

**NORTHACRE PLC**  
**(the “Company” or “Group”)**

**Results for the six months ended 31<sup>st</sup> August 2013**

19<sup>th</sup> November 2013

Northacre PLC is pleased to announce its interim financial results for the six months ended 31<sup>st</sup> August 2013. The Interim Report and Accounts for the period then ended will be available shortly on the Company’s website [www.northacre.com](http://www.northacre.com).

Extracts from the Company’s Interim Report and Accounts are shown below.

Enquiries:

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## Chairman's Statement

Once again, after a period of downturn and abysmal economic data, the market has become more lively as the government is publishing more positive news and the UK economy is on the way up.

We are very excited about the new prime residential development opportunities we have identified over the last few months. Northacre will refurbish and deliver a highly desirable, exquisite single residence overlooking Thurloe Square in South Kensington. In addition, the Company is committed to invest £10m in No 1 Palace Street, and deliver a stunning, high value development in this partially listed group of buildings adjacent to Buckingham Palace.

Our new CEO, Niccolò Barattieri di San Pietro's presence in the Company is making itself felt and other development opportunities are being actively pursued.

In the last twelve months the Group has benefited from its long term investment in The Lancasters Development enjoying strengthened results and cash position. The improved financial position has allowed the Group to repay all of its debt, pay dividends and secure new investments. The team is now looking forward to delivering its next great London development.

Klas Nilsson  
Non-Executive Chairman

# Chief Executive's Statement

## Highlights

I am pleased to report that the first six months of this financial year have been very successful. Northacre expects shortly to be appointed as the development manager for the ex Kazakhstani embassy at Thurloe Square, SW7. This is the first new project that Northacre has secured since 2005. It is really exciting for Northacre that the success of The Lancasters has provided and will continue to provide the Group with the financial capability to participate in this opportunity.

Furthermore, the Group has committed to invest £10m in No 1 Palace Street property, a 152,000 square foot former government headquarters building.

Building on these recent successes, the coming quarters will focus on:

- Progressing our current developments;
- Analysing the most interesting development opportunities in central London with a view to acquiring another site; and
- Starting Northacre International which will export our design know-how to other major cities. We hope to be working on our first international project in the coming months.

## Developments

### 33 Thurloe Square

The Northacre Group is aiming to deliver a highly desirable, exquisite single residence of 6,700 square feet overlooking Thurloe Square and the Museum district of South Kensington. The property has been acquired for a total consideration of £8.6 million, of which £1.3 million has been provided from the existing cash resources of Northacre. Northacre expects shortly to be appointed as development manager, and under that agreement, Northacre will receive development management fees during the course of the project and will have a carried interest in profits arising from the completion and sale of the property.

### The Lancasters

It is wonderful to announce that the last apartment at The Lancasters was sold in June 2013. The ongoing snagging process at the development is progressing well and we expect this process to be completed by April 2014. Further dividends of £15m were received in the period under review allowing the Group to participate in exciting new investments like 1 Palace Street and Thurloe Square.

### Vicarage Gate

Vicarage Gate is progressing according to the development plan with the substructure and basement being completed in September 2013, whilst the superstructure is due to be completed towards the end of November 2013. Sales agents have been appointed and the marketing on the apartments will commence in the coming weeks.

Niccolò Barattieri di San Pietro  
Chief Executive Officer

## Financial Review

For the second successive period, we are benefiting from distributed profit shares substantially in excess of our overheads. During the period under review, we received further dividends of £15m (2012: £3m) from The Lancasters Development and consequently now have a good net cash position, which will improve further as £7.1m dividends are still expected to be received by the end of the year.

### Consolidated Interim Statement of Comprehensive Income (Unaudited)

The Group's revenue for the six month period decreased by £0.6m to £0.9m (2012: £1.5m) which reflected a reduced level of activity in Intarya, the Group's interior design business. Development management fee income remained at a similar level of £0.2m (2012: £0.2m) and represents fees from the Vicarage Development. The Group reported a profit before taxation of £13m (2012: loss £0.006m). This improved performance is due to the profit share stream from The Lancasters Development. Following a receipt of further dividends of £15m mentioned above, the total dividends received to date are £42.7m.

