 1st May 2012 and £13,000,000 was drawn down on 30th May 2012. This loan allowed the Group to repay the ADCM loan and secure more flexible loan terms for the Group. A fixed premium of 2% of the facility amount was due on draw down of the loan. The loan was due to be repaid in 18 months from the date of the draw down unless sufficient dividends were received from The Lancasters Development. Following receipt of a further £10m dividends from The Lancasters Development on 23rd November 2012 the Group repaid the Auster loan in full on 29th November 2012. The total amount repaid during the year was £14,300,000 including interest of £1,300,000.

The Directors have prepared detailed cash flow projections for the period ended 28th February 2018 making reasonable assumptions about the levels and timings of income and expenditure, and in particular the timing of receipt of certain fees due from major developments. These projections show that

the Group can meet its ongoing working capital requirements. On this basis the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Significant Judgements and Estimates of Areas of Uncertainty

In preparing these financial statements the Directors are required to make judgements and best estimates of the outcome of and in particular, the timing of revenues, expenses, assets and liabilities based on assumptions. These assumptions are based on historical experience and various other factors that are considered reasonable under the various circumstances. The estimates and assumptions are reviewed on a regular basis with any revisions being applied in the relevant period. The material areas where estimates and assumptions are made are:

- The valuation of goodwill
- The valuation of available for sale financial assets
- The status and progress of the developments and projects

Basis of Consolidation

The Group financial statements include the financial statements of the Company and its subsidiary undertakings. The Group's proportion of the voting rights of Lancaster Gate (Hyde Park) Limited increased from 5% to 25.1% on 30th June 2010. Lancaster Gate (Hyde Park) Limited continues to be treated as an available for sale financial asset. The Directors do not regard Lancaster Gate (Hyde Park) Limited as an associate because the Directors consider that the Group does not exercise significant influence over its operating and financial activities, despite the fact that the Group holds in excess of 20% of the voting rights in Lancaster Gate (Hyde Park) Limited, because the control of the Board by Minerva PLC, the controlling shareholding they hold and their power to exercise, and actual exercise of, the commercial decision making for Lancaster Gate (Hyde Park) Limited preclude the Group from exercising such influence.

Depreciation

Depreciation on property, plant and equipment is provided at rates estimated to write off the cost or revalued amounts, less estimated residual value, of each asset over its expected useful life as follows:

Leasehold improvements over the period of the lease	
Fittings and office equipment	25% straight line
Computer equipment	33 1/3% straight line

Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation but are instead tested annually for impairment and are subject to additional impairment testing if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Notes to the Consolidated Financial Statements

For the year ended 28th February 2013 (*Continued*)

1. Principal Accounting Policies (*Continued*)

Impairment of Assets (*continued*)

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indicators of impairment are reviewed annually.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Any impairment charge is recognised in profit or loss in the year in which it occurs. When an impairment loss, other than an impairment loss on goodwill, subsequently reverses due to a change in the original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, up to the carrying amount that would have resulted, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Inventories

Work in progress is valued at the lower of cost and net realisable value. Cost of work in progress includes overheads appropriate to the stage of development. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal.

Revenue

Revenue represents amounts earned by the Group in respect of services rendered during the period net of value added tax. Shares in development profits and bonus fees are recognised when the amounts involved have been finally determined. Fees in respect of project management and interior and architectural design are recognised in accordance with the stage of completion of the contract.

Current Taxation

The tax expense for the year represents the total of current taxation and deferred taxation. The charge in respect of current taxation is based on the estimated taxable profit for the year. Taxable profit for the year is based on the profits as shown in profit or loss, as adjusted for items or expenditure, which are not deductible for tax purposes.

The current tax liability for the year is calculated using tax rates, which have either been enacted or substantively enacted at the reporting date.

Deferred Taxation

Deferred tax is provided in full on all temporary differences arising between the tax base of assets and liabilities and their carrying values in the financial statements. The deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates which have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the statement of financial position and depreciated over their expected useful lives. The interest element of the rental obligations is charged to profit or loss over the period of the lease on a straight-line basis.

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

Investments

Fixed asset investments are stated at cost less amounts written off.

Associates

Associates are all entities over which the Group exercise significant influence but does not exercise control. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, which includes goodwill identified on acquisition, net of any accumulated impairment loss. The Group's share of its associate's profits or losses after acquisition of its interest is recognised in profit or loss and cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Where the Group's share of losses of an associate equals or exceeds the carrying amount of the investment, the Group only recognises further losses where it has incurred obligations or made payments on behalf of the associate.

Financial Assets

Available for sale financial assets consist of equity investments in other companies where the Group does not exercise either control or significant influence. The investments reflect loans and capital contributions made in respect of projects undertaken with other partners in which the Group will be entitled to an eventual profit share.

Available for sale financial assets are shown at fair value at each reporting date with changes in fair value being shown in Other Comprehensive Income, or at cost less any necessary provision for impairment where a reliable estimate of fair value is not able to be determined.

Notes to the Consolidated Financial Statements

For the year ended 28th February 2013 (*Continued*)

1. Principal Accounting Policies (*Continued*)

Pension Scheme Arrangements

The Group operates a money purchase scheme on behalf of one of its Directors. It also contributes to certain Directors' and employees' personal pension schemes. Pension costs charged represent the amounts payable to the schemes in respect of the period.

Foreign Currency Translation

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities are translated at the rate of exchange ruling at the reporting date. Exchange differences are taken into account in arriving at Group operating profit.

Financial Assets – Loans and Receivables

Trade receivables, loans and other receivables are classified as 'trade and other receivables' and are measured at cost less any provisions. Interest income is recognised by applying the appropriate interest rate of the contractual arrangement.

Financial Liabilities - Loans and Payables and Borrowings

Trade payables, other payables and borrowings are classified as 'trade and other payables' and 'borrowings, including lease finance'. These are measured at amortised cost and the interest expense is recognised by applying the appropriate interest rate of the contractual arrangement.

Borrowings

Interest-bearing borrowings are recognised initially at fair value, net of any transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method with any differences between the proceeds (net of transaction costs) and the redemption value being recognised over the period of borrowings.

