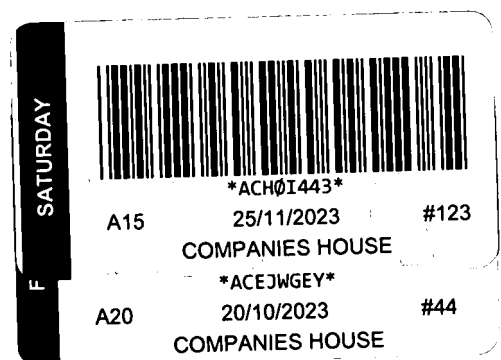


Registered number: 00892832

ST. MODWEN DEVELOPMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022



Registered number: 00892832

ST. MODWEN DEVELOPMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2022

ST. MODWEN DEVELOPMENTS LIMITED

COMPANY INFORMATION

Directors	David Smith Lisa Minns Robert Williams Sarwjit Sambhi
Registered number	00892832
Registered office	Two Devon Way Longbridge Birmingham B31 2TS
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 31 DECEMBER 2022

BUSINESS REVIEW

The principal activities of the company are the development of logistic assets via the St. Modwen Logistics business and the preparation of land for future development. St. Modwen Logistics designs, builds, owns and manages high-quality logistics assets. The developments are concentrated around areas of major infrastructure.

During the year ended 31 December 2022, the St. Modwen Group undertook a major corporate entity reorganisation. The impacts on St. Modwen Developments Limited and its ownership is detailed below.

Group ownership

As part of the acquisition of St. Modwen Properties Limited by Brighton Bidco Ltd in August 2021, a bridge loan was entered into by one of St. Modwen Properties Limited's indirect parent undertakings, Brighton Topco Sarl. This bridge loan was intended to be a temporary borrowing facility and that in due course it would be replaced by secured financing entered into by the logistics property owning companies within the Group.

In order to facilitate this refinancing, Brighton Topco Sarl undertook a legal entity reorganisation during the year ended 31 December 2022, transferring certain entities of the Group to a new corporate group of non-logistics entities beneath St. Modwen Group Holding Company Limited, itself now a direct subsidiary of Brighton Topco Sarl. The resulting change in share capital is detailed in note 22.

Subsequent to the year end, a partial refinancing of the bridge loan completed on 22 February 2023, which saw the standing logistics properties within the Group financed by new senior (£489.4m) and mezzanine (£94.9m) secured borrowing facilities entered into by fellow group undertakings, St. Modwen Logistics Propco Ltd and Brighton Logistics Mezzco Ltd respectively. As such, further subsidiaries transferred from St. Modwen Properties Limited to St. Modwen Group Holding Company Limited (note 25), including St. Modwen Developments Limited.

As part of this refinancing St. Modwen Developments Limited has transferred its logistics asset portfolio of circa £908m to other subsidiaries of St. Modwen Properties Limited subsequent to the year end. As such, the results of the business will be driven by the development assets base going forward.

For further details on the business units' activities please see the websites <https://stmodwenlogistics.co.uk/> and <https://www.stmodwen.co.uk/>.

Responsible business

The company recognises that financial performance must be delivered in tandem with a positive impact on society and the environment. The aim during the financial period was to continue to improve the sustainability of business operations. In 2020, the company's ultimate UK parent, St. Modwen Properties Limited, launched a number of responsible business ambitions in core areas such as net carbon reduction (St. Modwen has aims to become operationally net zero carbon by 2025), biodiversity and sustainable environments, responsible operating practices, health and wellbeing, education and future skills, and diversity and inclusion.

For more information on the St. Modwen Group's responsible business ambitions/strategy please see <https://www.stmodwen.co.uk/delivering-responsibly/>.

ST. MODWEN DEVELOPMENTS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

FINANCIAL REVIEW

St. Modwen Developments Limited reported a net loss of £76.3m (2021: £155.7m profit), principally driven by revaluation losses of £122.7m (2021: gains of £123.9m), with the reduction in the carrying value of its investment property portfolio reflecting the weakened market outlook across the UK during the closing months of the year. Total revenue in 2022 of £69.6m was up 8.8% from £64.0m in 2021, with gross profit also improving year-on-year, up 65% to £38.9m (2021: £23.6m).

As at 31 December 2022, St. Modwen Developments Limited had net assets of £323.8m, down 20% from £404.5m in 2021. The value of its investment property assets increased 8% to £993.3m (2021: £918.2m), despite the aforementioned valuation write-down of £122.7m at the year end following a revaluation of its investment property portfolio in December 2022. The Company's fixed asset investments also increased during the period, closing at a value of £116.3m on 31 December 2022, up 104% from £57.0m in 2021, following a £61.5m investment in subsidiary companies as a result of the Group restructuring.

