Half Year Results

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ST. MODWEN PROPERTIES PLC
("St. Modwen", the "Company" or the "Group")
Half Year Results for the six months to 31st May 2014

STRATEGY FOR GROWTH GENERATES 32% INCREASE IN PROFIT BEFORE ALL TAX TO £51.3M

St. Modwen Properties PLC (LSE: SMP), the UK's leading regeneration specialist, announces its half year results for the six months to 31st May 2014.

Financial Highlights - *excellent increased returns*

- 32% increase in profit before all tax to £51.3m (H1 2013: £38.8m)
- 6% increase in shareholders' equity NAV per share to 294.2p (Nov 2013: 278.8p per share) and EPRA NAV up 6% to 314.4p per share (Nov 2013: 297.7p per share)
- Realised property profits of £19.1m (H1 2013: £16.1m)
- Net valuation gain of £35m (H1 2013: £23m) comprising added value gains generated by the Company of £16m (H1 2013: £18m) and market driven valuation gains of £19m (H1 2013: £5m)
- Launch of £100m convertible bond in February 2014 and refinancing of debt portfolio, extending average life to 4.2 years (Nov 2013: 2.5 years) and reducing weighted average cost of debt to 5.1% (Nov 2013: 5.6%)
- 10% increase in interim dividend to 1.463p per share (H1 2013: 1.33p per share)

Operational Highlights - *major projects gathering momentum alongside growth in commercial property sector*

- Increasing commercial development pipeline across the UK reflecting the gradual, overall improvement of this market
- Good progress made across all major projects:
  - New Covent Garden Market - submission of a planning application in May 2014 for the redevelopment of the New Covent Garden Market site
  - Swansea University, Bay Campus - next phase of the £450m campus now agreed with Swansea University, comprising an additional 545 student apartments. Delivery of the first phase progressing extremely well and is on target for the scheduled completion in September 2015
  - Longbridge, Birmingham - a resolution to grant planning permission was secured on 26th June 2014 for the second phase of the Town Centre, comprising a 150,000 sq ft Marks & Spencer full-offer store and 45,000 sq ft of additional retail accommodation
  - London residential sites - excellent sales rates continue to be achieved for both the Millbrook Park (RAF Mill Hill) and St. Andrew's Park (RAF Uxbridge) sites, demonstrating the favourable conditions in the London residential market.
- Positive outlook for residential land activity and good sales rates being achieved for both St. Modwen Homes and the Persimmon joint venture, with increasing demand at a growing number of sales outlets.

Bill Oliver, Chief Executive of St. Modwen, commented:

"Against a backdrop of improving optimism across the country, we are prudently increasing our pipeline of development activities and actively pursuing new opportunities to meet growing investor interest and occupier demand.

"Whilst we are still some way from a wholesale UK recovery, confidence is starting to return to the regions. Here our traditional engine of growth, commercial development, is beginning to gain momentum with over 1m sq ft of regional commercial projects in progress. This combined with our improving valuations particularly in the residential sector, underpin our confidence for continued outperformance as we work towards the full year."

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As the Group utilises a number of joint venture arrangements, additional disclosures are provided to give a better understanding of our business. These include information on the Group including its share of joint ventures together with non-statutory measures such as trading profit and profit before all tax. A full reconciliation of such measures is provided in Note 2 to the Condensed Financial Statements.

***A presentation for analysts and investors will be held at 9.30am today at the offices of FTI Consulting, 200 Aldersgate, Aldersgate Street, London EC1A 4HD. If you would like to attend, please contact Kirsty Allan at FTI on* +44 (0)20 3727 1000 or kirsty.allan@fticonsulting.com**

Alternatively, the dial-in details are as follows:

Participants, Local - London, United Kingdom:	+44(0)20 3427 1910
Confirmation Code:	**9863776**

HALF YEAR REVIEW

Our business model is focused on the long-term, sustainable development of our UK-wide land bank and in both flat and buoyant markets, we seek to add value at every stage of the development life cycle. In recent years we have concentrated on driving the ongoing performance of our existing assets whilst progressing them through the planning process but, with occupier markets starting to show signs of improvement, we have now turned our attention to commencing new development in order to capitalise on this demand.

The recovery started in London and the South East and it is now positive to see it extending to the regions. I am pleased, therefore, to announce that our strategy for growth over the last few years has been reflected in an excellent set of half year results that have led to an increase in shareholders' equity NAV per share of 6% to 294.2p (Nov 2013: 278.8p per share).