All borrowings are classified as current unless the Group has an unconditional right to defer payment of the borrowings until at least twelve months from the reporting date.

2. Capital and Financial Risk Management

The Group manages its capital to ensure that the Group will be able to continue as a going concern, while maximising the return to shareholders through the optimisation of its debt and equity balance.

The capital structure of the Group, following the repayment of the Auster loan consists of cash and cash equivalents and equity attributable to equity holders of the Parent Company, comprising issued capital, share premium account and retained earnings.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends payable to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt or increase capital.

The Board regularly reviews the capital structure, with an objective to reduce net debt over time whilst investing in the business.

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the property business and the operational risks are an inevitable consequence of being in business. The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks by means of a reliable up-to-date information system. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the Board of Directors. In addition, the internal financial control board is responsible for the identification of the major business risks faced by the Group and for determining the appropriate course of action to manage those risks. The most important types of risk are credit risk, liquidity and market risk. Market risk includes currency, interest rate and other price risks.

Notes to the Consolidated Financial Statements

For the year ended 28th February 2013 (*Continued*)

3. Segmental Information

Segmental information is presented in respect of the Group's business segments. The business segments are based on the Group's corporate and internal reporting structure. Segment results and assets include items directly attributable to a segment as well as those that can be allocated to a segment on a reasonable basis. The segmental analysis of the Group's business as reported internally to management is as follows:

Revenue	2013	2012
	£	£
Principal activities:		
Development management	300,350	692,615
Interior design	3,172,369	2,192,233
Architectural design	48,683	136,505
	3,521,402	3,021,353
Profit/(Loss) before Taxation	2013	2012
	£	£
Development management	17,092,734	(6,176,058)
Interior design	3,001	(818,044)
Architectural design	(293,515)	(871,574)
	16,802,220	(7,865,676)
Assets	2013	2012
	£	£
Development management	43,762,088	50,795,189
Interior design	928,793	1,075,965
Architectural design	165,313	42,966
	44,856,194	51,914,120
Liabilities	2013	2012
	£	£
Development management	2,941,712	12,725,626
Interior design	920,447	1,284,968
Architectural design	878,916	761,105
	4,741,075	14,771,699

A geographical analysis of the Group's revenue, assets and liabilities is given below:

Revenue	2013	2012
	£	£
United Kingdom	2,385,562	1,925,772
Ireland	-	7,563
Saudi Arabia	1,135,840	874,158
United Arab Emirates	-	50,400
Thailand	-	41,251
Switzerland	-	122,209
	3,521,402	3,021,353

Included in the revenue above are revenues in respect of customers who account for over 10% of the Group's total revenue.

	2013	2012
	£	£
Customer A (Interior design)	1,135,840	874,158
Customer B (Interior design)	40,952	515,892
Customer C (Development management)	-	407,615
Customer C (Interior design)	807,000	174,311
Customer D (Interior design)	1,095,712	-
	3,079,504	1,971,976

Notes to the Consolidated Financial Statements

For the year ended 28th February 2013 (Continued)

3. Segmental Information (Continued)

Assets	2013 £	2012 £
United Kingdom	44,180,739	51,169,630
Ireland	-	2,453
United Arab Emirates	-	10,803
Saudi Arabia	675,455	731,234
	44,856,194	51,914,120
Liabilities	2013 £	2012 £
United Kingdom	4,384,169	4,162,779
United Arab Emirates	1,648	10,503,566
Hong Kong	-	2,365
USA	(104)	2,925
Spain	(828)	-
Italy	(241)	-
Saudi Arabia	356,431	100,064
	4,741,075	14,771,699

4. Exceptional Items

	2013 £	2012 £
Payments to former Directors	-	756,879

Payments to former Directors during the prior year included compensation for loss of office and payments in respect of the claim by a former Director against the Company for wrongful and unfair dismissal which has been resolved by way of a comprehensive settlement of all claims against the Group, including entitlement to benefits arising from loans made by the Northacre PLC Directors Retirement and Death Benefit Scheme to the Company. The Company agreed to waive the former Director's loan account and also pay to him a settlement sum. The payment of these amounts were not due until sufficient dividends were received from The Lancasters Development. Following sufficient receipt of The Lancasters Development dividends all amounts due were settled during that prior year.

5. Investment Revenue

	2013 £	2012 £
Interest received	20,494	7,224
Dividends received	26,557,059	1,170,000
	26,577,553	1,177,224

6. Other Gains

	2013 £	2012 £
Profit on disposal of interest in Campden Estates Limited	-	127,832
Decrease in provision for acquisition of Templeco 643 Limited in lieu of settlement	-	135,000
Decrease in provision for Northacre PLC Directors Retirement and Death Benefit Scheme profit share	-	50,000
	-	312,832

7. Finance Costs

	2013 £	2012 £
Interest on:		
Bank loans and overdrafts	-	10,325
Overdue tax	272	1,028
Tax (refund)/penalties	(6,490)	32,866
Other loans	2,123,645	2,010,050
	2,117,427	2,054,269

Notes to the Consolidated Financial Statements

For the year ended 28th February 2013 (*Continued*)

8. Profit/(Loss) Before Taxation

	2013 £	2012 £
Profit/(loss) before taxation is stated after charging:		
Depreciation and amounts written off property, plant and equipment:		
Owned assets	150,069	223,808
Operating lease rentals:		
Land and buildings	130,663	153,699
Foreign exchange loss	75	148
Fees payable to the Company's auditors for:		
- the audit of the Company's annual accounts	47,054	39,344
Fees payable to the Company's auditors for other services to the Group:		
- the audit of the Company's subsidiaries	33,680	25,906
Total audit fees	80,734	65,250
Fees payable to the Company's auditors for:		
- taxation compliance services	13,888	13,375
- other taxation advisory services	41,113	25,311
- other services	17,260	17,054
Total other fees	72,261	55,740