KEY PERFORMANCE INDICATORS

The Directors use the following key performance metrics to set targets and measure business performance:

	2022 £	2021 £
Turnover (£'000)	69,604	63,990
Rental income	43,753	38,887
Development sales	25,325	23,950
Management fees income	526	1,162
(Loss)/Profit before tax (£'000)	(81,170)	195,677
Net assets (£'000)	323,806	404,468

	2022	2021	% change
St. Modwen Logistics			
New developments completed (m sq. ft.)	1.5	1.2	25
Standing portfolio (m sq. ft.)	6.8	7.0	-3
Future pipeline with planning consent (m. sq. ft)	4.1	4.6	-11

ST. MODWEN DEVELOPMENTS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

PRINCIPAL RISKS AND UNCERTAINTIES

The identification and management of risks is central to the way in which St. Modwen operates within its core markets. Senior management continually assesses the broad and diverse range of risks. Emerging risks are also identified and embedded as part of the risk management system and processes.

Given the disposal of St Modwen Developments Limited's logistics properties subsequent to the year end, the below sections on principal risks and uncertainties reflect the business and group structure post restructure.

Risk management framework

The risks outlined below apply to both the company and the St. Modwen Group Holding Company Limited where they are centrally managed and mitigated. The Group operates a robust process for identifying and managing risk in line with the Risk Management Policy and Framework that has remained in operation throughout the Company's transition from public to private ownership. Risk registers are maintained at strategic, business unit, functional and project level. The principal and emerging risks are regularly considered by the Executive Committee and assessed as part of on-going risk management discussions.

Future developments

There are a number of potential risks and uncertainties which could significantly impact the Group's objectives, reputation, and/or financial strength. These risks include, but are not limited to:

Principal risk: Market Cyclicity

Risk trend: Increased

Risk description: Market uncertainty leading to a reduction in demand or deferral of decisions by occupiers and customers impacting property values and margins and the ability to buy, develop, manage and sell assets at the appropriate time in the property cycle.

Risk mitigations:

- Strategy refresh and business alignment towards sectors with strong structural growth
- Monitoring of economic and business KPIs
- Completion of horizon scanning, scenario planning and cash flow forecasting to continuously assess the impact of changing market conditions
- Commercial initiatives and targets are identified to recover profitability and accelerate sales and leasing through innovative action
- Full reviews of the cost of construction and design code have been completed to identify improvements
- Investment Committee review of investment proposals and ongoing monitoring of capital commitments
- Active market reviews with strategic acquisitions and disposals
- Active members of local business and community groups as well as industry and professional bodies

Principal risk: Catastrophic Business Event

Risk trend: Static

Risk description: A critical emergency, including pandemic disease, cybercrime or power shortage could severely disrupt global markets (including property and finance) and cause significant damage to our portfolio, external demand, operations and our people.

Risk mitigations:

- Comprehensive Group and Site Business Continuity Plans, crisis management plans and IT Disaster Recovery plans regularly tested
- Appropriate insurance in place across the portfolio
- Robust Health and Safety Management system and governance in place
- Supplier relationship management and dialogue with our supply chain partners

Principal risk: People and Talent

Risk trend: Static

Risk description: Inability to attract, retain, and develop the right people and skills required to achieve the business objectives in a culture and environment where employees can thrive.

Risk mitigations:

ST. MODWEN DEVELOPMENTS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

- People plan includes recruitment, retention and talent management strategies and we continue to work towards Diversity and inclusion targets.
- Continued review and recruitment to key positions and areas of skill needed
- We have developed our people using competencies and appraisals aligned to learning and development solutions including Leadership and People Management Programmes
- Embedded Health and Wellbeing strategy and support as part of Responsible Business
- On-going Mental Health training and support including mental health first aiders, and regular wellbeing communications
- Continue to embed agile working to promote flexibility and reduce stress
- Salaries and benefits are regularly benchmarked and aligned to Group and individual performance
- Regular employee engagement surveys
- Succession plans for senior and critical roles

Principal risk: Climate Change and Environment

Risk trend: Static

Risk description: Failure to properly identify and mitigate risks from climate change, leading to a negative impact on our reputation, disruption in our operations and potentially stranded assets.

Risk mitigations:

- Responsible Business Framework and plans embedded within each business unit.
- Annual environmental risk assessments and audit.
- Environmental management and contamination remediation plans.
- Warranties for professional and remediation contractors.

Principal risk: Development

Risk trend: Static

Risk description: Our Development Strategy is designed to address key risks that could adversely impact underlying income and performance including letting exposure, WIP exposure, construction timing and costs, major contractor failure and adverse planning judgements.

Risk mitigations:

- Robust monitoring processes in place in relation to the progression of land and development pipelines
- Experienced pre-development and construction teams closely monitor design, construction, and overall delivery process
- Flexible development pipeline and diverse product mix
- Supplier due diligence and financial health monitoring
- Balancing speculative development vs. Build to Suit
- Investment Committee in place to ensure alignment with business strategy

Principal risk: Customers

Risk trend: Static

Risk description: The need to balance customer expectations to ensure demand is met, underpinned by effective relationships with both customers and occupiers. This includes the elevated customer expectations in relation to sustainability and increased green space post pandemic.

