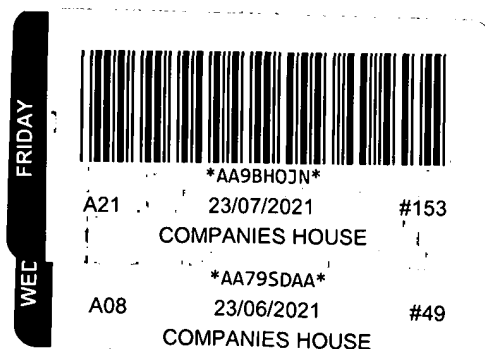


AMENDING

ST. MODWEN DEVELOPMENTS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020**



ST. MODWEN DEVELOPMENTS LIMITED

COMPANY INFORMATION

Directors	Lisa Minns Guy Gusterson Robert Hudson Sarwjit Sambhi Remco Simon David Smith Olivia Troughton
Registered number	00892832
Registered office	Park Point 17 High Street Longbridge Birmingham B31 2UQ
Independent auditors	KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH

ST. MODWEN DEVELOPMENTS LIMITED

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ST. MODWEN DEVELOPMENTS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 NOVEMBER 2020

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:

	2020	2019
	£	£
Turnover (£'000)	54,814	95,835
Rental income	30,943	28,762
Development sales	22,394	65,699
Other activities income	1,477	1,374
Profit/(loss) before tax (£'000)	(51,186)	70,015
Net assets (£'000)	301,203	348,619
Land prepared for development (acres)	157	235
Industrial and logistics space delivered (m sq ft)	0.9	0.8

FINANCIAL REVIEW

The company generated a pre-tax loss of £51.2m in 2020 down from a profit of £70.0m in 2019. This was largely driven by a reduction in the valuation of our South Wales residential land assets as well as further reductions in the remaining retail portfolio.

The principal drivers for the reduction in South Wales were an increase in the development risk premium reflecting the size and nature of both sites, which at c. 4,000 plots each are considerably larger than any of our other sites, new legislation around surface water drainage in Wales, Section 106 changes and remediation cost.

Our retail assets have 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 has led to a reduction in development sales to £22.4m (2019: £65.7m). This was the material driver of the overall reduction in turnover to £54.8m (2019: £95.8m).

Our portfolio realignment has also seen the company continue to dispose of non-core assets, including Westlands Business Park and Shrub Hill, Worcester. The impact of these sales was offset by new development lettings in our logistics portfolio, resulting in an increase in rental income of 8% to £30.9m.

ST. MODWEN DEVELOPMENTS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

BUSINESS REVIEW

The company has a committed pipeline of 1.1m sq ft, providing an expected rental value of £9m and a gross development value of more than £110m, which is largely expected to be complete within the next financial year.

The company delivered 0.9m sq ft of industrial and logistics space in the year, up from 0.8m sq ft in the previous financial year, of which 48% was let or under offer as at 30th November 2020 with a further 39% 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 157 acres of land for development in the year, down from 235 acres in the previous financial year.

FUTURE DEVELOPMENTS

The future strategy of the company is to concentrate activities on sectors that have long-term structural growth characteristics while targeting an improvement in our return on capital, growing our income and enhancing our operational flexibility through tightly managing financial leverage.

UPDATE ON CURRENT TRADING

The unprecedented events related to COVID-19 have caused 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. The business continues to be fully operational 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 (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

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. While we have seen Covid-19 impact the company in 2020 due to enforced lockdowns and the residual impact on the economy, our performance has been positive with our portfolio remaining resilient.

The development programme for both residential homes 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 Covid-19 and associated economic uncertainties, remains high.

Political

National, international and local political uncertainties affect the company. Government changes in stamp duty and Help to Buy continue to support demand for housing mitigating 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 changes to Government support for housebuilding, 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 logistics space, along with developments in our response to changes in associated risks, such as cyber risks and other catastrophic business events such as COVID-19 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, technological and working environments 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 Executive Committee and the Board of St. Modwen Properties PLC.

