

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

**Results for the six months ended 31<sup>st</sup> August 2014**

11<sup>th</sup> November 2014

Northacre PLC is pleased to announce its interim financial results for the six months ended 31<sup>st</sup> August 2014. 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.

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## Chairman's Statement

The market remains strong albeit there are signs that the price increases in the property market, which we have seen over the past 12 months, are decelerating.

This is in part due to concern over the potential introduction of a mansion tax in the event of a change of government after the election in May 2015.

There are other factors, although individually of limited concern, but when combined do contribute to some uncertainty. The more important of these are:

- economic growth within the Eurozone in particular Germany;
- concern over development in China; and
- geopolitical issues such as the Middle East, Ukraine and Hong Kong.

Northacre PLC has in the past remained reasonably unaffected by downturns in the property market where its product has proven to be resilient to external market prices and therefore we remain confident for its long-term prospects.

Klas Nilsson  
Non-Executive Chairman

## Chief Executive's Statement

The last six months were very demanding. We were pushing forward our current projects while trying to acquire new sites.

### **Business Development**

In my view there have been some interesting opportunities in the last six months and they were pursued alongside Abu Dhabi Financial Group LLC (ADFG, formerly Abu Dhabi Capital Management LLC – ADCM), our majority shareholder.

There opportunities included the redevelopment of the Post Office (owned by the Science Museum) on Exhibition Road, London. We put a strong bid together and were selected to progress to the interview stages but ultimately we were not chosen as the preferred bidder.

There are a couple of other opportunities that the Group is pursuing at the moment of which we should know the outcome by the end of the calendar year.

### **Current developments**

#### 1 Palace Street

During the last few months we have fully redesigned the existing consented scheme and have submitted a new planning application at the beginning of August 2014. We are confident that we will get a positive outcome which will then allow us to start the stripping out and implementing the façade retention/demolition program.

#### Vicarage Gate House

The construction and fit out program is progressing well with practical completion expected towards the end of April 2015. We are a few weeks behind program, mainly due to the difficulties in achieving the desired quality with both the façade and fenestration. These issues are now mostly resolved and the program is moving forward swiftly.

There have been no new sales over the summer months however viewing activity has picked up considerably over the last month. We have had three offers below the asking price which have been rejected by the directors of the company. We are confident that as we get closer to practical completion we will have more potential sales.

#### 33 Thurloe Square

As discussed in my last statement, prior to starting the redevelopment we received an unsolicited bid of £12.75m which represented a significant premium to the market. The transaction was completed on 24<sup>th</sup> June 2014 and resulted in a net IRR of over 30% for our investors and a substantial return for Northacre PLC in terms of development management fees, performance fee and return on our invested equity.

#### 13&14 Vicarage Gate

Strip out started towards the end of June 2014 and has now been completed. We have also completed about two thirds of the structural work and we are now in the process of negotiating the main contract with Rackham Construction who have also done all the work until now.

We are looking to start marketing the property close to completion time however we have already had an offer, which has been accepted, for the first floor apartment. This offer comes in just shy of £3,000 per square foot and is in line with our expected end values once the project is completed. It also represents a very substantial premium in the neighbourhood.

## Chief Executive's Statement (continued)

### Current developments (continued)

#### Chester Square

We have spent considerable time on the planning side as there are several components to this. We prepared a basement planning application which has now been submitted. The joining of two units together to create a new separate unit was agreed in principle with the council and we will be submitting a formal planning application during the first week of December 2014. Lastly we will also be submitting a listed building application in order to address any layout issues. We are planning to start the basement works in late January 2015.

#### Prince Edward Mansions

On 1<sup>st</sup> August 2014 we announced the completion of the acquisition of 22 Prince Edward Mansions by Northacre Capital (7) Limited, a wholly owned subsidiary of Northacre PLC. The acquisition for £3.7m was payable in cash on completion and the subsequent development project will be financed by a combination of Northacre's existing cash resources and a bank loan.

This project is a sought-after period mansion block located in the heart of Notting Hill, London. The concept is to create an exclusive 2,675 square foot lateral penthouse apartment, with the potential use of outdoor terraces. We are aiming to finalise the planning application by mid-November 2014 with completion due in Autumn 2015.