9. Employees

	2013 Number	2012 Number
The average weekly number of employees (including Directors) during the year was:		
Office and management	14	14
Design and management	10	24
	24	38
Staff costs for the above employees:	2013	2012
	£	£
Wages and salaries	5,839,966	3,248,121
Social security costs	786,068	432,247
Other pension costs – money purchase schemes	115,040	183,568
	6,741,074	3,863,936
Remuneration in respect of Directors was as follows:	2013	2012
	£	£
Aggregate emoluments (including benefits in kind)	2,280,866	765,060
Consultancy fees	-	375,000
Compensation for loss of office	-	65,000
Fees	186,125	60,000
	2,466,991	1,265,060
Company contribution to money purchase pension schemes	66,280	71,542

Notes to the Consolidated Financial Statements

For the year ended 28th February 2013 (Continued)

9. Employees (Continued)

Remuneration for each Director (including benefits in kind)	2013 £	2012 £
K.B. Nilsson	797,216	265,340
K. MacRae	418,150	201,436
M.K. Santilale	-	361,088
M.A. AlRafi	1,120,000	60,000
M.F. Williams	65,500	30,000
E.B. Harris	66,125	30,000
J. McGivern	-	317,196
	2,466,991	1,265,060

Included in the prior year figures were consultancy fees of £375,000 which represented amounts accrued but not paid in 2012. These amounts were paid after sufficient dividends were received from The Lancasters Development in September 2012.

Remuneration of £1,120,000 (2012: £60,000) for Director M.A. AlRafi is payable to MTAF Group. Remuneration of £66,125 (2012: £30,000) for Director E.B. Harris is payable to EC Harris LLP.

The amounts above include remuneration in respect of the highest paid Director as follows:	2013 £	2012 £
Aggregate emoluments (including benefits in kind)	1,120,000	361,088
Company contribution to money purchase pension scheme	-	5,624
	1,120,000	366,712

The total emoluments of £1,120,000 (2012: £361,088) above includes: fees of £120,000 and bonus of £1,000,000 (2012: salary of £96,088; compensation for loss of office £65,000 and consultancy fees £200,000). The consultancy fees of £200,000 were not due till sufficient dividends from The Lancasters Development were received.

10. Taxation

(a) Analysis of charge in year	2013 £	2012 £
Current tax:		
Corporation tax credit	(2,534,970)	(577,204)
Adjustment in respect of prior periods	(2,297,536)	-
Total current tax	(4,832,506)	(577,204)

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 24% (2012: 26%). The differences are explained below:

	2013 £	2012 £
Profit/(loss) on ordinary activities before tax	16,802,220	(7,865,676)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax of 24% (2012: 26%)	4,032,533	(2,045,076)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	134,847	50,391
Depreciation for the period in excess of capital allowances	16,277	(26,331)
Dividends and distributions received	(6,373,694)	(304,200)
Utilisation of tax losses	1,630,864	1,391
Other timing differences	562,240	-
Loss carried forward	-	2,323,825
Group relief	-	(577,204)
Consortium relief	(2,538,037)	-
Consortium relief in respect of prior periods	(2,297,536)	-
Current tax credit for the year	(4,832,506)	(577,204)

Notes to the Consolidated Financial Statements

For the year ended 28th February 2013 (*Continued*)

10. Taxation (*Continued*)

(c) Factors that may affect future tax charges

No deferred tax asset has been recognised on losses carried forward due to the uncertainty of the timing of taxable profits. The total amount of the unprovided asset is £1,063,261 (2012: £4,574,968).

The standard rate of corporation tax in the UK changed to 24% from 1st April 2012 and to 23% from 1st April 2013.

11. Profit of the Parent Company

As permitted by section 408 of the Companies Act 2006, the profit or loss element of the Parent Company Income Statement is not presented as part of these financial statements. The Group profit for the financial year of £21,634,726 (2012: loss £7,288,472) includes a loss of £5,074,317 (2012: £12,629,475), which was dealt with in the financial statements of the Company.

12. Goodwill

Group	2013 £	2012 £
Cost	14,940,474	14,940,474
Amortisation and impairment		
At the beginning of the year	6,933,057	6,112,014
Impairment charge for the year	-	821,043
At the end of the year	6,933,057	6,933,057
Net book value	8,007,417	8,007,417

The Group performs an annual goodwill impairment review in accordance with IAS 36 'Impairment of Assets' based on its cash generating units (CGUs). The CGU that has associated goodwill allocated to it is the Group as a whole. This is the smallest identifiable group of assets that generate cash inflows to which goodwill is allocated. Although the interior design business is a separate CGU goodwill was not specifically allocated to it when the goodwill arose because it was treated as an integrated business when the Group was originally restructured. The Directors consider that it is now not appropriate to allocate goodwill to this CGU.

Recoverable amount

In accordance with IAS 36 the recoverable amount of the cash generating unit is calculated, being the higher of value in use and fair value less costs to sell.

The fair value less costs to sell of the CGU is determined using cash flow projections derived from the business plan covering a five year period which has been approved by the Board. They reflect the Directors' expectations of the level and timing of revenue, expenses, working capital and operating cash flows, based on past experience and future expectations of business performance particularly future development projects.

Discount rates

The pre-tax discount rate applied to the cash flow projections are derived from the Group's weighted average cost of capital. The discount rate applied is 6% reflecting the future expected cost of capital for the Group.

Growth rates

Due to the nature of the Group's development business growth rates are not relevant. The cash flow projections assume a 100% probability of winning a level of development projects over the five years and make assumptions on the probability of achieving certain development performance fee criteria.

The business growth rates have been assumed to be nil for the Intarya interior design business.

