

St. MODWEN

PROPERTIES

PLC



Interim Report
1997

CHAIRMAN'S STATEMENT

INTERIM RESULTS

I am pleased to report on a further period of strong progress with pre-tax profits rising by 38% to £6.526m (1996: £4.715m).

DIVIDEND

As a reflection of this positive outcome and the board's confidence in the company's future prospects, an increased dividend of 0.9p (0.8p) is declared. The dividend will be paid on 12 September 1997 to all shareholders registered on 15 August 1997.

CURRENT TRADING

Developments continue to perform well with sales in the first half including the completion of Phase I of the Orbital Retail Park at Cannock, Staffordshire. The planned development profit for the year is well secured following the sale since the half-year end of the Gerard Shopping Centre, Ashton-in-Makerfield and the exchange of contracts for the sale, on completion of construction, of Phase II of the Orbital Retail Park.

The flow of development opportunities continues and during the period the company entered into joint venture agreements with British Steel Plc at Sheffield and Scottish and Newcastle Plc at Nottingham.

The investment portfolio continues to be actively managed, and at 31 May the annual rent-roll was £16.4m (£15.3m at November 1996), an increase of 7.2% since the year-end. During the period, the company acquired investments in Newark and Andover and sold, from the Chaucer portfolio, mature investments in Eastleigh and Haywards Heath.

We recently announced the formation, with Sahlia Real Estate Company of Kuwait, of Key Property Investments Limited, a long-term 50/50 joint venture which will invest up to £100m in U.K. commercial investment property. This will provide St. Modwen with additional fire-power to participate in larger investment opportunities.

PROSPECTS

I stated in the Annual Report that your company had never been in better shape. This is demonstrated both in the result for the first half and my confidence in the outcome for the year as a whole.

Stanley W. Clarke C.B.E.
Chairman
22 July 1997



PROFIT AND LOSS ACCOUNT

	Notes	Unaudited 6 months to 31 May 1997 £'000	Unaudited 6 months to 31 May 1996 £'000	Audited 12 months to 30 Nov 1996 £'000
Turnover				
From continuing business		21,575	15,123	37,429
From acquisition		—	1,315	2,733
	1	<u>21,575</u>	<u>16,438</u>	<u>40,162</u>
Operating profit				
From continuing business		9,116	5,748	13,843
From acquisition		—	1,014	2,201
	1	<u>9,116</u>	<u>6,762</u>	<u>16,044</u>
Interest payable		(2,590)	(2,047)	(4,357)
Profit on Ordinary Activities before taxation		6,526	4,715	11,687
Taxation at 32.33% (1996: 33%)		(2,110)	(1,553)	(3,297)
Profit on Ordinary Activities after taxation		4,416	3,162	8,390
Minority interest		—	(207)	(394)
Profit attributable to shareholders		<u>4,416</u>	<u>2,955</u>	<u>7,996</u>
Dividends				
Preference		—	(14)	(14)
Ordinary		(1,090)	(950)	(2,966)
Surplus transferred to reserves		<u>3,326</u>	<u>1,991</u>	<u>5,016</u>
Earnings per Ordinary Share*		3.7p	2.5p	6.8p
Dividend per Ordinary Share		0.9p	0.8p	2.5p

* Earnings per ordinary share are calculated by dividing the profit attributable to ordinary shareholders of £4,416,280 (1996: £2,940,660) by the weighted average number of ordinary shares ranking for dividend during the period of 119,196,847 (1996: 117,845,187).



GROUP BALANCE SHEET

		Unaudited at 31 May 1997 £'000	Unaudited at 31 May 1996 £'000	Audited at 30 Nov 1996 £'000
	Notes			
Fixed Assets				
Tangible assets	2	118,920	105,251	119,688
Investments		2,764	2,332	2,271
		<u>121,684</u>	<u>107,583</u>	<u>121,959</u>
Current Assets				
Stocks		32,777	23,665	32,667
Debtors		3,456	1,703	3,406
Cash at bank and in hand		2,647	7,987	4,535
		<u>38,880</u>	<u>33,355</u>	<u>40,608</u>
Current Liabilities				
Bank overdraft and short-term borrowings	3,585	729	3,490	
Creditors and accruals		19,471	15,705	23,703
		<u>23,056</u>	<u>16,434</u>	<u>27,193</u>
Net current assets		<u>15,824</u>	<u>16,921</u>	<u>13,415</u>
Total Assets less Current Liabilities		<u>137,508</u>	<u>124,504</u>	<u>135,374</u>
Creditors: amounts falling due after more than one year		<u>(65,376)</u>	<u>(59,500)</u>	<u>(66,862)</u>
Provision for liabilities and charges				
Deferred taxation		—	(526)	—
Minority Interests				
Equity minority interests		(438)	—	(438)
Net assets		<u>71,694</u>	<u>64,478</u>	<u>68,074</u>
Capital and Reserves				
Share capital		11,989	11,877	11,884
Share premium account		8,620	8,423	8,431
Merger reserve		9	9	9
Capital redemption reserve		356	356	356
Revaluation reserve		8,646	8,060	8,646
Profit and loss account		42,074	35,753	38,748
Shareholders' Funds		<u>71,694</u>	<u>64,478</u>	<u>68,074</u>
(All attributable to equity shareholders)				
Net assets per Ordinary Share		59.8p	54.5p	57.3p
Gearing		93%	81%	97%