The short-term Brexit risk has reduced with the UK's transition period from leaving the EU ending with a new trade agreement in place. However, the full effects from leaving the EU on the UK economy will only become visible over time and 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 continues to review and monitor the possible impacts of Brexit on the contractor

ST. MODWEN DEVELOPMENTS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

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. Our strategies for 2021 onwards must be assessed and aligned to market conditions and economic considerations, with upside and downside scenario analysis informing prudent, risk-based decision making.

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 such as climate change 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 2024 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 Executive Committee, 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

On 31 December 2020, the UK's transition period from leaving the EU ended with a new trade agreement in place, which means we avoided any potential disruption in our supply chains, although the full effects from leaving the EU on the UK economy, import prices and labour will only become visible over time.

ST. MODWEN DEVELOPMENTS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

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.

ST. MODWEN DEVELOPMENTS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

Section 172 statement

The Directors are committed to compliance with reporting regulations and are pleased to provide a statement that supports Section 172(1) of the Companies Act 2006.

This requires that the Directors promote the success of the Company for the benefit of the members as a whole, having regard to the interests of stakeholders in their decision making. In particular, we are required to make a statement describing how the directors have had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 when performing their duties under section 172.

St. Modwen Developments Limited is a wholly owned subsidiary company of St. Modwen Properties PLC and does not have any employees. Decisions and policies affecting Group employees, environmental considerations, wider stakeholders and key areas of business conduct and culture are taken at Group level and details can be found in the St. Modwen Properties PLC annual report for the financial year ended 30 November 2020. This includes its S.172 statement on page 12, available to view at www.stmodwen.co.uk.

Set out below are some details of how St. Modwen Developments Limited has had due regard to the matters set out in Section 172(1):

The likely consequences of any decision in the long term and the desirability of the company to maintain a reputation for high standards of business conduct

The strategy of the Group applies to the Company, as a member of the Group, and shapes the Company's business operations and activities. Details of the Group's long-term strategy can be found in St. Modwen Properties PLC's 2020 Annual Report from page 14, which is available at www.stmodwen.co.uk. Policies and practices are applied throughout the Group via management teams and a common corporate governance framework. One of the Company's key values is doing the right thing. To ensure the highest level of compliance with all applicable legal and regulatory requirements the Company operates within the parameters of Group policies such as the anti-bribery policy and gifts and hospitality policy as well as adopting measures to prevent Modern Slavery in business activities.

As a subsidiary of St. Modwen Properties PLC, the Company holds the same values and principles, which underpin all of its operations. By considering these alongside set strategic priorities and the governance framework, we aim to make reasoned and cogent decisions.

Promoting the success of the Company

By monitoring and considering trends relevant to property development and investment there is a concentration on activities in sectors that have long-term structural growth, particularly in residential development and logistics. This is driven by the continued rise of e-commerce and increased supply chain requirements.

By growing our retained pipeline of developed assets, we also deliver sustainable income for the Company whilst continuing our non-core disposal programme and closely managing costs. With regards to commercial contracts, decisions were made that were in alignment to Group core values and strategy, the financial case, and our approach to risk management, which included the internal control framework and risk evaluations (climate risk also included). Further details on our risk management can be found on page 38 of St. Modwen Properties PLC's 2020 Annual Report.

The need to foster the Company's business relationships with suppliers, customers and others

Understanding and engaging with our stakeholders is key, we aim to know our customers and partners and what drives them by listening, including taking into account the results of customer and supply chain feedback.

To ensure business continuity we maintain a resilient supply chain, with trusted and verified suppliers via a supplier selection process and in the year developed a supply chain charter applicable group-wide. With responsible operating practices we maintain good relationships, for example through prompt payment practices and terms and focus on safety for our partners, customers and the group's employees; our responsible business approach is to positively impact working practices.