Risk mitigations:

- Dedicated Asset Managers continuing to assess and support assets.

Principal risk: Political, Legal, Regulatory and Compliance

Risk trend: Static

Risk description: The Group must anticipate significant political, legal, tax or other regulatory changes including planning changes at national or local level. As strategy is assessed and governance structures aligned, the Group must be aware of the associated tax risks.

Risk mitigations:

- Dedicated Health & Safety (H&S) Function, Risk Register and Committee with H&S KPIs monitored, reported, and actioned and H&S Training
- Dedicated Tax Function and Tax Risk Register with support from PwC
- Standard Terms and Conditions and robust process for approving deviation from these
- In-house and outsourced legal support with material Litigation and Contingent Liability Registers

ST. MODWEN DEVELOPMENTS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

- Mandatory training in place

Principal risk: Portfolio and Capital Investment Strategy

Risk trend: Increased

Risk description: Financing strategy must support the portfolio strategy and there are inherent risks in relation to investment, access to capital, and covenant compliance, in meeting investment and operational requirements.

Risk mitigations:

- Investment in 2022 is aligned to our growth fundamentals and our strategic direction
- Regular management calls assessing covenant compliance and cashflow forecasting
- Ongoing portfolio review, in alignment with an acquisition and divestment programme
- New reporting and monitoring structures embedded
- The scale and quality of our business enable us to access a diverse range of sources of finance
- We have supportive shareholders who have strong external relationships with lenders
- We maintain good long-term relationships with our key financing partners

Principal risk: Health, Safety and Environment

Risk trend: Static

Risk description: Failure to identify, mitigate and/or react effectively to a major health, safety or security incident.

Risk mitigations:

- Internal Health and Safety team in place to develop systems and provide advice and support to the business
- Mandatory training in place for high-risk topics

Principal risk: Information Systems/Cyber Security

Risk trend: Static

Risk description: Loss of data, or disruption to business systems and processes, resulting in a negative impact (reputational, operational, regulatory or financial).

Risk mitigations:

- Dedicated Information Security and Governance team
- Information and Data Security Management in place, including network resilience, back up, system monitoring, incident management, penetration testing, and multi factor authentication and cyber training
- Business continuity, crisis management and IT disaster recovery plans in place that are tested regularly

Principal risk: Supply Chain Management

Risk trend: Static

Risk description: Returns from the Group's investments are reduced due to delays and cost increases caused by either a main contractor or major subcontractor defaulting during the project.

Risk mitigations:

- We regularly review supply chain risk and act where necessary (e.g., through diversification/insurance etc.)
- Regular monitoring of our contractors is undertaken, including their financial health
- Contractors are paid promptly and are encouraged to pay subcontractors promptly
- Key construction packages are entered into early in a project's life to reduce the risks associated with later default
- We have a well-established supply chain, with strong working relationships

Principal risk: Transformation/Volume of Change

Risk trend: Increased

Risk description: We fail to deliver the benefits associated with large business transformation programmes.

Risk mitigations:

- Experienced internal team supplemented by strong transformational professionals where required
- Standard project management methodology in place that is aligned with best practice
- Strong governance structures in place on large scale projects with subject matter expert involvement

ST. MODWEN DEVELOPMENTS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

Principal risk: Control Environment/Fraud

Risk trend: Static

Risk description: The Group does not have in place an effective control environment that looks to reduce the risk of misstatement and fraud and error.

Risk mitigations:

- We have key business policies in place, which are regularly reviewed
- We have established and well understood processes in place, which will be enhanced and automated through our business transformation programme

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.

At the date of this report St. Modwen Developments Limited is a wholly owned subsidiary company of St. Modwen Group Holding Company Limited 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 Group Holding Company Limited financial statements for the annual report for the period ended 31 December 2022. This includes its S.172 statement on pages [10-12], 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. Our purpose of 'Changing Places. Creating Better Futures' underpins all the activities of the group. 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 our business activities.

As a subsidiary of St. Modwen Group Holding Company Limited, 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. 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. Further details on our risk management can be found on pages 6-8 of St. Modwen Group Holding Company Limited's 2022 Financial Statements.

ST. MODWEN DEVELOPMENTS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022**

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 continued to apply 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 wider group employees; our responsible business approach is to positively impact working practices.

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

This report was approved by the board on 28th September 2023

and signed on its behalf.



Robert Williams
Director

ST. MODWEN DEVELOPMENTS LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2022**

The directors present their report and the financial statements for the year ended 31 December 2022.

Results and dividends

The loss for the year, after taxation, amounted to £76,344,366 (2021 - profit £155,664,642).

During the year ended 31 December 2022 a dividend of £4,317,083 was paid (2021: £52,400,000).