Sensitivity analysis

The following changes in assumptions would cause the recoverable amount to fall below the current carrying value:

- A 6.8% increase in the discount rate to 12.8% for the latter three year period
- A 9% decrease in the development revenue cash flows over the five year period
- A 53.4% decrease in the other interior design revenue cash flows over the five year period

Notes to the Consolidated Financial Statements

For the year ended 28th February 2013 (*Continued*)

13. Property, plant and equipment

Group	Leasehold Improvements	Fittings and Office Equipment	Computer Equipment	Total
Cost	£	£	£	£
At 1st March 2011	1,115,434	252,862	489,881	1,858,177
Additions	-	17,442	21,465	38,907
Disposals	-	(199,632)	(129,577)	(329,209)
At 29th February 2012	1,115,434	70,672	381,769	1,567,875
Additions	-	-	6,700	6,700
Disposals	-	-	(180,000)	(180,000)
At 28th February 2013	1,115,434	70,672	208,469	1,394,575
Depreciation				
At 1st March 2011	-	212,385	394,844	607,229
Charge for the year	123,072	15,537	85,199	223,808
Disposals	-	(196,183)	(129,577)	(325,760)
At 29th February 2012	123,072	31,739	350,466	505,277
Charge for the year	113,605	13,904	22,560	150,069
Disposals	-	-	(180,000)	(180,000)
At 28th February 2013	236,677	45,643	193,026	475,346
Net Book Value				
At 28th February 2013	878,757	25,029	15,443	919,229
At 29th February 2012	992,362	38,933	31,303	1,062,598
At 28th February 2011	1,115,434	40,477	95,037	1,250,948

Company	Leasehold Improvements	Fittings and Office Equipment	Computer Equipment	Total
Cost	£	£	£	£
At 1st March 2011	1,173,914	-	180,000	1,353,914
Additions	-	-	-	-
At 29th February 2012	1,173,914	-	180,000	1,353,914
Additions	-	-	-	-
Disposals	-	-	(180,000)	(180,000)
At 28th February 2013	1,173,914	-	-	1,173,914
Depreciation				
At 1st March 2011	-	-	115,000	115,000
Charge for the year	123,072	-	60,000	183,072
At 29th February 2012	123,072	-	175,000	298,072
Charge for the year	113,605	-	5,000	118,605
Disposals	-	-	(180,000)	(180,000)
At 28th February 2013	236,677	-	-	236,677
Net Book Value				
At 28th February 2013	937,237	-	-	937,237
At 29th February 2012	1,050,842	-	5,000	1,055,842
At 28th February 2011	1,173,914	-	65,000	1,238,914

Notes to the Consolidated Financial Statements

For the year ended 28th February 2013 (*Continued*)

13. Property, plant and equipment (*Continued*)

Included above were assets held under finance lease or hire purchase contracts as follows:

Group	Fittings and Office Equipment	Computer Equipment	Total
Cost	£	£	£
At 1st March 2011	11,710	57,799	69,509
Disposals	(9,399)	(1,799)	(11,198)
At 29th February 2012	2,311	56,000	58,311
Additions	-	-	-
At 28th February 2013	2,311	56,000	58,311
Depreciation			
At 1st March 2011	8,726	51,710	60,436
Charge for the year	578	6,089	6,667
Disposals	(7,050)	(1,799)	(8,849)
At 29th February 2012	2,254	56,000	58,254
Charge for the year	57	-	57
At 28th February 2013	2,311	56,000	58,311
Net Book Value			
At 28th February 2013	-	-	-
At 29th February 2012	57	-	57
At 28th February 2011	2,984	6,089	9,073

Company	Fittings and Office Equipment	Computer Equipment	Total
Cost	£	£	£
At 1st March 2011	-	180,000	180,000
Additions	-	-	-
At 29th February 2012	-	180,000	180,000
Disposals	-	(180,000)	(180,000)
At 28th February 2013	-	-	-
Depreciation			
At 1st March 2011	-	115,000	115,000
Charge for the year	-	60,000	60,000
At 29th February 2012	-	175,000	175,000
Charge for the year	-	5,000	5,000
Disposals	-	(180,000)	(180,000)
At 28th February 2013	-	-	-
Net Book Value			
At 28th February 2013	-	-	-
At 29th February 2012	-	5,000	5,000
At 28th February 2011	-	65,000	65,000

Notes to the Consolidated Financial Statements

For the year ended 28th February 2013 (*Continued*)

14. Investments

(a) Interest in Associated Undertaking

Group	2013	2013	2012	2012
	£	£	£	£
Cost				
At 1st March		-		300
Disposal of interest in associated undertaking		-		(300)
At 28th/29th February		-		-
Group's Share of Undistributed Post Acquisition Results of Associated Undertaking				
At 1st March		-		41,868
Share of undistributed profit	-		-	
Taxation	-		-	
		-		-
Disposal of interest in associated undertaking		-		(41,868)
28th/29th February		-		-
Net Book Value				
28th/29th February		-		-

On 27th September 2011 Northacre PLC sold its 25% interest in Campden Estates Limited for a total cash consideration of £170,000 resulting in a profit on disposal of £127,832 (Note 6).

(b) Available for Sale Financial Assets

Group	2013	2013	2012	2012
	£	£	£	£
At 1st March		40,810,580		21,205,344
Disposals		-		-
Increase in fair value	7,895,058		20,755,236	
Dividend received	(26,557,059)		(1,150,000)	
Net movement transferred (from)/to comprehensive income		(18,662,001)		19,605,236
At 28th/29th February		22,148,579		40,810,580
Net Book Value				
At 28th/29th February		22,148,579		40,810,580

A fair valuation exercise has been undertaken based predominantly on the Group's expected profit from secured sales on The Lancasters Development as at 28th February 2013. As at 28th February 2013 the Group had received £27,707,059 of the expected profits from The Lancasters Development. Two further dividend payments of £10,000,000 and £5,000,000 were received after the year end on 8th April 2013 and 2nd July 2013.