ST. MODWEN DEVELOPMENTS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 NOVEMBER 2020**

In accordance with requirements, this section 172(1) statement will be published on St. Modwen Properties PLC's website www.stmodwen.co.uk.

This report was approved by the board on 20 May 2021 and signed on its behalf.



Robert Hudson
Director

ST. MODWEN DEVELOPMENTS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2020**

The directors present their report and the financial statements for the year ended 30 November 2020.

Results and dividends

The loss for the year, after taxation, amounted to £47,415,980 (2019 - *profit* £58,627,648).

The directors do not recommend a payment of a final dividend (2019: £nil).

Directors

The directors who served during the year were:

Andrew Eames (resigned 24 March 2021)
Guy Gusterson
Robert Hudson
Sarwjit Sambhi (appointed 16 November 2020)
Remco Simon
David Smith
Mark Allan (resigned 13 April 2020)

Rupert Joseland resigned as director after 30 November 2020 but prior to the date of this report.

Olivia Troughton was appointed director after 30 November 2020 but prior to the date of this report (15 March 2021)

Lisa Minns was appointed director after 30 November 2020 but prior to the date of this report (24 March 2021).

ST. MODWEN DEVELOPMENTS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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.

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 auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

ST. MODWEN DEVELOPMENTS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 NOVEMBER 2020**

Auditors

KPMG LLP, our appointed auditor, have conducted the audit for the year ended 30 November 2020 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.

This report was approved by the board on 20 May 2021 and signed on its behalf.



Robert Hudson
Director

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 2020 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 2020 and of its loss 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 analysed 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.

Independent Auditor's Report to the members of St. Modwen Developments Limited (*continued*)

Directors' report

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

Our responsibility is to read 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 1, 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.

Independent Auditor's Report to the members of St. Modwen Developments Limited (*continued*)

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.



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

24 May 2021.

ST. MODWEN DEVELOPMENTS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 NOVEMBER 2020**

	Note	2020 £	2019 £
Turnover	3	54,813,614	95,834,928
Cost of sales		(36,109,093)	(67,627,418)
Gross profit		18,704,521	28,207,510
Administrative expenses		27,605	(356,964)
Other operating expense	4	(1,729,499)	(135,795)
(Loss)/gain on revaluation of assets		(55,589,527)	42,067,862
Operating (loss)/profit	5	(38,586,900)	69,782,613
Amounts written off investments		(12,802,136)	-
Interest receivable and similar income	6	424,675	495,182
Interest payable and expenses	7	(222,010)	(262,652)
(Loss)/profit before tax		(51,186,371)	70,015,143
Tax on (loss)/profit	8	3,770,391	(11,387,495)
(Loss)/profit for the financial year		(47,415,980)	58,627,648

The notes on pages 18 to 36 form part of these financial statements.

ST. MODWEN DEVELOPMENTS LIMITED
REGISTERED NUMBER: 00892832

BALANCE SHEET
AS AT 30 NOVEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	9	571,960	650,697
Investments	10	56,589,971	68,375,906
Investment property	11	692,130,508	731,007,679
		<u>749,292,439</u>	<u>800,034,282</u>
Current assets			
Stocks	12	18,125,799	26,993,650
Debtors	13	394,906,863	372,842,882
Cash at bank and in hand		13,522,766	289,120
		<u>426,555,428</u>	<u>400,125,652</u>
Creditors: amounts falling due within one year	14	(377,674,904)	(347,340,789)
Net current assets		<u>48,880,524</u>	<u>52,784,863</u>
Total assets less current liabilities		<u>798,172,963</u>	<u>852,819,145</u>
Creditors: amounts falling due after more than one year	15	(481,548,791)	(481,699,658)
		<u>316,624,172</u>	<u>371,119,487</u>
Provisions for liabilities			
Deferred taxation	17	(13,674,179)	(20,667,290)
Other provisions	18	(1,746,743)	(1,832,967)
		<u>(15,420,922)</u>	<u>(22,500,257)</u>
Net assets		<u><u>301,203,250</u></u>	<u><u>348,619,230</u></u>
Capital and reserves			
Called up share capital	19	30,000	30,000
Revaluation reserve		17,328,074	68,297,244
Profit and loss account		283,845,176	280,291,986
		<u><u>301,203,250</u></u>	<u><u>348,619,230</u></u>