Our continued success not only demonstrates the benefits of our long-term sustainable business model but also serves as a firm indication of the upturn in the UK residential and commercial property markets. This improvement is illustrated clearly by the market driven valuation gains in our commercial and residential assets of £19m (H1 2013: £5m). We have continued to add value to our portfolio as a result of our asset management capabilities and our ability to secure higher value planning permissions which has generated added value gains of £16m (H1 2013: £18m).

Whilst we are still some way from a wholesale UK recovery, confidence is starting to return to the regions. Here, our traditional engine of growth is beginning to gain momentum, with over 1m sq ft of regional commercial projects in progress.

Of our four major projects, two are regionally based: the development of Swansea University's £450m Bay Campus and the £1bn regeneration of Longbridge, Birmingham. Both projects are progressing well and illustrate the sorts of opportunities for large, profitable commercial development outside of London.

In the meantime, the property market within London continues to be extremely favourable. I am therefore very pleased to announce our half year results having achieved the important milestone of submitting the planning application for the redevelopment of the New Covent Garden Market site in Nine Elms, London. We are now working with the local authority and our other partners towards securing permission for the development of this landmark, multi-phased project and subject to planning, we anticipate starting on site in the first half of 2015.

Both our Persimmon joint venture and our St. Modwen Homes sites are experiencing excellent sales rates across the country and appetite for our residential land remains strong. Even accounting for the disposal of the Elephant & Castle Shopping Centre in November 2013, our portfolio of income producing assets continues to provide good returns with rental income increased to £18.5m (H1 2013: £18.2m) and occupancy levels slightly up on last year at 89% (H1 2013: 88%).

Finally, we are encouraged by the Chancellor's recent proposals to accelerate development of disused industrial sites in order to create 200,000 new homes per annum by 2020. Brownfield land is an area in which St. Modwen specialises and to have Government backing to prioritise this land for further development is a positive sign.

This excellent performance and the prospects for the full year have again given the Board the confidence to increase the Company's interim dividend by 10% to 1.463p per share. This will be paid on 3rd September 2014 to shareholders on the register at 8th August 2014.

PORTFOLIO

Our £1.2bn property portfolio comprises the following categories of assets:

- Commercial Land and Development
- Residential Land and Development
- Income Producing Properties

COMMERCIAL LAND AND DEVELOPMENT - *Increasing pipeline of development opportunities*

Having taken action early and positioned ourselves well during the downturn, our development programme is now growing and we are in a strong position to generate consistent and sustainable development returns. Key milestones for our major projects include:

New Covent Garden Market, Nine Elms, London - We have now submitted the revised planning application for the regeneration of the 57 acre New Covent Garden Market site. The largest proposed regeneration scheme in Nine Elms on the South Bank, this landmark, multi-phased project will secure the future of New Covent Garden Market, the UK's largest fruit, vegetable and flower market, through the development of new facilities.

The development releases 20 acres of surplus land which will be transformed into a high quality residential neighbourhood benefitting from fantastic riverside views and comprising approximately 3,000 new homes, 135,000 sq ft of new office space and 100,000 sq ft of retail, leisure and new community facilities, including shops, cafes and restaurants.

The designs build on the planning permission already secured by the Covent Garden Market Authority in 2012. The proposals will provide over 500,000 sq ft of modern market facilities consolidated on one site for the 200 tenant businesses which employ over 2,500 people.

Subject to receipt of planning permission, development work on the new market is anticipated to commence in the first half of 2015.

Swansea University, Bay Campus - All of the 775,000 sq ft educational buildings and the 917 student apartments in the first phase of this £450m campus development project are now under construction and the scheme is well underway to welcome students in September 2015. A new Student Accommodation Development Agreement was signed with the University in June 2014 to deliver an additional £50m of new student residences and major new facilities. This brings the total amount of campus space under construction to around 1m sq ft, including 465,000 sq ft of world-leading research, innovation and education facilities and 1,462 new student apartments.

Longbridge, Birmingham - The regeneration of this 468 acre site continues to move ahead with almost 100% of the retail space in the first phase of the Town Centre now occupied or let. Works are nearing completion for the 30,000 sq ft specialist Construction Centre for Bournville College and in June 2014, we secured a resolution to grant planning permission for the second phase of the Town Centre which will include a 150,000 sq ft Marks & Spencer full-offer store and 45,000 sq ft of additional retail, plus car parking. We expect to start on site with the flagship Marks & Spencer store in the Autumn, with planned completion scheduled to enable trading by Christmas 2015.

