

**REGISTERED NUMBER: 00892832 (England and Wales)** - -

**Strategic Report, Report of the Directors and  
Financial Statements for the Year Ended 30 November 2019  
for  
St. Modwen Developments Limited**



**St. Modwen Developments Limited**

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for the Year Ended 30 November 2019**

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**St. Modwen Developments Limited**

**Company Information**  
**for the Year Ended 30 November 2019**

**DIRECTORS:**

A D Eames  
G C Gusterson  
R J Hudson  
R Joseland  
D Smith  
R Simon

**REGISTERED OFFICE:**

Park Point  
17 High Street  
Longbridge  
Birmingham  
B31 2UQ

**REGISTERED NUMBER:**

00892832 (England and Wales)

**AUDITOR:**

KPMG LLP  
Statutory Auditor  
One Snowhill  
Snow Hill Queensway  
Birmingham  
West Midlands  
B4 6GH

## **St. Modwen Developments Limited**

### **Strategic Report for the Year Ended 30 November 2019**

#### **PRINCIPAL ACTIVITIES**

The company operates within the property development and investment market. The core business, within that market, is of adding value by managing schemes through the planning process, remediating brownfield land and active asset management and development. During the year the company continued to operate within both the commercial and residential sectors of the market.

#### **KEY PERFORMANCE INDICATORS**

The financial and non-financial key performance indicators used to assess the financial performance and financial position of the company are as follows:

|   | <u>2019</u>    | <u>2018</u>    |
|---|----------------|----------------|
| <b>Turnover (£'000)</b>                                   | <b>95,835</b>  | <b>168,549</b> |
| Rental income   | 28,762         | 30,161         |
| Development sales   | 65,699         | 137,880        |
| Other activities income                                   | 1,374          | 508            |
| <b>Profit before tax (£'000)</b>                          | <b>70,015</b>  | <b>87,639</b>  |
| <b>Net assets (£'000)</b>                                 | <b>348,619</b> | <b>290,128</b> |
| <b>Industrial and logistics space delivered (m sq ft)</b> | <b>0.8</b>     | <b>0.7</b>     |
| <b>Land prepared for development (acres)</b>              | <b>235</b>     | <b>295</b>     |

#### **FINANCIAL REVIEW**

The company traded well throughout the financial year, generating £71.0m of pre-tax profits. This was down from £87.6m in 2018, largely driven by a £15.7m reduction in the valuation of the remaining retail portfolio, which has been impacted by increased valuation yields in line with the wider external retail environment. Following further non-core disposals in the year, our non-core retail assets now make up just 2% of our portfolio.

The company continues to focus on sectors with strong long-term growth potential and realign its portfolio through the acceleration of industrial and logistics development, the majority of which will be retained for future rental income. The focus on retained developments, as well as the forward-sold £75m private residential development at Uxbridge, which was substantially completed in 2018, led to a reduction in development sales to £65.7m (2018: £137.9m). This was the material driver of the overall reduction in turnover to £95.8m (2018: £168.5m).

Our portfolio realignment has also seen the company continue to dispose of non-core assets, although to a lesser extent to the prior year, which saw the sale of significant retail assets at Longbridge Town Centre and Wembley Shopping Centre for £54m and £36m respectively. The full-year impact of these sales, along with the sale of smaller retail assets at Doncaster and Crosby in 2019, resulted in a reduction in rental income of 4.6% to £28.8m.

**St. Modwen Developments Limited**  
**Strategic Report**  
**for the Year Ended 30 November 2019**

**BUSINESS REVIEW**

The company has a committed pipeline of 1.0m sq ft, providing an expected rental value of £7m and a gross development value of more than £110m, which is largely expected to be complete within the next financial year.

The company delivered 0.8m sq ft of industrial and logistics space in the year, up from 0.7m sq ft in the previous financial year, of which 46% was let or under offer as at 30th November 2019 with a further 13% let or under offer since year-end.

Land has continued to be prepared for development sale to third party housebuilders, St. Modwen Homes or developed for commercial purposes as the company trades through its land bank. The company prepared 235 acres of land for development in the year, down from 295 acres in the

**FUTURE DEVELOPMENTS**

The future strategy of the company is to concentrate activities on sectors that have long-term structural growth characteristics while also enhancing flexibility through tightly controlled leverage and reducing the proportion of the company's portfolio invested in land.

**UPDATE ON CURRENT TRADING**

The unprecedented recent events related to COVID-19 have started to cause significant disruption to the global and UK economy. We are mindful that the resulting significant economic and social challenges could affect consumer and business confidence for some time to come. That being said, the structural growth drivers in our two key strategic sectors, industrial/logistics and residential, remain positive and to some extent have even accelerated in recent months. We have recently restarted work in line with Government guidelines and the directors remain focussed on ensuring the health and wellbeing of all employees. Combined with our solid financial base, the directors therefore believes that the medium- and longer-term outlook for the business is positive.

**St. Modwen Developments Limited**  
**Strategic Report**  
**for the Year Ended 30 November 2019**

**PRINCIPAL RISKS AND UNCERTAINTIES**

The company's financial and operational performance is subject to several principal risks, which are set out below. The risks outlined below apply to both the company and the St. Modwen Properties PLC group where they are centrally managed and mitigated.

**Downturn in market and economic conditions**

The company has made considerable progress in repositioning its portfolio towards sectors with better long-term growth prospects and in accelerating the delivery of the development pipeline, despite the uncertainties presented by the inconclusive Brexit negotiations and their potential impact on the UK economic outlook.

The development programme for both residential homes and industrial and logistics continues to have a short development lead time which enables the company to respond nimbly to changing market conditions. Inherently this risk, given Brexit and associated economic uncertainties, remains high.

**Political**

National, international and local political uncertainties, whether related to Brexit or local planning, affect the company. Continued support from the Help to Buy scheme helps mitigate some of the risks associated with residential housebuilding.

The company continues to maintain strong local relationships with respect to local planning. The risks associated with political uncertainty, and any greater Brexit impact, continue to be assessed and addressed.

**Social and technological change**

The company recognises that the pace of both social and technological change continues, affecting demand for, and location of, both residential homes and industrial and logistics space, along with developments in our response to changes in associated risks, such as cyber risks in our use of technology.

Supply chain automation continues to develop as occupiers and logistics companies look to stay ahead. In addition, the way the company does business and interacts with customers and suppliers is becoming increasingly subject to automation and technological change.

**Product and service delivery**

The company has significant experience in regeneration, remediation and asset development to manage development projects.

All developments are subject to financial appraisals and selection of contractors and material purchases are subject to robust procurement processes, including competitive tenders in order to secure value in meeting financial goals.