Notes to the Consolidated Financial Statements

For the year ended 28th February 2013 (*Continued*)

14. Investments (Continued)

(c) Other Investments

Company	Subsidiary Undertakings	Associated Undertaking	Total
	£	£	£
Cost			
At 1st March 2012 and 28th February 2013	14,492,681	-	14,492,681
Impairment			
At 1st March 2012	6,485,260	-	6,485,260
Impairment in the year	-	-	-
As at 28th February 2013	6,485,260	-	6,485,260
Net book value as at 28th February 2013	8,007,421	-	8,007,421
Net book value as at 29th February 2012	8,007,421	-	8,007,421
<hr/>			
Company	Subsidiary Undertakings	Associated Undertaking	Total
	£	£	£
Cost			
At 1st March 2011	14,492,681	300	14,492,981
Disposals	-	(300)	(300)
As at 29th February 2012	14,492,681	-	14,492,681
Impairment			
At 1st March 2011	4,402,902	-	4,402,902
Impairment in the year	2,082,358	-	2,082,358
As at 29th February 2012	6,485,260	-	6,485,260
Net book value as at 29th February 2012	8,007,421	-	8,007,421
Net book value as at 28th February 2011	10,089,779	300	10,090,079

Notes to the Consolidated Financial Statements

For the year ended 28th February 2013 (*Continued*)

14. Investments (*Continued*)

(d) Group Shareholdings

The Group has shareholdings in the following companies, all incorporated in England and Wales:

Subsidiary undertakings	Holding	Proportion held	Nature of Business
Waterloo Investments Limited	Ordinary shares	100%	Development management services
Intarya Limited	Ordinary shares	100%	Interior design
Northacre Development Management Services Limited	Ordinary shares	100%	Development management services
Nilsson Architects Limited	Ordinary shares	100%	Design architects
Northacre Capital (1) Limited	Ordinary shares	100%	Dormant
Northacre Capital (3) Limited	Ordinary shares	100%	Dormant
Northacre Capital (5) Limited	Ordinary shares	100%	Property development
Northacre Capital (7) Limited	Ordinary shares	100%	Dormant
Northacre Capital (8) Limited	Ordinary shares	100%	Property development
Templeco 643 Limited	Ordinary shares	100%	Dormant
Available for sale financial assets			
Lancaster Gate (Hyde Park) Limited	Ordinary shares	25.1%	Property development

On 22nd June 2010 the Company entered into an agreement to acquire the entire issued share capital of Templeco 643 Limited for a consideration of £1,250,000. At the acquisition date Templeco 643 Limited had net liabilities at fair value of £4,115 resulting in goodwill of £1,254,115 potentially arising on acquisition. The Company acquired Templeco 643 Limited as settlement in lieu of the loan arrangement agreement to share in profits of The Abingdons Partnership. In accordance with the share purchase agreement the date of acquisition is the date the final payment of the consideration is made which is also the date at which control of Templeco 643 Limited passed to the Company. In the financial statements to 28th February 2010 the full consideration of £1,250,000 was expensed in the Consolidated Statement of Comprehensive Income as, based on the fair value of the net liabilities acquired, it was not considered to have any ongoing value to the Company.

On 31st January 2012 a Deed of Variation reduced the final consideration to £1,115,000 with the resulting £135,000 adjustment being included in the consolidated financial statements for the year ended 29th February 2012.

The final payment of the consideration was made on 17th July 2012 and at that date the issued share capital of Templeco 643 Limited was transferred to the Company and control passed to the Company. At that date the fair value of the net assets of Templeco 643 Limited were nil. There have been no transactions in Templeco 643 Limited in the period 17th July 2012 to 28th February 2013 and the Directors have applied to strike off Templeco 643 Limited. As a result there are no balances or transactions to be included in the Group financial statements for the year ended 28th February 2013.

The following subsidiary undertakings were struck off on 14th August 2012 as there had been no trading activity during the prior and current reporting periods:

Northacre Capital (2) Limited
Northacre Capital (6) Limited
Northacre Residential Limited
Nilsson Design Limited
Northacre Land Limited
Northacre Holdings Limited
Northacre Design Limited
Northacre Capital Limited
Northcare Management Limited
Northcare Management Services Limited
Lifestyles (Interiors) Limited

Notes to the Consolidated Financial Statements

For the year ended 28th February 2013 (*Continued*)

15. Inventories

	Group	
	2013	2012
	£	£
Stock	1,316	-
Work in progress	62	118,006
	1,378	118,006

The Company had no stock or work in progress in either the prior or current reporting period.

16. Trade and other receivables

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade receivables	701,485	136,517	-	-
Amounts owed by group undertakings	-	-	339,408	7,309,782
Other receivables	3,818,280	79,831	2,853,322	79,048
Prepayments and accrued income	65,318	782,208	26,203	23,234
	4,585,083	998,556	3,218,933	7,412,064

At the year end there was no provision for doubtful debts (2012: £nil).

17. Trade and other payables

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade payables	89,194	304,255	39,122	165,343
Amounts owed to group undertakings	-	-	28,847,596	18,632,851
Social security and other taxes	81,607	196,496	40,753	88,029
Other payables	16,290	1,566,810	9,522	1,451,616
Accruals and deferred income	4,553,984	1,491,094	1,957,015	812,472
	4,741,075	3,558,655	30,894,008	21,150,311

18. Corporation Tax

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Corporation Tax	-	-	-	-
	-	-	-	-

19. Borrowings, including lease finance

Current Liabilities	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Finance leases	-	22,702	-	15,767
Other loans	-	10,490,740	-	-
	-	10,513,442	-	15,767

Finance leases were secured on the related assets.

Other loans represented the Eurobond loan facility as detailed in note 1. The Eurobond loan facility was secured on all issued share capital of Northacre Capital (S) Limited.

Notes to the Consolidated Financial Statements

For the year ended 28th February 2013 (*Continued*)

20. Borrowings, including lease finance

Non-Current Liabilities	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Loan from pension scheme	-	699,602	-	699,602
	-	699,602	-	699,602

The loan from the pension scheme of £699,602 (2012: £699,602) in respect of the Northacre PLC Directors Retirement and Death Benefit Scheme was repaid on 17th December 2012 following a further dividend distribution from The Lancasters Development. The total amount repaid including interest was £711,300.

