ST.MODWEN

Annual Results for the Year Ended 30 November 2016

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ST. MODWEN PROPERTIES PLC
("St. Modwen" or "the Company")
Annual Results for the Year Ended 30th November 2016

ST. MODWEN DELIVERS STRONG RESULTS UNDERPINNED BY RESILIENT REGIONAL COMMERCIAL AND HOUSEBUILDING OPERATIONS

Financial highlights

Non-statutory measures	2016	2015	Note ref.	Statutory measures	2016	2015
EPRA NAV per share (p)	**460.5**	446.4	2g	NAV per share (p)	**431.0**	413.5
Total accounting return (%)	**4.5**	31.9	2g	Total dividend per share (p)	**6.00**	5.75
Profit before all tax (£m)	**60.8**	258.4	2a	Profit before tax (£m)	**66.9**	235.2
Trading profit (£m)	**56.1**	63.3	2a	Earnings per share (p)	**24.1**	97.9

Reconciliations between all the statutory and non-statutory measures and the explanations as to why the non-statutory measures give valuable further insight into the Group's performance are given in Note 2 to the Group Financial Statements. In particular, profit before all tax is used because it reflects the way the Group is run on a proportionally consolidated basis, and because it also removes the taxation effects on equity accounted entities from the statutory profit before tax figure.

- EPRA NAV per share up 3.2% to 460.5 pence (2015: 446.4 pence) and NAV per share up 4.2% to 431.0 pence from 413.5 pence.
- Total accounting return of 4.5% (2015: 31.9%).
- Trading profit of £56.1m (2015: £63.3m), demonstrating strength of underlying business.
- Profit before all tax of £60.8m (2015: £258.4m).
- Earnings per share of 24.1 pence (2015: 97.9 pence).
- Total dividend for the year increased by 4.3% to 6.00 pence per share (2015: 5.75 pence per share).

Operational highlights

- Balanced and diversified portfolio is well positioned for growth across residential and commercial markets:
  - resilient regional commercial portfolio delivered approximately 800,000 sq ft of commercial space in 2016 and near term development pipeline now stands at 1.6m sq ft, with further potential for long-term value creation; and
  - strong performance from the residential business with operating profits of £27.1m (2015: £26.7m), supported by excellent progress from St. Modwen Homes achieving 49% growth in profits.

- Good progress with major projects:
    - *Nine Elms Square, New Covent Garden Market, London* - Whilst there is no guarantee of any transaction completing, now in exclusive negotiations with prospective purchaser at a level firmly supportive of book value.
    - *Bay Campus, Swansea University* - Currently assessing our options with respect to our student accommodation assets, comprising over 2,000 student rooms.
    - *Longbridge, Birmingham* - Latest phase of the town centre now complete and let and St. Modwen Homes now progressing works to new phase of housing. Continuous stream of other activity advancing on site, including the 180 bedroom facility for staff at the Royal Centre for Defence Medicine.

Strategy and portfolio review

- Large, diverse land bank, unrivalled track record and expertise, and robust balance sheet underpin long-term opportunity.
- Following the appointment of Mark Allan as Chief Executive, review of portfolio and business strategy now underway.
- Outcomes to be communicated early summer 2017.

Mark Allan, Chief Executive of St. Modwen, commented:

"Active commercial property development and asset management, coupled with a strongly performing and growing residential arm, contributed to another good year for St. Modwen. This is despite the turbulent market backdrop during 2016.

"Following my recent arrival as Chief Executive, we have commenced a review of what I already believe is a fundamentally strong business and portfolio to determine our strategy moving forward. We unquestionably have an opportunity to build on our existing strengths while ensuring that our activities are focused in the optimum way and I am excited about the prospects ahead."

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A presentation for analysts and investors will be held at 9.00am today at FTI Consulting, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD.

If you would like to attend please contact Ellie Sweeney at FTI on +44 (0)20 3727 1622 or stmodwen@fticonsulting.com. A live webcast of the presentation will be available at www.stmodwen.co.uk and presentation slides will also be available to download.

Alternatively, details for the live dial-in facility are as follows:

Participants:	Tel: +44(0)20 3059 8125
Passcode:	St Modwen

CHAIRMAN'S STATEMENT

The year to November 2016 saw St. Modwen deliver a solid performance in an uncertain market environment. NAV per share increased 4.2% to 431.0 pence (2015: 413.5 pence) and EPRA NAV per share increased 3.2% to 460.5 pence (2015: 446.4 pence) delivering, together with dividends paid in the year, a total accounting return per share of

4.5% (2015: 31.9%).

The Group reported a profit before all tax of £60.8m (2015: £258.4m) and earnings per share of 24.1 pence (2015: 97.9 pence) for the year. The results are therefore below those reported for last year and this is due largely to a combination of external market factors and significant valuation gains booked in 2015.

Importantly, the business continued to generate healthy cash flows and net debt and gearing levels remain carefully controlled. Cash generated (before new investment, tax and dividends) was £306.4m (2015: £298.1m) and new investment was managed prudently such that net borrowings, including our share of JVs, increased only marginally to £517.0m from £489.3m at the start of the year.

Regeneration remains at the heart of our business and our expertise in this area allows us to continue to generate value from our substantial land bank of over 6,000 developable acres. Projects are well balanced between residential and commercial opportunities, with residential activities accounting for 47% of development profits for the year and commercial activities 53%, and the Company is well diversified both geographically and from a sector perspective. This leaves us well placed to continue creating value for the longer term.

Continued progress at three of our major projects also showcases the impact we can have in supporting and regenerating communities over the long term:

- *New Covent Garden Market, London* - We are well progressed in the planned redevelopment of the existing flower and fruit and vegetable markets, having recently completed the interim flower market facility which will release 20 acres of land for the development of approximately 3,000 new homes in the centre of London in the medium term. We started working with the Covent Garden Market Authority in 2010 and will continue our partnership with them well into the next decade.
- *Bay Campus, Swansea University* - We are advancing with the latest development phase of the Bay Campus which will bring the number of student rooms to over 2,000 by the start of the 2017/18 academic year. The Bay Campus now provides teaching and learning facilities for around 5,000 students across 35 acres, with further opportunities in the future to expand across the remainder of the 65 acre site. Our Swansea regeneration activities started in 2011 and are likely to continue into the early 2020s.
- *Longbridge, Birmingham* - We commenced delivery of this 468 acre flagship scheme in 2004 and expect regeneration activity to continue for at least another 10 years as we progress through the remaining 185 acres of developable land. We have now completed and let the latest phase of the town centre, overseen the delivery of a total of 400 out of 2,000 planned new homes and are nearing completion of the construction of a new accommodation facility comprising 180 bedrooms for medical staff based at the Royal Centre for Defence Medicine. In addition, 2017 will see the opening of 260 ExtraCare retirement apartments.

Dividend

In line with our stated policy of increasing dividends in line with NAV growth, the Board is pleased to recommend an increase in total dividend for the year of 4.3% to 6.00 pence per share (2015: 5.75 pence per share). Taking into account the interim dividend already declared and paid this results in a proposed final dividend of 4.06 pence per share (2015: 3.85 pence per share).

The final dividend will be paid on 4th April 2017 to shareholders on the register as at Friday 10th March 2017.

Board changes

On 30th November 2016 Bill Oliver retired as Chief Executive, a role he had held since 2006. In his 10 years as Chief Executive, and six years prior to that as Managing Director and Finance Director, Bill played a pivotal role in building St. Modwen into the business it is today. On behalf of the Board and everyone at St. Modwen, I would like to thank him for his service and wish him well in his future endeavours.

Bill's successor as Chief Executive is Mark Allan, who joined us on 1st November 2016 from The Unite Group plc, the FTSE 250 student accommodation business, where he was Chief Executive for 10 years. We are pleased to have been able to appoint such an experienced successor to Bill and I look forward to working with him as he continues to settle into the business.

Prospects

St. Modwen is a long-term business but we operate in cyclical markets and must plan and manage our business accordingly. The past 12 months have been unsettled in this respect and the outlook for 2017 and 2018 looks to be similarly uncertain, as a range of macro-economic factors play out both globally and more locally to the UK.

With this outlook, it is important that we continue to manage our balance sheet prudently while also seeking out appropriate new value creation opportunities and converting existing ones. This will require an innovative and agile approach but our track record suggests we remain well placed to succeed.

Bill Shannon
Chairman
6th February 2017

CHIEF EXECUTIVE'S REVIEW

St. Modwen is a business that is centred on value creation. Since its formation 30 years ago, its business model has been focused on acquiring assets with limited initial intrinsic worth and applying its considerable development and asset management expertise to create and capture sustainable value over the long term. This has resulted in a business today with a diverse £1.75bn property portfolio of approximately £800m of income generating assets and a 6,000 acre developable land bank, itself comprising approximately 15m sq ft of consented commercial development and over 25,000 consented residential units.

This diverse portfolio and focus on value creation formed the basis of St. Modwen's solid performance during 2016, despite the broader uncertain market environment. The key performance metrics of the business for the year are set out below:

Measure	2016	2015
EPRA NAV per share*	**460.5p**	446.4p
NAV per share	**431.0p**	413.5p
Total accounting return*	**4.5%**	31.9%
Total dividend per share	**6.00p**	5.75p
Trading profit*	**£56.1m**	£63.3m
Profit before all tax*	**£60.8m**	£258.4m
Profit before tax	**£66.9m**	£235.2m
Earnings per share	**24.1p**	97.9p
See-through net borrowing*	**£517.0m**	£489.3m
See-through LTV ratio*	**30.5%**	29.9%

*Reconciliations between all the statutory and non-statutory measures and the explanations as to why the non-statutory measures give valuable further insight into the Group's performance are given in Note 2 to the Group Financial Statements. In particular, profit before all tax is used because it reflects the way the Group is run on a proportionally consolidated basis, and because it also removes the taxation effects on equity accounted entities from the statutory profit before tax figure.

While levels of performance are below that reported for 2015, this is largely due to:

- the absence of the significant valuation gains booked for New Covent Garden Market (NCGM) in 2015 (£127.4m), coupled with a subsequent £24.3m reduction in the value of our NCGM investment in 2016;
- a noticeably weaker investment market delivered £12.6m of market valuation gains versus £35.7m in 2015; and
- the impact on valuations of changes to Stamp Duty Land Tax rates on commercial property in the year (£12.5m).

The underlying business performed well, as evidenced by trading profits, and importantly gearing levels were carefully controlled.

Value creation

The key areas of value creation during the year were as follows:

- commercial development profits of £30.4m (2015: £38.3m);

- profits from housebuilding activities of £27.1m (2015: £26.7m);
- internally generated increases in the value of our portfolio of £28.3m (2015: £38.6m); and
- market movements in the value of our portfolio of £12.6m (2015: £35.7m).

Profits from residential and housebuilding activities continue to grow and we expect this trend to continue in 2017 such that development profits are likely to be evenly split between residential and commercial activities.

Taking account of our planned programme of activities and the outlook for the sectors in which we are invested, we anticipate overall returns for 2017 to be in line or slightly ahead of those achieved for 2016.

Income generating portfolio

Our income generating portfolio is valued at £786.7m, including our share of investment property held in JVs, and represents 45% of see-through gross asset value. This is split between £309.7m of high yielding assets which exhibit further value creation opportunities (the high yielding portfolio) and £477.0m of assets where further internal value creation potential is more limited (the investment portfolio).

The high yielding portfolio is split between industrial and logistics assets (£201.5m, or 65%), retail (£100.9m or 33%, predominantly town centres) and offices/other (£7.3m or 2%) and has an average equivalent yield of 8.9% (2015: 8.9%). The outlook for high yielding industrial/logistics assets remains substantially positive, based on robust demand for good value, secure, flexible space and longer term re-planning potential. The outlook for town centre retail is more asset specific and needs to be considered in light of the broader environment of low or negative real wage inflation impacting on consumer spending and reduced investment demand following the outcome of the EU Referendum. We expect both of these factors to contribute to a modest level of yield expansion in our retail portfolio during 2017 while rental values are likely to remain broadly flat.

The investment portfolio principally comprises £241.3m of retail assets (51%), £115.8m of Private Rented Sector/student accommodation assets (24%), £82.0m of industrial/logistics (17%) and £37.9m of office/other (8%). The average equivalent yield of the investment portfolio is 6.3% (2015: 6.4%).

We are currently assessing our options with respect to our student accommodation assets at the Bay Campus in Swansea, comprising over 2,000 rooms, and this will form an important part of our strategy and portfolio review.

We consider the outlook for the remainder of the investment portfolio to be broadly neutral and we will be reviewing our strategy in respect of all income generating assets over the next few months to ensure that its longer term size and shape is appropriate.

Commercial development activity

We invested £99.5m into commercial development activity in the year to 30th November 2016, booking profits of £30.4m (2015: £38.3m) and delivering approximately 800,000 sq ft of new space.