ST. MODWEN DEVELOPMENTS LIMITED
REGISTERED NUMBER: 00892832

BALANCE SHEET (CONTINUED)
AS AT 30 NOVEMBER 2020

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



Robert Hudson
Director
20 May 2021

The notes on pages 18 to 36 form part of these financial statements.

ST. MODWEN DEVELOPMENTS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2020**

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 December 2018	30,000	32,063,585	257,897,997	289,991,582
Changes in equity				
Profit for the year	-	-	58,627,648	58,627,648
Transfer of net realised gains from fair value reserve	-	36,233,659	(36,233,659)	-
At 1 December 2019	30,000	68,297,244	280,291,986	348,619,230
Changes in equity				
Loss for the year	-	-	(47,415,980)	(47,415,980)
Transfer of net realised losses to fair value reserve	-	(50,969,170)	50,969,170	-
At 30 November 2020	30,000	17,328,074	283,845,176	301,203,250

The notes on pages 18 to 36 form part of these financial statements.

ST. MODWEN DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2020

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.

2. Accounting policies

2.1 Basis of preparation of financial statements

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, disclosures regarding compensation of Key Management Personnel or comparative information in respect of certain assets. Where required, equivalent disclosures are given in the consolidated financial statements of St. Modwen Properties PLC. The accounting policies set out below have, unless stated otherwise, been applied consistently across all periods presented within these financial statements.

ST. MODWEN DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2020

2. Accounting policies (continued)

2.2 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 1.

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 30 November 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. During January 2021, the unsecured revolving credit facility was increased from £475.0m to £500.0m at terms consistent with the facility in place at 30 November 2020.

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 Annual Reports. 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 2023. 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 2023 used to assess the going concern assumption.

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.

ST. MODWEN DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2020

2. Accounting policies (continued)

2.3 Turnover

The accounting policies for revenue, set out below, reflect the company's application of IFRS 15 Revenue from contracts with Customers on its different revenue streams. In each case below, 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. The specific performance obligations identified for each of the company's significant revenue streams (other than rental income, which is accounted for under IFRS 16 Leases) are set out below.

2.4 Rental income

Rental income from leases granted is accounted for under IFRS 16 Leases. Rental income is 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.

2.5 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.

2.6 Development sales

Turnover arising from the sale of property inventory is recognised on legal completion of the sale. Such disposals are typically for a fixed consideration received on completion, although part of this consideration may be on deferred terms. Development sales also includes contract income. Contract income is recognised by reference to the stage of completion of contract activity where the outcome of the construction contract can be estimated reliably, otherwise revenue is recognised only to the extent of recoverable contract costs incurred.

2.7 Construction contracts

Revenue is recognised over time, with reference to the stage of completion of the contract. The stage of completion is determined using input methods that reflect the development work certified as a proportion of the total expected development cost as the amount of costs incurred is considered proportionate to the satisfaction of the performance obligation. These contracts are typically for a fixed cash consideration received in stage payments over the duration of the contract that broadly, but not exactly, match the satisfaction of the performance obligation over time.

ST. MODWEN DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2020

2. Accounting policies (continued)

2.8 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.

2.9 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.

2.10 Financial instruments

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

2.11 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.

2.12 Cash and cash equivalents

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

ST. MODWEN DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2020

2. Accounting policies (continued)

2.13 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.

2.14 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.

2.15 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.

2.16 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.

ST. MODWEN DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2020

2. Accounting policies (continued)

2.17 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.

2.18 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.

2.19 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.

2.20 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.

ST. MODWEN DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020**

2. Accounting policies (continued)

2.21 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.