As at 28th February 2013 the Group and Parent Company had no obligations under finance leases that were secured on related assets as set out below:

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Gross amounts payable:				
Within one year	-	22,702	-	15,767
	-	22,702	-	15,767
Less: finance charges allocated to future periods	-	(9,457)	-	(6,372)
	-	13,245	-	9,395

21. Provisions for other liabilities

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Loan settlement costs and profit share payable				
At 1st March	-	2,350,000	-	2,020,000
Payment in year	-	(625,000)	-	(437,500)
Write back of provision in year	-	(185,000)	-	(144,500)
Transfer to current liabilities: trade and other payables	-	(1,540,000)	-	(1,438,000)
At 28th/29th February	-	-	-	-

On 22nd June 2010, the Company entered into an agreement to acquire the entire issued share capital of Templeco 643 Limited for a consideration of £1,250,000. The Company acquired Templeco 643 Limited as settlement in lieu of the loan arrangement agreement to share in the profits of The Abingdons Partnership. Of the consideration, two payments of £75,000 each were made on 22nd June 2010 and 16th August 2010. The balance of £1,100,000 was due from the proceeds of the dividends from The Lancasters Development. The balance payable was renegotiated to £965,000 payable in instalments. The Group repaid £625,000 on 31st January 2012, £175,000 on 30th March 2012, £150,000 on 31st May 2012 and the balance of £15,000 on 30th June 2012.

A provision of £1,200,000 (2012: £1,200,000) which was transferred to current liabilities: trade and other payables, represented the profit share payable to the Northacre PLC Directors Retirement and Death Benefit Scheme in relation to sale of Group's interest in The Abingdons Partnership. The amount represented the maximum possible profit share and was paid on 30th November 2012 from dividends received from The Lancasters Development.

22. Future financial commitments

Operating Leases	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
	Land & Buildings	Land & Buildings	Land & Buildings	Land & Buildings
Net amount payable on operating leases which expire:				
Within one year	147,975	147,777	147,975	147,777
In two to five years	591,900	591,900	591,900	591,900
In over five years	478,790	626,765	478,790	626,765
	1,218,665	1,366,442	1,218,665	1,366,442

Notes to the Consolidated Financial Statements

For the year ended 28th February 2013 (*Continued*)

22. Future financial commitments (*Continued*)

Operating Leases	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
	Other	Other	Other	Other
Net amount payable on operating leases which expire:				
Within one year	34,077	35,247	12,920	12,920
In two to five years	58,588	92,665	32,300	45,220
In over five years	-	-	-	-
	92,665	127,912	45,220	58,140

23. Capital Commitments

At the reporting date there were no outstanding commitments for capital expenditure.

24. Earnings per Share

Profit per share of 80.96p (2012: loss 27.27p) is calculated on the profit attributable to Ordinary shares of £21,634,726 (2012: loss £7,288,472) divided by the weighted number of Ordinary shares in issue during the period.

Computation of basic earnings per share:	2013	2012
Net profit/(loss)	£21,634,726	(£7,288,472)
Weighted average number of shares outstanding	26,723,643	26,723,643
Basic loss per share	80.96p	(27.27)p
Diluted loss per share	80.96p	(27.27)p

There were no potentially dilutive instruments in issue during the current or preceding year. All amounts shown relate to continuing operations.

25. Share Capital

	2013	2012
	£	£
Called up, allotted and fully paid:		
26,723,643 Ordinary shares of 2.5p each	668,091	668,091
Nil 'A' shares of 2.5p each	-	-
	668,091	668,091

26. Contingent Liabilities

The Company is included in a group registration for VAT purposes and is therefore jointly and severally liable for all other group companies' VAT liabilities amounting to £nil (2012: £123,804).

Notes to the Consolidated Financial Statements

For the year ended 28th February 2013 (*Continued*)

27. Related Party Transactions

Group

The Group's related parties as defined by International Accounting Standard 24 (revised), the nature of the relationship and the amount of transactions with them during the period were as follows:

Related Party	Nature of Relationship	2013		2012		Nature of Transactions
		£	£	£	£	
		Total transactions in the year	Balance at the year end	Total transactions in the year	Balance at the year end	
Northacre PLC Directors Retirement and Death Benefit Scheme	1	-	-	(3,000)	3,000	Management fee receivable from the Scheme
Northacre PLC Directors Retirement and Death Benefit Scheme	1	699,602	-	50,398	(699,602)	Loan repayable to the Scheme by Northacre PLC. Loan was repaid on 27th December 2012
Northacre PLC Directors Retirement and Death Benefit Scheme	1	24,859	-	98,883	-	Interest payable to the Scheme on the loan to Northacre PLC. All interest was paid on 27th December 2012
Northacre PLC Directors Retirement and Death Benefit Scheme	1	-	-	(108,465)	-	Disbursements paid by Northacre PLC on behalf of the Scheme
Northacre PLC Directors Retirement and Death Benefit Scheme	1	1,200,000	-	50,000	(1,200,000)	Provision in respect of profit share to the Scheme in relation to the sale of Group's interests in The Abingdons Partnership. The profit share was paid on 30th November 2012
K.B. Nilsson	2	-	-	140,617	-	Amount owed to K.B. Nilsson from Northacre PLC. The loan was repaid on 31st October 2011
K.B. Nilsson	2	-	-	(23,498)	-	Interest payable to K.B. Nilsson on the loan to Northacre PLC. The interest was paid on 31st October 2011
K.B. Nilsson	2	-	-	-	-	K.B. Nilsson provided a personal guarantee for £570,000 to the Group's bankers as security in respect of all liabilities of the Group to the bank. The guarantee was released on 7th November 2011
E.B. Harris	3	66,125	(30,000)	20,000	(30,000)	Non-executive Directors fees for March 2012 - February 2013 invoiced from E.C. Harris LLP
M. Williams	4	65,500	(5,000)	(30,000)	-	Non-executive Directors fees for March 2012 - February 2013
M.A. AlRafi	5	-	-	300,000	-	Loan repayable to MTAF Group (M.A. AlRafi) by Northacre PLC. Loan was repaid on 31st October 2011
M.A. AlRafi	5	-	-	(19,889)	-	Interest payable to MTAF Group (M.A. AlRafi) on the £300,000 loan to Northacre PLC. Interest was paid on 31st October 2011

Notes to the Consolidated Financial Statements

For the year ended 28th February 2013 (Continued)