As at 30th November, the anticipated value on completion of our committed development pipeline was £237.1m and weighted towards sectors with healthy long-term structural growth prospects (41% industrial/logistics, 18% student accommodation, 23% retail and 18% office/other). Our anticipated yield on cost for the full committed development pipeline is 8.0% with an expected valuation yield on completion of 6.7% and a profit on cost of approximately 20%.

We continue to undertake a proportion of development activity speculatively, particularly for industrial and logistics assets where we believe immediacy of availability is an important factor for prospective occupiers. In response to this anticipated demand, of our 1m sq ft of committed industrial/ logistics pipeline 80% is being developed speculatively, representing 50% of the entire development pipeline.

There is significant further value creation potential in our medium/longer term commercial development pipeline. This medium term pipeline includes major opportunities at Chippenham Gateway (over 900,000 sq ft of potential industrial/ logistics space) and Stanton Cross (1.5m sq ft of industrial accommodation), as well as town centre regeneration projects at Kirkby and Great Homer Street, Liverpool. Bringing these opportunities forward in a timely manner will be an important focus for 2017.

Over the coming months, as with our income generating portfolio, we will be reviewing our strategy in respect of our development pipeline, both committed and longer term. The principal objective of this review will be to determine the appropriate level of activity as well as the balance between onward sales to realise development profits and assets that could be retained for the longer term.

Residential activity

Our residential business continues to have two principal streams of activity: sales of 'oven ready' development sites to housebuilders and our own housebuilding activity, pursued both through St. Modwen Homes and our JV with Persimmon. Additionally, we see some potential to develop assets for the emerging Private Rented Sector (PRS) and we will assess the scale of this opportunity during 2017.

Housebuilding contributed £27.1m (2015: £26.7m) to profit before all tax (before indirect overheads of £5.2m), comprising £15.3m from St. Modwen Homes (2015: £10.3m) based on 485 (2015: 315) units sold and £11.8m (2015: £16.4m) from our Persimmon JV based on a 50% share of 402 (2015: 652) units sold. Over the course of the year, the average selling price of a St. Modwen Homes unit has increased by 4.6% to £206,000 (2015: £197,000), demonstrating the strength of demand for quality housing in the regions.

As previously indicated, activity in the Persimmon JV will reduce in line with plan over the next two years as it reaches its conclusion, with expected unit volumes reducing by 35% in 2017. Conversely, we expect St. Modwen Homes to increase unit volumes meaningfully and this should at least offset the reduced returns from the JV. The broader market remains supportive of regional housebuilding and we see significant potential for growth in our St. Modwen Homes business in the years ahead.

Residential land sales completed or agreed during the year, including our share of JVs, totalled £47.6m for the year and although there was some mid-year Brexit-related disruption, demand generally remained steady. The outlook for land sales remains firm for the year ahead and we expect activity to remain at a similar level provided there are no major shocks to the housing market.

As at 30th November 2016 our residential land and work in progress, including our share of JVs, was held at a total value of £742.0m (2015: £757.7m), of which approximately 45% was represented by holdings at NCGM and in South Wales. In total, our land bank comprises over 25,000 consented residential units (approximately 14,500 units excluding NCGM and South Wales) and represents a significant source of potential future value.

New Covent Garden Market (NCGM)

Our largest residential land holding by value is our 50% share of consented land at NCGM in London. Our share of the land, less our obligation to procure the new market and the associated tax, is now £97.7m, representing approximately 10% of our NAV.

As previously disclosed, we commenced marketing of a substantial proportion of this site (10 acres at Nine Elms Square) in conjunction with our JV partner, VINCI PLC, in late summer 2016. While there can be no guarantee of any transaction completing, we are now in exclusive negotiations with a prospective purchaser at a level which is firmly supportive of book value. We will update the market on further progress as appropriate.

Financing

Group net borrowings, including our share of JVs, increased marginally to £517.0m at 30th November 2016 (2015: £489.3m). Taking into account growth in the valuation of the Group's portfolio, loan-to-value remained broadly consistent with the prior year at 30.5% (2015: 29.9%) and we are likely to seek to reduce this further over time.

People

St. Modwen's pedigree as a creator of value is built on the experience, expertise, commitment and teamwork of its employees. In my first few months I have been extremely impressed with the calibre of people in the business and I am very much looking forward to working with them in the years ahead. On behalf of the Board I would like to thank all of my new colleagues for their efforts and congratulate them on their achievements.

Outlook

The broader economic environment is likely to remain unsettled throughout 2017 as a range of macro factors, such as Brexit, continue to play out. We cannot seek to predict the outcomes of these various external events but with such an uncertain backdrop we can and will manage the business in a prudent and agile manner. However, uncertainty can also lead to opportunity and we remain confident in our ability to seek out and create value from such opportunities that may arise.

Of course, any change in leadership provides an opportunity for the Board to step back and review strategy and following my arrival as the Company's new Chief Executive, we intend to do this during 2017. Given that the business is fundamentally strong, this review is likely to focus on how we can build on our existing strengths and focus our activities in the optimum manner. I am excited about the prospects ahead.

OPERATING AND PORTFOLIO REVIEW

St. Modwen benefits from a portfolio which is diverse in terms of geography, sector and occupiers. It comprises over £1.75bn of assets, in three areas:

- income generating properties;
- commercial land and development; and
- residential land and development.

We have experienced an active 12 months, during which we were able to protect, enhance and create value across this broad portfolio:

Total portfolio*	**Income generating**	**Residential land/ development**	**Commercial land/ development**	**Total**
Nov 2015 valuation	**727.1**	**757.7**	**206.8**	**1,691.6**
Additions/ other movements	50.9	166.8	93.9	**311.6**
Disposals	(11.0)	(160.2)	(83.8)	**(255.0)**
Added value gains	17.7	4.8	5.8	**28.3**
Market valuation gains	2.0	(27.1)	0.9	**(24.2)**
Nov 2016 valuation	**786.7**	**742.0**	**223.6**	**1,752.3**

*Stated on a proportionally consolidated basis, including our share of joint ventures and associates. See Note 2 to the Group Financial Statements
*Additions/ other movements include purchases, capital expenditure and reclassifications

INCOME GENERATING PORTFOLIO

Representing £786.7m of value (45% of the portfolio), our income generating properties provide a robust and diverse see-through net rental income stream of £45.9m (2015: £38.7m) from over 1,700 tenants. Managed by our skilled teams of asset managers, the portfolio covers a broad range of sectors, such as industrial/ logistics, retail and student accommodation and can be separated into two distinct categories of assets:

- *High yielding* - Comprising £309.7m of high yielding assets that provide opportunity for further development and value creation in the longer term; and
- *Investment portfolio* - Comprising £477.0m of assets where our development and asset management activities are substantially complete.

As at 30th November 2016 our income generating portfolio was made up as follows:

Valuation and yield

	High yielding portfolio	**Investment portfolio**	**Total income generating**

Category	Valuation (£m)	Eq. yield	Initial yield	Valuation (£m)	Eq. yield	Initial yield	Valuation (£m)	Eq. yield	Initial yield
Industrial/ Logistics	201.5	8.7%	7.4%	82.0	6.9%	6.9%	**283.5**	**8.4%**	**7.3%**
Retail	100.9	9.0%	7.7%	241.3	6.6%	6.1%	**342.2**	**7.5%**	**6.7%**
Student/ PRS/ Other	7.3	9.8%	7.7%	153.7	5.4%	5.4%	**161.0**	**6.0%**	**5.8%**
Total	**309.7**	**8.9%**	**7.5%**	**477.0**	**6.3%**	**6.0%**	**786.7**	**7.5%**	**6.7%**

Portfolio movements

Category	High yielding portfolio £m	Investment portfolio £m	Total £m
Nov 2015	**277.1**	**450.0**	**727.1**
Additions/ other movements	24.6	26.3	**50.9**
Disposals	(0.6)	(10.4)	**(11.0)**
Added value gains	8.5	9.2	**17.7**
Market valuation gains	0.1	1.9	**2.0**
Nov 2016	**309.7**	**477.0**	**786.7**

Industrial and logistics

Our industrial and logistics income generating portfolio represents a total £283.5m of value and is concentrated predominantly in the Midlands and the South West. Over the last 12 months, occupier demand has been robust and we have been well positioned to meet this demand.

Throughout the year, equivalent yields have remained broadly in line with the prior year at 8.4% (2015: 8.5%) and net rental income has grown as a result of acquisitions, new lettings and rent reviews.

Across the industrial and logistics portfolio, during the year we achieved £1.6m of new lettings. Highlights include:

- *Meon Vale Business Park, Long Marston* - The commercial part of this new community comprises 800,000 sq ft of retained industrial space. This is now 100% let after Ford Retail expanded its presence by taking 75,000 sq ft space on a 10 year lease. The total rental income of the fully occupied business park now stands at £2.1m per annum and a yield of 8.5%.
- *Celtic Business Park, South Wales* - A 48,000 sq ft warehousing unit leased to Amazon for 10 years, for an annual rent of £0.3m per annum at this 100 acre business park development in Newport.

Acquisitions

Throughout the year, we have more than offset any income lost through the disposal of mature assets by acquiring new opportunities with good added value potential. Transactional highlights include:

- *Barming, Kent* - Acquisition of this 10.5 acre logistics depot for £6.2m, reflecting a net initial yield of 7.5%. The depot is leased to DHL Supply Chain Ltd at a rent of £0.5m per annum.
- *Warth, Bury* - Acquisition of this 257,000 sq ft industrial estate situated on a 14.3 acre site for £9.3m, reflecting a net initial yield of 9.6%. The asset is leased to a range of tenants and provides an annualised net rental income of £0.9m.

Disposals

Realising value from the portfolio is an important element of our business model and during the year we completed or agreed a number of notable sales:

- *Centurion Park, Tamworth, Staffordshire* - Disposal of a 53,000 sq ft warehouse for £5.1m, reflecting a net initial yield of 5.75%. The unit is let to national brand DFS at a rent of £0.3m per annum.
- *Heartlands Park, Birmingham* - Disposal of this long-standing asset, held in joint venture with KPI, to the Secretary of State for Transport for the HS2 project for £24.5m. Acquired as part of the Alstom portfolio in 2002, this 50 acre business and industrial park comprises 880,000 sq ft of industrial accommodation which will be transformed into the proposed HS2 Rolling Stock Maintenance Depot.

Asset Management

During the year, we have continued to add value to the portfolio through our own actions, with highlights including:

- *Eastleigh Works, Hampshire* - Following a £2.5m investment into its industrial premises, the long leasehold interest has been re-geared to provide an improved new lease to 2035 for tenant Arlington Fleet.
- *Parkside, Doncaster* - Re-geared a lease to National Grid at this 80,000 sq ft industrial estate resulting in a 60% rental increase to £224,500.
- *Trident Business Park, Warrington* - As a result of active asset management across this 223,000 sq ft office and industrial park, the rent has increased by 13% to £690,000.

Outlook

Our ability to add value through our own actions, combined with concentration of our portfolio in the historically strong Midlands and South West regions, positions us well to capitalise on the strength of this resilient sector.

Retail

Our retail assets represent £342.2m of value of which the majority, reflecting £241.3m of value, are held in our investment portfolio. The remaining assets, reflecting £100.9m of value, are categorised as high yielding properties.

Our retail properties are mainly town centres where, over the last 12 months, performance has been more asset specific and where intensive asset management is often required. During the second half of the year, equivalent yields have moved out by approximately 10 bps to 7.5% (May 2016: 7.4%, Nov 2015: 7.5%), although we were able to offset this impact through our own management actions.

Investment portfolio - highlights:

- *Longbridge Town Centre, Birmingham* - Phase 2 of the town centre is now complete and over 95% let, having leased space this year to national brands including Smyths Toys, Specsavers, Holland & Barrett and a number of local retailers. Longbridge now provides £4m of annual net rental income and with the third phase likely to commence development in 2017, there is further opportunity to grow the income.
- *Edmonton Green, Enfield* - Since acquisition in 1999, over £100m has been invested in the regeneration of the centre. Totalling 450,000 sq ft and benefitting from an average annual footfall of 12 million, the centre is now almost 100% occupied. The annual net rental income is £4.3m and the long leasehold interest has been re-geared with the London Borough of Enfield to provide an improved new 150 year lease.
- *The Trentham Estate, Stoke-on-Trent* - Visitor numbers to the Gardens at this 725 acre tourist and leisure destination grew by 17% in the period and annual net rental income from the Shopping Village increased on a like-for-like basis over the same period to £2.8m, whilst the total visitor income increased by 17.6% to £2.4m. Works are now well progressed to extend the Shopping Village by 21,000 sq ft which will lead to further growth in the rent roll in 2017 and into 2018.