Administrative expenses were largely comparable to the comparative period at £2.4m (2012: £2.3m), including fees incurred from the Company's consultancy agreement with ADCM Ltd, amounting to £0.5m in this period (2012: £nil), and highlighting how the Group has benefited from the prior year reduction in the costs base.

The receipt of dividends from The Lancasters Development allowed the Group to repay all of its debt in the prior year and, as a result, finance costs were reduced to £nil (2012: £1.4m). Finance costs are forecasted to be nil in the next year as the Group's positive cash position allows it to meet its day-to-day working capital requirements.

### Consolidated Interim Statement of Financial Position (Unaudited)

The Group has improved its cash position further and as at 31<sup>st</sup> August 2013 had cash and cash equivalents of £7.4m (2012: £5.2m). Following receipt of the dividends from The Lancasters Development, the Group repaid all its external loans in the prior period which reduced its debt to £nil (2012: £14.3m).

In accordance with International Accounting Standards, the investments in development projects that have been classified as available for sale financial assets in the Consolidated Interim Statement of Financial Position (Unaudited) represent, where appropriate, the equity value in each of the development schemes and any fair value adjustments. We have calculated the fair value of our investment at The Lancasters Development and the available for sale financial assets amounted to £7.1m (2012: £45.2m) which represents the remaining dividends due to the Group from The Lancasters Development. These are expected to be received by the end of this financial year.

### Capital and Reserves

Following the payment of a 40p dividend in July 2013, the Directors do not recommend the payment of a further dividend as the funds of the Company are fully employed.

Kasia Maciborska-Singh  
Group Financial Controller

**Northacre PLC**  
**Consolidated Interim Statement of Comprehensive Income (Unaudited)**

|   | Note | 6 Months<br>ended<br>31.8.2013<br>Unaudited<br><br>£'000 | 6 Months<br>ended<br>31.8.2012<br>Unaudited<br><br>£'000 | Year<br>ended<br>28.2.2013<br>Audited<br><br>£'000 |
|---|------|--|--|--|
| <b>Continuing operations</b>  |      |  |  |  |
| <b>Group revenue</b>  | 2    | 873  | 1,538  | 3,521  |
| Cost of sales   |      | <u>(457)</u>   | <u>(877)</u>   | <u>(2,235)</u>                                     |
| <b>Gross profit</b>   |      | 416  | 661  | 1,286  |
| Administrative expenses   |      | <u>(2,429)</u>   | <u>(2,262)</u>   | <u>(8,944)</u>                                     |
| <b>Group loss from operations</b>   |      | (2,013)  | (1,601)  | (7,658)  |
| Investment revenue  |      | 15,046   | 3,012  | 26,577   |
| Finance costs   |      | -  | (1,417)  | (2,117)  |
| <b>Profit/(loss) before taxation</b>  |      | <u>13,033</u>  | <u>(6)</u>   | <u>16,802</u>                                      |
| Taxation  |      | <u>112</u>   | <u>-</u>   | <u>4,833</u>                                       |
| <b>Profit/(loss) for the period attributable to equity holders of the Company</b> |      | <u><u>13,145</u></u>                                     | <u><u>(6)</u></u>  | <u><u>21,635</u></u>                               |
| Other comprehensive (loss)/income:  |      |  |  |  |
| Changes in fair value of available for sale financial assets                      | 5    | <u>(15,000)</u>  | <u>4,433</u>   | <u>(18,662)</u>                                    |
| <b>Total comprehensive (loss)/income for the period</b>                           |      | <u><u>(1,855)</u></u>                                    | <u><u>4,427</u></u>                                      | <u><u>2,973</u></u>                                |
| <b>Profit/(loss) per ordinary share</b>   | 3    |  |  |  |
| Basic   |      | 49.18p   | (0.02)p  | 80.96p   |
| Diluted   |      | 49.18p   | (0.02)p  | 80.96p   |