Directors

The directors who served during the period were:

David Smith
Olivia Troughton (resigned 31st July 2023)
Lisa Minns
Sarwjit Sambhi
Guy Gusterson (resigned 31 March 2022)

Rachel Kentleton resigned as a director after 31 December 2022 but prior to the date of this report (resigned 31 March 2023).

Robert Williams was appointed as a director after 31 December 2022 but prior to the date of this report (appointed 31 March 2023).

ST. MODWEN DEVELOPMENTS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

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.

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

Going concern

Notwithstanding net current liabilities of £727,266,079 as at 31 December 2022, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have performed a going concern assessment which indicates that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due during the going concern assessment period.

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

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022**

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board on 28th September 2023 and signed on its behalf.



Robert Williams
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 31 December 2022 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 31 December 2022 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").

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.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company does not trade.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to many other laws and regulations where the consequences of noncompliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, UK planning and building and fire safety regulations and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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 8, 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.

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.



Michael Worn (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
 One Snow Hill
 Snow Hill Queensway
 Birmingham
 B4 6GH
 29 September 2023

ST. MODWEN DEVELOPMENTS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

		31 December 2022 £	13 month period ending 31 December 2021 £
	Note		
Turnover	3	69,603,580	63,989,873
Cost of sales		(30,683,887)	(40,438,009)
Gross profit		38,919,693	23,551,864
Administrative expenses		(8,344,549)	29,914
Other operating income/(expense)	4	2,986,656	(4,488,315)
Fair value movements		(122,731,998)	123,943,314
Operating (loss)/profit	5	(89,170,198)	143,036,777
Income from investments		-	52,400,000
Amounts written off investments	13	(2,535,295)	-
Profit on disposal of investments	13	8,545,361	-
Interest receivable and similar income	8	2,189,189	476,464
Interest payable and similar expenses	9	(199,269)	(228,797)
(Loss)/profit before tax		(81,170,212)	195,684,444
Tax on (loss)/profit	10	4,825,846	(40,019,802)
(Loss)/profit for the financial year/ period		(76,344,366)	155,664,642

There was no other comprehensive income for 2022 (2021: £nil).

The notes on pages 18 to 37 form part of these financial statements.

ST. MODWEN DEVELOPMENTS LIMITED
REGISTERED NUMBER: 00892832

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	12	409,049	484,583
Investments	13	116,304,941	57,037,771
Investment property	14	990,160,032	918,233,245
		<u>1,106,874,022</u>	<u>975,755,599</u>
Current assets			
Stocks	15	11,097,243	21,555,796
Debtors: amounts falling due within one year	16	296,148,544	423,634,778
Cash at bank and in hand		1,157,561	-
		<u>308,403,348</u>	<u>445,190,574</u>
Creditors: amounts falling due within one year	17	(1,035,669,427)	(472,869,974)
Net current liabilities		<u>(727,266,079)</u>	<u>(27,679,400)</u>
Total assets less current liabilities		<u>379,607,943</u>	<u>948,076,199</u>
Creditors: amounts falling due after more than one year	18	(9,612,675)	(484,917,262)
		<u>369,995,268</u>	<u>463,158,937</u>
Deferred taxation	20	(41,768,263)	(54,921,045)
Other provisions	21	(4,420,562)	(3,770,000)
		<u>(46,188,825)</u>	<u>(58,691,045)</u>
Net assets		<u><u>323,806,443</u></u>	<u><u>404,467,892</u></u>
Capital and reserves			
Called up share capital	22	30,000	30,000
Revaluation reserve		124,267,593	109,457,303
Profit and loss account		199,508,850	294,980,589
		<u><u>323,806,443</u></u>	<u><u>404,467,892</u></u>

ST. MODWEN DEVELOPMENTS LIMITED
REGISTERED NUMBER: 00892832

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28th September 2023



Director Robert Williams

The notes on pages 18 to 37 form part of these financial statements.

ST. MODWEN DEVELOPMENTS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 December 2020	30,000	17,328,074	283,845,176	301,203,250
Changes in equity				
Profit for the period	-	-	155,664,642	155,664,642
Transfer of net realised losses from revaluation reserve	-	92,129,229	(92,129,229)	-
Total comprehensive income for the period	-	92,129,229	63,535,413	155,664,642
Distributions to owners				
Dividends paid (note 11), being total transactions with owners	-	-	(52,400,000)	(52,400,000)
At 1 January 2022	30,000	109,457,303	294,980,589	404,467,892
Changes in equity				
Loss for the period	-	-	(76,344,366)	(76,344,366)
Transfer of net unrealised gains to revaluation reserve	-	14,810,290	(14,810,290)	-
Total comprehensive loss for the period	-	14,810,290	(91,154,656)	(76,344,366)
Distributions to owners				
Dividends paid (note 11), being total transactions with owners	-	-	(4,317,083)	(4,317,083)
At 31 December 2022	30,000	124,267,593	199,508,850	323,806,443

The notes on pages 18 to 37 form part of these financial statements.