Development delivery and cost forecasts are regularly reviewed by the Senior Leadership Executive and the Board of St. Modwen Properties PLC.

Whilst Brexit also presents a number of risk exposures in terms of materials, labour availability and costs, these are continually reviewed at an operational level and actions taken accordingly in seeking to secure best value and sustainability of supply.

**Customer and supply chain management**

The company continues to seek and work with trusted contractors, sub-contractors and other third parties in partnership, developing a pool nationally and locally to reduce the risk of over-reliance on any one supplier within the supply chain. The company is also reviewing and monitoring the possible impacts of Brexit on the contractor market.

In addition, in implementing the company's strategy, steps continue to be taken to develop relationships with customers and enhance the customer journey, to obtain and retain quality and sustainable occupancy and demand.

**Management of the portfolio and future pipeline**

In meeting our strategic goals, the management of the portfolio and pipeline are key to success. The Board of St. Modwen Properties PLC's view is that the effective management of the portfolio and future pipeline raise what was previously an operational risk, to a new principal risk.

**St. Modwen Developments Limited**  
**Strategic Report**  
**for the Year Ended 30 November 2019**

Steps have been taken in accelerating developments, a focus on asset management, including the appointment of a Head of Leasing, amongst other actions to manage the risk.

**Environment management**

In line with our experience of regeneration and risk appetite, the company accepts a degree of environmental risk where opportunities for higher returns exist.

The inherent risks are minimised or passed on wherever possible and the residual risk remains acceptably low.

The company continues to undertake annual environmental audits of our portfolio to ensure visibility and management of environmental issues effectively. Actions arising from these audits are monitored through to implementation.

**Financial**

Significant steps have been taken to reduce or mitigate the company's financial risk exposures, having sold a number of assets and improved the portfolio. The St. Modwen Properties PLC group reduced its net borrowings and refinanced its facilities to 2023 and beyond. This provides the company with the headroom and flexibility to respond to changes in the economic environment and development plans.

The group banking relationships remain strong, appropriate facilities are in place and the group continue to focus on the management of operational costs.

**Management of Health & Safety**

The nature of our operations means that ensuring effective health and safety arrangements remains a priority as the company has no appetite for health and safety risk exposure. Health and safety is discussed at each meeting of the SLE and the Board of St. Modwen Properties PLC.

Recent establishment of a Board-level Group Safety, Health and Environment (SHE) Committee, supported by the SLE, and a dedicated health and safety team who support in the development of policies and procedures, undertake health and safety audits and monitor health and safety incidents.

**Brexit**

The company has taken short-term actions to complement our longer-term strategy that will help ensure that we can mitigate the inherent risks of a disorderly Brexit.

Our longer-term strategy focused on growth sectors, reduced developments in London and reduced borrowings. St. Modwen Property PLC's refinancing has increased headroom and provided flexibility for its subsidiaries.

Other short-term actions include the advance procurement of goods to safeguard the delivery of current developments along with liaison with our supply chain to ensure we can proactively respond to changes to supplier risk as required.

**St. Modwen Developments Limited**

**Strategic Report  
for the Year Ended 30 November 2019**

**FINANCIAL RISK MANAGEMENT**

Both the company and St. Modwen Properties PLC, on behalf of itself and its subsidiaries, manage financial risks that affect the company.

The company's operations and financing arrangements expose it to a variety of financial risks that are discussed below.

**Liquidity risk**

Liquidity risk is the risk that either the company will be unable to meet its liabilities as they fall due. The company relies upon the banking facilities of the group parented by St. Modwen Properties PLC, which manages its liquidity risk by continuously monitoring forecast and actual cash flows, matching the maturity profiles of financial assets and liabilities using fixed rate bilateral facilities, overdrafts and cash with a range of maturity dates to ensure continuity of funding.

**Interest rate risk**

Interest rate risk is the risk to the company from fluctuating market interest rates. The company has only interest-bearing assets at fixed interest rates.

**Credit risk**

Credit risk is the risk of financial loss where counterparties are not able to meet their obligations as they fall due. The company is exposed to credit risk on its financial assets, namely its trade and other receivables. The company's tenant base is large so there is no concentration of credit risk from a small number of tenants that could cause a material impact on the financial performance of the company.

**ON BEHALF OF THE BOARD:**



.....  
R J Hudson - Director

Date: 23<sup>rd</sup> July 2020



## **St. Modwen Developments Limited**

### **Report of the Directors for the Year Ended 30 November 2019**

The directors present their report with the financial statements of the company for the year ended 30 November 2019.

#### **DIVIDENDS**

The directors do not recommend payment of a final dividend (2018: £nil).

#### **EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 December 2018 to the date of this report.

A D Eames  
G C Gusterson  
R J Hudson  
R Joseland  
D Smith

Other changes in directors holding office are as follows:

M W Herbert - resigned 30 September 2019  
R S Powell - resigned 31 May 2019  
T A Seddon - resigned 31 May 2019  
R T Wood - resigned 31 July 2019  
R Simon - appointed 10 October 2019

M C Allan ceased to be a director after 30 November 2019 but prior to the date of this report.

None of the directors had any interest in the shares of the company.

#### **GOING CONCERN**

The financial position of the company is set out in the Balance Sheet and the accompanying Notes to the Financial Statements.

The company has satisfactory financial resources. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements. In doing so, the directors have considered the latest guidelines from the Financial Reporting Council regarding the preparation of financial statements on a going concern basis.

#### **DISCLOSURE OF INFORMATION TO THE AUDITOR**

Each director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all steps necessary to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**St. Modwen Developments Limited**

**Report of the Directors  
for the Year Ended 30 November 2019**

**AUDITOR**

KPMG LLP, our appointed auditor, have conducted the audit for the year ended 30 November 2018 and have expressed a willingness to remain in office. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed reappointed as auditor in the absence of an Annual General Meeting.

**ON BEHALF OF THE BOARD:**



.....  
R J Hudson - Director

Date: 23<sup>rd</sup> July 2020

**St. Modwen Developments Limited**

**Statement of Directors' Responsibilities  
for the Year Ended 30 November 2019**

The directors are responsible for preparing the Directors' Report and the 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST. MODWEN DEVELOPMENTS LIMITED**

## **Opinion**

We have audited the financial statements of St. Modwen Developments Limited ("the company") for the year ended 30 November 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework* and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analyzed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

## **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

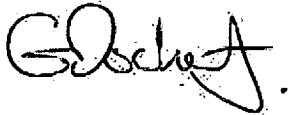
#### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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.

A handwritten signature in black ink, appearing to read 'G. Docherty'.