London residential sites - At Millbrook Park, Mill Hill, we have completed the sale of land for the development of 89 homes in the period to CALA Homes for £13m and anticipate the sale of a further five acre land parcel in the second half of the year. Construction of the new primary school at St. Andrew's Park, Uxbridge, is on track to welcome pupils in September this year and works to the new access road to the north of the site have recently commenced which will release land for the new hotel, theatre and care home. We are targeting the sale of a further three acres of land in the second half of the year for which five housebuilders have been shortlisted to submit bids.

Across our broader portfolio, we continue to make good progress on our development projects and have recently been selected by West Berkshire Council to redevelop a 25 acre industrial site in Newbury into a new mixed-use development comprising business, retail and residential accommodation. Additionally, occupational demand continues to increase across the UK and has given us the confidence to expand our development pipeline to over 1m sq ft. Project highlights include:

Energy - In April, we commenced generating power at our 30 acre Solar Park at the Baglan Bay site in South Wales, which is one of the sites acquired in 2009 as part of the 2,500 acre BP portfolio. The Park comprises 20,000 photovoltaic panels and is now generating electricity anticipated at 5m KwH per annum, sufficient to supply energy to more than 1,200 homes. It will provide an annual income in the region of £600,000. We continue to pursue a number of other energy-related opportunities to utilise our existing land bank of brownfield land.

Trentham Lakes, Stoke-on-Trent - In May, we secured planning consent to build a 310,000 sq ft distribution hub for Screwfix at our Trentham Lakes site in Stoke-on-Trent. This is an extension to Screwfix's existing 320,000 sq ft facility which we built in 2002 and will be constructed on an adjoining eight acres of land. The facility will then be sold to M&G Real Estate, the freeholders of Screwfix's existing facility, as part of the transaction.

Great Homer Street, Liverpool - This major regeneration project has planning consent for 200,000 sq ft of retail, including a 110,000 sq ft Sainsbury's store, 480 new homes and a new market. We anticipate starting on site with the first phase of this scheme, comprising the retail accommodation and improvements to public realm, in the second half of this year.

RESIDENTIAL LAND AND DEVELOPMENT - *Ongoing improvement*

Our residential activities are achieving excellent sales rates and an expanding pipeline of developments. We maximise opportunities in our residential land bank via three clear routes to market:

- **Residential Land Sales** - the development and sale of 'oven ready', predominantly brownfield, sites with viable implementable planning permissions in place
- **Persimmon Joint Venture** - maximising value through development with the backing of one of the UK's leading large housebuilders; and
- **St. Modwen Homes** - in-house development under our own brand, using our extensive housebuilding expertise to capture additional

development profits.

Residential Land Sales
We continue to secure viable residential-led planning permissions across our portfolio and are experiencing a growing number of enquiries for our land from housebuilders eager to meet the increase in housing demand. In the first half of the year we agreed or/ completed seven land sales, representing 43 acres and £40m of value and are targeting further land sales in the second half representing circa 70 acres and circa £80m of value.

Residential Development
In 2010, we took the initiative to broaden our exposure to the housebuilding sector by forming a joint venture with Persimmon and launching our own housebuilding brand in the form of St. Modwen Homes. These actions, in line with the improving residential market, have proven to be very successful in driving shareholder returns whilst tapping into our on-the-ground expertise in complex remediation and planning and making best use of our significant land bank. Help to Buy, a notable increase in consumer confidence, and a supportive mortgage market have undoubtedly helped the continued good housing sales rates which are growing in momentum across the country. We are on track to achieve and possibly exceed the sales targets we set at the start of the year.

Persimmon Joint Venture
Our joint venture with Persimmon is in full flow with all eight sites under the agreement performing well and 231 completions of homes secured in the first half of the year (H1 2013: 53). Of the 2,323 plots in the joint venture, all have the benefit of planning permission and 571 are now complete.

St. Modwen Homes
Our own housebuilding brand continues to achieve noteworthy success with strong customer interest and visitor levels leading to 121 completions in the period (H1 2013: 19).

St. Modwen Homes has eight sites under construction, of which five have been launched to the market for sale. An additional five sites have planning and will commence production for 2015.