ST. MODWEN DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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 UK-adopted international accounting standards ("UK-adopted IFRS"), but makes amendments where necessary in order to comply with 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, disclosure of 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 Group Holding Company Limited. The accounting policies set out below have, unless stated otherwise, been applied consistently across all periods presented within these financial statements.

2.2 Going concern

Notwithstanding net current liabilities of £727,266,079 as at 31 December 2022, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have performed a going concern assessment which indicates that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due during the going concern assessment period.

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 PERIOD ENDED 31 DECEMBER 2022

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 PERIOD ENDED 31 DECEMBER 2022

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.

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 PERIOD ENDED 31 DECEMBER 2022

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 income and expense are recognised in the statement of comprehensive income using the effective interest method.

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 PERIOD ENDED 31 DECEMBER 2022

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 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

2.20 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

ST. MODWEN DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.21 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.

2.22 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:

	2022 £	2021 £
Rental income	43,752,651	38,877,364
Management fee income	526,241	1,162,340
Development sales	25,324,688	23,950,169
	<u>69,603,580</u>	<u>63,989,873</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	69,603,580	63,989,873
	<u>69,603,580</u>	<u>63,989,873</u>

ST. MODWEN DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

4. Other operating income/(expense)

	2022 £	2021 £
Other operating income	300,472	259,507
Profit/(loss) on disposal of investment property	2,686,184	(4,747,822)
	<u>2,986,656</u>	<u>(4,488,315)</u>

5. Operating profit/(loss)

The audit fee was borne by the intermediate parent company, St. Modwen Properties Limited and not recharged. £13,500 of the audit fee was specifically attributable to the company (2021: £nil).

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

None of the directors received any remuneration paid by the company during the current financial period 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. Directors' remuneration

Directors' remuneration during the period was £2,730,226 (2021: £900,054)

Amounts receivable under long term incentive schemes were £nil (2021: amounts payable of £356,796).

Contributions to money purchase pension plans during the year was £nil (2021: £nil).

Compensation for loss of office during the period was £nil (2021: £242,339).

Total directors' remuneration was therefore £2,730,226 (2021: £1,499,188).

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £1,339,181 (2021: £311,305).

The remuneration of the directors is paid by an indirect parent company, St. Modwen Properties Limited.

7. Income from investments

	2022 £	2021 £
Dividends received from subsidiaries	-	52,400,000
	<u>-</u>	<u>52,400,000</u>

ST. MODWEN DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

8. Interest receivable

	2022 £	2021 £
Interest receivable from group companies	2,185,530	462,191
Other interest receivable	3,659	14,273
	<u>2,189,189</u>	<u>476,464</u>

9. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	2,069	5,897
Finance leases interest	197,200	222,900
	<u>199,269</u>	<u>228,797</u>

10. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on (losses)/profits for the year/period	8,326,936	(1,227,064)
Total current tax	<u>8,326,936</u>	<u>(1,227,064)</u>
Deferred tax		
Temporary differences	1,439,072	1,032,201
Impact of current year/period indexation and revaluations	(10,709,073)	31,746,059
Change in rate for provision of deferred tax	(4,489,814)	7,145,901
Net derecognition of tax losses	3,178,066	-
Adjustments in respect of prior years	(2,571,033)	1,322,705
Total deferred tax	<u>(13,152,782)</u>	<u>41,246,866</u>
Tax on (loss)/profit	<u>(4,825,846)</u>	<u>40,019,802</u>

ST. MODWEN DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

10. Taxation (continued)**Reconciliation of total tax (credit)/charge included in the Statement of Comprehensive Income**

The tax assessed for the period is lower than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
(Loss)/profit before tax	<u>(81,170,212)</u>	<u>195,684,444</u>
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	<u>(15,422,340)</u>	<u>37,180,044</u>
Effects of:		
Non-deductible or taxable expenses and credits	(389,052)	(10,361,907)
Taxation on investment property	8,828,158	5,876,036
Adjustments in respect of prior years	797,206	179,728
Impact of indexation on investment property	(700,471)	-
Change in rate used in provision of deferred tax	(4,489,814)	7,145,901
Movement in recognition of deferred tax on losses	6,550,467	-
Total tax (credit)/charge for the year/period	<u>(4,825,846)</u>	<u>40,019,802</u>

Factors that may affect future tax charges

Since 1 April 2020, the UK corporation tax rate applicable has been at 19%. A change to the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023 was announced in the Budget on 3 March 2021, and was substantively enacted on 24 May 2021. Accordingly, UK deferred tax has been provided at a rates between 19% and 25% (2021:19% and 25%), reflecting the applicable tax rate at the point when the timing difference is expected to reverse.