High yielding properties - highlights:

- *Kirkby, Liverpool* - This town centre scheme comprising 400,000 sq ft of retail and leisure space, across 80 tenants, was acquired in 2015. In the period, we have completed a range of lease renewals and new lettings, securing a number of local and national retailers. The town centre currently generates an annual net rental income of over £2.5m and provides future potential for income and value creation through our ongoing asset management and planned redevelopment activities which will be a focus for 2017.

- *Queensmead Shopping Centre, Farnborough* - We disposed of this Shopping Centre, part of our town centre regeneration scheme in Farnborough and held in our KPI joint venture, for £16.8m, reflecting a net initial yield of 7.8%.

Outlook

We continue to see some value-add opportunities across our retail portfolio, both through intensive asset management activity and development opportunities. However, we expect these upsides to be offset by modest yield expansion during 2017 as inflation puts pressure on consumer spending. Our retail portfolio will require careful management to ensure we are appropriately selective when pursuing value-add opportunities.

Student accommodation and PRS

The remaining income generating assets include the Bay Campus student accommodation facilities that we are developing and managing in partnership with Swansea University and our Private Rented Sector assets. Highlights during the year include:

Bay Campus, Swansea University

Now entering the second academic year at the Bay Campus, we have achieved £5.5m net rental income (before associated finance lease charges of £2.0m) from the first two phases of the student accommodation, totalling 1,462 student rooms. We are progressing works to the third phase of accommodation which is due to open in September 2017 and will bring total student rooms to over 2,000.

We are already achieving 100% occupancy at the new Bay Campus and demand is set to remain strong as the University vacates its older accommodation at Hendrefoilan Campus, which is already being redeveloped in phases by St. Modwen Homes into a scheme of 300 high quality new homes. We expect this to support further growth and development opportunities across the remaining 30 acres of the 65 acre Bay Campus site in the coming years.

We are currently assessing our options for our student accommodation assets at the Bay Campus, which will form an important element of our wider strategy and portfolio review.

Private Rented Sector (PRS)

We have started to realise some PRS opportunities from our existing portfolio on a small scale at Wembley Central, London and Edison Place, Rugby. Amounting to a total of 64 apartments, both schemes are now fully occupied and generating a total annualised income of £0.7m. During 2017 we will continue to work on our strategy in this area and assess the land bank for PRS opportunities in terms of location and scale.

In the right situation, PRS projects offer potential to accelerate residential development and gain exposure to a market with good structural growth prospects.

COMMERCIAL LAND AND DEVELOPMENT

It has been an active year for our commercial land and development portfolio which now represents £223.6m of value. Overall, our committed programme of commercial development now stands at 1.6m sq ft, having added a steady stream of new opportunities to replace the approximate 800,000 sq ft of space completed over the last 12 months. The following table summarises our committed development pipeline as at 30th November 2016:

Commercial development pipeline

Movement during the year	No. of schemes	Sq ft ('000)	Pre-let/ pre-sold* %	Cost to complete £m	Expected value on completion £m	Yield on cost %	Profit on cost approx. %

Position at Nov 2015	33	1,590	51	114	213		
Sold/ moved to investment properties/ other movements	(19)	(760)					
Schemes added to the pipeline	15	790					
Position at Nov 2016	**29**	**1,620**	**41**	**136**	**237**		
Analysis of position at Nov 2016							
Retail	8	255	51	24	55	8.6	15
Industrial/ Logistics	18	1,025	21	54	96	8.5	20
Student/ PRS	1	180	100	28	43	6.2	25
Other	2	160	89	30	43	7.7	20
Total	**29**	**1,620**	**41**	**136**	**237**	**8.0**	**20**

*As at 31st January 2017

Our investment of £99.5m into commercial development activity during the year was reflected in a strong performance in commercial development profits, particularly during the first half of the year. Following the outcome of the EU Referendum in June 2016, we slowed down new development commitments to allow time to assess any changes in market conditions. Although we subsequently resumed development activity at similar levels, this pause resulted in reduced commercial development profits in the second half of the year. Profits from commercial development for the full year to 30th November 2016 were £30.4m (2015: £38.3m).

Our immediate commercial pipeline is largely focused on sectors with good long-term prospects for growth, namely industrial and logistics and student accommodation. Currently, it comprises approximately 700,000 sq ft of committed/ pre-let accommodation with the remaining approximate 900,000 sq ft made up of a programme of speculative development which is predominantly responding to healthy demand in the industrial and logistics sector, particularly in the Midlands and the South West.

In the period, we have continued to be successful in securing commercial planning applications for delivery in the near term, with highlights including:

- *Tamworth East, Tamworth, Staffordshire* - Planning consent secured for 700,000 sq ft of industrial and logistics space. We anticipate commencing works on the first phase of units during 2017.
- *Burton Gateway, Burton-upon-Trent* - Planning approval granted for two industrial and logistics units totalling 328,000 sq ft in the next phase of this 64 acre business park which has outline consent for up to 1m sq ft of industrial space. Works on the next phase are anticipated to commence in 2017.
- *Thurleigh Airfield Business Park* - Planning consent has been secured for the development of a new 40,000 sq ft workshop and office facility for SMH Fleet Solutions, an existing tenant at the business park. Works started on the new facilities in January 2017 and will complete later in the year.

These new opportunities are replacing the approximate 800,000 sq ft of completed commercial space, from which we have realised £75.5m of value through asset sales, with highlights including:

- *Travis Perkins, Whitley Business Park, Coventry* - Delivery of a 215,000 sq ft design and build unit for Travis Perkins for £23.4m. This transaction signified the completion of this 93 acre business park which, in addition to over 50,000 sq ft of office space, houses the main UK Head Office and engineering works of Jaguar Land Rover.
- *Kent Foods, Access 18, Avonmouth* - Delivery of a 37,000 sq ft speculative unit that was sold to owner occupier Kent Foods Ltd for £3.7m.

Over the course of 2017 we will continue to review our regional land bank and target development in those areas where we can capitalise on positive demand prospects for commercial accommodation. We expect both development capital expenditure and returns for 2017 to be broadly in line with the prior year.

In the medium to longer-term, our development pipeline comprises over 13m sq ft of commercial space that already benefits from planning permission. At present, this is made up of 84% industrial and logistics space, 3% retail and the remainder comprising mainly offices and student accommodation. In addition, we have approximately a further 7m sq ft of space for which planning permissions are currently being pursued.

Adding to our medium to longer-term commercial development pipeline, during the period we have invested £38.5m in acquisitions, being a combination of Development Agreements and acquiring land with significant potential for commercial development. Highlights include:

- *Stanton Cross, Wellingborough -* Signed an agreement with Bovis Homes to be the housebuilder's commercial development partner for the delivery of 1.5m sq ft of industrial accommodation as part of this £900m major regeneration project.
- *Chippenham Gateway, Wiltshire* - Development of this 79 acre site for 900,000 sq ft of industrial accommodation.

Outlook

The efficient creation and realisation of value from our land bank through development will continue to form an important part of our future strategy. Over the coming months we will be undertaking a full review of the land bank to determine the most appropriate and effective prioritisation of activities for the years ahead. This will inform decisions regarding the allocation of resources and capital.

RESIDENTIAL LAND AND DEVELOPMENT

Representing £742.0m of value and 42% of our portfolio, our residential business has completed another active year as a result of our strong presence in the regions, coupled with the ongoing success of St. Modwen Homes which is now active on 18 sites across the UK. We have also experienced continued appetite from third party housebuilders for 'oven ready' land for development.

We realise residential value through two principal routes to market:

- *Residential land sales* - The sale of land benefitting from residential planning permission to third party housebuilders.
- *Housebuilding -* The sale and development of new homes through both St. Modwen Homes and the Persimmon joint venture.

We are also assessing the potential for PRS to become a third route to market, helping to accelerate development on larger sites and improving returns. However, the scale of opportunity will depend on the suitability of our land bank, which is not yet clear.

Residential land sales

During the period we have pursued a series of planning applications across our land bank which we have either taken forward ourselves through St. Modwen Homes or sold on to third party housebuilders at or above book value. This year, including our share of joint ventures, we sold or agreed for sale 42.7 acres of land for proceeds of £47.6m (2015: 70.1 acres, £58.1m) with highlights including:

- *Millbrook Park, Mill Hill -* The sale of 5.75 acres in two transactions to Wilmott Dixon and Laidlaw Estates for a total of £47m, of which the St. Modwen share is £20.3m.
- *Glan Llyn, Newport, South Wales* - The sale of 13 acres to Bellway for £6.4m.
- *Longbridge, Birmingham* - The sale of six acres to Taylor Wimpey for £7.6m.

The level of disposals achieved during the period reflects the ongoing appetite for regional land amongst third party housebuilders and we expect a similar level of sales to be achieved during 2017. Whilst we experienced a brief slow-down in demand following the results of the EU Referendum, this proved short-lived and demand soon returned to prior levels. It is this demand that supports our view for 2017.

Housebuilding

In response to continued strong regional demand for quality new homes, we have experienced another year of growth in our housebuilding activities, translating into an overall residential profit of £27.1m (2015: £26.7m). Of this, St. Modwen Homes has contributed £15.3m (2015: £10.3m), an increase of 49% year on year, and the Persimmon joint venture £11.8m (2015: £16.4m). We expect the joint venture to remain live for a further two years as Persimmon trades out of its remaining sites, with volumes declining by approximately 35% in 2017.

House completions over the past 12 months have totalled 887 units (2015: 967), at a sales rate of 0.8 private units per outlet per week and comprise:

- 485 for St. Modwen Homes (2015: 315) at an average selling price of £206,000, an increase of 4.6% from £197,000 in 2015; and
- 402 for Persimmon (2015: 652) at an average selling price of £242,000 (including St. Andrew's Park, Uxbridge).

For the coming year, we have already secured a healthy level of forward sales, achieving 42% of the target set for St. Modwen Homes and 58% of the Persimmon JV target, with the latter reflecting the relative maturity of the JV sites.

St. Modwen Homes

St. Modwen Homes was launched in 2010 and in six years has grown to 129 employees (2015: 84 employees), operating currently from 15 sales outlets. Over the course of 2017, we expect to operate from an average of 16 sales outlets (2016: average of 11 outlets), growing to 18 by the year end and we expect to achieve unit volume growth of approximately 40%, at least offsetting the reducing profits from the Persimmon joint venture as it continues to wind down.

Highlights include:

- *St. Andrew's Park, Uxbridge* - Progressing with St. Modwen Homes' first phase of 85 family homes as part of this 110 acre former RAF site, held in joint venture with VINCI PLC. Once complete, this new community will comprise 1,340 new homes, 200,000 sq ft of commercial space, a theatre and other key community facilities, including a new 40 acre park for Greater London.
- *Meon Vale, Warwickshire* - Progressing with St. Modwen Homes' first phase of 258 homes as part of this 479 acre leisure-led, mixed-use community of 1,050 homes, 800,000 sq ft of commercial accommodation, primary school, a community centre, gym and leisure hub.
- *Branston Leas, Burton upon Trent* - Progressing with St. Modwen Homes' second phase of 205 homes as part of this new community which, when complete, will comprise 660 homes, 1m sq ft of employment space, an 8,000 sq ft retail centre and 82 acres of new woodland.

Subject to planning, the eight new sites where we anticipate commencing works in 2017 include:

- *Littlecombe, Dursley, Gloucestershire* - The third phase of approximately 200 homes at this long-term regeneration project which is the site of the former Lister Petter factory. When complete it will comprise 200,000 sq ft of commercial space and 600 homes.
- *Egstow Park, Derbyshire* - The first phase of approximately 160 homes at this new community in Derbyshire which, when complete, will provide approximately 820 new homes and 80,000 sq ft of commercial space, with a local centre and public house.
- *Glan Llyn, Newport, South Wales* - The fourth phase of approximately 160 homes at this major regeneration scheme in South Wales which is transforming the former Llanwern Steelworks site. When complete it will provide 4,000 homes, two primary schools, a retail centre and a 500,000 sq ft business park.

Residential land

Our medium to long-term residential pipeline represents a significant source of potential value creation and we expect to sustain the current levels of annual planning gain across our portfolio for at least the next few years.

Over the last 12 months, we have secured planning permissions for 1,670 new plots and we are targeting a further 1,235 in 2017. Now 25,230 plots or 84% of our portfolio (or approximately 14,500 plots excluding NCGM and South

Wales) benefit from some form of planning recognition. Our total potential residential portfolio comprises 30,215 plots (2015: 32,516).

Highlights - planning consents achieved:

- *Bramshall Meadows, Uttoxeter* - Outline planning permission secured for 700 homes and 25 acres of employment space. Detailed permission obtained for an initial 58 homes for which St. Modwen Homes has already commenced works.
- *Leegate, London* - For a £125m residential-led, mixed-use scheme in Lewisham, London comprising 229 apartments and over 100,000 sq ft of retail, leisure and education facilities.
- *Wolverton Works, Wolverton* - For the £100m regeneration of Wolverton Works, providing 325 homes, a rail-related business premises, Lidl foodstore and a heritage centre.