#### The Lancasters

The freehold interest in the property has now been transferred to the residents. We are in the process of finalising the last few snagging items which we expect to complete before the year end.

### **Outlook**

In the last months we observed a period of strong growth. With the general election in May 2015, we feel that the prime London residential market will become somewhat subdued until then. However, if further tax burdens are implemented, the UK is still only coming into line with other countries and the many plusses for London still hold firm; undoubtedly the most important dynamic is a lack of supply and cumulative growth of 20% is anticipated between 2014 and 2018.

Niccolò Barattieri di San Pietro  
Chief Executive Officer

# Financial Review

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

The Group's revenue for the six month period increased by £1.7m to £2.6m (2013: £0.9m) due to increase in development fee income by £2.2m. Intarya's revenue decreased by £0.5m to £0.2m (2013: £0.7m) as a result of lower activity in interior design side of business. The reported development fee income of £2.4m (2013: £0.2m) included fees from all current projects: Vicarage Gate House, 13 & 14 Vicarage Gate, 1 Palace Street, 33 Thurloe Square and Chester Square.

Investment income of £0.5m (2013: £15m) represented dividends received following the sale of the 33 Thurloe Square project in June 2014 and bank interest. Administrative expenses were at a similar level of £2.5m as the comparative period (2013: £2.4m). The Group reported a profit before taxation of £0.5m (2013: £13m).

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

The Group has improved its cash position in comparison to last year and as at 31<sup>st</sup> August 2014 had cash and cash equivalents of £18.3m (2013: £7.4m). This was as a result of raising additional £12.5m cash by issuing new shares and through a cashbox acquisition, as well as receipt of final dividends from The Lancasters Development in December 2013.

Following the capital raise and receipt of final dividends from The Lancasters Development the Group invested in two new projects, 1 Palace Street and 33 Thurloe Square. As at 28<sup>th</sup> February 2014, the Group had provided a total of £10.3m in cash for these two projects, representing an equity investment of £8.8m in respect of 1 Palace Street and £1.5m through a combination of equity investment and shareholder loan in respect of 33 Thurloe Square. Following the sale of 33 Thurloe Square in June 2014, the shareholder loan of £1.5m was repaid.

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. As at 31<sup>st</sup> August 2014 the total of £8.8m represents the fair value of the investment in 1 Palace Street and 33 Thurloe Square projects. In comparison, last year amount of £7.1m related to the fair value of The Lancasters Development. The total of £7.1m represented the remaining dividends due to the Group from The Lancasters Development which was received in December 2013.

In addition the Group acquired a new project, 22 Prince Edward Mansions, in August 2014. As at 31<sup>st</sup> August 2014 the Group provided a total of £4.0m in cash for this project and the full amount is disclosed as inventories in the Consolidated Interim Statement of Financial Position (Unaudited).

## **Capital and Reserves**

On 14<sup>th</sup> August 2014 the Directors declared a dividend of 35.43p per share (2013: 40p per share) with the payment date of 5<sup>th</sup> September 2014. A total dividend liability as at 31<sup>st</sup> August 2014 of £14.99m is included in current liabilities, trade and other payables. Following the payment of the dividend, 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 ended 31.8.2014 Unaudited £'000	6 Months ended 31.8.2013 Unaudited £'000	Year ended 28.2.2014 Audited £'000
<b>Continuing operations</b>				
<b>Group revenue</b>	2	2,581	873	2,956
Cost of sales		<u>(19)</u>	<u>(457)</u>	<u>(1,294)</u>
<b>Gross profit</b>		2,562	416	1,662
Administrative expenses		<u>(2,508)</u>	<u>(2,429)</u>	<u>(4,869)</u>
<b>Group profit/(loss) from operations</b>		54	(2,013)	(3,207)
Investment revenue		466	15,046	15,063
Profit on disposal of available for sale financial asset		-	-	111
Other gains		-	-	336
<b>Profit before taxation</b>		<u>520</u>	<u>13,033</u>	<u>12,303</u>
Taxation		<u>347</u>	<u>112</u>	<u>(103)</u>
<b>Profit for the period attributable to equity holders of the Company</b>		<u><u>867</u></u>	<u><u>13,145</u></u>	<u><u>12,200</u></u>
Other comprehensive loss:				
Changes in fair value of available for sale financial assets	5	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>
<b>Total comprehensive profit/(loss) for the period</b>		<u><u>867</u></u>	<u><u>(1,855)</u></u>	<u><u>(2,800)</u></u>
<b>Profit per ordinary share</b>	3			
Basic		2.05p	49.18p	39.51p
Diluted		2.05p	49.18p	39.51p