11. Dividends

	2022 £	2021 £
Dividends paid	4,317,083	52,400,000
	<u>4,317,083</u>	<u>52,400,000</u>

ST. MODWEN DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

12. Tangible fixed assets

	Plant and machinery £	Short leasehold £	Total £
Cost or valuation			
At 1 January 2022	81,503	686,545	768,048
At 31 December 2022	81,503	686,545	768,048
Depreciation			
At 1 January 2022	59,861	223,604	283,465
Charge for the period	3,078	72,456	75,534
At 31 December 2022	62,939	296,060	358,999
Net book value			
At 31 December 2022	18,564	390,485	409,049
At 31 December 2021	21,642	462,941	484,583

Short leaseholds totaling £390,485 (2021: £462,941) relate to right of use assets.

ST. MODWEN DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

13. Fixed asset investments

	Investments in subsidiary companies £	Investment in joint ventures £	Total £
Cost or valuation			
At 1 January 2022	53,539,425	3,498,346	57,037,771
Additions	61,486,717	330,750	61,817,467
Disposals	(15,002)	-	(15,002)
At 31 December 2022	<u>115,011,140</u>	<u>3,829,096</u>	<u>118,840,236</u>
Impairment			
At 1 January 2022	-	-	-
Charge for the period	-	2,535,295	2,535,295
At 31 December 2022	<u>-</u>	<u>2,535,295</u>	<u>2,535,295</u>
Net book value			
At 31 December 2022	<u>115,011,140</u>	<u>1,293,801</u>	<u>116,304,941</u>
At 31 December 2021	<u>53,539,425</u>	<u>3,498,346</u>	<u>57,037,771</u>

Additions in the year amounting to £61,486,717, arose as a result of the restructuring and refinancing transactions completed in the year.

During the year, the company disposed of its investments in St. Modwen Group Holding Company Limited and St. Modwen Developments (Longbridge East Works) Limited.

Subsequent to the year end, on 31 January 2023, St. Modwen Developments Limited ceased to be the company of significant control of Spray Street Quarter LLP. This investment was impaired by £2,535,295 at the year end.

The following is a list of all subsidiary undertakings, joint ventures and associates owned by the company at 31 December 2021 and 2022 (unless otherwise stated). All are incorporated in England and Wales with registered office at 2 Devon Way, Longbridge, Birmingham, B31 2TS, with any exceptions noted below. The share capital of each of the companies, where applicable, comprises of ordinary shares.

ST. MODWEN DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

13. Fixed asset investments (continued)

Subsidiaries

Name	Registered office	Class of shares	Holding
Wholly owned subsidiaries	-		
Branston Properties Limited (audit exempt by parental guarantee)	02893827	Property investment	100%
Broomford Vange Limited (audit exempt by parental guarantee)	05697168	Ceased trading	100%
Baglan Bay Company Limited (audit exempt by parental guarantee)	06383208	Property monitoring	100%
Chertsey Road Property Limited	06899060	Dormant	100%
Coed Darcy Limited (audit exempt by parental guarantee)	00577934	Property investment	100%
Coed Darcy Estates Management Limited (audit exempt by parental guarantee)	07848407	Property management	100%
Killingholme Energy Limited (audit exempt by parental guarantee)	08320277	Property development	100%
Killingholme Land Limited (audit exempt by parental guarantee)	08320297	Property development	100%
Lawnmark Limited	04089229	Dormant	100%
Meaford Energy Limited (audit exempt by parental guarantee)	08575649	Property development	100%
Meaford Land Limited (audit exempt by parental guarantee)	08575760	Property development	100%
Newcastle Regeneration Partnership Limited	02741086	Dormant	100%
Sandpiper Quay (Management Company No.2) Limited	02485456	Dormant	100%
Shaw Park Developments Limited (audit exempt by parental guarantee)	04625000	Ceased trading	100%
St Modwen Developments (Edmonton) Limited (audit exempt by parental guarantee)	02405853	Property investment/development	100%
St Modwen Developments (Meon Vale) Limited	05294589	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 (Kirkby 2) Limited (audit exempt by parental guarantee)	09746395	Property development	100%
St. Modwen Developments (Quinton) Limited	01479159	Dormant	100%
St. Modwen Hungerford Limited (audit exempt by parental guarantee)	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:	-		
Littlecombe Community Interest Company	05896419	Property management	51%

ST. MODWEN DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

13. Fixed asset investments (continued)**Subsidiaries (continued)****Associates**

Name	Registered office	Class of shares	Holding
Saxon Business Centre (Management) Limited	02470756	Dormant	40%
Snipe Centre (Management) Limited	02485535	Dormant	33%

Joint ventures

Name	Registered office	Holding
Barton Business Park Limited	03807742	50%
Bay Campus Developments LLP*	OC389022	50%
Skypark Development Partnership LLP	OC343583	50%
Spray Street Quarter LLP**	OC404205	50%
Wrexham Land Limited	06748467	50%
Wrexham Power Limited	06762265	50%

*The registered office of this limited liability partnership is Finance Department, Swansea University, Singleton Park, Swansea, Wales, SA2 8PP.