Highlights - applications submitted:

- *Land West of Locking Parklands, Weston-super-Mare* - For 300 new homes at the adjacent Locking Parklands site which forms part of a £400m mixed-use project which will sit alongside 1,450 homes and be delivered over 20 years.
- *The Fairway, Stafford* - For 280 homes, alongside a local retail centre and public open space.
- *Kenn, Clevedon* - For 120 homes and three acres of employment space.

Outlook

Looking forward, we expect the housing shortage in the UK to persist and for Government policy to continue to stimulate growth, both in terms of facilitating demand but also increasingly through addressing supply. St. Modwen is well placed in this regard being a housebuilder that is able to cater for strong regional demand for housing and possessing a wider land bank that can benefit from supply side initiatives. Our residential portfolio and business will be a key part of our growth plans for the long term.

FINANCIAL REVIEW

Overview

During the year, we have delivered a solid performance against the backdrop of an uncertain market environment. NAV per share increased 4.2% to 431.0 pence (2015: 413.5 pence) and EPRA NAV per share increased 3.2% to 460.5 pence (2015: 446.4 pence) delivering, together with dividends, a total accounting return per share of 4.5% (2015: 31.9%). The Group reported a profit before all tax of £60.8m (2015: £258.4m) and earnings per share of 24.1 pence (2015: 97.9 pence).

As previously highlighted in the Chief Executive's Review, there are a series of key factors that explain why these results are below those reported for the prior year.

The underlying business performed well, as evidenced by trading profits of £56.1m (2015: £63.3m), with added value gains driven by our actions remaining strong at £28.3m (2015: £38.6m) following a particularly active year to 30th November 2015 and despite a noticeably weaker investment market.

Group net borrowing, including our share of JVs, increased marginally to £517.0m at 30th November 2016 (2015: £489.3m). Taking into account growth in the valuation of the Group's portfolio, see-through loan-to-value remained broadly in line with the prior period at 30.5% (2015: 29.9%). Excluding residential land value, the Group's loan-to value ratio was 54.3% (2015: 55.6%) and we are likely to seek to reduce this over time.

Presentation of financial information

As we use a number of joint venture arrangements, the statutory financial statement disclosures do not always provide a straightforward way of understanding our business. Reconciliations between all the statutory and non-statutory measures and the explanations as to why the non-statutory measures give valuable further insight into the Group's performance are given in Note 2 to the Group Financial Statements. In particular, profit before all tax is used because it reflects the way the Group is run on a proportionally consolidated basis, and because it also removes the taxation effects on equity accounted entities from the statutory profit before tax figure.

The Group has four material joint ventures, three of which are in partnership with VINCI and one in partnership with Salhia. The VINCI joint ventures comprise the NCGM operation and joint ventures at Uxbridge and Mill Hill (the latter through the Inglis Consortium), both of which are engaged in the remediation and subsequent sale of land. The Salhia joint venture, Key Property Investments (KPI), owns a broad portfolio of principally income-producing industrial assets acquired between 1998 and 2002.

INCOME STATEMENT

	30 Nov 2016 (£m)	**30 Nov 2015 (£m)**
Net rental and other income	**50.1**	42.9
Property profits		
• commercial	**30.4**	38.3
• residential[1]	**27.1**	26.7
Overheads	**(29.3)**	(24.1)
Operating profit	**78.3**	83.8
Interest	**(22.2)**	(20.5)
Trading profit	**56.1**	63.3
Valuation - added value	**28.3**	38.6
Valuation - market[2]	**0.1**	35.7
Valuation - NCGM	**(24.3)**	127.4
Other finance credits/ (charges)	**0.6**	(6.6)
Profit before all tax	**60.8**	258.4
Earnings per share	**24.1**	97.9
Cost coverage[3]	**98%**	96%

1. Residential property profits include direct residential overheads of £4.5m (2015: £2.4m)
2. Valuation - market includes a £12.5m impact from the changes to SDLT for the year ended 30th November 2016
3. Cost coverage - the ratio of recurring rental and other income to operating costs comprising interest and overheads, excluding the direct overheads relating to the residential business.

Net rental and other income

We aim to cover our recurring overheads and interest costs with revenue from our income generating portfolio. The Group's share of net rental and other income has increased in the year to £50.1m (2015: £42.9m). This is largely driven by acquisitions and asset management activity, along with strong income streams from major assets completed towards the end of 2015 including Longbridge Town Centre and the Bay Campus, Swansea University. As a result of these actions, we continue to largely cover the running costs of the business from recurring rental and other income.

As a result of proactive asset management, our occupancy levels have increased to 90% (2015: 89%) and excluding the Bay Campus student accommodation at Swansea University, the average lease length has been maintained at five years. A degree of void in our portfolio will be structural as we secure vacant possession of units to prepare our high yielding income generating properties for redevelopment.

Overheads

Administrative expenses for the year increased to £29.3m (2015: £24.1m). This increase included £3m of one-off costs relating to corporate restructuring of legal entities which is now complete. For 2017 we expect £1.5m of costs associated with executive share buy-out arrangements and the underlying cost base to increase broadly in line with inflation.

Finance costs and income

Finance costs have increased during the year in line with the marginal increases in the average levels of see-through net debt as a result of increased investment activity. See-through net interest charges increased to £22.2m (2015: £20.5m) while our weighted average cost of borrowing reduced further in the year to 3.8% (2015: 3.9%) as a result of increased borrowing at the lower marginal rates on our banking facilities. Assuming LIBOR remains relatively stable, we would expect an increase to our finance costs of approximately £0.7m for the next financial year as the convertible bond reverts to a fixed rate in March 2017, although we will seek to offset this through our intention to reduce borrowings over time.

PROPERTY VALUATION

All of our investment properties are independently valued every six months by our external valuers Cushman and Wakefield and Jones Lang LaSalle (the latter for NCGM only). Our valuers base their valuations upon an open market transaction between a willing buyer and a willing seller at the Balance Sheet date. Therefore, no value is taken for any future expected increases but discounts are applied to reflect any future uncertainties.

In accordance with accounting standards, valuation movements are reflected as gains or losses in the Income Statement. Where appropriate, we will also independently assess our work in progress for any impairment issues. Valuations in all our asset classes have been validated wherever possible by open market transactions during the course of the year.

The total valuation gain in the year was £4.1m, compared to £201.7m in 2015, for the reasons previously outlined.

PROFIT BEFORE ALL TAX

Profit before all tax for the year was £60.8m (2015: £258.4m), and is stated before tax on joint venture income and after movements in the market value of our interest rate swaps and our convertible bond. The derivative valuations are based on the financial market's forward predictions for interest rates. In contrast to the previous year, the convertible bond was trading below par at the end of the financial reporting period and together with other non-cash financial items, this resulted in a credit of £0.6m (2015: £6.6m charge).

TAXATION AND PROFITS AFTER TAX

As a result of the reduction in profit before all tax noted above, our total tax charge (including joint venture tax and deferred tax included in negative goodwill) for the year reduced to £7.2m (2015: £41.1m) resulting in profit after tax on a proportionally consolidated basis of £53.6m (2015: £217.3m). Basic earnings per share were 24.1 pence (2015: 97.9 pence).

As a property group, tax and its treatment is often an integral part of transactions. The outcome of tax treatments, including tax planning, is recognised by the Group to the extent that the outcome is reasonably certain. The effective rate of tax for the year fell to 11.8% (2015: 15.9%), as a result of a higher proportion of our 2016 profits being taxed at the Group rate of tax of 14.0% (2015: 13.9%) as opposed to the JV rate of tax 17.8% (2015: 17.8%) in comparison to 2015.

The Group rate benefits from land remediation relief, certain investment gains not being taxable as a result of indexation, and the property ownership structure within the Group. As a result of proposed changes in the Group structure, from 2017 the effective tax rate is expected to move towards, but remain below, the standard rate of tax of 19%.

BALANCE SHEET

At the year end the shareholders' equity value of net assets was £955.2m (2015: £914.7m) or 431.0 pence per share which represents a 4.2% increase over the year (2015: 413.5 pence per share). This growth is after the increased dividend payments (2016 interim and 2015 final) of £12.8m (5.79 pence per share) in 2016 (2015: £11.1m or 5.04 pence per share). Our total dividend payable for 2016 is 6.00 pence (2015: 5.75 pence), an increase of 4.3%, in line with NAV growth. Our EPRA net asset value rose 3.2% to 460.5 pence per share from 446.4 pence per share.

	2016			**2015**
	Group	**JV**	**Total**	**Total**
	£m	**£m**	**£m**	**£m**
Property portfolio	1,370.5	381.8	**1,752.3**	1,691.6
Other assets	126.2	44.4	**170.6**	156.5

Gross assets	**1,496.7**	**426.2**	**1,922.9**	1,848.1
Net borrowings	(470.0)	(47.0)	**(517.0)**	(489.3)
Finance leases	(56.8)	(0.9)	**(57.7)**	(56.3)
Other liabilities	(192.6)	(193.5)	**(386.1)**	(381.0)
Gross liabilities	**(719.4)**	**(241.4)**	**(960.8)**	(926.6)
Net assets	**777.3**	**184.8**	**962.1**	921.5
Non-controlling interests	(6.9)	-	**(6.9)**	(6.8)
Equity attributable to owners of the Company	**770.4**	**184.8**	**955.2**	914.7
NAV per share			**431.0p**	413.5p
EPRA NAV per share			**460.5p**	446.4p
See-through LTV			**30.5%**	29.9%
Total accounting return			**4.5%**	31.9%

This table is presented on a proportionally consolidated basis, including the Group's share of assets and liabilities of Joint Ventures and Associates in the Balance Sheet categories to which they relate, rather than on a statutory basis as one line representing the share of net assets of those joint ventures and associates.

Financing

Following a year of net investment to grow our income generating asset base in 2015, we have continued to generate strong cash inflows and have carefully managed our net borrowing position. Cash generated (before new investment, tax and dividends) was £306.4m (2015: £298.1m) and new investment was managed tightly such that net borrowings, including our share of JVs, increased only marginally to £517.0m, from £489.3m at the start of the year.

Taking into account growth in the valuation of the Group's portfolio, see-through loan-to-value of 30.5% and adjusted gearing of 48.9% (at amortised cost and excluding finance leases) remained broadly in line with the prior year. Excluding residential land value, the Group's see-through loan-to-value ratio fell to 54.3% (2015: 55.6%) and, whilst the Company's capital structure remains strong, we are likely to seek to reduce this over time.

	2012	2013	2014	2015	**2016**
Group adjusted gearing	71.2%	54.3%	46.6%	48.1%	**48.9%**
See-through loan-to-value	40.8%	32.7%	30.6%	29.9%	**30.5%**
See-through loan-to-value excluding residential land value	64.0%	56.6%	55.4%	55.6%	**54.3%**

Group adjusted gearing, see-through loan-to-value and see-through loan-to-value excluding residential land value are reconciled in Note 2i to the Group Financial Statements.

CORPORATE FACILITIES

Our refinancing programme has continued with the increase of facilities with Barclays and HSBC to £163m and £150m, respectively, with both facilities now extending to 2021. These actions increased our weighted average facility life to 3.7 years (2015: 3.6 years) and going forward, we have no facility maturities until 2019. We have further reduced our weighted average cost of debt to 3.8% (2015: 3.9%) and, with £724m of see-through committed facilities against see-through net borrowings of £517m, we have ample funding to transact.

Hedging and cost of debt

We aim to have predictable costs attached to our borrowing and therefore hedge a significant portion of our interest rate risk. At the year end, 50% of our borrowings were fixed or hedged (2015: 47%). This will increase further as the convertible bond reverts to fixed rate in March 2017, adding approximately 20% to the proportion of our debt that is fixed. As any new financing is put in place we will ensure that our hedging positions are appropriate for our future development expectations.

Our actions and mix of debt have continued to benefit our weighted average interest rate, which reduced in the year to 3.8% from 3.9%. At current LIBOR levels, we expect our weighted average interest rate will increase partly through a 20 bps increase upon expiry of the convertible swap, and a further potential increase of 30 to 80 bps over time as we execute our likely strategy to de-gear, which will require us to pay down cheaper debt, impacting on mix.

Corporate funding covenants

Covenant compliance continues at all levels and across all metrics and we continue to operate with considerable headroom against all measures.