CASH FLOW STATEMENT

For the 6 months ended 31 May 1997

	Notes	Unaudited 1997 £'000	£'000	Unaudited 1996 £'000	£'000
Net cash inflow from operating activities	3		3,641		9,123
Returns on investments and servicing of finance					
Net interest paid		(2,590)		(2,047)	
Preference dividends paid		—		(14)	
		<hr/>		<hr/>	
Net cash outflow from returns on investments and servicing of finance			(2,590)		(2,061)
Taxation paid			—		(853)
Capital expenditure and financial investment					
Purchase of investment properties		(2,784)		(2,073)	
Net (purchase)/sale of operating property and other tangible assets		(27)		164	
Sale of investment properties		3,530		—	
		<hr/>		<hr/>	
Net cash inflow/(outflow) from capital expenditure and financial investment			719		(1,909)
Acquisitions and disposals					
Purchase of subsidiary undertaking		—		(18,214)	
Net cash acquired with subsidiary		—		926	
Net investment in own shares, related companies and other investment		(534)		—	
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Net cash outflow from acquisitions and disposals			(534)		(17,288)
Equity dividends paid			(2,027)		(1,644)
			<hr/>		<hr/>
Cash outflow before use of liquid resources and financing			(791)		(14,632)
Financing					
Share capital issued (net of share capital redeemed)		294		59	
(Decrease)/increase in debt		(1,486)		26,961	
		<hr/>		<hr/>	
Net cash (outflow)/inflow from financing			(1,192)		27,020
			<hr/>		<hr/>
(Decrease)/increase in cash in the period			(1,983)		12,388
			<hr/>		<hr/>
Reconciliation of net cash flow to movement in net debt					
(Decrease)/increase in cash in the period			(1,983)		12,388
Repayment/(increase) in debt			1,486		(26,961)
			<hr/>		<hr/>
Change in net debt resulting from cash flows			(497)		(14,573)
Loans acquired with subsidiaries			—		(2,350)
			<hr/>		<hr/>
Increase in net debt in the period			(497)		(16,923)
Net debt at 1 December			(65,817)		(35,319)
			<hr/>		<hr/>
Net debt at 31 May			(66,314)		(52,242)
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NOTES ON THE ACCOUNTS

1. TURNOVER AND PROFIT ANALYSIS

	Turnover		Profit	
	6 months to 31 May 1997 £'000	6 months to 31 May 1996 £'000	6 months to 31 May 1997 £'000	6 months to 31 May 1996 £'000
Rental income	7,995	6,692	6,892	5,992
Property development	12,572	9,698	4,073	2,267
Other activities	1,008	48	129	10
	<hr/>	<hr/>	<hr/>	<hr/>
	21,575	16,438	11,094	8,269
Administrative and other operating expenses		(1,896)	(1,559)	
Share of (loss)/profit of related companies			(82)	52
Operating profit			<hr/>	<hr/>
			9,116	6,762

2. TANGIBLE ASSETS

Investment properties of £116,143,580 included in tangible assets have been stated at the November 1996 valuation as adjusted for movements during the period.

3. GROUP CASH FLOW STATEMENT

Reconciliation of operating profit to net cash flow from operating activities.

	6 months to	6 months to
	31 May 1997 £'000	31 May 1996 £'000
Operating profit	9,116	6,762
Depreciation and amortisation of own shares	95	27
(Increase)/reduction in debtors	(165)	3,687
(Increase)/reduction in stocks	(110)	440
Reduction in creditors	(5,377)	(1,756)
Share of loss/(profit) of related companies after tax	82	(37)
Net cash inflow from operating activities	<hr/>	<hr/>
	3,641	9,123

4. ABRIDGED ACCOUNTS

The abridged accounts for the year to 30 November 1996 are an extract from the full group accounts for that period on which an unqualified report was made by the group's auditors and which have been delivered to the Registrar of Companies.

HIGHLIGHTS

	6 months to 31 May		
	1997	1996	
● Annual Rent-Roll	£16.4m	£13.2m	+24.2%
● Profit before Taxation	£6.526m	£4.715m	+38.4%
● Earnings per share	3.7p	2.5p	+48.0%
● Interim dividend	0.9p	0.8p	+12.5%
● Net asset value per Ordinary Share	59.8p	54.5p	+9.7%



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