

St. MODWEN
PROPERTIES PLC



Interim Report 2000

“On track for record year end profits.”

Summary of Results

	6 months to 31 May	
	2000	1999
● Rental income	£12.5m	£10.9m
● Development contribution	£5.4m	£9.4m
● Profit before taxation	£9.4m	£12.9m
● Earnings per share	5.2p	7.4p
● Interim dividend	1.4p	1.2p
● Net asset value per ordinary share	103.9p	88.0p

“Development profits completed or in the pipeline exceed the total for the 1999 financial year.”

Chairman's Statement

INTERIM RESULTS

St. Modwen's performance in the first half has been encouraging and we are on track to post another set of record full year results.

The results for the six month period ending 31st May 2000 reflect a balanced portfolio of schemes across all of the Group's operating regions, with no one scheme predominating, unlike the first half of last year when we benefited substantially from the sale of the Egg call centre. Profit before tax of £9.4m (1999: £12.9m) gave rise to earnings per share of 5.2p (1999: 7.4p).

The excellent prospects for the full year as a whole have led the board to declare an increased interim dividend of 1.4p (1999: 1.2p). The dividend will be payable on 15 September 2000 to all shareholders registered on 18 August 2000.

CURRENT TRADING

We have continued to actively manage our investment portfolio with the result that annualised gross rental income has increased by £1.1m to £24.4m during the six months to 31st May 2000.

Development sales totalling £28m were completed during the period generating a development profit of £5.4m. Sales included a 3,250m² call centre let to HSBC and a 3,500m² health and fitness club for Greenalls both at Trentham Lakes, Stoke-on-Trent, and a 4,800m² industrial building sold to ASK McGowan at Coombs Wood, Halesowen. A site in Worcester upon which St. Modwen will build a 3,250m² office building for the purchasers occupation was sold to nPower.

The second half-year has got off to a good start, and the development profits for the year to date, that have either completed or are in the pipeline, are in excess of the total for the 1999 financial year.

We have continued to be successful in acquiring

further development projects. Since the year-end, we have acquired opportunities at Wigan, Mold, Avonmouth, Solihull, Deeside and Newport. Wigan is a 13-hectare industrial estate with 30,000m² of existing buildings; Mold is a tired town centre development in need of refurbishment; Avonmouth is a 27-hectare brownfield regeneration opportunity; Solihull Ice Rink is another local authority partnership and Howarden Airport, Deeside and Newport, Shropshire are two former employment complexes totalling 17-hectares with 36,000m² of existing buildings. Finally, we have just been selected as the development partner of The West Pier Trust for the restoration of Brighton's Grade I Listed West Pier.

PROSPECTS

This year we have a more normal distribution of profit between the two halves of the year, with no one scheme expected to predominate. The profits we have already booked, together with those in the pipeline for the remainder of the year, give us the confidence that we will report record full year results, for the ninth consecutive year.

Despite a number of our fellow property companies choosing to leave the Stock Market, we are fully committed to St. Modwen maintaining its listing. The company derives benefit from being a public company in terms of the disciplines we adopt and from the way in which we are perceived by local authorities, landowners, joint-venture partners and the market place.



Stanley W. Clarke C.B.E., Hon.D.Univ.
Chairman
25 July 2000

Group Profit and Loss Account

	Note	Unaudited 6 months to 31 May 2000 £'000	Unaudited 6 months to 31 May 1999 £'000	Audited 12 months to 30 Nov 1999 £'000
Turnover				
Group and share of Joint Ventures	1	40,871	42,639	61,042
Less: Share of Joint Ventures turnover		(1,582)	(2,451)	(4,144)
		39,289	40,188	56,898
Operating Profit				
Group operating profit		12,700	15,757	23,345
Share of operating profit in Joint Ventures		1,246	1,287	2,871
Share of operating profit in Associates		—	—	149
	1	13,946	17,044	26,365
Interest				
Group		(3,985)	(3,468)	(6,424)
Joint Ventures		(592)	(658)	(1,263)
Associates		—	—	(146)
		(4,577)	(4,126)	(7,833)
Profit on Ordinary Activities before Taxation		9,369	12,918	18,532
Taxation at 30% (1999: 30%)		(2,811)	(3,875)	(5,117)
Profit on Ordinary Activities after Taxation		6,558	9,043	13,415
Equity minority interests		(259)	(130)	(105)
Profit attributable to Shareholders		6,299	8,913	13,310
Dividends		(1,681)	(1,432)	(4,556)
Transferred to Reserves		4,618	7,481	8,754
Basic and Diluted Earnings per Ordinary Share		5.2p	7.4p	11.1p
Dividend per Ordinary Share		1.4p	1.2p	3.8p

Basic and diluted earnings per share, the latter of which allows for the exercise of outstanding share options, are calculated by dividing the profit attributable to ordinary shareholders of £6,299,000 (1999: £8,913,000) by the weighted average number of ordinary shares.