**Gordon Docherty (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

Date: 23 July 2020

**St. Modwen Developments Limited**

**Statement of Comprehensive Income for the Year Ended 30 November 2019**

|  |       | 2019                     | 2018                     |
|--|-------|--------------------------|--------------------------|
|  | Notes | £                        | as restated<br>£         |
| <b>TURNOVER</b>                                    | 3     | 95,834,928               | 168,549,018              |
| Cost of sales                                      |       | <u>(67,627,418)</u>      | <u>(106,141,921)</u>     |
| <b>GROSS PROFIT</b>                                |       | 28,207,510               | 62,407,097               |
| Administrative expenses                            |       | <u>(356,964)</u>         | <u>(326,267)</u>         |
|  |       | 27,850,546               | 62,080,830               |
| Other operating income                             | 4     | (135,795)                | 3,469,723                |
| Gain/loss on revaluation of assets                 |       | <u>42,067,862</u>        | <u>22,073,274</u>        |
| <b>OPERATING PROFIT</b>                            |       | 69,782,613               | 87,623,827               |
| Income from participating interests                |       | -                        | 2,100,000                |
| Interest receivable and similar income             |       | 495,182                  | 495,835                  |
| Amounts written off investments                    | 6     | -                        | (1,880,774)              |
| Interest payable and similar expenses              | 7     | <u>(262,652)</u>         | <u>(699,926)</u>         |
| <b>PROFIT BEFORE TAXATION</b>                      | 8     | 70,015,143               | 87,638,962               |
| Tax on profit                                      | 9     | <u>(11,387,495)</u>      | <u>(16,589,978)</u>      |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>               |       | 58,627,648               | 71,048,984               |
| <b>OTHER COMPREHENSIVE INCOME</b>                  |       | -                        | -                        |
| <b>TOTAL COMPREHENSIVE INCOME<br/>FOR THE YEAR</b> |       | <u><u>58,627,648</u></u> | <u><u>71,048,984</u></u> |

The notes form part of these financial statements

**St. Modwen Developments Limited (Registered number: 00892832)**

**Balance Sheet  
30 November 2019**

|  |       | 2019                 | 2018                 |
|--|-------|----------------------|----------------------|
|  |       | £                    | as restated<br>£     |
| <b>FIXED ASSETS</b>                          | Notes |                      |                      |
| Tangible assets                              | 11    | 650,697              | 48,010               |
| Investments                                  | 12    | 68,375,906           | 68,120,906           |
| Investment property                          | 13    | <u>731,007,679</u>   | <u>650,375,036</u>   |
|  |       | <u>800,034,282</u>   | <u>718,543,952</u>   |
| <br><b>CURRENT ASSETS</b>                    |       |                      |                      |
| Stocks                                       | 14    | 26,993,650           | 65,624,216           |
| Debtors                                      | 15    | 372,842,882          | 314,126,263          |
| Cash at bank and in hand                     |       | <u>289,120</u>       | <u>14,767,943</u>    |
|  |       | 400,125,652          | 394,518,422          |
| <b>CREDITORS</b>                             |       |                      |                      |
| Amounts falling due within one year          | 16    | <u>(347,340,789)</u> | <u>(326,312,007)</u> |
| <b>NET CURRENT ASSETS</b>                    |       | <u>52,784,863</u>    | <u>68,206,415</u>    |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | 852,819,145          | 786,750,367          |
| <br><b>CREDITORS</b>                         |       |                      |                      |
| Amounts falling due after more than one year | 17    | <u>(481,699,658)</u> | <u>(481,981,301)</u> |
| <b>PROVISIONS FOR LIABILITIES</b>            | 20    | <u>(22,500,257)</u>  | <u>(14,777,484)</u>  |
| <b>NET ASSETS</b>                            |       | <u>348,619,230</u>   | <u>289,991,582</u>   |
| <br><b>CAPITAL AND RESERVES</b>              |       |                      |                      |
| Called up share capital                      | 21    | 30,000               | 30,000               |
| Fair value reserve                           |       | 68,297,244           | 32,063,585           |
| Retained earnings                            |       | <u>280,291,986</u>   | <u>257,897,997</u>   |
| <b>SHAREHOLDER FUNDS</b>                     |       | <u>348,619,230</u>   | <u>289,991,582</u>   |

The financial statements were approved and authorised for issue by the Board of Directors on 23<sup>rd</sup> July 2020 and were signed on its behalf by:



.....  
R J Hudson - Director

The notes form part of these financial statements



**St. Modwen Developments Limited**

**Statement of Changes in Equity  
for the Year Ended 30 November 2019**

|   | <b>Called up<br/>share<br/>capital<br/>£</b> | <b>Retained<br/>earnings<br/>£</b> | <b>Fair<br/>value<br/>reserve<br/>£</b> | <b>Total<br/>equity<br/>£</b> |
|---|--|------------------------------------|---|-------------------------------|
| <b>Balance at 1 December 2017</b>                         | 30,000                                       | 190,980,733                        | 27,931,865                              | 218,942,598                   |
| <b>Changes in equity</b>                                  |  |                                    |   |                               |
| Total comprehensive income                                | -  | 71,048,984                         | -                                       | 71,048,984                    |
| Transfer of net unrealised gains to<br>fair value reserve | -  | (4,131,720)                        | 4,131,720                               | -                             |
| <b>Balance at 30 November 2018</b>                        | <u>30,000</u>                                | <u>257,897,997</u>                 | <u>32,063,585</u>                       | <u>289,991,582</u>            |
| <b>Changes in equity</b>                                  |  |                                    |   |                               |
| Total comprehensive income                                | -  | 58,627,648                         | -                                       | 58,627,648                    |
| Transfer of net realised gains from<br>fair value reserve | -  | (36,233,659)                       | 36,233,659                              | -                             |
| <b>Balance at 30 November 2019</b>                        | <u>30,000</u>                                | <u>280,291,986</u>                 | <u>68,297,244</u>                       | <u>348,619,230</u>            |

The notes form part of these financial statements

**St. Modwen Developments Limited**

**Notes to the Financial Statements  
for the Year Ended 30 November 2019**

**1. STATUTORY INFORMATION**

St. Modwen Developments Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

## **St. Modwen Developments Limited**

### **Notes to the Financial Statements - continued for the Year Ended 30 November 2019**

#### **2. ACCOUNTING POLICIES**

##### **Basis of preparation**

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101"). The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company has taken advantage of the disclosure exemptions included within paragraph 8 of FRS 101. The main impact of these disclosure exemptions is that these financial statements do not include a cash flow statement, financial instruments, fair value and related party disclosures or comparative information in respect of certain assets. Where required, equivalent disclosures are given in the consolidated financial statements of St. Modwen Properties PLC.