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

	Note	31.8.2014 Unaudited £'000	31.8.2013 Unaudited £'000	28.2.2014 Audited £'000
<b>Non-current assets</b>				
Goodwill		8,007	8,007	8,007
Property, plant and equipment		770	886	823
Available for sale financial assets	5	8,825	7,149	8,825
Investments	6	-	2,154	-
		<u>17,602</u>	<u>18,196</u>	<u>17,655</u>
<b>Current assets</b>				
Inventories		4,010	32	168
Trade and other receivables		1,961	4,514	6,668
Cash and cash equivalents		18,270	7,388	21,240
		<u>24,241</u>	<u>11,934</u>	<u>28,076</u>
<b>Total assets</b>		<u><b>41,843</b></u>	<u><b>30,130</b></u>	<u><b>45,731</b></u>
<b>Current liabilities</b>				
Trade and other payables	7	16,860	2,561	6,616
<b>Total liabilities</b>		<u><b>16,860</b></u>	<u><b>2,561</b></u>	<u><b>6,616</b></u>
<b>Equity</b>				
Share capital		1,058	668	1,058
Share premium account		22,565	18,552	22,565
Merger reserve		-	-	8,086
Retained earnings		1,360	8,349	7,406
<b>Total equity</b>		<u><b>24,983</b></u>	<u><b>27,569</b></u>	<u><b>39,115</b></u>
<b>Total equity and liabilities</b>		<u><b>41,843</b></u>	<u><b>30,130</b></u>	<u><b>45,731</b></u>

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

	6 Months ended 31.8.2014 Unaudited £'000	6 Months ended 31.8.2013 Unaudited £'000	Year ended 28.2.2014 Audited £'000
<b>Cash flows from operating activities</b>			
Profit for the period before tax	520	13,033	12,303
Adjustments for:			
Investment revenue	(466)	(15,046)	(15,063)
Loss on disposal of investment	-	-	1
Goodwill on acquisition less stamp duty paid	-	-	(368)
Profit on sale of available for sale financial assets	-	-	(111)
Fair value adjustment	-	-	(7,149)
Depreciation and amortisation	75	73	148
(Increase)/decrease in working capital	(3,543)	(2,792)	503
<b>Cash used in operations</b>	(3,414)	(4,732)	(9,736)
Corporation tax – consortium relief refunded	-	764	3,293
<b>Net cash used in operating activities</b>	(3,414)	(3,968)	(6,443)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(22)	(40)	(52)
Increase in investments	-	(2,154)	(8,824)
Acquisition of subsidiary, net of cash acquired	-	-	10,502
Interest received	38	46	63
Dividends received	428	15,000	15,000
<b>Net cash generated from investing activities</b>	444	12,852	16,689
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	-	-	12,489
Dividends paid	-	(10,691)	(10,689)
<b>Net cash (outflow)/inflow from financing activities</b>	-	(10,691)	1,800
(Decrease)/increase in cash and cash equivalents	(2,970)	(1,807)	12,046
Cash and cash equivalents at beginning of period	21,240	9,195	9,194
<b>Cash and cash equivalents at end of the period</b>	18,270	7,388	21,240

Cash and cash equivalents at 31<sup>st</sup> August 2014 and 31<sup>st</sup> August 2013 represent bank deposits held by the Group.