**Northacre PLC**  
**Consolidated Interim Statement of Financial Position (Unaudited)**

|                                     | Note | 31.8.2013<br>Unaudited<br>£'000 | 31.8.2012<br>Unaudited<br>£'000 | 28.2.2013<br>Audited<br>£'000 |
|-------------------------------------|------|---------------------------------|---------------------------------|-------------------------------|
| <b>Non-current assets</b>           |      |                                 |                                 |                               |
| Goodwill                            |      | 8,007                           | 8,007                           | 8,007                         |
| Property, plant and equipment       |      | 886                             | 992                             | 919                           |
| Available for sale financial assets | 5    | 7,149                           | 45,244                          | 22,149                        |
| Investments                         | 6    | 2,154                           | -                               | -                             |
|                                     |      | <u>18,196</u>                   | <u>54,243</u>                   | <u>31,075</u>                 |
| <b>Current assets</b>               |      |                                 |                                 |                               |
| Inventories                         |      | 32                              | 32                              | 1                             |
| Trade and other receivables         |      | 4,514                           | 566                             | 4,585                         |
| Cash and cash equivalents           |      | 7,388                           | 5,236                           | 9,195                         |
|                                     |      | <u>11,934</u>                   | <u>5,834</u>                    | <u>13,781</u>                 |
| <b>Total assets</b>                 |      | <b><u>30,130</u></b>            | <b><u>60,077</u></b>            | <b><u>44,856</u></b>          |
| <b>Current liabilities</b>          |      |                                 |                                 |                               |
| Trade and other payables            | 7    | 2,561                           | 4,203                           | 4,741                         |
| Borrowings, including lease finance | 8    | -                               | 14,305                          | -                             |
|                                     |      | <u>2,561</u>                    | <u>18,508</u>                   | <u>4,741</u>                  |
| <b>Total liabilities</b>            |      | <b><u>2,561</u></b>             | <b><u>18,508</u></b>            | <b><u>4,741</u></b>           |
| <b>Equity</b>                       |      |                                 |                                 |                               |
| Share capital                       |      | 668                             | 668                             | 668                           |
| Share premium account               |      | 18,552                          | 18,552                          | 18,552                        |
| Retained earnings                   |      | 8,349                           | 22,349                          | 20,895                        |
| <b>Total equity</b>                 |      | <b><u>27,569</u></b>            | <b><u>41,569</u></b>            | <b><u>40,115</u></b>          |
| <b>Total equity and liabilities</b> |      | <b><u>30,130</u></b>            | <b><u>60,077</u></b>            | <b><u>44,856</u></b>          |

**Northacre PLC**  
**Consolidated Interim Statement of Cash Flows (Unaudited)**

|   | 6 Months<br>ended<br>31.8.2013<br>Unaudited<br>£'000 | 6 Months<br>ended<br>31.8.2012<br>Unaudited<br>£'000 | Year<br>ended<br>28.2.2013<br>Audited<br>£'000 |
|---|--|--|--|
| <b>Cash flows from operating activities</b>           |  |  |  |
| Profit/(loss) for the period before tax               | 13,033   | (6)  | 16,802   |
| Adjustments for:                                      |  |  |  |
| Investment revenue                                    | (15,046)   | (3,012)  | (26,577)                                       |
| Finance costs   | -  | 1,417  | 2,117  |
| Depreciation and amortisation                         | 73   | 79   | 150  |
| (Increase)/decrease in working capital                | (2,792)  | 1,161  | 248  |
| <b>Cash used in operations</b>                        | <u>(4,732)</u>                                       | <u>(361)</u>   | <u>(7,260)</u>                                 |
| Interest paid   | -  | (1,417)  | (2,117)  |
| Corporation tax – consortium relief refunded          | 764  | -  | 2,297  |
| <b>Net cash used in operating activities</b>          | <u>(3,968)</u>                                       | <u>(1,778)</u>                                       | <u>(7,080)</u>                                 |
| <b>Cash flows from investing activities</b>           |  |  |  |
| Purchase of property, plant and equipment             | (40)   | (7)  | (7)  |
| Increase in investments                               | (2,154)  | -  | -  |
| Interest received                                     | 46   | 14   | 20   |
| Dividends received                                    | 15,000   | 2,998  | 26,558   |
| Dividends paid  | (10,691)   | -  | -  |
| <b>Net cash generated from investing activities</b>   | <u>2,161</u>   | <u>3,005</u>   | <u>26,571</u>                                  |
| <b>Cash flows from financing activities</b>           |  |  |  |
| Proceeds from borrowings                              | -  | 13,605   | 13,000   |
| Repayment of borrowings                               | -  | (10,490)   | (24,190)                                       |
| Repayment of finance leases                           | -  | (23)   | (23)   |
| <b>Net cash inflow from financing activities</b>      | <u>-</u>   | <u>3,092</u>   | <u>(11,213)</u>                                |
| (Decrease)/increase in cash and cash equivalents      | (1,807)  | 4,319  | 8,278  |
| Cash and cash equivalents at beginning of period      | 9,195  | 917  | 917  |
| <b>Cash and cash equivalents at end of the period</b> | <u><u>7,388</u></u>                                  | <u><u>5,236</u></u>                                  | <u><u>9,195</u></u>                            |