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

ST. MODWEN DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

14. Investment property

	Freehold investment property £
Valuation	
At 1 January 2022	918,233,245
Additions at cost	217,019,980
Disposals	(22,554,989)
Loss on revaluation	(122,731,998)
Transfer from work in progress	193,794
At 31 December 2022	990,160,032

The 2022 valuations were made by Jones Lang LaSalle (JLL), on an open market value for existing use basis.

Income-producing assets

Income-producing assets have been valued using the investment method which involves applying a yield to rental income streams. Inputs include equivalent yields, current rent and estimated rental value (ERV). The resulting valuations are cross-checked against the resulting initial yields and, for certain assets, the land value underpin if the assets were to be redeveloped.

Sensitivity analysis on key sources of estimation uncertainty in relation to income-producing assets and the resulting impact on fair value indicated that a change in rental value of 5% would result in an increase/(decrease) in sensitivity of 1.0m/(87.0m). A change in equivalent yields of 50 basis points would result in an (increase)/decrease in sensitivity by (101.1m)/24.3m.

Other land assets

Other land assets are valued using the comparable land value method, which comprises a land value per acre less costs to remediate and service the land.

Sensitivity analysis on the key source of estimation uncertainty in relation to other land assets and the resulting impact on fair value indicated that a change in land value per acre of 10% would result in an increase/(decrease) in sensitivity of 67.5m/(55.2m).

Development assets

Development assets are valued using the residual appraisal development method. To derive the value of land, the valuers estimate the gross development value of completed commercial or residential units on a site from which deductions will be made for build costs, remediation and infrastructure costs (the determination of which are informed by third-party cost consultants), finance costs and an appropriate profit margin.

Sensitivity analysis on key sources of estimation uncertainty in relation to development assets and the resulting impact on fair value indicated that a change in sales price of 10% would result in an increase/(decrease) in sensitivity of 73.1m/(73.0m). A change in build costs of 5% would result in an (increase)/decrease in sensitivity by (20.6m)/20.8m. A change in infrastructure costs to complete of 25% would result in an (increase)/decrease in sensitivity by (17.1m)/17.3m.

ST. MODWEN DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

15. Stocks

	2022 £	2021 £
Work in progress	11,097,243	21,555,796
	<u>11,097,243</u>	<u>21,555,796</u>

An impairment of stocks to net realisable value of £700,000 (2021: £3,148,911) were recognised in cost of sales.

Changes in work in progress balances recognised as cost of sales in the year amounted to a credit of £540,053 (2021: charge of £2,627,688).

16. Debtors

	2022 £	2021 £
Due after more than one year		
Amounts owed by related parties	28,159,290	-
Amounts owed by joint ventures and associated undertakings	18,224,950	7,594,402
Other debtors	1,556,043	918,571
	<u>47,940,283</u>	<u>8,512,973</u>
Due within one year		
Trade debtors	27,605,079	6,728,635
Amounts due from owners	1,000	-
Amounts owed by group undertakings	100,078,145	-
Amounts owed by related parties	93,814,924	389,224,244
Amounts owed by joint ventures and associated undertakings	48,455	1,454,193
Other debtors	6,616,631	1,417,720
Prepayments and accrued income	2,208,499	3,979,722
Other tax and social security	-	3,513,506
Tax recoverable	-	464,087
Contract assets	17,835,528	8,339,698
	<u>296,148,544</u>	<u>423,634,778</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 25).

ST. MODWEN DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

17. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Bank overdrafts	-	2,422,808
Trade creditors	16,906,574	13,637,771
Amounts owed to group undertakings	870,200,522	393,473,519
Amounts owed to joint ventures	458,872	426,689
Amounts owed to related parties	84,820,406	-
Corporation tax	4,958,697	-
Lease liabilities	304,587	117,946
Other creditors	2,160,620	2,793,094
Accruals and deferred income	33,118,841	33,521,303
Contract liabilities	22,740,308	26,476,844
	<u>1,035,669,427</u>	<u>472,869,974</u>

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

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

	2022	2021
	£	£
Lease liabilities	2,816,658	3,121,245
Amounts owed to group undertakings	-	475,000,000
Other creditors	6,796,017	6,796,017
	<u>9,612,675</u>	<u>484,917,262</u>

ST. MODWEN DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

19. Leases

Future minimum lease payments for:

	2022 £	2021 £
Current	304,587	117,946
Non-current	2,816,658	3,121,245
	<u>3,121,245</u>	<u>3,239,191</u>

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

	2022 £	2021 £
Within one year	304,587	117,946
Between 1-5 years	768,634	796,307
Over 5 years	2,048,024	2,324,938
	<u>3,121,245</u>	<u>3,239,191</u>

20. Deferred taxation

	2022 £	2021 £
At beginning of year/period	(54,921,045)	(13,674,179)
Charged to profit or loss	10,581,749	(39,924,161)
Prior year adjustment	2,571,033	(1,322,705)
At end of year/period	<u>(41,768,263)</u>	<u>(54,921,045)</u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Property revaluations	(36,379,104)	(50,880,969)
Unutilised tax losses	-	165,711
Capital allowances	(5,389,159)	(4,205,787)
	<u>(41,768,263)</u>	<u>(54,921,045)</u>

ST. MODWEN DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

21. Provisions

	Other provision £
At 1 January 2022	3,770,000
Charged to profit or loss	700,000
Utilised in period	(49,438)
At 31 December 2022	4,420,562

Other provisions totalling £4,420,562 relate to a provision which has been made in relation to a claim against the company. The increase to the provision in the year is to ensure the carrying value of the provision is as per the agreed settlement amount of the claim in full.