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

	Called Up Share Capital £'000	Share Premium Account £'000	Merger Reserve £'000	Retained Earnings £'000	Total £'000
<b>As at 1<sup>st</sup> March 2013</b>	668	18,552	-	20,895	40,115
Total comprehensive loss for the period	-	-	-	(1,855)	(1,855)
Transactions with owners of the Company:					
Dividends paid	-	-	-	(10,691)	(10,691)
<b>As at 31<sup>st</sup> August 2013</b>	668	18,552	-	8,349	27,569
Total comprehensive loss for the period	-	-	-	(943)	(943)
Transactions with owners of the Company:					
Issue of Ordinary shares	390	4,013	8,086	-	12,489
<b>As at 28<sup>th</sup> February 2014</b>	1,058	22,565	8,086	7,406	39,115
Total comprehensive profit for the period	-	-	-	867	867
Transactions with owners of the Company:					
Dividends declared	-	-	(8,086)	(6,913)	(14,999)
<b>As at 31<sup>st</sup> August 2014</b>	<u>1,058</u>	<u>22,565</u>	<u>-</u>	<u>1,360</u>	<u>24,983</u>

**Northacre PLC**  
**Notes to the Unaudited Interim Financial Statements**  
**For the Six Months ended 31<sup>st</sup> August 2014**

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

**Basis of Preparation**

The interim financial information for the six months ended 31<sup>st</sup> August 2014 and 31<sup>st</sup> August 2013 is unaudited. The interim financial information was approved by the Board of Directors on 11<sup>th</sup> November 2014.

The statutory financial statements for the year ended 28<sup>th</sup> February 2014, 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 2014 and those that the Directors expect to be adopted as at 31<sup>st</sup> December 2014. They are set out in full in the financial statements for the year ended 28<sup>th</sup> February 2014.

**Going Concern**

The Company and Group currently meet their day-to-day working capital requirements through monies received from The Lancasters Development and 33 Thurloe Square dividends and through fees receivable from its projects: Vicarage Gate House, 13-14 Vicarage Gate, 33 Thurloe Square, Chester Square and 1 Palace Street.

The Directors have prepared detailed cash flow projections for the period ending 31<sup>st</sup> December 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 on-going 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; 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. Subsidiary undertakings are all entities over which the Group has the power to govern the financial and operating policies of the subsidiary and therefore exercises control. The existence and effect of both current voting rights and potential voting rights that are currently exercisable or convertible are considered when assessing whether control of an entity is exercised. Subsidiaries are consolidated from the date at which the Group obtains the relevant level of control and are de-consolidated from the date at which control ceases.

**Northacre PLC**  
**Notes to the Unaudited Interim Financial Statements**  
**For the Six Months ended 31<sup>st</sup> August 2014 (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 performance fees are recognised when the amounts involved have been finally determined and agreed criteria for recognition have been fulfilled. Fees in respect of project management and interior and architectural design are recognised in accordance with the stage of completion of the contract.

**Investments**

Investments in subsidiaries, associates and joint ventures, and other investments are presented in the Group and Parent financial statements at cost, less any necessary provision or impairment.

**Associates**

Associates are 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 entities where the Group does not exercise either control or significant influence. The investments reflect 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 2014 (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 balance.

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

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 minimise net debt whilst investing in the development opportunities.

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 risks 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. Directors are 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 2014 (Continued)**

**2. Segmental Information (Continued)**

<b>Revenue</b>	<b>6 Months ended 31.8.2014 Unaudited £'000</b>	<b>6 Months ended 31.8.2013 Unaudited £'000</b>	<b>Year ended 28.2.2014 Audited £'000</b>
Development management	2,368	150	901
Interior design	213	723	1,992
Architectural design	-	-	63
	<u>2,581</u>	<u>873</u>	<u>2,956</u>
<b>Profit/(loss) before taxation</b>	<b>6 Months ended 31.8.2014 Unaudited £'000</b>	<b>6 Months ended 31.8.2013 Unaudited £'000</b>	<b>Year ended 28.2.2014 Audited £'000</b>
Development management	832	13,212	12,365
Interior design	(308)	(171)	(105)
Architectural design	(4)	(8)	43
	<u>520</u>	<u>13,033</u>	<u>12,303</u>
<b>Assets</b>	<b>31.8.2014 Unaudited £'000</b>	<b>31.8.2013 Unaudited £'000</b>	<b>28.2.2014 Audited £'000</b>
Development management	41,722	29,487	45,139
Interior design	92	560	454
Architectural design	29	83	138
	<u>41,843</u>	<u>30,130</u>	<u>45,731</u>

**Northacre PLC**  
**Notes to the Unaudited Interim Financial Statements**  
**For the Six Months ended 31<sup>st</sup> August 2014 (Continued)**