Cash and cash equivalents at 31<sup>st</sup> August 2013 and 31<sup>st</sup> August 2012 represent bank deposits held by the Group.

**Northacre PLC**  
**Consolidated Interim Statement of Changes in Equity (Unaudited)**

|  | Called<br>Up<br>Share<br>Capital<br>£'000 | Share<br>Premium<br>Account<br>£'000 | Retained<br>Earnings<br>£'000 | Total<br>£'000       |
|--|---|--------------------------------------|-------------------------------|----------------------|
| <b>As at 1<sup>st</sup> March 2012</b>     | 668                                       | 18,552                               | 17,922                        | 37,142               |
| Total Comprehensive Income for the period  | <u>-</u>                                  | <u>-</u>                             | <u>4,427</u>                  | <u>4,427</u>         |
| <b>As at 31<sup>st</sup> August 2012</b>   | 668                                       | 18,552                               | 22,349                        | 41,569               |
| Total Comprehensive Loss for the period    | <u>-</u>                                  | <u>-</u>                             | <u>(1,454)</u>                | <u>(1,454)</u>       |
| <b>As at 28<sup>th</sup> February 2013</b> | 668                                       | 18,552                               | 20,895                        | 40,115               |
| Total Comprehensive Loss for the period    | <u>-</u>                                  | <u>-</u>                             | <u>(1,855)</u>                | <u>(1,855)</u>       |
| Dividends paid                             | <u>-</u>                                  | <u>-</u>                             | <u>(10,691)</u>               | <u>(10,691)</u>      |
| <b>As at 31<sup>st</sup> August 2013</b>   | <u><u>668</u></u>                         | <u><u>18,552</u></u>                 | <u><u>8,349</u></u>           | <u><u>27,569</u></u> |



**Northacre PLC**  
**Notes to the Unaudited Interim Financial Statements**  
**For the Six Months ended 31<sup>st</sup> August 2013**

**1. Basis of Preparation and Accounting Policies**

**Basis of Preparation**

The interim financial information for the six months ended 31<sup>st</sup> August 2013 and 31<sup>st</sup> August 2012 is unaudited. The interim financial information was approved by the Board of Directors on 18<sup>th</sup> November 2013.

The statutory financial statements for the year ended 28<sup>th</sup> February 2013, prepared under International Financial Reporting Standards (IFRS), have been reported on by the Group auditors and delivered to the Registrar of Companies. The audit report was unqualified and did not contain a statement under s498 of the Companies Act 2006.

These accounts have been prepared in accordance with International Accounting (IAS) 34 'Interim Financial Reporting'.

The interim financial information does not constitute statutory financial statements within the meaning of the Companies Act 2006.

**Accounting Policies**

The accounting policies adopted are consistent with those applied as at 28<sup>th</sup> February 2013 and those that the Directors expect to be adopted as at 28<sup>th</sup> February 2014. They are set out in full in the financial statements for the year ended 28<sup>th</sup> February 2013.

**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 prior year.

The Directors have prepared detailed cash flow projections for the period ended 28<sup>th</sup> 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 operate within the current available facilities. 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; and
- 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 to 5% to 25.1% on 30<sup>th</sup> 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.

**Northacre PLC**  
**Notes to the Unaudited Interim Financial Statements**  
**For the Six Months ended 31<sup>st</sup> August 2013 (Continued)**

**1. Basis of Preparation and Accounting Policies (Continued)**

**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 reliably determined. Fees in respect of project management and interior and architectural design are recognised in accordance with the stage of completion of the contract.

**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.

**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.

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.