3. Turnover

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Rental income	30,943,151	28,761,849
Management fee income	1,476,812	1,374,084
Development sales	22,393,651	65,698,995
	<u>54,813,614</u>	<u>95,834,928</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	54,813,614	95,834,928
	<u>54,813,614</u>	<u>95,834,928</u>

ST. MODWEN DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020**

4. Other operating expense

	2020 £	2019 £
Other income	810,016	2,055,140
Loss on sale of investment property	(2,539,515)	(2,190,935)
	<u>(1,729,499)</u>	<u>(135,795)</u>

5. Operating loss

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 (2019: £nil).

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. Interest receivable

	2020 £	2019 £
Interest receivable from group companies	413,857	480,940
Bank interest	10,818	14,242
	<u>424,675</u>	<u>495,182</u>

7. Interest payable and similar expenses

	2020 £	2019 £
Discount unwind on deferred payment arrangements	3,171	45,008
Finance leases	218,839	217,644
	<u>222,010</u>	<u>262,652</u>

ST. MODWEN DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020

8. Taxation

Analysis of tax (credit)/charge

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	3,222,720	5,497,689
	<u>3,222,720</u>	<u>5,497,689</u>
Total current tax	<u>3,222,720</u>	<u>5,497,689</u>
Deferred tax		
Temporary differences	361,969	229,136
Impact of current year indexation and revaluations	(8,685,648)	5,792,034
Change in rate for provision of deferred tax	2,436,672	(4,296)
Adjustments in respect of prior years	44,418	(127,068)
Net recognition of tax losses	(1,150,522)	-
Total deferred tax	<u>(6,993,111)</u>	<u>5,889,806</u>
Taxation on (loss)/profit on ordinary activities	<u>(3,770,391)</u>	<u>11,387,495</u>

ST. MODWEN DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020

8. Taxation (continued)

Reconciliation of total tax (credit)/charge included in the Statement of Comprehensive Income

The tax assessed for the year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
(Loss)/profit on ordinary activities before tax	<u>(51,186,371)</u>	<u>70,015,143</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(9,725,410)	13,302,877
Effects of:		
Non-deductible or taxable expenses and credits	2,411,988	(1,947,308)
Taxation on investment property	1,283,876	813,376
Change in rate used for provision of deferred tax	2,436,672	(4,296)
Adjustments in respect of prior years	(454,771)	(777,154)
Other property differences	277,254	-
Total tax (credit)/charge for the year	<u>(3,770,391)</u>	<u>11,387,495</u>

Factors that may affect future tax charges

Legislation enacted during the year ended 30 November 2020 included provisions which reversed a proposed reduction in the main rate of corporation tax from 19% to 17% with effect from 1 April 2020. Current tax and deferred tax have therefore been provided at 19%.

ST. MODWEN DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020**

9. Tangible fixed assets

	Plant and machinery £	Short leasehold £	Total £
Cost or valuation			
At 1 December 2019	81,503	685,092	766,595
Disposals	-	1,453	1,453
At 30 November 2020	<u>81,503</u>	<u>686,545</u>	<u>768,048</u>
Depreciation			
At 1 December 2019	42,537	73,361	115,898
Charge for the year	8,639	72,456	81,095
Disposals	-	(905)	(905)
At 30 November 2020	<u>51,176</u>	<u>144,912</u>	<u>196,088</u>
Net book value			
At 30 November 2020	<u><u>30,327</u></u>	<u><u>541,633</u></u>	<u><u>571,960</u></u>
At 30 November 2019	<u><u>38,966</u></u>	<u><u>611,731</u></u>	<u><u>650,697</u></u>

Short leaseholds totaling £541,633 (2019: £685,092) relate to right of use assets.