**2. Segmental Information (Continued)**

<b>Liabilities</b>	<b>31.8.2014</b> <b>Unaudited</b> <b>£'000</b>	<b>31.8.2013</b> <b>Unaudited</b> <b>£'000</b>	<b>28.2.2014</b> <b>Audited</b> <b>£'000</b>
Development management	15,663	1,035	5,260
Interior design	497	722	551
Architectural design	700	804	805
	<u>16,860</u>	<u>2,561</u>	<u>6,616</u>

**3. Profit per share**

	<b>6 Months</b> <b>ended</b> <b>31.8.2014</b> <b>Unaudited</b>	<b>6 Months</b> <b>ended</b> <b>31.8.2013</b> <b>Unaudited</b>	<b>Year</b> <b>ended</b> <b>28.2.2014</b> <b>Audited</b>
Weighted average number of shares in issue	42,335,538	26,723,643	30,879,049
Profit for the period attributable to equity holders of the Company (£'000)	<u>867</u>	<u>13,145</u>	<u>12,200</u>
Basic profit per share (pence)	<u>2.05</u>	<u>49.18</u>	<u>39.51</u>
Diluted profit per share (pence)	<u>2.05</u>	<u>49.18</u>	<u>39.51</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 35.43p per share were declared on 14<sup>th</sup> August 2014 and paid on 5<sup>th</sup> September 2014 (2013: 40p per share). The number of shares in issue was 42,335,538 (2013: 26,723,643) and the total payment amounted to £14.99m (2013: £10.69m).

**Northacre PLC**  
**Notes to the Unaudited Interim Financial Statements**  
**For the Six Months ended 31<sup>st</sup> August 2014 (Continued)**

**5. Available for sale financial assets**

	<b>Unaudited £'000</b>
<b>At 1<sup>st</sup> March 2013</b>	22,149
Dividend received	(15,000)
<b>At 31<sup>st</sup> August 2013</b>	7,149
Derecognition	(7,149)
Increase in 1 Palace Street and 33 Thurloe Square fair value	8,825
<b>At 28<sup>th</sup> February 2014</b>	8,825
Changes in the period	-
<b>At 31<sup>st</sup> August 2014</b>	<b>8,825</b>

The decrease in available for sale financial assets of £7.149m represents derecognition of the available for sale financial assets following the acquisition of Lancaster Gate (Hyde Park) Limited on 16<sup>th</sup> December 2013.

The Company is committed to invest £10m into the 1 Palace Street development. At 31<sup>st</sup> August 2014 the Company had paid £8.825m of this commitment.

The £15 investment in 33 Thurloe Square represents a 15% equity stake. The property held by the investment was sold in June 2014. At 28<sup>th</sup> February 2014 the Company had paid costs of £1.5m in relation to this project which have been treated as a shareholder loan and included within trade and other receivables in the Consolidated and Company Statements of Financial Position. The shareholder loan was repaid in July 2014 following the disposal of the project.

**6. Investments**

	<b>31.8.2014 Unaudited £'000</b>	<b>31.8.2013 Unaudited £'000</b>	<b>28.2.2014 Audited £'000</b>
33 Thurloe Square	-	1,404	-
1 Palace Street	-	750	-
	-	2,154	-
	-	2,154	-

The amount of £2.154m disclosed as investments as at 31<sup>st</sup> August 2013 related to the initial investments in 33 Thurloe Square and 1 Palace Street projects. These investments were reclassified at 28<sup>th</sup> February 2014 as available for sale financial assets of £0.654m and a shareholder loan of £1.5m.

**7. Trade and Other Payables**

	<b>31.8.2014 Unaudited £'000</b>	<b>31.8.2013 Unaudited £'000</b>	<b>28.2.2014 Audited £'000</b>
Trade payables	215	255	297
Social security and other taxes	58	44	535
Other payables	5	8	5
Accruals and deferred income	1,583	2,254	5,779
Dividends payable	14,999	-	-
	16,860	2,561	6,616
	16,860	2,561	6,616

**Northacre PLC**  
**Notes to the Unaudited Interim Financial Statements**  
**For the Six Months ended 31<sup>st</sup> August 2014 (Continued)**

**8. Capital commitments**

As per the announcement dated 18<sup>th</sup> September 2013, the Company is committed to invest £10m in Palace Revive Limited, a special purpose company financed by a variety of institutional investors, established to acquire a property at 1 Palace Street. The Company paid £8.825m in the period to 31<sup>st</sup> August 2014 with a further £1.175m equity contribution paid on 14<sup>th</sup> October 2014.