##### **Going concern**

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 2.

The Company participates in the Group's centralised treasury arrangements, and as such the Company's funding requirements are directly linked to the Group's overall financial position. At 31 May 2020 the Group had £550m of committed facilities in place. The Group's committed facilities comprise a £475m revolving credit facility, with £75m maturing in December 2023 and the balance maturing in December 2024, and a £75m Homes England loan with a maturity date of October 2025.

The Group has prepared a going concern assessment for a period of at least 12 months from the date of approval of these financial statements, which includes modelling severe but plausible financial scenarios that take into consideration the current economic environment due to COVID-19. In all scenarios, the Group expects to operate within the level of its current borrowing facilities. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the half year results. The Directors have considered the potential range of future financial performance and several steps have been taken to ensure that the Group maintains a strong balance sheet and liquidity position. This includes securing access to funding under the Government's Covid Corporate Financing Facility (CCFF) should that be required in the event of a severe deterioration in market conditions and agreeing an amendment of the interest cover covenants on our Group debt facilities.

The detailed review of the going concern assumption included an assessment of future funding requirements based on cash flow forecasts, valuation projections and the ability of the Group to meet amended covenants on existing borrowing facilities, all over a period extending to 30 November 2021. The Group has no debt maturities during this period. The directors were satisfied that the forecasts and projections were based on realistic assumptions and that the sensitivities applied in reviewing the severe but plausible downside scenario adopted were appropriate and considered the potential impacts of COVID-19. The review shows that the Group maintains significant borrowing headroom and continues to meet all of its covenants under the severe but plausible downside scenario adopted. Therefore, the directors are satisfied that the Group will have sufficient ongoing facilities available throughout the period to 30 November 2021 used to assess the going concern assumption.

## **St. Modwen Developments Limited**

### **Notes to the Financial Statements - continued for the Year Ended 30 November 2019**

As a result of the above the Company's ultimate parent, St. Modwen Properties PLC, have provided a letter of support to confirm their intention to continue to operate a centralised Group treasury arrangement, facilitating the Company to enable it to meet its liabilities as they fall due for a period of at least 12 months from the date of these financial statements. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### **Turnover**

Turnover is recognised when performance obligations are satisfied by transferring a promised good or service to a customer. Turnover is measured at the fair value of the consideration received excluding discounts, VAT and other sales taxes or duty. Any non-cash consideration is measured at fair value and any deferred consideration is measured at present value, unless the deferral is for a period of one year or less, in which case no adjustment is made to the consideration.

#### **Rental income**

Rental income from operating leases, adjusted for the impact of any cash incentives given to the lessee and to reflect any rent-free incentive periods, is recognised in the Profit and Loss Account on a straight-line basis over the lease term.

#### **Development sales**

Turnover arising from the sale of property is recognised on legal completion of the sale. Such disposals are typically for a fixed cash consideration received on completion, although part of this consideration may be on deferred terms.

#### **Management fee income**

Management fees are recognised when the group has substantially fulfilled its obligations in respect of the transaction and hence the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the group.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

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

- plant, machinery and equipment - over two to five years;
- fixtures and fittings - over two to five years.

#### **Investment property**

Investment properties are properties which are held either to earn rental income or for capital appreciation or both. Investment properties are carried at fair value following initial recognition at the present value of the consideration payable. To establish fair value, investment properties are independently valued on the basis of market value. Any unrealised surplus or deficit arising is recognised in the profit and loss account for the year and subsequently transferred to the fair value reserve. Investment properties are not depreciated.

Once classified as an investment property, a property remains in this category until development with a view to sale commences, at which point the asset is transferred to inventories at current valuation.

Where an investment property is being redeveloped for continued use as an investment property, the property remains within investment property and any movement in valuation is recognised in the profit and loss account. Capital expenditure, including capitalised interest on qualifying assets and labour costs where applicable, that is directly attributable to the redevelopment or refurbishment of investment property, up to the point of it being completed for its intended use, is included in the carrying value of the property.

Investment property disposals are recognised on completion. Profits and losses arising are recognised through the profit and loss account and the profit or loss on disposal is determined as the difference between the sales proceeds and the carrying amount of the asset.

**St. Modwen Developments Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 30 November 2019**

**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

**Trade and other debtors**

Trade and other debtors are initially recognised at fair value and subsequently carried at amortised cost less any allowance for expected credit losses. The expected credit losses on trade and other debtors are estimated using a provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the individual debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Balances are written off when the probability of recovery is assessed as being remote.

**Cash and cash equivalents**

Cash and cash equivalents comprises cash balances and short-term deposits with banks with initial maturity less than three months.

**Trade and other creditors**

Trade and other creditors are initially recognised at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method. Where payment is on deferred terms the liability is initially recorded by discounting the nominal amount payable to net present value. The discount to nominal value is amortised over the period of the deferred arrangement and charged to finance costs.

**Stocks**

Stocks principally comprise properties previously developed and held for sale, properties under construction with a view to sale and land under option with a view to future sale. All stocks are carried at the lower of cost and realisable value.

Cost comprises land, direct materials and, where applicable, capitalised interest on qualifying assets and direct labour costs that have been incurred in bringing the inventories to their present location and condition. When inventory includes a transfer from investment properties, cost is recorded as the book value at the date of transfer. Net realisable value represents the estimated selling price less any further costs expected to be incurred to completion and disposal. Inventory is transferred to investment properties only when the asset meets the definition of an investment property and there is evidence of a change in use, for example, the inception of an operating lease.

**Interest**

Interest is capitalised if it is directly attributable to the acquisition, construction or production of inventory or the redevelopment of investment properties. Capitalisation commences when the activities to develop the property start and continues until the property is substantially ready for its intended use. Capitalised interest is calculated with reference to the weighted average interest rate of incremental borrowings.

## **St. Modwen Developments Limited**

### **Notes to the Financial Statements - continued for the Year Ended 30 November 2019**

#### **2. ACCOUNTING POLICIES - continued**

##### **Taxation**

Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. Full payment is made for transfer pricing adjustments and group relief surrendered between group undertakings.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, using the rates of tax expected to apply based on legislation enacted or substantively enacted at the balance sheet date.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws substantively enacted at the balance sheet date.

##### **Investments**

Fixed asset investments are shown at cost less provision for impairment. Impairment is measured by comparing the carrying value of the asset with its recoverable amount.

##### **Dividend income**

Dividend income from joint ventures is recognised when the shareholders' rights to receive payment have been established.