Mark Allan	**Rob Hudson**
Chief Executive	Group Finance Director
6th February 2017	

PRINCIPAL RISKS AND UNCERTAINTIES

Construction and development

1. Changes to the planning framework at a national and regional level	
Risk assessment - Low	**Trend** =
Impact • Inability to obtain planning permission • Failure to maximise returns from developments • Loss of competitive advantage	
Commentary Our daily exposure to all aspects of the planning process, and internal procedures for sharing best practice, ensure we remain abreast of most developments. Furthermore, we continue our efforts to influence public policy debate. Although the current fluctuations in proposed planning legislation mean that future rules are uncertain, at a national level there appears to be a continued focus on the regeneration of brownfield sites which, combined with our planning expertise, we believe will enable us to prosper relative to our competitors.	
Mitigation • Use of high quality professional advisors • Active involvement in public consultations • Constant monitoring of the planning framework by in-house experts • Regular dialogue with central and local government	

2. Failure to effectively manage major projects	
Risk assessment - High	**Trend** =
Impact • Financial loss • Negative reputational impact	
Commentary We use our extensive knowledge and experience in remediation, asset development and construction to manage our major projects. A number of our major projects are joint ventures which shares the risk exposure whilst benefitting from the considerable expertise of both parties. Major projects are subject to regular review by the executive directors and also by the Board to ensure that we continue to manage these risks effectively.	
Mitigation • Joint ventures on a number of major projects reduces the overall risk exposure • Significant in-house development skills and expertise • Sites are often prime locations allowing flexibility over their use and increasing development options • Regular performance review by executive directors and the Board	
3. Unforeseen exposures, costs and liabilities on projects	
Risk assessment - High	**Trend** =
Impact	

- Inability to deliver development scheme
- Financial loss on major projects

Commentary

All developments are subject to financial appraisal and approved in accordance with defined authority limits. Contractor selection and management processes are rigorous whilst subcontractor packages and direct material purchases are subject to robust procurement processes and competitively tendered to secure best value. However, fluctuations in the value of sterling and inflationary pressures may lead to an increase in the cost of goods and materials.

Progress on all developments is monitored at a regional level and through the Property Board, with regular oversight from the executive directors and the Board.

Mitigation

- Robust procurement and purchasing processes in place
- Detailed budgets are established for each project which are regularly monitored with significant variances investigated
- Prime assets have alternate uses
- Projects, acquisitions and disposals are reviewed and financially appraised in detail, with clearly defined authority limits
- Contractual liability clearly defined

4. Absence of high quality contractors, consultants and third parties

Risk assessment - Medium	**Trend** +

Impact

- Adversely impacts on the quality of work
- Inability to meet demand and support the growth of the business
- Financial impact on the returns achieved on individual developments

Commentary

The expansion of the business and increased volume of work, particularly in residential housing, has resulted in the need for additional contractors and consultants in order to meet this demand.

We continue to use trusted contractors and consultants working in a partnership approach. We also seek to continually develop our pool of third party expertise and ensure value for money at both a national and regional level through regular market testing. This ensures we do not become overly reliant on a single supplier.

Mitigation

- Regular tendering is undertaken for new consultants and contractors
- Reliance on a single consultant/contractor minimised through the use of pools of specialists
- Close monitoring of contractor/consultant performance and financial viability

Economic environment and market

5. Downturn in market and economic conditions

Risk assessment - High	**Trend** +

Impact

- Reduced demand for sites and properties
- Declining yields
- A fall in the valuation of our assets

Commentary

During 2016 there has been increased uncertainty in the UK property market and broader UK economy, partly as a consequence of the EU Referendum in June 2016.

We mitigate the risk through the diversity of geographical regions and sectors within which we hold assets, including residential, industrial/logistics and retail which creates diversification meaning we are not exposed to any one sector or region. Additionally, the land bank of approximately 6,000 acres provides flexibility to move with market demands and pursue those opportunities that generate the greatest value at any one time.

We continue to focus on maximising net rent and other income in order that the revenue generated broadly covers the running costs of the business.

Mitigation

- Regional spread and portfolio diversity mitigates sector or location specific risks
- Active portfolio management achieves better than market utilisation of assets
- PRS developments less susceptible to short-term market fluctuations
- Extensive land bank with a continuing stream of planning applications

- Regular monitoring of macro level indicators.

6. Financial collapse of, or dispute with, a key joint venture partner	
Risk assessment - Low	**Trend** =
Impact • Financial loss • Delays and/or inability to deliver development schemes	
Commentary Our key partners are Persimmon, VINCI plc and Salhia Real Estate Company K.S.C of Kuwait. These are financially strong partners with good prospects and strong balance sheets. Where we had financially weaker partners, we have exited from those arrangements.	
Mitigation • Monthly review of performance to identify if senior management intervention is required • Flexible but legally secure contracts with partners • Funding structure has reduced the exposure • Fewer but financially strong JV partners	

Regulatory and compliance

7. A major health and safety incident occurs or non-compliance with legislation	
Risk assessment - Medium	**Trend** =
Impact • Serious injury or death to an employee, client, contractor or member of the public • Financial penalties • Reputational damage	
Commentary The nature of our operations means that ensuring effective health and safety arrangements remains a priority as the Group has no appetite for health and safety risk exposure. The SHE Committee has continued to meet during 2016 and has undertaken a review to further enhance our health and safety framework. This has resulted in the development of a revised health and safety training programme which will be rolled out to staff in 2017.	
Mitigation • Use of high quality HS&E advisors • Annual cycle of SHE audits • SHE Steering Group chaired by the Group Construction Director • Regular reporting of performance against indicators to executive directors and the Board. • Defined business processes in place to proactively manage issues arising	

8. Failure to manage long-term environmental issues relating to brownfield and contaminated sites	
Risk assessment - Low	**Trend** =
Impact • Major environmental issue • Financial and reputational damage	
Commentary In line with our risk appetite, we are willing to accept a degree of environmental risk where opportunities for higher returns exist. The inherent risks are minimised or passed on wherever possible and the residual risk remains acceptably low. During 2016, as in previous years, we have undertaken regular environmental audits of our land bank to ensure we have visibility of, and can adequately manage, environmental risks effectively. Actions arising from these audits are monitored through to implementation.	
Mitigation • Use of high quality external advisors	

- Risk assessments conducted as part of due diligence process
- Contamination remediated immediately following acquisition
- Cost plans allow for unforeseen remediation costs
- Annual independent audit of environment risk
- Full warranties from consultants and contractors

Organisational

9. Failure to recruit and retain staff with the necessary skills and expertise	
Risk assessment - Medium	**Trend** =

Impact

- Significant disruption to the business
- Loss of intellectual property
- Adversely affects the ability to grow the business

Commentary

In 2015 all members of our management team completed a multi-faceted development programme operated by external providers. During 2016 we have also enhanced existing reward programmes as part of the annual salary review process to ensure that packages remain competitive.

Staff turnover remains low and the proportion of management with more than three years' service is 69%. There have been a number of new hires at senior management and Board level during 2015 and 2016, including a new Chief Executive and Group Finance Director. The ongoing effort to attract the best people with relevant skills will support the Company's long-term business objectives.

Mitigation

- Succession planning monitored at Board level and below
- Leadership and management development plans in place
- Targeted recruitment with competitive, performance-driven remuneration packages to secure highly-skilled and motivated employees
- Key information is documented to safeguard knowledge

Financial

10. Reduced availability of funding and unforeseen changes to cashflow requirements	
Risk assessment - High	**Trend** +

Impact

- Lack of liquidity
- Adversely impacts the saleability of assets
- Limits the business to meet its ongoing commitments
- Restricts the ability of the business to grow

Commentary

The increased uncertainty in the UK property market and broader UK economy may impact on the Group's cashflow requirements and also the availability of funding.

Our prudent approach to forward commitments, speculative development and asset disposals has enabled us to optimise operational cash flows and offset the impact of fluctuating market conditions. We also continue to monitor cashflow carefully and regularly undertake downside risk analysis.

Our banking relationships are strong, our gearing is broadly constant and the interest rate risk is hedged. We continue to operate within our headroom and during 2016 have increased our facilities further to provide greater flexibility.

Mitigation

- Recurring net rental and other income broadly covers the overhead and interest cost base
- Financial headroom is maintained to provide flexibility
- Regular and detailed cashflow forecasts enable monitoring of performance and management of future cash flows
- All corporate debt refinanced until at least 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibility statement below has been prepared in connection with the Company's Annual Report and Financial Statements for the year ended 30th November 2016; certain parts of this report are not included within this announcement.

Each of the directors in office as at the date of the Annual Report, whose names and functions are set out within the Annual Report, confirm that to the best of their knowledge:

- the Financial Statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;

- the management report (which comprises the Strategic Report and the Directors' Report) includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Approved by the Board and signed on its behalf by

Tanya Stote
Company Secretary
6th February 2017

Group Income Statement

for the year ended 30th November 2016

	Notes	2016 £m	2015 £m
Revenue	1	**287.7**	287.5
Net rental income	1	**40.5**	32.8
Development profits	1	**51.7**	51.7
Gains on disposals of investments/investment properties	1	**9.5**	11.7
Investment property revaluation gains	7	**30.3**	73.9
Other net income	1	**4.2**	4.2
(Losses)/profits of joint ventures and associates (post-tax)	8	**(28.2)**	106.8
Administrative expenses		**(33.0)**	(26.1)
Profit before interest and tax		**75.0**	255.0
Finance costs	3	**(23.0)**	(25.2)
Finance income	3	**14.9**	5.4
Profit before tax		**66.9**	235.2
Taxation	4	**(13.3)**	(17.9)
Profit for the year		**53.6**	217.3
Attributable to:			
Owners of the Company		**53.4**	216.4
Non-controlling interests		**0.2**	0.9
Profit for the year		**53.6**	217.3

	2016 Pence	2015 Pence
Basic earnings per share	**24.1**	97.9
Diluted earnings per share	**19.8**	90.4

Group Statement of Comprehensive Income

for the year ended 30th November 2016

	2016 £m	2015 £m
Profit for the year	**53.6**	217.3
Items that will not be reclassified to profit and loss:		
Pension fund actuarial losses	**(0.1)**	(0.1)
Deferred tax thereon	**-**	-
Total comprehensive income for the year	**53.5**	217.2
Attributable to:		
Owners of the Company	**53.3**	216.3
Non-controlling interests	**0.2**	0.9
Total comprehensive income for the year	**53.5**	217.2

Group Balance Sheet

as at 30th November 2016

	Notes	2016 £m	2015 £m
Non-current assets			
Investment properties	7	**1,133.0**	1,081.0

Operating property, plant and equipment		**4.2**	4.2
Investments in joint ventures and associates	8	**184.8**	227.3
Trade and other receivables	9	**8.2**	6.1
		1,330.2	1,318.6
Current assets			
Inventories	10	**229.7**	183.7
Trade and other receivables	9	**115.8**	104.7
Derivative financial instruments		**1.6**	0.8
Cash and cash equivalents		**4.2**	4.8
		351.3	294.0
Current liabilities			
Trade and other payables	11	**(150.5)**	(146.6)
Derivative financial instruments		**(8.8)**	(8.0)
Borrowings and finance lease obligations	12	**(0.4)**	(0.4)
Current tax liabilities		**(7.1)**	(11.1)
		(166.8)	(166.1)
Non-current liabilities			
Trade and other payables	11	**(3.6)**	(3.1)
Borrowings and finance lease obligations	12	**(527.0)**	(506.5)
Deferred tax		**(22.0)**	(15.4)
		(552.6)	(525.0)
Net assets		**962.1**	921.5
Capital and reserves			
Share capital		**22.2**	22.2
Share premium account		**102.8**	102.8
Retained earnings		**779.7**	739.3
Share incentive reserve		**4.9**	5.2
Own shares		**(0.6)**	(1.0)
Other reserves		**46.2**	46.2
Equity attributable to owners of the Company		**955.2**	914.7
Non-controlling interest		**6.9**	6.8
Total equity		**962.1**	921.5

These Financial Statements were approved by the Board and authorised for issue on 6th February 2017.