22. Share capital

	2022 £	2021 £
Authorised, allotted, called up and fully paid		
19,987 (2021 - 30,000) Ordinary shares of £1.00 each	19,987	30,000
1 (2021 - nil) A share of £1.00	1	-
10,012 (2021 - nil) B shares of £1.00 each	10,012	-
	30,000	30,000

The above A and B shares were issued as part of the St. Modwen group reorganisation during the year in exchange for ordinary shares of the same value. A and B shares are non-voting shares and have no rights attached.

ST. MODWEN DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

23. Related party transactions

At 31 December 2022 the Company had £20,057,492 (2021: £7,954,402) of A, B and D loan notes and the associated accrued interest outstanding with Skypark Developments LLP and an additional accounts receivable balance of £1,408,103 (2021: £1,408,103).

The below account balances with related parties are disclosed and comparatives presented:

Parents:

- Brighton Topco S.a.r.l.: £1,000 receivable (2021: £nil)

Subsidiaries:

- Coed Darcy Estates Management Limited: £8,519 payable (2021: £8,519 payable)

Joint ventures:

- Wrexham Power Limited: £348,321 payable (2021: £348,321 payable)

Fellow group entities:

- Barton Business Park Property Management Limited: £1,453 payable (2021: £2,506 payable)
- Glan Lyn Management Limited: £1,962 payable (2021: £1,962 payable)
- Key Property Investments (Number One) Limited: £10,019 payable (2021: £1,627 payable)
- Key Property Investments (Number Two) Limited: £79,554 payable (2021: £57,799 payable)
- Key Property Investments (Number Six) Limited: £3,334 receivable (2021: £3,334 receivable)
- KPI I S.a.r.l.: £18,943 payable (2021: £18,943 payable)
- Key Property (Developments) Limited: £31,886 receivable (2021: £31,556 receivable)
- St. Modwen Homes Limited: £61,378,645 receivable (2021: £266,624,794 receivable)
- St. Modwen Developments (Colne) Limited: £13,500 receivable (2021: £nil)
- St. Modwen Developments (Longbridge) Limited: £1,879,440 payable (2021: £14,525,000 receivable)
- St. Modwen Developments (Longbridge East Works) Limited: £8,773,466 payable (2021: £5,791,596 payable)
- St. Modwen Developments (Skelmersdale) Limited: £2,125,830 payable (2021: £nil)
- St. Modwen Corporate Services Limited: £9,407,084 payable (2021: £9,407,084 payable)
- St. Modwen Group Holding Company Limited: £1,000 receivable (2021: £nil)
- St. Modwen Pensions Limited: £6,066 receivable (2021: £1,676 payable)
- St. Modwen Residential Living Limited: £3,034,992 receivable (2021: £3,034,992 receivable)
- Uttoxeter Estates Limited: £5,067,642 payable (2021: £5,067,642 payable)
- VSM Estates (Uxbridge) Limited: £11,200 receivable (2021: £11,200 receivable)

The Company recognised development fee income of £1,508,127 (2021: £1,498,127) 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. Ultimate controlling party

At 31 December 2022, the company's intermediate parent company was St. Modwen Properties Limited, a company registered in England and Wales. Copies of the group annual report and financial statements of St. Modwen Properties Limited are available from the registered office Two Devon Way, Longbridge, Birmingham, B31 2TS. This is the smallest group into which this company is consolidated.

The company's ultimate controlling party is Blackstone Inc., a company incorporated in the state of Delaware, US. This is the largest group into which this company is consolidated. Copies of the annual report and financial statements of Blackstone Inc. are available online at: <https://ir.blackstone.com/sec-filings/default.aspx>

ST. MODWEN DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

25. Post balance sheet events

Subsequent to the year end, a partial refinancing of the bridge loan completed on 22 February 2023, which saw the standing logistics properties within the Group financed by new senior (£489.4m) and mezzanine (£94.9m) secured borrowing facilities entered into by fellow group undertakings, St. Modwen Logistics Propco Ltd and Brighton Logistics Mezzco Ltd respectively. As such, further subsidiaries transferred from St. Modwen Properties Limited to St. Modwen Group Holding Company Limited, including St. Modwen Developments Limited.

As part of this refinancing St. Modwen Developments Limited has transferred its logistics asset portfolio of circa £908m to other subsidiaries of St. Modwen Properties Limited subsequent to the year end. As such, the results of the business will be driven by the development assets base going forward.