##### **Leases**

###### **The company as lessee**

As a result of the adoption of IFRS 16, the accounting policy for leases where the Group is a lessee has been updated as follows. At the commencement of a lease with a term in excess of 12 months, a right-of-use asset is recognised at cost, comprising the initial measurement of the lease liability, adjusted for any lease payments made before the commencement date and any lease incentives, together with any initial direct costs incurred and an estimate of any retirement obligations. The right-of-use asset for interests in leasehold investment properties, is presented within investment properties.

A lease liability is also recognised, measured at the present value of the future lease payments, discounted using either the interest rate implicit in the lease or, if that is not readily determinable, the companies incremental borrowing rate for such assets.

The lease liability is subsequently increased by the unwinding of the discount and decreased by any payments made. For interests in leasehold investment properties, the right-of-use asset is not depreciated, but is revalued in accordance with the accounting policy for investment properties at an amount equal to the lease liability.

###### **The company as lessor**

Rental income from leases granted, adjusted for the impact of any cash incentives given to the lessee and to reflect any rent-free incentive periods, is recognised on a straight-line basis over the lease term.

2. ACCOUNTING POLICIES - continued

**Key sources of estimation uncertainty**

In the application of the company's accounting policies outlined above, the directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and so actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

**Net realisable value of inventories**

The company has ongoing procedures for assessing the carrying value of inventories and identifying where this is in excess of net realisable value. The estimates and judgements for both revenue and costs were based on information available at, and pertaining to, the balance sheet date, with reference to recent experience on similar properties and site-specific knowledge.

**Valuation of investment property**

Investment properties are held at fair value, which is determined by independent valuations undertaken by external valuation experts in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. These valuations are based on prevailing market conditions and evidence of transaction prices for similar properties together with assumptions including yields, estimated rental values, gross development values and the appropriateness of remediation expenditure and costs to complete. Market conditions and assumptions are expected to change over time and any increase in yields or costs to complete or any decreases in estimated rental values or gross development values in subsequent periods would result in a decrease in the fair value of investment properties. The company adopts the valuation performed by its independent valuers as the fair value of its investment properties, following review by management.

**Carrying value of the exceptional provision**

Note 19 sets out detail of an exceptional provision recognised during the year. There are a number of possible outcomes and the carrying value of provisions is sensitive to changes in assumptions or estimates that underpin these possible outcomes. These uncertainties include the extent, underlying cause and proposed remediation of the alleged problems and the impact they may have upon the current owner and occupier. Some of the uncertainties will be reduced following the detailed articulation of the claim, but a number may remain until the matter is settled, either by negotiations or formal proceedings, which may not occur within the next financial year. The sensitivity of the carrying amount of the provisions to the assumptions and estimates used is disclosed in note 19.

**New Accounting Standards**

The impacts of adopting IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases is set out below, with consequential amendments to the accounting policies made as required. The adoption of the other interpretations and amendments has had no material impact to the financial statements.

**IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments, which is effective for the company's year ending 30 November 2019, concerns the classification, measurement and disclosure of financial instruments. The classification of all financial assets of the company will change from loans and receivables to amortised cost, but this has not had a quantitative impact on the financial statements as loans and receivables have previously, subsequent to initial recognition, measured at amortised cost. The classification of all other financial instruments has remained unchanged.

The introduction of an expected credit loss model requires the company to evaluate its provision against trade and other debtors using a probability-weighted approach of a range of possible outcomes, which differs from the existing approach of providing against irrecoverable trade and other debtors past due. The results for 2018 have been restated within debtors and retained earnings for the amount of £136,576.

**IFRS 15 Revenue from Contracts with Customers**

# St. Modwen Developments Limited

## Notes to the Financial Statements - continued for the Year Ended 30 November 2019

### 2. ACCOUNTING POLICIES - continued

IFRS 15 Revenue from Contracts with Customers, which is effective for the company's year ending 30 November 2019, replaces a number of existing standards and interpretations and introduces a five-step, principles-based, model for the recognition of turnover.

The new standard does not apply to the rental income turnover stream, which is accounted for under IFRS 16 Leases, but does apply to the remainder of the company's revenue streams. The company has applied IFRS 15 retrospectively to each prior reporting period presented on adoption.

Applying IFRS 15 for the year ended 30 November 2019 has not had a material impact on turnover recognised.

#### IFRS 16 Leases

IFRS 16 Leases is not mandatorily effective for the company until the year ending 30 November 2020, but the company has early adopted the standard at the same time as IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers in the year ending 30 November 2019.

The company has applied the modified retrospective approach under IFRS 16, whereby the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings at 1 December 2018. In doing so, the Group has elected to measure the right-of-use asset at an amount equal to the lease liability recognised on transition. Therefore, there is no impact on retained earnings on adoption and comparative information has not been restated. No practical expedients have been applied on transition.

Applying IFRS 16 for the year ended 30 November 2019 has resulted in the recognition of right of use assets totalling £685,092 (note 10). in respect of its leases of certain office premises that were previously accounted for as operating leases. This lease liability reflects a weighted average incremental borrowing rate of 6.4%. The lease liability recognised on transition is higher than the operating lease commitments disclosed at 30 November 2018 discounted at the incremental borrowing rate due to the treatment of break clauses within the leases of buildings. The previous operating lease commitment disclosure only included non-cancellable obligations, whereas under IFRS 16, the company has assessed whether for each lease it is reasonably certain that these break clauses will not be exercised and therefore certain buildings have a longer lease term under IFRS 16 than was assumed for the previously disclosed operating lease commitment disclosure.

### 3. TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the company.

An analysis of turnover by class of business is given below:

|                       | 2019              | 2018<br>as restated |
|-----------------------|-------------------|---------------------|
|                       | £                 | £                   |
| Rental income         | 28,761,849        | 30,161,433          |
| Development sales     | 65,698,995        | 137,880,061         |
| Management fee income | <u>1,374,084</u>  | <u>507,524</u>      |
|                       | <u>95,834,928</u> | <u>168,549,018</u>  |

An analysis of turnover by geographical market is given below:

|                | 2019              | 2018<br>as restated |
|----------------|-------------------|---------------------|
|                | £                 | £                   |
| United Kingdom | <u>95,834,928</u> | <u>168,549,018</u>  |
|                | <u>95,834,928</u> | <u>168,549,018</u>  |



**St. Modwen Developments Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 30 November 2019**

**4. OTHER OPERATING INCOME**

|  | <b>2019</b>               | 2018<br>as restated |
|--|---------------------------|---------------------|
|  | <b>£</b>                  | <b>£</b>            |
| Other income                                 | <b>2,055,140</b>          | 1,338,159           |
| Profit/(loss) on sale of investment property | <b><u>(2,190,935)</u></b> | <u>2,131,564</u>    |
|  | <b><u>(135,795)</u></b>   | <u>3,469,723</u>    |

**5. EMPLOYEES AND DIRECTORS**

The company had no employees or staff costs for the current financial year or the prior financial year.