Mark Allan — Chief Executive
Rob Hudson — Group Finance Director

Company Number: 00349201

Group Statement of Changes in Equity

for the year ended 30th November 2016

	Share capital £m	Share premium account £m	Retained earnings £m	Share incentive reserve £m	Own shares £m	Other reserves £m	Equity attributable to owners of the Company £m	Non-controlling interests £m	Total equity £m
Equity at 30th November 2014	22.1	102.8	544.0	4.8	(1.8)	46.2	718.1	5.9	724.0
Profit for the year attributable to shareholders	-	-	216.4	-	-	-	216.4	0.9	217.3
Pension fund actuarial losses	-	-	(0.1)	-	-	-	(0.1)	-	(0.1)
Total comprehensive income for the year	-	-	216.3	-	-	-	216.3	0.9	217.2
Equity issue	0.1	-	-	-	(0.1)	-	-	-	-
Share-based payments	-	-	(8.6)	0.4	-	-	(8.2)	-	(8.2)
Share transfers	-	-	(0.9)	-	0.9	-	-	-	-
Adjustment arising from change in non-controlling interest	-	-	(0.4)	-	-	-	(0.4)	-	(0.4)
Dividends paid (note 6)	-	-	(11.1)	-	-	-	(11.1)	-	(11.1)
Equity at 30th November 2015	**22.2**	**102.8**	**739.3**	**5.2**	**(1.0)**	**46.2**	**914.7**	**6.8**	**921.5**
Profit for the year attributable to shareholders	**-**	**-**	**53.4**	**-**	**-**	**-**	**53.4**	**0.2**	**53.6**
Pension fund actuarial losses	**-**	**-**	**(0.1)**	**-**	**-**	**-**	**(0.1)**	**-**	**(0.1)**
Total comprehensive income for the year	**-**	**-**	**53.3**	**-**	**-**	**-**	**53.3**	**0.2**	**53.5**
Share-based payments	**-**	**-**	**-**	**1.6**	**-**	**-**	**1.6**	**-**	**1.6**
Deferred tax on share-based payments	**-**	**-**	**-**	**(0.8)**	**-**	**-**	**(0.8)**	**-**	**(0.8)**
Settlement of share-based payments	**-**	**-**	**(0.1)**	**(1.1)**	**0.4**	**-**	**(0.8)**	**-**	**(0.8)**
Dividends paid (note 6)	**-**	**-**	**(12.8)**	**-**	**-**	**-**	**(12.8)**	**(0.1)**	**(12.9)**
Equity at 30th November 2016	**22.2**	**102.8**	**779.7**	**4.9**	**(0.6)**	**46.2**	**955.2**	**6.9**	**962.1**

Own shares represent the cost of 269,334 (2015: 690,274) shares held by The St. Modwen Properties PLC Employee Share Trust. The open market value of the shares held at 30th November 2016 was £754,135 (2015: £2,985,435).

The other reserves comprise a capital redemption reserve of £0.3m (2015: £0.3m) and the balance of net proceeds in excess of the nominal value of shares arising from an equity placing in 2013 of £45.9m (2015: £45.9m).

Group Cash Flow Statement

for the year ended 30th November 2016

	Notes	2016 £m	2015 £m

Operating activities			
Profit before interest and tax		**75.0**	255.0
Gains on disposal of investments/investment properties		**(9.5)**	(11.7)
Share of losses/(profits) of joint ventures and associates (post-tax)	8	**28.2**	(106.8)
Investment property revaluation gains	7	**(30.3)**	(73.9)
Depreciation		**0.7**	0.8
Impairment losses on inventories	10	**0.3**	1.4
Increase in inventories		**(31.2)**	(49.0)
Increase in trade and other receivables		**(14.3)**	(32.9)
Increase/(decrease) in trade and other payables		**4.3**	(8.3)
Share options and share awards		**-**	(7.8)
Tax paid		**(10.7)**	(9.4)
Net cash inflow/(outflow) from operating activities		**12.5**	(42.6)
Investing activities			
Proceeds from investment property disposals		**64.3**	84.4
Investment property additions		**(90.0)**	(160.5)
Interest received	3	**5.4**	3.9
Acquisition of subsidiary undertaking		**-**	(0.2)
Property, plant and equipment additions		**(0.6)**	(0.6)
Dividends received from joint ventures and associates		**14.3**	6.7
Net cash outflow from investing activities		**(6.6)**	(66.3)
Financing activities			
Dividends paid	6	**(12.8)**	(11.1)
Dividends paid to non-controlling interests		**(0.1)**	-
Interest paid		**(20.7)**	(18.0)
Amounts advanced under finance lease arrangements		**0.6**	32.5
Net borrowings drawn		**160.5**	190.9
Repayment of borrowings		**(134.0)**	(83.8)
Net cash (outflow)/inflow from financing activities		**(6.5)**	110.5
(Decrease)/increase in cash and cash equivalents		**(0.6)**	1.6
Cash and cash equivalents at start of year		**4.8**	3.2
Cash and cash equivalents at end of year		**4.2**	4.8
Cash		**4.2**	4.8
Bank overdrafts		**-**	-
Cash and cash equivalents at end of year		**4.2**	4.8

Group Accounting Policies

for the year ended 30th November 2016

Basis of preparation

The Group's Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and as adopted by the EU as they apply to the Group for the year ended 30th November 2016, applied in accordance with the provisions of the Companies Act 2006.

The Financial Statements have been prepared on the historical cost basis except for the revaluation of certain properties, derivative financial instruments, convertible bonds and the defined benefit section of the Group's pension scheme.

The financial information contained within this announcement has been prepared on the basis of the accounting policies applied in the Group's Financial Statements for the year ended 30th November 2016, which are not reproduced in this announcement. The financial information contained within this announcement does not constitute the Group's statutory accounts for the years ended 30th November 2015 or 30th November 2016 but is derived from those accounts.

Statutory accounts for 2015 have been delivered to the Registrar of Companies and those for 2016 will be delivered following the Company's annual general meeting. The auditor has reported on these accounts: its report was unqualified, did not draw attention to any matters by way of emphasis without qualifying its report, and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

Notes to the Group Financial Statements

for the year ended 30th November 2016

1. Segmental information

a. Reportable segments

IFRS 8 *Operating Segments* requires the identification of the Group's operating segments, defined as being discrete components of the Group's operations whose results are regularly reviewed by the Chief Operating Decision Maker (being the Chief Executive) to allocate resources to those segments and to assess their performance. The Group divides its business into the following segments:

- residential development, being housebuilding activity through St. Modwen Homes and the Persimmon joint venture; and
- the balance of the Group's portfolio of properties which the Group manages internally, and reports, as a single business segment.

b. Segment revenues and results

	2016			2015		
	Portfolio £m	Residential development £m	Total £m	Portfolio £m	Residential development £m	Total £m
Rental income	**53.1**	**-**	**53.1**	41.2	-	41.2
Development	**77.8**	**150.0**	**227.8**	98.4	140.5	238.9
Other income	**6.8**	**-**	**6.8**	7.4	-	7.4
Revenue	**137.7**	**150.0**	**287.7**	147.0	140.5	287.5

All revenues in the table above are derived from continuing operations exclusively in the UK. The Group's total revenue for 2016 was £302.5m (2015: £300.8m) and in addition to the amounts above included service charge income of £9.4m (2015: £9.4m), for which there was an equivalent expense and interest income of £5.4m (2015: £3.9m).

	2016			2015		
	Portfolio £m	Residential development[(1)] £m	Total £m	Portfolio £m	Residential development[(1)] £m	Total £m
Net rental income	**40.5**	**-**	**40.5**	32.8	-	32.8
Development profits	**20.1**	**31.6**	**51.7**	22.6	29.1	51.7
Gains on disposal of investments/investment properties	**9.5**	**-**	**9.5**	11.7	-	11.7
Investment property revaluation gains	**30.3**	**-**	**30.3**	73.9	-	73.9
Other net income	**4.2**	**-**	**4.2**	4.2	-	4.2
(Losses)/profits of joint ventures and associates[(2)]	**(18.4)**	**-**	**(18.4)**	125.6	-	125.6
Administrative expenses	**(28.5)**	**(4.5)**	**(33.0)**	(23.7)	(2.4)	(26.1)
Allocation of administrative expenses	**5.2**	**(5.2)**	**-**	2.8	(2.8)	-
Finance costs[(3)]	**(19.2)**	**-**	**(19.2)**	(15.1)	(2.0)	(17.1)
Finance income[(4)]	**5.4**	**-**	**5.4**	3.9	-	3.9
Attributable profit	**49.1**	**21.9**	**71.0**	238.7	21.9	260.6
Other losses of joint ventures and associates[(2)]			**(9.8)**			(18.8)
Other finance costs[(3)]			**(3.8)**			(8.1)
Other finance income[(4)]			**9.5**			1.5
Profit before tax			**66.9**			235.2

(1) In the Strategic Report, housebuilding profit of £27.1m (2015: £26.7m) is stated before the allocation of administrative expenses and finance costs of £5.2m (2015: £4.8m).
(2) Stated before mark-to-market of derivatives, amortisation of loan arrangement fees, other non-cash items and tax of £9.8m (2015: £18.8m). These amounts are reclassified to other losses of joint ventures and associates.
(3) Stated before mark-to-market of derivatives, amortisation of loan arrangement fees and other non-cash items of £3.8m (2015: £8.1m). These amounts are reclassified to other finance costs.
(4) Stated before mark-to-market of derivatives and other non-cash items of £9.5m (2015: £1.5m). These amounts are reclassified to other finance income.

Other net income of £4.2m (2015: £4.2m) comprises revenue of £6.8m (2015: £7.4m) less associated costs of £2.6m (2015: £3.2m).

Cost of sales in respect of rental income comprise direct operating expenses (including repairs and maintenance) related to the investment property portfolio and total £12.6m (2015: £8.4m), of which £0.3m (2015: £0.6m) is in respect of properties that did not generate any rental income.

During the year the following amounts were recognised (as part of development revenue and cost of sales) in respect of construction contracts:

	2016 £m	2015 £m
Revenue	**27.5**	87.7
Cost of sales	**(21.5)**	(75.2)
Gross profit	**6.0**	12.5

Amounts recoverable on contracts as disclosed in note 9 comprise £12.1m (2015: £23.5m) of contract revenue recognised and £3.2m (2015: £7.8m) of retentions.

Contracts in progress at 30th November 2016 include the aggregate amount of costs incurred £17.2m (2015: £134.3m), recognised profits less recognised losses to date £8.6m (2015: £35.5m) and advances received £25.6m (2015: £27.4m).

c. Segment assets and liabilities

	2016			2015		
	Portfolio £m	Residential development £m	Total £m	Portfolio £m	Residential development £m	Total £m
Investment property	**1,133.0**	**-**	**1,133.0**	1,081.0	-	1,081.0
Inventories	**103.5**	**126.2**	**229.7**	84.2	99.5	183.7
Investments in joint ventures and associates	**184.8**	**-**	**184.8**	227.3	-	227.3
Attributable assets	**1,421.3**	**126.2**	**1,547.5**	1,392.5	99.5	1,492.0
Operating property, plant and equipment			**4.2**			4.2
Trade and other receivables			**124.0**			110.8
Cash and cash equivalents			**4.2**			4.8
Trade and other payables			**(154.1)**			(149.7)
Derivative financial instruments			**(7.2)**			(7.2)
Borrowings and finance lease obligations			**(527.4)**			(506.9)
Tax payable			**(7.1)**			(11.1)
Deferred tax			**(22.0)**			(15.4)
Net assets			**962.1**			921.5

2. Non-statutory information

The purpose of this note is to explain, analyse and reconcile a number of non-statutory financial performance and financial position metrics, which are used extensively by the Group to monitor its performance. These metrics reflect the way in which the Group is run and in particular that the Group reviews and reports performance of its joint ventures and associates in the same way as it would if they were subsidiaries, meaning that proportionally consolidated (see-through) measures are particularly relevant whilst also having the benefit of removing the taxation effects on equity accounted entities from the statutory profit before tax figure. A number of these measures are explained below:

Profit before all tax (note 2a): This proportionally consolidated measure adjusts profit before tax to remove taxation on joint venture and associate profits from the profit before tax figure and as such, Group profit before tax of £66.9m (2015: £235.2m) can be reconciled to profit before all tax of £60.8m (2015: £258.4m) by adjusting profit before tax for the tax credit relating to joint ventures and associates of £6.1m (2015: charge of £23.2m).

Trading profit (note 2a): Trading profit is derived similarly to profit before all tax, but is stated before the principal non-cash income statement items included in this measure, being revaluation gains and non-cash financing charges. For a property company with a low depreciation charge and no amortisation, this therefore represents a more useful measure than the EBITDA alternative performance measure used by many other companies.

Property profits (note 2a): This measure represents proportionally consolidated development profits plus proportionally consolidated gains on disposals of investment properties and therefore, like profit before all tax, ostensibly represents the proportionally consolidated amounts in respect of these two income statement lines, after a (historically de minimis) adjustment for net realisable value provisions.

EPRA NAV per share (note 2g): Whilst it is a non-GAAP measure, EPRA NAV is a standard real estate measure. Its objective is to highlight the fair value of net assets on an ongoing, long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value of derivative financial instruments and deferred taxes on property valuation surpluses are therefore excluded, which facilitates a more objective comparison with peer companies.