27. Related Party Transactions (Continued)

Related Party	Nature of Relationship	2013		2012		Nature of Transactions
		£	£	£	£	
		Total transactions in the year	Balance at the year end	Total transactions in the year	Balance at the year end	
M.A. AIRafi	5	-	-	(390,000)	-	Premium paid on the early redemption of the £300,000 loan to Northacre PLC. Premium was paid on 31st October 2011
M.A. AIRafi	5	120,000	-	(60,000)	-	Executive Directors fees for March 2012 – February 2013
M.A. AIRafi	5	-	-	350,000	-	Loan repayable to MTAF Group (M.A. AIRafi) by Northacre PLC including a £50,000 fixed premium. Loan was repaid on 31st October 2011
M.A. AIRafi	5	-	-	(23,493)	-	Interest payable to MTAF Group (M.A. AIRafi) on the £350,000 loan to Northacre PLC. Interest was paid on 31st October 2011
M.A. AIRafi	5	-	-	(260,000)	-	Premium paid on the early redemption of the £350,000 loan to Northacre PLC. Premium was paid on 31st October 2011
M.A. AIRafi	5	1,000,000	(975,000)	-	-	Bonus of £1,000,000 is payable from The Lancasters Development dividends. £25,000 was paid on 28th November 2012 and the balance of £975,000 will be paid after the year end
A. AIRafi	6	-	-	(3,200,000)	-	Loan repayable to A. AIRafi by Northacre PLC. Loan was repaid on 31st October 2011
A. AIRafi	6	-	-	(631,169)	-	Interest payable to A. AIRafi on the £800,000 loan to Northacre PLC. Interest was paid on 31st October 2011

Nature of Relationships

1. K.B. Nilsson is a trustee and beneficiary of the Northacre PLC Directors Retirement and Death Benefit Scheme.
2. K.B. Nilsson is a Director of the Company.
3. E.B. Harris is a Director of the Company, and a member of E.C. Harris LLP.
4. M. Williams was a Director of the Company (resigned on 27th March 2013).
5. M.A. AIRafi was a Director of the Company (resigned on 25th June 2013).
6. A. AIRafi is the father of M.A. AIRafi.

Notes to the Consolidated Financial Statements

For the year ended 28th February 2013 (*Continued*)

27. Related Party Transactions (Continued)

Company

The Directors' and pension fund transactions in the Company are included in the Group disclosure above. In addition to these, the Company has the following related party transactions as defined by International Accounting Standard 24 (revised).

Related Party	Nature of Relationship	2013		2012		Nature of Transactions
		£	£	£	£	
		Total transactions in the year	Balance at the year end	Total transactions in the year	Balance at the year end	
Group entities	1	264,931	-	321,357	-	Management Fees receivable in year from Group subsidiaries provided at arm's length
Group entities	1	(51,372)	-	(30,417)	-	Management Fees payable in year to Group subsidiaries provided at arm's length

Nature of Relationships

1. The Group entities are wholly owned subsidiaries of the Company.

The balances at the reporting date are shown under notes 16 and 17 of the consolidated financial statements.

28. Events after the Reporting Date

On 8th April 2013 Northacre PLC received a fifth distribution of £10,000,000 from The Lancasters Development with a further £5,000,000 received on 2nd July 2013. Together with the previous distributions of £27,707,059 the Group has received to date £42,707,059 of the total expected profits from The Lancasters Development.

On 17th January 2013, Spadille Limited announced a mandatory cash offer to acquire the entire issued and to be issued share capital of Northacre PLC, the full terms and conditions of which and the procedures for acceptance were set out in the offer document posted to Northacre Shareholders on 7th February 2013. On 15th February 2013, Spadille Limited announced that the offer was wholly unconditional. On 1st March 2013, Spadille Limited announced that the offer would remain open for acceptances until 1.00 p.m. (London time) on 14th March 2013. On 15th March 2013 the Group announced that the offer was no longer open for further acceptances. Together with the 13,365,000 Northacre PLC shares acquired by Spadille Limited prior to 15th February 2013, the number of Northacre PLC shares acquired by Spadille Limited or for which valid acceptances had been received by Spadille Limited before 14th March 2013 is 17,861,400 Northacre PLC shares, representing 66.84 per cent of Northacre's PLC issued share capital.

On 19th June 2013 the Group announced that Ken MacRae had resigned as Chief Executive Officer and Finance Director of Northacre PLC.

On 25th June 2013 the Group announced that Mohamed AlRafi had resigned as a Director of Northacre PLC.

On 27th June 2013 the Group announced that it has entered into a consultancy agreement with ADCM under which ADCM will provide a range of advice, analysis and management support services to the Company. ADCM will also seek to introduce the Company to its network of real estate finance and development professionals, investors, and actively seek to source new opportunities for the Company across local and wider markets. Under the terms of the seven-year agreement, which the Company may terminate at each anniversary date, the Company shall pay to ADCM an annual fee of £1.2 million and ADCM shall be entitled to receive a fee of 35% of profits earned by the Company as a result of engagements entered into during the term of the agreement. Any profits arising in relation to The Lancasters Development are specifically excluded from this fee arrangement. Jassim Alseddiqi and Mustafa Kheriba, both Directors of the Company, are deemed to be related parties of ADCM and the Company. In view of this, the entry into the agreement comprises a related party transaction for the purposes of the AIM Rules.

On 3rd July 2013 the Group announced that Alexandre de Rothschild had been appointed as a Non-Executive Director of Northacre PLC.

29. Immediate and Ultimate Parent Undertakings

The immediate and ultimate parent undertakings are Spadille Limited and Abu Dhabi Capital Management LLC respectively.