None of the directors received any remuneration paid by the company during the current financial year or the prior financial year. The remuneration of the directors is paid by other group undertakings and no part of their remuneration is specifically attributable to their services to this company.

**6. AMOUNTS WRITTEN OFF INVESTMENTS**

|                                 | <b>2019</b>     | 2018<br>as restated |
|---------------------------------|-----------------|---------------------|
|                                 | <b>£</b>        | <b>£</b>            |
| Amounts written off investments | <b><u>-</u></b> | <u>1,880,774</u>    |

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

|  | <b>2019</b>           | 2018<br>as restated |
|--|-----------------------|---------------------|
|  | <b>£</b>              | <b>£</b>            |
| Bank interest                                    | -                     | 113,064             |
| Finance leases                                   | <b>217,644</b>        | 181,711             |
| Discount unwind on deferred payment arrangements | <b><u>45,008</u></b>  | <u>405,151</u>      |
|  | <b><u>262,652</u></b> | <u>699,926</u>      |

**8. PROFIT BEFORE TAXATION**

Auditor remuneration was borne by the ultimate parent company, St. Modwen Properties PLC. No amount of this fee has been specifically attributed to the audit of the company (2018: £nil).

**9. TAXATION**

**Analysis of tax expense**

|  | <b>2019</b>              | 2018<br>as restated |
|--|--------------------------|---------------------|
|  | <b>£</b>                 | <b>£</b>            |
| Current tax:   |                          |                     |
| Tax  | <b>5,497,689</b>         | 13,607,670          |
| Deferred tax   | <b><u>5,889,806</u></b>  | <u>2,982,308</u>    |
| Total tax expense in statement of comprehensive income | <b><u>11,387,495</u></b> | <u>16,589,978</u>   |

**St. Modwen Developments Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 30 November 2019**

**9. TAXATION - continued**

**Factors affecting the tax expense**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

|   | 2019<br>£         | 2018<br>as restated<br>£ |
|---|-------------------|--------------------------|
| Profit before income tax  | <u>70,015,143</u> | <u>87,638,962</u>        |
| Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%) | 13,302,877        | 16,651,403               |
| Effects of:   |                   |                          |
| Non-deductible or taxable expenses and credits  | (1,947,308)       | (692,066)                |
| Taxation on investment property   | 813,376           | 672,874                  |
| Change in rate used for provision of deferred tax                                       | (4,296)           | -                        |
| Adjustments in respect of prior years   | <u>(777,154)</u>  | <u>(42,233)</u>          |
| Tax expense   | <u>11,387,495</u> | <u>16,589,978</u>        |

Legislation substantively enacted at 30 November 2019 included provisions which reduced the main rate of corporation tax from 19% to 17% with effect from 1 April 2020. Current tax has therefore been provided at 19% and deferred tax at 17%.

**10. PRIOR YEAR ADJUSTMENT**

The results for 2018 have been restated within debtors and retained earnings for the amount of £136,576 on adoption of IFRS 9.

**11. TANGIBLE FIXED ASSETS**

|                           | Short<br>leasehold<br>£ | Plant and<br>machinery<br>£ | Totals<br>£    |
|---------------------------|-------------------------|-----------------------------|----------------|
| <b>COST</b>               |                         |                             |                |
| At 1 December 2018        | -                       | 81,503                      | 81,503         |
| Reclassification/transfer | <u>685,092</u>          | <u>-</u>                    | <u>685,092</u> |
| At 30 November 2019       | <u>685,092</u>          | <u>81,503</u>               | <u>766,595</u> |
| <b>DEPRECIATION</b>       |                         |                             |                |
| At 1 December 2018        | -                       | 33,493                      | 33,493         |
| Charge for year           | <u>73,361</u>           | <u>9,044</u>                | <u>82,405</u>  |
| At 30 November 2019       | <u>73,361</u>           | <u>42,537</u>               | <u>115,898</u> |
| <b>NET BOOK VALUE</b>     |                         |                             |                |
| At 30 November 2019       | <u>611,731</u>          | <u>38,966</u>               | <u>650,697</u> |
| At 30 November 2018       | <u>-</u>                | <u>48,010</u>               | <u>48,010</u>  |

Short leaseholds totaling £685,092 relate to right of use assets recognised on adoption of IFRS 16 Leases.

**St. Modwen Developments Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 30 November 2019**

**12. INVESTMENTS**

|                       | <b>Investments<br/>in<br/>subsidiaries<br/>£</b> | <b>Interest<br/>in joint<br/>venture<br/>£</b> | <b>Totals<br/>£</b> |
|-----------------------|--|--|---------------------|
| <b>COST</b>           |  |  |                     |
| At 1 December 2018    | 63,972,560                                       | 4,148,346                                      | 68,120,906          |
| Additions             | <u>-</u>   | <u>255,000</u>                                 | <u>255,000</u>      |
| At 30 November 2019   | <u>63,972,560</u>                                | <u>4,403,346</u>                               | <u>68,375,906</u>   |
| <b>NET BOOK VALUE</b> |  |  |                     |
| At 30 November 2019   | <u>63,972,560</u>                                | <u>4,403,346</u>                               | <u>68,375,906</u>   |
| At 30 November 2018   | <u>63,972,560</u>                                | <u>4,148,346</u>                               | <u>68,120,906</u>   |

# St. Modwen Developments Limited

## Notes to the Financial Statements - continued for the Year Ended 30 November 2019

### 12. INVESTMENTS - continued

The following is a list of all subsidiary undertakings, joint ventures and associates owned by the company at 30 November 2019. Unless otherwise stated, all are incorporated in England and Wales with their registered office at Park Point, 17 High Street, Longbridge, Birmingham, B31 2UQ. The share capital of each of the companies, where applicable, comprises of ordinary shares.