In the case of basic earnings per share, the weighted average number of ordinary shares excluding the shares held by the long-term share incentive scheme which are owned by the company, totals 120,127,780 (1999: 119,882,784); and for diluted earnings per share, totals 121,205,795 (1999: 120,446,253).

Group Balance Sheet

	Note	Unaudited at 31 May 2000 £'000	Unaudited at 31 May 1999 £'000	Audited at 30 Nov 1999 £'000
Fixed Assets				
Tangible fixed assets	2	171,182	145,392	159,440
Investment in Joint Ventures				
Share of gross assets		30,532	29,195	30,146
Share of gross liabilities		(18,185)	(19,105)	(18,281)
		12,347	10,090	11,865
Investments in Associates		2,013	2,035	2,037
Investment in own shares		219	313	276
		185,761	157,830	173,618
Current Assets				
Stocks		62,251	45,168	55,847
Debtors		2,287	4,869	1,551
Cash at bank and in hand		5,424	1,196	524
		69,962	51,233	57,922
Creditors: amounts falling due within one year		(22,102)	(33,327)	(28,495)
Net Current Assets		47,860	17,906	29,427
Total Assets less Current Liabilities		233,621	175,736	203,045
Creditors: amounts falling due after more than one year		(107,199)	(68,752)	(81,500)
Equity minority interests		(940)	(698)	(681)
Net Assets		125,482	106,286	120,864
Capital and Reserves				
Share capital		12,077	12,077	12,077
Other reserves		9,532	9,532	9,532
Revaluation reserve		39,742	26,414	39,716
Profit and loss account		64,131	58,263	59,539
Equity Shareholders' Funds		125,482	106,286	120,864
Net Assets per Ordinary Share		103.9p	88.0p	100.1p
Gearing		81%	71%	72%

The abridged accounts for the year to 30 November 1999 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.

Group Cash Flow Statement

	Unaudited 6 months to 31 May 2000 £'000	Unaudited 6 months to 31 May 1999 £'000
Net cash inflow from operating activities	5,642	12,853
Dividend received from Joint Venture	—	600
Net cash outflow from returns on investments and servicing of finance	(3,985)	(3,468)
Taxation paid	(1,452)	—
Net cash (outflow)/inflow from capital expenditure and financial investment	(11,720)	6,462
Net cash outflow from acquisitions and disposals	—	(82)
Equity dividends paid	(3,123)	(2,757)
Cash (outflow)/inflow before use of liquid resources and financing	(14,638)	13,608
Net cash inflow/(outflow) from financing	22,181	(19,305)
Increase/(decrease) in cash in the period	7,543	(5,697)
Reconciliation of net cash flow to movement in net debt		
Increase/(decrease) in cash in the period	7,543	(5,697)
Cash (inflow)/outflow from change in debt	(22,181)	19,305
(Increase)/decrease in net debt resulting from cash flows	(14,638)	13,608
Net debt at 1 December	(87,373)	(88,659)
Net debt at 31 May	(102,011)	(75,051)
Reconciliation of operating profit to net cash flow from operating activities		
Operating profit	12,700	15,757
Depreciation and amortisation of own shares	100	112
Profit on sale of investment properties	(65)	(403)
Increase in stocks	(6,404)	(1,429)
Increase in debtors	(736)	(2,207)
Increase in creditors	47	1,023
Net cash inflow from operating activities	5,642	12,853

Notes to the Accounts

1. Turnover and Profit Analysis

	6 months to 31 May 2000		6 months to 31 May 1999	
	Turnover £'000	Profit £'000	Turnover £'000	Profit £'000
Rental income				
Group	10,891	9,515	9,265	8,081
Share of Joint Ventures	1,582	1,342	1,651	1,405
Property development				
Group	27,935	5,488	30,285	9,434
Share of Joint Ventures	—	(77)	800	(77)
Other activities	463	130	638	212
	<u>40,871</u>	<u>16,398</u>	<u>42,639</u>	<u>19,055</u>
Profit on sale of investment properties		65		403
Administrative and other operating expenses				
Group		(2,498)		(2,373)
Joint Ventures		(19)		(41)
Operating profit		<u>13,946</u>		<u>17,044</u>

2. Tangible Fixed Assets

Investment properties included in tangible fixed assets have been stated at the November 1999 valuation. Additions subsequent to the year end have been included at cost.

3. Accounting Policies

The results for the six months ended 31 May 2000 are prepared in accordance with applicable accounting standards, using the same accounting policies as set out in the group accounts for the year ended 30 November 1999, other than for the adoption of FRS15 which did not have a material impact on the results for the period.

4. Other information

- i) All activities derive from continuing operations.
- ii) The Interim Statement was approved by the Board on 25 July 2000.

Review Report by Deloitte & Touche to St. Modwen Properties PLC

We have been instructed by the company to review the financial information set out on pages 2 to 5 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The Listing Rules of the UK Listing Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 May 2000.

Deloitte & Touche Chartered Accountants, Birmingham
25 July 2000





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