Total accounting return (note 2g): Our shareholders measure their returns in terms of both the Group's growth and the dividend return. Total accounting return combines these two items by adding EPRA NAV per share (defined above) to the annual dividend paid per share and measuring this against opening EPRA NAV per share. Whilst this is often measured by Total Shareholder Return which combines share price growth and dividend return, in the real estate sector, it is also insightful to consider net asset growth, which therefore directly reflects the most recent valuation of assets.

a. Trading profit and profit before all tax

	2016			2015		
	Group £m	Joint ventures and associates £m	Total £m	Group £m	Joint ventures and associates £m	Total £m
Net rental income	**40.5**	**5.4**	**45.9**	32.8	5.9	38.7
Development profit[(1)]	**52.0**	**-**	**52.0**	53.1	-	53.1
Gains on disposal of investments/investment properties	**9.5**	**0.5**	**10.0**	11.7	2.6	14.3
Other income	**4.2**	**-**	**4.2**	4.2	-	4.2
Administrative expenses	**(33.0)**	**(0.8)**	**(33.8)**	(26.1)	(0.4)	(26.5)
Finance costs[(2)]	**(19.2)**	**(9.2)**	**(28.4)**	(17.1)	(8.3)	(25.4)
Finance income[(3)]	**5.4**	**0.8**	**6.2**	3.9	1.0	4.9
Trading profit	**59.4**	**(3.3)**	**56.1**	62.5	0.8	63.3
Investment property revaluation gains/(losses)[(1)]	**30.0**	**(25.9)**	**4.1**	72.5	129.2	201.7
Other net finance costs[(2)]	**(3.8)**	**(5.8)**	**(9.6)**	(8.1)	(0.6)	(8.7)
Other finance income[(3)]	**9.5**	**0.7**	**10.2**	1.5	0.6	2.1
Profit/(loss) before all tax	**95.1**	**(34.3)**	**60.8**	128.4	130.0	258.4
Taxation	**(13.3)**	**6.1**	**(7.2)**	(17.9)	(23.2)	(41.1)
Profit/(loss) for the year	**81.8**	**(28.2)**	**53.6**	110.5	106.8	217.3
Effective tax rate	**14.0%**	**17.8%**	**11.8%**	13.9%	17.8%	15.9%

(1) Stated before the deduction of net realisable valuation provisions within the Group of £0.3m (2015: £1.4m) and for joint ventures and associates of £nil (2015: £nil). These items are reclassified to investment property revaluation gains.
(2) Stated before mark-to-market of derivatives, amortisation of loan arrangement fees and other non-cash items within the Group of £3.8m (2015: £8.1m) and for joint ventures and associates of £5.8m (2015: £0.6m). These items are reclassified to other finance costs.
(3) Stated before mark-to-market of derivatives and other non-cash items within the Group of £9.5m (2015: £1.5m) and for joint ventures and associates of £0.7m (2015: £0.6m). These items are reclassified to other finance income.

b. Property valuations

Property valuations, including the Group's share of joint ventures and associates, have been calculated as set out below:

	2016			2015		
	Group £m	Joint ventures and associates £m	Total £m	Group £m	Joint ventures and associates £m	Total £m
Property revaluation gains/(losses)	**30.3**	**(25.9)**	**4.4**	73.9	129.2	203.1
Net realisable value provisions	**(0.3)**	**-**	**(0.3)**	(1.4)	-	(1.4)
Property valuation gains/(losses)	**30.0**	**(25.9)**	**4.1**	72.5	129.2	201.7
Added value	**27.5**	**0.8**	**28.3**	37.7	128.3	166.0
Market movements	**2.5**	**(26.7)**	**(24.2)**	34.8	0.9	35.7
Property valuation gains/(losses)	**30.0**	**(25.9)**	**4.1**	72.5	129.2	201.7

The split of property valuation gains between added value and market movements is based on an analysis of total property valuation movements provided by the Group's external valuers.

c. Balance sheet

The balance sheet, including the Group's share of joint ventures and associates, is derived from the Group Balance Sheet as follows:

	2016			2015		
	Group £m	Joint ventures and associates £m	Total £m	Group £m	Joint ventures and associates £m	Total £m
Property portfolio	**1,370.5**	**381.8**	**1,752.3**	1,272.7	418.9	1,691.6
Other assets	**126.2**	**44.4**	**170.6**	112.6	43.9	156.5
Gross assets	**1,496.7**	**426.2**	**1,922.9**	1,385.3	462.8	1,848.1
Net borrowings	**(470.0)**	**(47.0)**	**(517.0)**	(442.9)	(46.4)	(489.3)
Finance leases	**(56.8)**	**(0.9)**	**(57.7)**	(55.1)	(1.2)	(56.3)
Other liabilities	**(192.6)**	**(193.5)**	**(386.1)**	(193.1)	(187.9)	(381.0)
Gross liabilities	**(719.4)**	**(241.4)**	**(960.8)**	(691.1)	(235.5)	(926.6)
Net assets	**777.3**	**184.8**	**962.1**	694.2	227.3	921.5
Non-controlling interest	**(6.9)**	**-**	**(6.9)**	(6.8)	-	(6.8)
Equity attributable to owners of the Company	**770.4**	**184.8**	**955.2**	687.4	227.3	914.7

d. Property portfolio

The property portfolio, including the Group's share of joint ventures and associates, is derived from the Group Balance Sheet as follows:

	2016			2015		
	Group £m	Joint ventures and associates £m	Total £m	Group £m	Joint ventures and associates £m	Total £m
Investment properties	**1,133.0**	**375.6**	**1,508.6**	1,081.0	416.8	1,497.8
Less assets held under finance leases not subject to revaluation	**(3.9)**	**(0.9)**	**(4.8)**	(3.9)	(1.2)	(5.1)
Add back lease incentives (recorded in receivables)	**11.7**	**0.7**	**12.4**	11.9	1.4	13.3
Inventories (held at lower of cost and net realisable value)	**229.7**	**6.4**	**236.1**	183.7	1.9	185.6
Property portfolio	**1,370.5**	**381.8**	**1,752.3**	1,272.7	418.9	1,691.6

As at 30th November 2016 the Group had assets of £328.3m (2015: £633.2m) included within the Group property portfolio (excluding joint ventures and associates) which were wholly owned, unencumbered and able to be pledged as security for the Group's debt facilities. The Group's property portfolio, including share of joint ventures can be split by category as detailed below:

	2016 £m	2015 £m
Industrial and logistics	**283.5**	247.2
Retail	**342.2**	333.7
Residential and other	**161.0**	146.2
Income producing property	**786.7**	727.1
Residential land	**742.0**	757.7
Commercial land	**223.6**	206.8
Property portfolio	**1,752.3**	1,691.6

e. Movement in net debt

The movement in net debt is set out below:

	2016 £m	2015 £m
Movement in cash and cash equivalents	**(0.6)**	1.6
Borrowings drawn	**(160.5)**	(190.9)
Repayment of borrowings	**134.0**	83.8
Increase in net borrowings	**(27.1)**	(105.5)
Fair value movements on convertible bonds	**7.7**	(4.1)
Finance leases	**(1.7)**	(32.5)
Increase in net debt	**(21.1)**	**(142.1)**

f. Trading cash flow

Trading cash flows are derived from the Group cash flow statement as set out below:

	2016					
	Operating activities £m	Investing activities £m	Financing activities £m	Total £m	Joint ventures and associates £m	Total £m
Net rent and other income	**44.7**	**-**	**-**	**44.7**	**5.4**	**50.1**
Property disposals	**244.9**	**64.3**	**-**	**309.2**	**25.1**	**334.3**
Property acquisitions	**-**	**(38.5)**	**-**	**(38.5)**	**-**	**(38.5)**
Capital expenditure	**(208.8)**	**(52.1)**	**-**	**(260.9)**	**(10.1)**	**(271.0)**
Working capital and other movements	**(25.3)**	**-**	**-**	**(25.3)**	**3.8**	**(21.5)**
Overheads and interest	**(32.3)**	**5.4**	**(20.7)**	**(47.6)**	**(9.2)**	**(56.8)**
Taxation	**(10.7)**	**-**	**-**	**(10.7)**	**(1.0)**	**(11.7)**
Trading cash flow	**12.5**	**(20.9)**	**(20.7)**	**(29.1)**	**14.0**	**(15.1)**
Finance leases	**-**	**-**	**0.6**	**0.6**	**(0.3)**	**0.3**
Net borrowings	**-**	**-**	**26.5**	**26.5**	**(2.8)**	**23.7**
Net dividends	**-**	**14.3**	**(12.9)**	**1.4**	**(14.3)**	**(12.9)**
Movement in cash and cash equivalents	**12.5**	**(6.6)**	**(6.5)**	**(0.6)**	**(3.4)**	**(4.0)**

	2015					
	Operating activities £m	Investing activities £m	Financing activities £m	Total £m	Joint ventures and associates £m	Total £m
Net rent and other income	37.0	-	-	37.0	5.9	42.9
Property disposals	180.5	84.4	-	264.9	1.2	266.1
Property acquisitions	-	(57.2)	-	(57.2)	-	(57.2)
Capital expenditure	(208.2)	(104.1)	-	(312.3)	(14.2)	(326.5)
Working capital and other movements	(9.4)	-	-	(9.4)	20.9	11.5
Overheads and interest	(33.1)	3.9	(18.0)	(47.2)	(7.7)	(54.9)
Taxation	(9.4)	-	-	(9.4)	(0.3)	(9.7)
Trading cash flow	(42.6)	(73.0)	(18.0)	(133.6)	5.8	(127.8)
Finance leases	-	-	32.5	32.5	-	32.5
Net borrowings	-	-	107.1	107.1	3.6	110.7
Net dividends	-	6.7	(11.1)	(4.4)	(6.7)	(11.1)
Movement in cash and cash equivalents	(42.6)	(66.3)	110.5	1.6	2.7	4.3

g. Net assets per share and total accounting return

Net assets per share and total accounting return are calculated as set out below:

	2016				2015			
			Movement				Movement	
	£m	Pence per share(1)	Pence per share(1)	%	£m	Pence per share(1)	Pence per share(1)	%
Total equity	962.1				921.5			
Less non-controlling interests	(6.9)				(6.8)			
Equity NAV attributable to owners of the Company	955.2	431.0	17.5	4.2	914.7	413.5	88.4	27.2
Adjustments of inventories to fair value	13.6				11.9			
EPRA NNNAV	968.8	437.2	18.3	4.4	926.6	418.9	88.6	26.8
Deferred tax on capital allowances and revaluations	47.9				50.0			
Mark-to-market of derivative financial instruments	3.8				10.9			
EPRA NAV	1,020.5	460.5	14.1	3.2	987.5	446.4	104.1	30.4
Dividend paid per share (note 6)			5.8				5.0	
Total accounting return			19.9	4.5			109.1	31.9

(1) The number of shares in issue used to calculate the net asset values per share is 221,607,654 (2015: 221,186,714), excluding those shares held by The St. Modwen Properties PLC Employee Share Trust.

h. Net borrowing and net debt

Net borrowing and net debt are calculated as set out below:

	2016 £m	2015 £m
Cash and cash equivalents	**4.2**	4.8
Borrowings due within one year	**-**	-
Borrowings due after more than one year	**(470.6)**	(451.8)
Less fair value movements on convertible bonds	**(3.6)**	4.1
Net borrowings	**(470.0)**	(442.9)
Fair value movements on convertible bonds	**3.6**	(4.1)
Finance lease liabilities due within one year	**(0.4)**	(0.4)
Finance lease liabilities due after more than one year	**(56.4)**	(54.7)
Net debt	**(523.2)**	(502.1)

i. Gearing and loan-to-value

The Group's capacity to borrow is primarily linked to the quantum of the property portfolio excluding assets held under finance leases. Accordingly, both adjusted gearing and loan-to-value are calculated using the comparable measure of net borrowings.

The table below shows the calculation of:

- gearing, being the ratio of net debt to total equity;
- adjusted gearing, being the ratio of net borrowings to total equity;
- loan-to-value, being the ratio of net borrowings to the property portfolio excluding valued assets held as finance leases (representing amounts that could be used as security for that debt); and
- loan-to-value excluding residential land, being the ratio of net borrowings to the property portfolio excluding valued assets held as finance leases and residential land (reflecting that residential land is a less attractive asset for security purposes).

	2016			2015		
	Group £m	Joint ventures and associates £m	Total £m	Group £m	Joint ventures and associates £m	Total £m
Property portfolio (note 2d)	1,370.5	381.8	1,752.3	1,272.7	418.9	1,691.6
Less valued assets under finance leases	(57.8)	-	(57.8)	(53.1)	-	(53.1)
Net property portfolio	1,312.7	381.8	1,694.5	1,219.6	418.9	1,638.5
Less residential land (note 2d)	(460.2)	(281.8)	(742.0)	(442.1)	(315.6)	(757.7)
Net property portfolio excluding residential land	**852.5**	**100.0**	**952.5**	**777.5**	**103.3**	**880.8**
Total equity	962.1	N/A	962.1	921.5	N/A	921.5
Net debt (note 2h)	523.2	47.9	571.1	502.1	47.6	549.7
Net borrowings (note 2h)	470.0	47.0	517.0	442.9	46.4	489.3
Gearing	54.4%		59.4%	54.5%		59.7%
Adjusted gearing	48.9%		53.7%	48.1%		53.1%
Loan-to-value	35.8%		30.5%	36.3%		29.9%
Loan-to-value excluding residential land	N/A		54.3%	N/A		55.6%

Bank covenant compliance is based on the ratio of gearing being net debt to equity of 54.4% (2015: 54.5%) against a covenant of 175.0% (2015: 175.0%).