**Northacre PLC**  
**Notes to the Unaudited Interim Financial Statements**  
**For the Six Months ended 31<sup>st</sup> August 2013 (Continued)**

**1. Basis of Preparation and Accounting Policies (Continued)**

**Business Combinations and Goodwill**

Goodwill relating to acquisitions prior to 1<sup>st</sup> 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 profit or loss in the period of acquisition. Goodwill is tested annually for impairment.

**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 balances.

The capital structure of the Group, following the repayment of all loan facilities, 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 light of changing 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.

**2. 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:

**Northacre PLC**  
**Notes to the Unaudited Interim Financial Statements**  
**For the Six Months ended 31<sup>st</sup> August 2013 (Continued)**

**2. Segmental Information (Continued)**

| <b>Revenue</b>         | <b>6 Months<br/>ended<br/>31.8.2013<br/>Unaudited<br/>£'000</b> | <b>6 Months<br/>ended<br/>31.8.2012<br/>Unaudited<br/>£'000</b> | <b>Year<br/>ended<br/>28.2.2013<br/>Audited<br/>£'000</b> |
|------------------------|---|---|---|
| Development management | 150   | 150   | 300   |
| Interior design        | 723   | 1,340   | 3,172   |
| Architectural design   | -   | 48  | 49  |
|                        | <u>873</u>  | <u>1,538</u>  | <u>3,521</u>  |

| <b>Profit/(loss) before taxation</b> | <b>6 Months<br/>ended<br/>31.8.2013<br/>Unaudited<br/>£'000</b> | <b>6 Months<br/>ended<br/>31.8.2012<br/>Unaudited<br/>£'000</b> | <b>Year<br/>ended<br/>28.2.2013<br/>Audited<br/>£'000</b> |
|--------------------------------------|---|---|---|
| Development management               | 13,212  | 163   | 17,093  |
| Interior design                      | (171)   | 25  | 3   |
| Architectural design                 | (8)   | (194)   | (294)   |
|                                      | <u>13,033</u>   | <u>(6)</u>  | <u>16,802</u>   |

| <b>Assets</b>          | <b>31.8.2013<br/>Unaudited<br/>£'000</b> | <b>31.8.2012<br/>Unaudited<br/>£'000</b> | <b>28.2.2013<br/>Audited<br/>£'000</b> |
|------------------------|--|--|--|
| Development management | 29,487                                   | 58,804                                   | 43,762                                 |
| Interior design        | 560                                      | 1,241                                    | 929                                    |
| Architectural design   | 83                                       | 32                                       | 165                                    |
|                        | <u>30,130</u>                            | <u>60,077</u>                            | <u>44,856</u>                          |

**Northacre PLC**  
**Notes to the Unaudited Interim Financial Statements**  
**For the Six Months ended 31<sup>st</sup> August 2013 (Continued)**

**2. Segmental Information (Continued)**

| <b>Liabilities</b>     | <b>31.8.2013</b><br><b>Unaudited</b><br><b>£'000</b> | <b>31.8.2012</b><br><b>Unaudited</b><br><b>£'000</b> | <b>28.2.2013</b><br><b>Audited</b><br><b>£'000</b> |
|------------------------|--|--|--|
| Development management | 1,035  | 16,139   | 2,942  |
| Interior design        | 722  | 1,425  | 920  |
| Architectural design   | 804  | 944  | 879  |
|                        | <u>2,561</u>   | <u>18,508</u>  | <u>4,741</u>                                       |

**3. Profit/(loss) per share**

|  | <b>6 Months</b><br><b>ended</b><br><b>31.8.2013</b><br><b>Unaudited</b> | <b>6 Months</b><br><b>ended</b><br><b>31.8.2012</b><br><b>Unaudited</b> | <b>Year</b><br><b>ended</b><br><b>28.2.2013</b><br><b>Audited</b> |
|--|---|---|---|
| Weighted average number of shares in issue   | 26,723,643  | 26,723,643  | 26,723,643  |
| Profit/(loss) for the period attributable to equity holders of the Company (£'000) | <u>13,145</u>   | <u>(6)</u>  | <u>21,635</u>   |
| Basic profit/(loss) per share (pence)  | <u>49.18</u>  | <u>(0.02)</u>   | <u>80.96</u>  |
| Diluted profit/(loss) per share (pence)  | <u>49.18</u>  | <u>(0.02)</u>   | <u>80.96</u>  |

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

**4. Dividends**

Interim dividends of 40p per share were paid in July 2013 (2012: nil). The number of shares in issue was 26,723,643 and the total payment amounted to £10.69m (2012: nil).