| Name  | Company<br>Registration<br>Number | Proportion of<br>entity owned<br>by the<br>company | Activity                        |
|---|-----------------------------------|--|---------------------------------|
| <b>Wholly owned subsidiaries</b>                        |                                   |  |                                 |
| Branston Properties Limited                             | 02893827                          | 100%   | Property investment             |
| Broomford Vange Limited                                 | 05697168                          | 100%   | Ceased trading                  |
| Chertsey Road Property Limited                          | 06899060                          | 100%   | Dormant                         |
| Coed Darcy Estates Management Limited                   | 07848407                          | 100%   | Property management             |
| Killingholme Energy Limited                             | 08320277                          | 100%   | Property development            |
| Killingholme Land Limited                               | 08320297                          | 100%   | Property development            |
| Lawnmark Limited  | 04089229                          | 100%   | Dormant                         |
| Newcastle Regeneration Partnership Limited              | 02741086                          | 100%   | Dormant                         |
| Sandpiper Quay (Management Company No.2) Limited        | 02485456                          | 100%   | Dormant                         |
| Shaw Park Developments Limited                          | 04625000                          | 100%   | Ceased trading                  |
| St Modwen Developments (Edmonton) Limited               | 02405853                          | 100%   | Property investment             |
| St Modwen Developments (Meon Vale) Limited              | 05294589                          | 100%   | Dormant                         |
| St. Modwen (Shelf 1) Limited                            | 02741186                          | 100%   | Dormant                         |
| St. Modwen Developments (Clay Cross) Limited            | 123891                            | 100%   | Property investment             |
| St. Modwen Developments (Facility Services) Limited     | 08996358                          | 100%   | Dormant                         |
| St. Modwen Developments (Llanwern) Limited              | 123892                            | 100%   | Property investment             |
| St. Modwen Developments (Longbridge East Works) Limited | 123893                            | 100%   | Property investment             |
| St. Modwen Developments (Kirkby 2) Limited              | 09746395                          | 100%   | Property development/investment |
| St. Modwen Developments (Quinton) Limited               | 01479159                          | 100%   | Dormant                         |
| St. Modwen Hungerford Limited                           | 06160323                          | 100%   | Ceased trading                  |
| St. Modwen Neath Canal Limited                          | 06160309                          | 100%   | Dormant                         |
| Statedale Limited                                       | 03656832                          | 100%   | Dormant                         |
| Woodingdean Estate Management Company Limited           | 09293061                          | 100%   | Dormant                         |
| <b>Non-wholly owned subsidiaries</b>                    |                                   |  |                                 |
| Littlecombe Community Interest Company                  | 05896419                          | 51%  | Property management             |
| <b>Joint ventures</b>                                   |                                   |  |                                 |
| Barton Business Park Limited                            | 03807742                          | 50%  | Property investment             |
| Bay Campus Developments LLP                             | OC389022                          | 50%  | Dormant                         |
| Meaford Energy Limited                                  | 08575649                          | 50%  | Property development            |
| Meaford Land Limited                                    | 08575760                          | 50%  | Property development            |
| Skypark Development Partnership LLP                     | OC343583                          | 50%  | Property development            |
| Spray Street Quarter LLP*                               | OC404205                          | 50%  | Property development            |
| Wrexham Land Limited                                    | 06748467                          | 50%  | Property development            |
| Wrexham Power Limited                                   | 06762265                          | 50%  | Property development            |
| <b>Associates</b>                                       |                                   |  |                                 |
| Coed Darcy Limited**                                    | 00577934                          | 49%  | Property investment             |
| Baglan Bay Company Limited**                            | 06383208                          | 25%  | Property development            |
| Saxon Business Centre (Management) Limited              | 02470756                          | 40%  | Dormant                         |

**St. Modwen Developments Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 30 November 2019**

**12. INVESTMENTS - continued**

|                                   |          |     |         |
|-----------------------------------|----------|-----|---------|
| Snipe Centre (Management) Limited | 02485535 | 33% | Dormant |
|-----------------------------------|----------|-----|---------|

\* The registered office of this limited liability partnership Bruce Kenrick House, 2 Killick Street, London, N1 9FL.

\*\*The registered office of these companies is Dumfries House, Dumfries Place, Cardiff, CF10 3ZF.

**13. INVESTMENT PROPERTY**

|                           | Total<br>£         |
|---------------------------|--------------------|
| <b>FAIR VALUE</b>         |                    |
| At 1 December 2018        | 650,375,036        |
| Additions                 | 124,237,160        |
| Disposals                 | (96,998,065)       |
| Revaluations              | 42,067,862         |
| Lease incentives          | 1,374,242          |
| Reclassification/transfer | <u>9,951,444</u>   |
| At 30 November 2019       | <u>731,007,679</u> |
| <b>NET BOOK VALUE</b>     |                    |
| At 30 November 2019       | <u>731,007,679</u> |
| At 30 November 2018       | <u>650,375,036</u> |

Freehold investment properties were revalued as at 30 November 2019 and 30 November 2018 by Cushman & Wakefield, Chartered Surveyors in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors, on the basis of market value. The independent valuers provide the fair value of the company's properties every 6 months.

The investment property balance includes the impact of cumulative revaluation movements and would have been included on a historical cost basis at £578,075,471 (2018: £525,396,048).

**14. STOCKS**

|                  | 2019              | 2018<br>as restated |
|------------------|-------------------|---------------------|
|                  | £                 | £                   |
| Work-in-progress | <u>26,993,650</u> | <u>65,624,216</u>   |

An impairment of stocks to net realisable value of £3,896,469 (2018: £1,431,143) and a reversal of past impairments of stocks of £nil (2018: £1,829,389) were recognised in cost of sales.

**St. Modwen Developments Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 30 November 2019**

**15. DEBTORS**

|   | 2019               | 2018<br>as restated |
|---|--------------------|---------------------|
|   | £                  | £                   |
| Amounts falling due within one year:              |                    |                     |
| Trade debtors                                     | 6,186,052          | 6,189,891           |
| Amounts owed by group undertakings                | 331,929,579        | 265,456,360         |
| Amounts owed by joint ventures                    | 1,481,838          | 5,115,205           |
| Other debtors                                     | 19,801,041         | 29,557,452          |
| Other tax and social security                     | 4,821,913          | -                   |
| Prepayments and accrued income                    | 986,883            | 1,464,012           |
|   | <u>365,207,306</u> | <u>307,782,920</u>  |
| <br>Amounts falling due after more than one year: |                    |                     |
| Amounts owed by joint ventures                    | 5,558,359          | -                   |
| Other debtors                                     | 2,077,217          | 6,343,343           |
|   | <u>7,635,576</u>   | <u>6,343,343</u>    |
| <br>Aggregate amounts                             | <u>372,842,882</u> | <u>314,126,263</u>  |

All amounts owed by group undertakings and joint ventures are interest free and repayable on demand.