3. Finance costs and finance income

	2016 £m	2015 £m
Interest payable on borrowings	**18.1**	16.5
Amortisation of loan arrangement fees	**1.2**	1.1
Amortisation of discount on deferred payment arrangements	**0.4**	1.1
Head rents treated as finance leases	**1.1**	0.6
Movement in fair value of convertible bond	**-**	4.1
Movement in fair value of derivative financial instruments	**1.3**	0.8
Interest on pension scheme liabilities	**0.9**	1.0

Total finance costs	**23.0**	25.2

	2016 £m	2015 £m
Interest receivable	**5.4**	3.9
Movement in fair value of convertible bond	**7.7**	-
Movement in fair value of derivative financial instruments	**0.8**	0.4
Interest income on pension scheme assets	**1.0**	1.1
Total finance income	**14.9**	5.4

4. Taxation

a. Tax on profit on ordinary activities

The tax charge in the Group Income Statement is as follows:

	2016 £m	2015 £m
Current tax		
Current year tax	**11.9**	**13.9**
Adjustments in respect of previous years	**(5.2)**	**(0.8)**
Total current tax	**6.7**	**13.1**
Deferred tax		
Impact of current year revaluations and indexation	**2.9**	**4.3**
Net use of tax losses	**0.5**	**-**
Other temporary differences	**1.1**	**0.4**
Change in rate for provision of deferred tax	**-**	**(0.1)**
Adjustments in respect of previous years	**2.1**	**0.2**
Total deferred tax	**6.6**	**4.8**
Total tax charge in the Group Income Statement	**13.3**	**4.3**

The tax charge relating to actuarial losses on pension schemes in the Group Statement of Comprehensive Income is £nil (2015: £nil).

b. Reconciliation of effective tax rate

	2016 £m	2015 £m
Profit before tax	**66.9**	235.2
Less loss/(profit) of joint ventures and associates (post-tax)	**28.2**	(106.8)
Pre-tax profit attributable to the Group	**95.1**	128.4
Corporation tax at 20.0% (2015: 20.3%)	**19.0**	26.1
Effect of non-deductible expenses and non-chargeable income	**0.5**	0.3
Impact of current year revaluations and indexation	**(3.1)**	(6.3)
Difference between chargeable gains and accounting profit	**-**	0.2
Change in rate used for provision of deferred tax	**-**	(0.1)
Recognition of previously unrecognised deferred tax assets in respect of losses	**-**	(1.7)
Current year charge	**16.4**	18.5
Adjustments in respect of previous years	**(3.1)**	(0.6)
Tax charge for the year	**13.3**	17.9
Effective rate of tax	**14.0%**	13.9%

5. Earnings per share

	2016 Number of shares	2015 Number of shares
Weighted number of shares in issue	**221,368,096**	221,076,984
Weighted number of diluted shares relating to the convertible bond	**18,867,925**	18,867,925
Weighted number of diluted shares relating to share options	**1,923,809**	6,383,088
Weighted number of shares for the purposes of diluted earnings per share	**242,159,830**	246,327,997

	2016 £m	2015 £m
Earnings for the purposes of basic earnings per share being net profit attributable to owners of the Company	**53.4**	216.4
Effect of dilutive potential ordinary shares:		
Interest on convertible bond (net of tax)	**2.3**	2.3
Movement in fair value of the convertible bond	**(7.7)**	4.1
Earnings for the purposes of diluted earnings per share	**48.0**	222.8

	2016 Pence	2015 Pence
Basic earnings per share	**24.1**	97.9
Diluted earnings per share	**19.8**	90.4

Shares held by the St. Modwen Properties PLC Employee Share Trust are excluded from the above calculation.

As the Group is principally a development business EPRA earnings per share on a basic and diluted basis are not provided. These calculations exclude all revaluation gains, including value added by management actions, and development profits. These are the key activities of the Group and excluding such gains and profits would not provide a meaningful measure of the performance of the business.

6. Dividends

Dividends paid during the year were in respect of the final dividend for 2015 and interim dividend for 2016. The proposed final dividend is subject to approval at the Annual General Meeting and has not been included as a liability in these Financial Statements.

	2016		2015	
	Pence per share	£m	Pence per share	£m
Paid				
Final dividend in respect of previous year	**3.85**	**8.5**	3.14	6.9
Interim dividend in respect of current year	**1.94**	**4.3**	1.90	4.2
Total paid	**5.79**	**12.8**	5.04	11.1
Proposed				
Current year final dividend	**4.06**	**9.0**	3.85	8.5

The St. Modwen Properties PLC Employee Share Trust waives its entitlement to dividends with the exception of 1/100p per share.

7. Investment property

a. Fair value reconciliation

	Freehold investment properties £m	Leasehold investment properties £m	Total £m
At 30th November 2014	723.9	132.9	856.8

Additions - new properties	57.2	-	57.2
Other additions	102.7	2.6	105.3
Net transfers from inventories (note 10)	51.6	13.3	64.9
Disposals	(55.4)	(21.7)	(77.1)
Gain on revaluation	67.8	6.1	73.9
At 30th November 2015	**947.8**	**133.2**	**1,081.0**
Additions - new properties	**38.5**	**-**	**38.5**
Other additions	**50.7**	**0.8**	**51.5**
Net transfers to inventories (note 10)	**(13.3)**	**-**	**(13.3)**
Disposals	**(51.3)**	**(3.7)**	**(55.0)**
Gain on revaluation	**24.0**	**6.3**	**30.3**
At 30th November 2016	**996.4**	**136.6**	**1,133.0**

Investment properties were valued at 30th November 2016 and 30th November 2015 by Cushman & Wakefield, Chartered Surveyors, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors, on the basis of market value. Cushman & Wakefield are professionally qualified independent external valuers and had appropriate recent experience in the relevant location and category of the properties being valued.

The historical cost of investment properties at 30th November 2016 was £893.3m (2015: £840.5m).

As at 30th November 2016, £800.5m (2015: £498.2m) of investment property was pledged as security for the Group's loan facilities.

Included within investment properties are £61.7m (2015: £57.0m) of assets held under finance leases.

8. Joint ventures and associates

The group has the following four material joint venture companies, for which information is provided separately in this note:

Name	Status	Interest	Activity
Key Property Investments Limited	Joint venture	50%	Property investment and development
VSM Estates Uxbridge (Group) Limited	Joint venture	50%	Property investment and development
VSM Estates (Holdings) Limited	Joint venture	50%	Property development
VSM (NCGM) Limited	Joint venture	50%	Property development

The Group's share of the results for the year of its joint ventures and associates is:

	2016					
	Key Property Investments Limited £m	VSM Estates Uxbridge (Group) Limited £m	VSM Estates (Holdings) Limited £m	VSM (NCGM) Limited £m	Other joint ventures and associates £m	Total £m
Revenue	**7.5**	**-**	**-**	**-**	**0.2**	**7.7**
Net rental income	**5.5**	**(0.1)**	**-**	**-**	**-**	**5.4**
Gains/(losses) on disposal of investments/investment properties	**0.8**	**-**	**(0.2)**	**-**	**(0.1)**	**0.5**
Investment property revaluation gains/(losses)	**1.2**	**(1.8)**	**(1.1)**	**(24.3)**	**0.1**	**(25.9)**
Administrative expenses	**(0.3)**	**-**	**(0.1)**	**(0.1)**	**(0.3)**	**(0.8)**
Profit/(loss) before interest and tax	**7.2**	**(1.9)**	**(1.4)**	**(24.4)**	**(0.3)**	**(20.8)**
Finance cost	**(2.2)**	**(3.4)**	**(1.9)**	**(7.3)**	**(0.2)**	**(15.0)**
Finance income	**0.4**	**0.4**	**0.7**	**-**	**-**	**1.5**
Profit/(loss) before tax	**5.4**	**(4.9)**	**(2.6)**	**(31.7)**	**(0.5)**	**(34.3)**
Taxation	**(0.6)**	**0.9**	**(0.5)**	**6.3**	**-**	**6.1**
Profit/(loss) for the year	**4.8**	**(4.0)**	**(3.1)**	**(25.4)**	**(0.5)**	**(28.2)**

	2015					
	Key Property Investments Limited £m	VSM Estates Uxbridge (Group) Limited £m	VSM Estates (Holdings) Limited £m	VSM (NCGM) Limited £m	Other joint ventures and associates £m	Total £m
Revenue	16.8	-	-	0.4	4.6	21.8
Net rental income	5.9	(0.2)	-	-	0.2	5.9
Gains/(losses) on disposal of investments/ investment properties	2.8	-	(0.9)	0.4	0.3	2.6
Investment property revaluation gains/(losses)	6.7	(3.9)	(1.3)	127.4	0.3	129.2
Administrative expenses	(0.1)	-	(0.1)	(0.1)	(0.1)	(0.4)
Profit/(loss) before interest and tax	15.3	(4.1)	(2.3)	127.7	0.7	137.3
Finance cost	(2.3)	(3.3)	(1.6)	(1.5)	(0.2)	(8.9)
Finance income	0.5	0.4	0.7	-	-	1.6
Profit/(loss) before tax	13.5	(7.0)	(3.2)	126.2	0.5	130.0
Taxation	(2.3)	1.8	2.8	(25.5)	-	(23.2)
Profit/(loss) for the year	11.2	(5.2)	(0.4)	100.7	0.5	106.8

Included in other joint ventures and associates above are results from associated companies of £0.1m (2015: £0.3m).

9. Trade and other receivables

	2016 £m	2015 £m
Non-current		
Other debtors	**2.2**	0.1
Amounts due from joint ventures	**6.0**	6.0
Non-current receivables	**8.2**	6.1
Current		

Trade receivables	**8.2**	5.6
Prepayments and accrued income	**8.1**	8.6
Other debtors	**22.0**	22.2
Amounts recoverable on contracts	**15.3**	31.3
Amounts due from joint ventures	**62.2**	37.0
Current receivables	**115.8**	104.7

10. Inventories

	2016 £m	2015 £m
Properties held for sale	**5.1**	5.3
Properties under construction	**206.6**	161.6
Land under option	**18.0**	16.8
Inventories	**229.7**	183.7

The movement in inventories during the two years ended 30th November 2016 is as follows:

	£m
At 30th November 2014	201.0
Additions	234.8
Net transfers to investment property (note 7)	(64.9)
Disposals (transferred to development cost of sales)	(187.2)
At 30th November 2015	**183.7**
Additions	**208.8**
Net transfers from investment property (note 7)	**13.3**
Disposals (transferred to development cost of sales)	**(176.1)**
At 30th November 2016	**229.7**

The directors consider all inventories to be current in nature. The operational cycle is such that a proportion of inventories will not be realised within 12 months. It is not possible to determine with accuracy when specific inventory will be realised as this will be subject to a number of issues including the strength of the property market.

Included within disposals of inventories are net realisable value provisions made during the year of £0.3m (2015: £1.4m).

As at 30th November 2016 £19.7m (2015: £43.4m) of inventory was pledged as security for the Group's loan facilities.

11. Trade and other payables

	2016 £m	2015 £m
Current		
Trade payables	**41.1**	38.5
Amounts due to joint ventures	**17.8**	15.4
Other payables and accrued expenses	**82.9**	75.6
Other payables on deferred terms	**8.7**	17.1
Current payables	**150.5**	146.6
Non-current		
Other payables on deferred terms	**3.6**	3.1
Non-current payables	**3.6**	3.1

The payment terms of the other payables on deferred terms are subject to contractual commitments. In the normal course of events the payments will be made in line with either the disposal of investment properties held on the Group Balance Sheet, or the commencement of development. Net cash outflows on the settlement of the deferred consideration will therefore be limited.

12. Borrowings and finance lease obligations

	2016 £m	2015 £m
Current		
Finance lease liabilities due in less than one year	**0.4**	0.4
Current borrowings and finance lease obligations	**0.4**	0.4
Non-current		
Amounts repayable between two and five years	**470.6**	344.3
Amounts repayable after more than five years	**-**	107.5
Non-current borrowings	**470.6**	451.8
Finance leases liabilities due after more than one year	**56.4**	54.7
Non-current borrowings and finance lease obligations	**527.0**	506.5

Where borrowings are secured, the individual bank facility has a fixed charge over a discrete portfolio of certain of the Group's property assets.

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