**Northacre PLC**  
**Notes to the Unaudited Interim Financial Statements**  
**For the Six Months ended 31<sup>st</sup> August 2013 (Continued)**

**5. Available for Sale Financial Assets**

|  | <b>Unaudited<br/>£'000</b> |
|--|----------------------------|
| <b>At 1<sup>st</sup> March 2012</b>          | 40,811                     |
| Increase in fair value transferred to equity | 7,433                      |
| Dividend received                            | (3,000)                    |
| <b>At 31<sup>st</sup> August 2012</b>        | 45,244                     |
| Increase in fair value transferred to equity | 465                        |
| Dividend received                            | (23,560)                   |
| <b>At 28<sup>th</sup> February 2013</b>      | 22,149                     |
| Dividend received                            | (15,000)                   |
| <b>At 31<sup>st</sup> August 2013</b>        | <b>7,149</b>               |

The fair valuation exercise undertaken at 28<sup>th</sup> February 2013, which was based on the Group's expected profit from secured sales on The Lancasters Development, remains unchanged as at 31<sup>st</sup> August 2013 as all the apartments were under contract and have now completed in the period. As at 31<sup>st</sup> August 2013 the Group had received £42,707,059 of the expected profits from The Lancasters Development.

**6. Investments**

|                   | <b>31.8.2013<br/>Unaudited<br/>£'000</b> | <b>31.8.2012<br/>Unaudited<br/>£'000</b> | <b>28.2.2013<br/>Audited<br/>£'000</b> |
|-------------------|--|--|--|
| 33 Thurloe Square | 1,404                                    | -  | -                                      |
| 1 Palace Street   | 750                                      | -  | -                                      |
|                   | <b>2,154</b>                             | <b>-</b>                                 | <b>-</b>                               |

As announced on 22<sup>nd</sup> August 2013, the Group will participate with 15% capital towards 33 Thurloe Square project which will amount to a total of circa £2.2m. The Group's commitment towards 1 Palace Street project will be £10m which represents 8.83% of the total capital required.

**7. Trade and Other Payables**

|  | <b>31.8.2013<br/>Unaudited<br/>£'000</b> | <b>31.8.2012<br/>Unaudited<br/>£'000</b> | <b>28.2.2013<br/>Audited<br/>£'000</b> |
|--|--|--|--|
| Trade payables                                 | 255                                      | 274                                      | 89                                     |
| Social security and other taxes                | 44                                       | 173                                      | 82                                     |
| Other payables                                 | 8  | 21                                       | 16                                     |
| Accruals and deferred income                   | 2,254                                    | 2,535                                    | 4,554                                  |
| Loan settlement costs and profit share payable | -  | 1,200                                    | -                                      |
|  | <b>2,561</b>                             | <b>4,203</b>                             | <b>4,741</b>                           |

A provision of £nil (2012: £1,200,000) included within loan settlement costs and profit share payable, represented the profit share payable to the Northacre PLC Directors Retirement and Death Benefit Scheme in relation to sale of the Group's interest in The Abingdons Partnership. The amount represented the maximum possible profit share and was paid on 30<sup>th</sup> November 2012 from dividends received from The Lancasters Development.

**Northacre PLC**  
**Notes to the Unaudited Interim Financial Statements**  
**For the Six Months ended 31<sup>st</sup> August 2013 (Continued)**

**8. Borrowings, including Lease Finance**

|                          | 31.8.2013<br>Unaudited<br>£'000 | 31.8.2012<br>Unaudited<br>£'000 | 28.2.2013<br>Audited<br>£'000 |
|--------------------------|---------------------------------|---------------------------------|-------------------------------|
| Other loans              | -                               | 13,605                          | -                             |
| Loan from pension scheme | -                               | 700                             | -                             |
|                          | <u>-</u>                        | <u>14,305</u>                   | <u>-</u>                      |

As at 31<sup>st</sup> August 2013 the Group had no obligations under finance leases that were secured on related assets.