(Registered in England and Wales with Company number 03442280)

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (the “Meeting”) of Northacre PLC (the “Company”) will be held at Northacre PLC, 8 Albion Riverside, 8 Hester Road, London SW11 4AX on 19th August 2013 at 9.30am for the following purposes:

ORDINARY BUSINESS

To consider and, if thought fit, to pass the following Resolutions as ordinary resolutions:

1. To consider and adopt the Company’s audited accounts and the Directors’ Report and Auditors’ Report on those accounts for the period ended 28th February 2013.
2. To re-elect as a Director Brian Harris, who retires by rotation.
3. To elect as a Director Jassim Mohamed Alseddiqi.
4. To elect as a Director Mustafa Ghazi Kheriba.
5. To elect as a Director Alexandre de Rothschild.
6. To re-appoint Kingston Smith LLP as auditors of the Company to hold office as such until the next Annual General Meeting (“AGM”) of the Company.
7. To authorise the Directors to fix the remuneration of the auditors.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions, which in the case of Resolution 8 will be proposed as an ordinary resolution and Resolution 9 will be proposed as a special resolution:

8. That, in accordance with section 551 of the Companies Act 2006 (the “Act”), the Directors of the Company be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £200,427.33 (representing thirty per cent of the Company’s issued share capital as at 12th July 2013) provided that this authority shall:
 - 8.1 operate in substitution for and to the exclusion of any previous authority given to the Directors pursuant to section 551 of the Act; and

- 8.2 unless renewed, varied or revoked by the Company, expire on whichever is the earlier of the conclusion of the next AGM of the Company or the date falling 15 months after the passing of this Resolution, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or rights to be granted and the Directors of the Company may allot shares or grant rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this Resolution has expired.
9. That, subject to the passing of Resolution 8, the Directors of the Company be generally empowered pursuant to sections 570 and 573 of the Act to allot equity securities (as defined by section 560 of the Act) for cash, pursuant to the general authority conferred by Resolution 7 (as varied from time to time by the Company in general meeting) or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment and/or sale, provided that this power shall:
 - 9.1 be limited to the allotment of equity securities up to an aggregate nominal amount of £66,809.11 (representing ten per cent of the Company’s issued share capital as at 12th July 2013); and
 - 9.2 expire on whichever is the earlier of the conclusion of the next AGM of the Company or the date falling 15 months after the passing of this Resolution (unless renewed, varied or revoked by the Company prior to or on that date) save 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 any such offer or agreement notwithstanding that the power conferred by this Resolution has expired.

By Order of the Board

Capita Company Secretarial Services Ltd
Company Secretary

Registered Office:
Northacre PLC
8 Albion Riverside
8 Hester Road
London
SW11 4AX

Date: 12th July 2013

Explanatory Note to Resolution 8

Authority to allot shares

Resolution 8, which will be proposed as an ordinary resolution, will allow the Company to allot ordinary shares or grant rights to subscribe for or convert securities into ordinary shares up to an aggregate nominal amount of £200,427.33. This amount represents approximately thirty per cent of the Company's issued share capital as at 12th July 2013.

This authority will replace the authority given to the Directors at the AGM on 23rd August 2012, which was also capped at thirty per cent of the Company's issued share capital.

The Directors have no present intention to issue new ordinary shares, other than pursuant to the exercise of options under an employee share scheme. Such schemes facilitate the recruitment, retention and incentivisation of key employees and the alignment of their interests with those of the shareholders.

Explanatory Note to Resolution 9

Authority to relax the restrictions when shares are issued for cash

Unless they are given the appropriate authority, Directors may allot new equity shares for cash or sell any shares held in treasury (excluding shares issued under an employee share scheme) only if they have first been offered to existing shareholders in proportion to their shareholdings. There may, however, be occasions where it is in the best interests of the Company for the Directors to have the authority to allot equity securities for cash (or sell any shares held in treasury) without first being required to offer such shares to existing shareholders.

Resolution 9, which will be proposed as a special resolution, requests that shareholders grant this authority, but only for securities having a maximum aggregate nominal value of £66,809.11, which represents approximately ten per cent of the Company's issued ordinary share capital as at 12th July 2013.

This authority will replace the authority given to the Directors at the AGM on 23rd August 2012 which was capped at ten per cent of the Company's issued share capital. The Directors have no present intention to exercise this new authority. However, the Directors consider it prudent to maintain the flexibility to take advantage of business opportunities that this authority provides, as is usual practice for public companies.

As with Resolution 8, it is proposed that the authority sought in this Resolution will expire at the conclusion of the Company's next AGM or 15 months from the passing of the Resolution, whichever is the earlier.

Notes to the Notice of Annual General Meeting

Entitlement to attend and vote

1. Only those members registered on the Company's register of members at:
 - 6.00 pm on 17th August 2013; or,
 - if this Meeting is adjourned, at 6.00 pm on the day which is two working days prior to the adjourned meeting,shall be entitled to attend and vote at the Meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of Meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy the proxy form. Please indicate the proxy holder's name and the number of shares in relation to which each proxy is authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy form is one of multiple instructions being given by you. All forms must be signed and should be returned together in the same envelope.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of a proxy using a hard copy proxy form

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.
To appoint a proxy using the proxy form, the form must be:
 - completed and signed;
 - sent or delivered to Capita Registrars at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
 - received at the above address no later than 9.30am on 17th August 2013.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxies through CREST

7. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available

from <https://www.euroclear.com/site/public/EUI>). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent ID RA10 by 9.30am on 17th August 2013. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointment of a proxy by joint members

8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Registrars on 0871 664 0300

(calls cost 10p per minute plus network extras; lines are open 8.30am to 5.30pm, Monday to Friday, excluding UK public holidays).

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

10. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's Registrars, Capita Registrars at PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Capita Registrars no later than 9.30am on 17th August 2013.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Corporate representatives

11. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member, provided that no more than one corporate representative exercises powers over the same share.

Issued shares and total voting rights

12. As at 12th July 2013 the Company's issued share capital comprised 26,723,643 ordinary shares of 2.5p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 12th July 2013 is 26,723,643.

Communication

13. Except as provided above, members who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):
 - Calling our shareholder helpline on 0871 664 0300 (calls cost 10 pence per minute plus network extras). Lines are open 8.30am to 5.30pm, Monday to Friday, excluding UK public holidays (from outside the UK: +44 (0) 20 8639 3399); orYou may not use any electronic address provided either in this notice of annual general Meeting or any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.





Northacre PLC, 8 Albion Riverside,
8 Hester Road, London SW11 4AX

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