ST. MODWEN DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020**

10. Fixed asset investments

	Investments in subsidiary companies £	Investment in joint ventures £	Total £
Cost or valuation			
At 1 December 2019	63,972,560	4,403,346	68,375,906
Additions	2,369,001	1,016,200	3,385,201
Disposals	-	(2,369,000)	(2,369,000)
At 30 November 2020	<u>66,341,561</u>	<u>3,050,546</u>	<u>69,392,107</u>
Impairment			
Charge for the period	12,802,136	-	12,802,136
At 30 November 2020	<u>12,802,136</u>	<u>-</u>	<u>12,802,136</u>
Net book value			
At 30 November 2020	<u>53,539,425</u>	<u>3,050,546</u>	<u>56,589,971</u>
At 30 November 2019	<u>63,972,560</u>	<u>4,403,346</u>	<u>68,375,906</u>

ST. MODWEN DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020**

10. Fixed asset investments (continued)

Subsidiary undertakings

The following is a list of all subsidiary undertakings, joint ventures and associates owned by the company at 30 November 2020. 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 registration number	Principal activity	Holding
Wholly owned subsidiaries	-		
Branston Properties Limited	02893827	Property investment	100%
Broomford Vange Limited	05697168	Ceased trading	100%
Baglan Bay Company Limited	06383208	Property monitoring	100%
Chertsey Road Property Limited	06899060	Dormant	100%
Coed Darcy Limited	00577934	Property investment	100%
Coed Darcy Estates Management Limited	07848407	Property management	100%
Killingholme Energy Limited	08320277	Property development	100%
Killingholme Land Limited	08320297	Property development	100%
Lawnmark Limited	04089229	Dormant	100%
Newcastle Regeneration Partnership Limited	02741086	Dormant	100%
Sandpiper Quay (Management Company No.2) Limited	02485456	Dormant	100%
Shaw Park Developments Limited	04625000	Ceased trading	100%
St Modwen Developments (Edmonton) Limited	02405853	Property investment/development	100%
St Modwen Developments (Meon Vale) Limited	05294589	Dormant	100%
St. Modwen (Shelf 1) Limited	02741186	Dormant	100%
St. Modwen Developments (Clay Cross) Limited	123891	Property investment	100%
St. Modwen Developments (Facility Services) Limited	08996358	Dormant	100%
St. Modwen Developments (Llanwern) Limited	123892	Property investment	100%
St. Modwen Developments (Longbridge East Works) Limited	123893	Property investment	100%
St. Modwen Developments (Kirkby 2) Limited	09746395	Property development	100%
St. Modwen Developments (Quinton) Limited	01479159	Dormant	100%
St. Modwen Hungerford Limited	06160323	Ceased trading	100%
St. Modwen Neath Canal Limited	06160309	Dormant	100%
Statedale Limited	03656832	Dormant	100%
Woodingdean Estate Management Company Limited	09293061	Dormant	100%
Non-wholly owned subsidiaries	-		

ST. MODWEN DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020**

10. Fixed asset investments (continued)**Subsidiary undertakings (continued)**

Name	Registered office	Class of shares	Holding
Littlecombe Community Interest Company	05896419	Property management	51%
Joint ventures	-		
Barton Business Park Limited	03807742	Property investment	50%
Bay Campus Developments LLP	OC389022	Dormant	50%
Meaford Energy Limited	08575649	Property development	50%
Meaford Land Limited	08575760	Property development	50%
Skypark Development Partnership LLP	OC343583	Property development	50%
Spray Street Quarter LLP*	OC404205	Property development	50%
Wrexham Land Limited	06748467	Property development	50%
Wrexham Power Limited	06762265	Property development	50%
Associates	-		
Saxon Business Centre (Management) Limited	02470756	Dormant	40%
Snipe Centre (Management) Limited	02485535	Dormant	33%

ST. MODWEN DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020**

11. Investment property

	Freehold investment property £
Valuation	
At 1 December 2019	731,007,679
Additions	88,312,213
Disposals	(66,612,878)
Revaluations	(55,589,527)
Transfers between classes	3,041,231
Transfers intra group	(8,028,210)
At 30 November 2020	692,130,508

Freehold investment properties were revalued as at 30 November 2020 and 30 November 2019 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 £609,750,431 (2019: £578,075,471).