**9. Related Party Transactions**

	Nature of Relationship	31.8.2014 Unaudited £'000	31.8.2013 Unaudited £'000	28.2.2014 Audited £'000	Nature of Transactions
K.B. Nilsson	1	(61)	-	(57)	Consultancy fees for services provided for the 1 Palace Street project for the period 1 <sup>st</sup> March 2014 to 31 <sup>st</sup> August 2014
E.B. Harris	2	(15)	(15)	(30)	Non-executive Directors Fees representing a balance at the end of the period
E.B. Harris	2	(15)	(15)	(30)	Non-executive Directors Fees representing amounts accrued during the period
M. Williams	3	-	(15)	(10)	Non-executive Directors Fees representing amounts paid during the period
A. de Rothschild	4	(18)	(5)	(18)	Non-executive Directors Fees representing a balance at the end of the period
M.A. AlRafi	5	-	(10)	(10)	Executive Directors fees representing amounts paid during the period
M.A. AlRafi	5	-	(975)	(975)	Bonus of £1,000,000 was payable from The Lancasters Development dividends. £25,000 was paid on 28 <sup>th</sup> November 2012 and the balance of £975,000 was paid post year end on 28 <sup>th</sup> March 2014
ADCM Ltd	6	(642)	(500)	(1,100)	Consultancy fees charged during the period; £1,200,000 was paid in March 2014
ADCM Ltd	6	(40)	-	117	Expenses charged by ADCM Ltd as per the consultancy agreement
Palace Revive Developments Limited	7	-	-	2,705	Development management fees received during the period as per development management agreement
Palace Revive Developments Limited	7	18	-	59	Expenses paid on behalf of Palace Revive Developments Limited during the period
Palace Real Estate Partners LP	8	-	-	8,825	Amount invested by Northacre PLC into Palace Real Estate Partners LP during the period

Nature of Relationship

1. K.B. Nilsson is a Director of the Company.
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 was a Director of the Company (resigned 11<sup>th</sup> February 2014).
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 ADFG LLC, the Group's ultimate parent company.
7. Palace Revive Developments Limited is a company controlled by ADCM Ltd.
8. Palace Real Estate Partners LP is a partnership that controls Palace Revive Developments Limited.



**Northacre PLC**  
**Notes to the Unaudited Interim Financial Statements**  
**For the Six Months ended 31<sup>st</sup> August 2014 (Continued)**

**10. Events after the reporting date**

Interim dividends of 35.43p per share were paid on 5<sup>th</sup> September 2014. The total payment amounted to £14.99m.

On 19<sup>th</sup> September 2014 Northacre Capital (7) Limited, a wholly owned subsidiary of Northacre PLC, signed a loan facility agreement with the Royal Bank of Scotland PLC. The facility is for a maximum of £3.15m and was signed to finance the development of the Prince Edward Mansions project. The repayment date is the earlier of:

- the latest expiry date of the current interest period outstanding as at the date of completion of the sale of the project and
- the date which falls 18 months after the date on which the loan is drawn.

The first tranche shall be drawn within 3 months from 5<sup>th</sup> September 2014. The interest payable was agreed at 3.25% per annum above LIBOR. In addition the Company will pay a £31,500 arrangement fee, a quarterly monitoring fee of £2,500 per quarter and a fee of 1.25% of the highest amount outstanding at any time under the loan agreement.

The loan is secured on a first legal charge over the property and its associated assets, a guarantee of £120,000 from Northacre PLC to Northacre Capital (7) Limited, a charge over a cash held by Northacre PLC and a charge over all assets present and future of Northacre Capital (7) Limited.

**11. Other Information**

The interim statement was approved by the Directors on 11<sup>th</sup> November 2014.

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 2014 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 2014 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  
11<sup>th</sup> November 2014