Other loans of £nil (2012: £13,605,472) represented the Auster Real Estate Opportunities S.a.r.l. loan facility repaid in full on 29<sup>th</sup> November 2012.

The loan from the pension scheme of £nil (2012: £699,602) was in respect of the Northacre PLC Directors Retirement and Death Benefit Scheme. The loan was repaid on 17<sup>th</sup> December 2012.

**9. Related Party Transactions**

|   | Nature of<br>Relationship | 31.8.2013<br>Unaudited<br>£'000 | 31.8.2012<br>Unaudited<br>£'000 | 28.2.2013<br>Audited<br>£'000 | Nature of<br>Transactions   |
|---|---------------------------|---------------------------------|---------------------------------|-------------------------------|---|
| Northacre PLC Directors Retirement and Death Benefit Scheme | 1                         | -                               | (700)                           | -                             | Loan repayable to the Scheme by Northacre PLC. Loan was repaid on 27 <sup>th</sup> December 2012  |
| Northacre PLC Directors Retirement and Death Benefit Scheme | 1                         | -                               | (16)                            | (25)                          | Interest payable to the Scheme on the loan to Northacre PLC. All interest was paid on 27 <sup>th</sup> December 2012  |
| Northacre PLC Directors Retirement and Death Benefit Scheme | 1                         | -                               | (1,200)                         | -                             | Profit share payable to the Scheme in relation to the sale of Group's interests in The Abingdons Partnership. The profit share was paid on 30 <sup>th</sup> November 2012 |
| E.B. Harris   | 2                         | (15)                            | (45)                            | (30)                          | Non-executive Directors Fees representing a balance at the end of the period  |
| E.B. Harris   | 2                         | (15)                            | (15)                            | (66)                          | Non-executive Directors Fees representing amounts accrued and paid during the period  |
| M. Williams   | 3                         | (15)                            | (15)                            | (66)                          | Non-executive Directors Fees representing amounts paid during the period  |
| M. Williams   | 3                         | -                               | -                               | (5)                           | Non-executive Directors Fees representing a balance at the end of the period  |
| A. de Rothschild  | 4                         | (5)                             | -                               | -                             | Non-executive Directors Fees representing amounts accrued but not paid during the period  |
| M.A. AlRafi   | 5                         | (10)                            | (60)                            | (120)                         | Executive Directors fees representing amounts paid during the period  |
| M.A. AlRafi   | 5                         | (975)                           | -                               | (975)                         | Bonus of £1,000,000 of which £25,000 was paid on 28 <sup>th</sup> November 2012. £975,000 represents a balance due to M.A. AlRafi at the end of the period                |
| ADCM  | 6                         | (500)                           | -                               | -                             | Consultancy fees charged during the period; £1,200,000 paid in the period   |

**Northacre PLC**  
**Notes to the Unaudited Interim Financial Statements**  
**For the Six Months ended 31<sup>st</sup> August 2013 (Continued)**

Nature of Relationship

1. K.B. Nilsson is a trustee and beneficiary of the Northacre PLC Directors Retirement and Death Benefit Scheme.
2. E.B. Harris is a Director of the Company, and a member of E.C. Harris LLP.
3. M. Williams was a Director of the Company (resigned on 27<sup>th</sup> March 2013).
4. A. de Rothschild is a Director of the Company (appointed 3<sup>rd</sup> July 2013).
5. M.A. AlRafi was a Director of the Company (resigned on 25<sup>th</sup> June 2013).
6. ADCM Ltd is a fully owned subsidiary of ADCM LLC, Group's ultimate parent company.

**10. Other Information**

The interim statement was approved by the Directors on 18<sup>th</sup> November 2013.

A copy of the announcement will be made available on our website:

[www.northacre.com](http://www.northacre.com)



# Independent Review Report to Northacre PLC

## Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31<sup>st</sup> August 2013 which comprises the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related notes. We have read other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information contained in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. Our work is undertaken so that we might state to the Company those matters we are required to state to them in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

## Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Rules of the Alternative Investment Market.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the European Union.

## Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months to 31<sup>st</sup> August 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Rules of the Alternative Investment Market.

**Kingston Smith LLP**  
Chartered Accountants

Devonshire House  
60 Goswell Road  
London EC1M 7AD

18<sup>th</sup> November 2013