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                    | 2019               | 2018<br>as restated |
|------------------------------------|--------------------|---------------------|
|                                    | £                  | £                   |
| Finance leases (see note 18)       | 108,213            | 44,776              |
| Trade creditors                    | 17,940,907         | 20,562,600          |
| Amounts owed to group undertakings | 276,756,945        | 253,518,479         |
| Corporation tax                    | 6,065,760          | 14,156,339          |
| Other tax and social security      | -                  | 1,065,044           |
| Other creditors                    | 11,804,537         | 1,248,424           |
| Accruals and deferred income       | 34,664,427         | 35,716,345          |
|                                    | <u>347,340,789</u> | <u>326,312,007</u>  |

All amounts owed to group undertakings and joint ventures are interest free and repayable on demand.

**17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

|                                    | 2019               | 2018<br>as restated |
|------------------------------------|--------------------|---------------------|
|                                    | £                  | £                   |
| Finance leases (see note 18)       | 3,399,841          | 3,019,428           |
| Amounts owed to group undertakings | 474,200,000        | 475,000,000         |
| Other creditors                    | 4,099,817          | -                   |
| Accruals and deferred income       | -                  | 3,961,873           |
|                                    | <u>481,699,658</u> | <u>481,981,301</u>  |

**St. Modwen Developments Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 30 November 2019**

**18. FINANCIAL LIABILITIES - BORROWINGS**

|                              | 2019             | 2018<br>as restated |
|------------------------------|------------------|---------------------|
|                              | £                | £                   |
| Current:                     |                  |                     |
| Finance leases (see note 19) | <u>108,213</u>   | <u>44,776</u>       |
| Non-current:                 |                  |                     |
| Finance leases (see note 19) | <u>3,399,841</u> | <u>3,019,428</u>    |

Terms and debt repayment schedule

|                | 1 year or<br>less | 1-2 years      | 2-5 years      | More than<br>5 years | Totals           |
|----------------|-------------------|----------------|----------------|----------------------|------------------|
|                | £                 | £              | £              | £                    | £                |
| Finance leases | <u>108,213</u>    | <u>123,108</u> | <u>369,322</u> | <u>2,907,411</u>     | <u>3,508,054</u> |

**19. LEASING AGREEMENTS**

Minimum lease payments under finance leases fall due as follows:

|                              | Finance leases<br>2019 | 2018<br>as restated |
|------------------------------|------------------------|---------------------|
|                              | £                      | £                   |
| Gross obligations repayable: |                        |                     |
| Within one year              | 315,146                | 223,952             |
| Between one and five years   | 1,260,584              | 895,808             |
| In more than five years      | <u>5,011,976</u>       | <u>5,191,694</u>    |
|                              | <u>6,587,706</u>       | <u>6,311,454</u>    |
| Finance charges repayable:   |                        |                     |
| Within one year              | 206,933                | 179,176             |
| Between one and five years   | 768,154                | 688,173             |
| In more than five years      | <u>2,104,565</u>       | <u>2,379,901</u>    |
|                              | <u>3,079,652</u>       | <u>3,247,250</u>    |
| Net obligations repayable:   |                        |                     |
| Within one year              | 108,213                | 44,776              |
| Between one and five years   | 492,430                | 207,635             |
| In more than five years      | <u>2,907,411</u>       | <u>2,811,793</u>    |
|                              | <u>3,508,054</u>       | <u>3,064,204</u>    |

**St. Modwen Developments Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 30 November 2019**

**20. PROVISIONS FOR LIABILITIES**

|                                | <b>2019</b>              | <b>2018</b>              |
|--------------------------------|--------------------------|--------------------------|
|                                | <b>£</b>                 | <b>as restated<br/>£</b> |
| Deferred tax                   |                          |                          |
| Accelerated capital allowances | 1,937,162                | 2,113,498                |
| Other timing differences       | 36,513                   | (14,428)                 |
| Property revaluations          | <u>18,693,615</u>        | <u>12,678,414</u>        |
|                                | <u><b>20,667,290</b></u> | <u><b>14,777,484</b></u> |
| Other provisions               | <u><b>1,832,967</b></u>  | <u><b>-</b></u>          |
| Aggregate amounts              | <u><b>22,500,257</b></u> | <u><b>14,777,484</b></u> |
|                                | <b>Deferred tax</b>      | <b>Other provisions</b>  |
|                                | <b>£</b>                 | <b>£</b>                 |
| Balance at 1 December 2018     | 14,777,484               | -                        |
| Provided during year           | 5,889,806                | 2,000,000                |
| Utilised during year           | <u>-</u>                 | <u>(167,033)</u>         |
| Balance at 30 November 2019    | <u><b>20,667,290</b></u> | <u><b>1,832,967</b></u>  |

Other provisions totalling £1,832,967 relate to a provision which has been made in relation to a claim against the company. Based on expert advice and the range of possible outcomes, the company considers it appropriate to provide for potential settlement costs. The company continues to keep this area under assessment over the amount and timing of any outflow of economic benefits and therefore the carrying value of the provision.

**21. CALLED UP SHARE CAPITAL**

| Allotted, issued and fully paid: |          |                | <b>2019</b>          | <b>2018</b>          |
|----------------------------------|----------|----------------|----------------------|----------------------|
| Number:                          | Class:   | Nominal value: |                      | as restated          |
|                                  |          |                | <b>£</b>             | <b>£</b>             |
| 30,000                           | Ordinary | £1             | <u><b>30,000</b></u> | <u><b>30,000</b></u> |

**22. ULTIMATE PARENT COMPANY**

The company's immediate and ultimate parent company is St. Modwen Properties PLC, a company registered in England and Wales. Copies of the group annual report and financial statements of St. Modwen Properties PLC are available from the registered office of Park Point, 17 High Street, Longbridge, B31 2UQ. This is the smallest and largest group into which this company is consolidated.



**St. Modwen Developments Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 30 November 2019**

**23. RELATED PARTY DISCLOSURES**

At 30 November 2019 the company had £5,558,359 (2018: £5,077,419) of A, B and D loan notes and the associated accrued interest outstanding with Sky Park Developments LLP and an additional accounts payable balance of £1,408,103 (2018: £nil). In addition, the company has current account receivables with Key Property Investments (Number Two) Limited, Key Property Investments (Number Six) Limited and KPI I S.à.r.l. for a total amount of £73,735 (2018: £18,843). The loan notes, accrued interest and current account balances are all repayable on demand.

The company recognised development fee income of £1,531,511 (2018: £877,862) from VSM (NCGM) Limited where it is involved in the development of the New Covent Garden Market site on the joint venture's behalf.

**24. POST BALANCE SHEET EVENTS**

The unprecedented recent events related to COVID-19 have started to cause significant disruption to the global and UK economy. The duration and magnitude of this disruption and hence the impact on our financial results are impossible to predict at present. However, these events have occurred since the balance sheet date and as a result are considered to be non-adjusting post balance sheet events.