12. Stocks

	2020 £	2019 £
Long term contract balances	18,125,799	26,993,650
	<u>18,125,799</u>	<u>26,993,650</u>

An impairment of stocks to net realisable value of £5,130,778 (2019: £3,896,469) were recognised in cost of sales.

ST. MODWEN DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020**

13. Debtors

	2020 £	2019 £
Due after more than one year		
Amounts owed by joint ventures	5,972,216	5,558,359
Other debtors	1,663,641	2,077,217
	<u>7,635,857</u>	<u>7,635,576</u>
Due within one year		
Trade debtors	3,734,683	6,186,052
Amounts owed by group undertakings	363,464,061	331,929,579
Amounts owed by joint ventures	1,480,638	1,481,838
Other debtors	14,997,825	19,801,041
Prepayments and accrued income	3,593,799	986,883
Other tax and social security	-	4,821,913
	<u>394,906,863</u>	<u>372,842,882</u>

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

Interest is charged on amounts owed by joint ventures due after more than one year (see note 21).

14. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	20,599,305	17,940,907
Amounts owed to group undertakings	300,062,338	276,756,945
Corporation tax	3,194,710	6,065,760
Lease liabilities	109,588	108,213
Other creditors	20,991,330	11,804,537
Accruals and deferred income	31,150,039	34,664,427
Other tax and social security	1,567,594	-
	<u>377,674,904</u>	<u>347,340,789</u>

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

ST. MODWEN DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020**

15. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Lease liabilities	3,248,974	3,399,841
Amounts owed to group undertakings	474,200,000	474,200,000
Other creditors	4,099,817	4,099,817
	<u>481,548,791</u>	<u>481,699,658</u>

16. Financial liabilities - Borrowings

Future minimum lease payments for:

	2020 £	2019 £
Current	109,588	108,213
Non-current	3,248,974	3,399,841
	<u>3,358,562</u>	<u>3,508,054</u>

The present value of minimum lease payments is analysed as follows:

	2020 £	2019 £
Within one year	109,588	108,213
Between 1-5 years	774,331	492,430
Over 5 years	2,474,643	2,907,411
	<u>3,358,562</u>	<u>3,508,054</u>

ST. MODWEN DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020**

17. Deferred taxation

	2020 £	2019 £
At beginning of year	(20,667,290)	(14,777,484)
Charged to profit or loss	7,037,529	(5,889,806)
Utilised in year	(44,418)	-
At end of year	(13,674,179)	(20,667,290)

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Property revaluations	(11,911,742)	(18,693,615)
Capital allowances	(2,994,104)	(1,937,162)
Other timing differences	-	(36,513)
Unutilised tax losses	1,231,667	-
	(13,674,179)	(20,667,290)

18. Provisions

	Other provision £
At 1 December 2019	1,832,967
Utilised in year	(86,224)
At 30 November 2020	1,746,743

Other provisions totalling £1,746,743 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.

ST. MODWEN DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020

19. Share capital

	2020 £	2019 £
Authorised, allotted, called up and fully paid		
30,000 (2019 - 30,000) Ordinary shares of £1.00 each	<u>30,000</u>	<u>30,000</u>

20. Ultimate controlling party

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.

21. Related party transactions

At 30 November 2020 the company had £5,972,216 (2019: £5,558,359) of A, B and D loan notes and the associated accrued interest outstanding with Skypark Developments LLP and an additional accounts payable balance of £1,408,103 (2019: £1,408,103). 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 £72,535 (2019: £73,735). The loan notes, accrued interest and current account balances are all repayable on demand.

The company recognised development fee income of £706,235 (2019: £1,531,511) from VSM (NCGM) Limited where it is involved in the development of the New Covent Garden Market site on the joint venture's behalf.