Our overall sales position for both St. Modwen Homes and our joint venture with Persimmon in the period is shown in the table below:

Sales position for 2014 financial year (units) As at 31.5.14				**Total sales secured as HY 2014**	**Targeted completions FY 2014**	**Actual completions FY 2013**
	Reservations	**Exchanges**	**Completions**			
St. Modwen	41	34	121	196	265	126
Persimmon JV	176*	83	231	490	490	239
TOTAL	**217**	**117**	**352**	**686**	**755**	**365**

*104 of these reservations relate to social housing and are expected to be delivered in 2015.

In the period, this area of the business generated £9m of profits (H1 2013: £2m).

INCOME PRODUCING PROPERTIES - *Consistent income stream*
The business confidence stemming from the improving economy is reflected in the increase in our net rental income of £18.5m (H1 2013: £18.2m) notwithstanding the sale of the Elephant & Castle Shopping Centre in November 2013 which had previously contributed £2m of net rent per annum.

Occupancy levels have increased slightly to 89% (H1 2013: 88%) whilst the average lease length is up at 5.1 years (H1 2013: 4.9 years) reflecting longer leases held at newly created investments, including Longbridge Town Centre.

In particular, our out of town/ edge of town retail properties are performing well with good footfall and steadily increasing demand from occupiers for space. This is largely due to the demographic of our sites which attract convenience shoppers, namely those who shop out of necessity rather than as a lifestyle pastime.

Portfolio yield analysis	**Equivalent**		**Net Initial**	
	May 2014	Nov 2013	May 2014	Nov 2013
Retail	9.2%	9.2%	7.5%	7.7%
Offices	9.6%	9.7%	7.0%	7.0%
Industrial	9.0%	9.2%	8.0%	8.0%
Portfolio	**9.0%**	**9.2%**	**7.7%**	**7.8%**

FINANCE
Our business model is based on core rental and other income covering the running costs of the business (property outgoings, overheads and interest). This provides firm foundations upon which we can add value to the portfolio through planning gain and robust asset management activities and, in turn, maximise development profits.

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. To enable a better understanding, we have also provided information including the Group's share of joint ventures and a full reconciliation is provided in Note 2 to the Condensed Financial Statements.

Financial Performance

We have once again produced an exceptional set of half year results, achieving a 32% increase in profit before all tax to £51.3m (H1 2013: £38.8m).

The ongoing growth of the residential market and our increasing pipeline of commercial development underpinned this strong performance for the first six months of the year, with good potential for further growth. The first phase of the Town Centre at Longbridge, launched in August 2013, is generating annual rental income of £0.7m. This is expected to increase to £4m on completion of the Town Centre including the creation of the 150,000 sq ft pre-let to Marks & Spencer and 45,000 sq ft of additional retail for which we received a resolution to grant planning in June 2014.

We aim to cover our recurring overhead and interest costs with revenue from our income producing portfolio. In the first half of the year, coverage of 88% was slightly lower than we would like but we expect this to improve in the second half of the year. This cost base also fully absorbs the cost of the housebuilding business, income from which is included in property profits. Were these costs to be excluded from the ratio calculation, the recurring costs of the business would be broadly matched by recurring income. Trading profit for the six months of £16.4m (H1 2013: £13.4m) is ahead of targets set at the start of the year.

Residential development is now gathering good momentum and experiencing strong and tangible returns. The high volume of reservations and completions should enable us to achieve our targets for the full year.

Property Valuation Movements

There are two distinct parts to the property valuation movements: those movements resulting from activities that we undertake specifically to add value to our assets, and those resulting from changes in the overall property market. Jones Lang LaSalle provides this valuation split for us as part of the independent property valuations that they undertake every six months.

For the first six months of this year, in line with market movements, yields for our income producing portfolio have improved slightly with equivalent yields now at 9.0% (Nov 2013: 9.2%) and net initial at 7.7% (Nov 2013: 7.8%).

The market driven valuation increase for income producing properties and commercial land is £8m and our residential land portfolio has seen market increases in value of £11m. When these figures are combined with the £16m gain we have generated through our own activities (principally due to residential planning) we have achieved overall valuation gains of £35m (H1 2013: £23m).

Financial Results

Profit before all tax has increased by 32% to £51.3m. This is an excellent result, showing continued strong growth beyond that achieved in the first half of 2013 of £38.8m. Profit before all tax is also stated after movements in the market value of our interest rate derivatives (hedges and swaps). The valuations are based on the financial market's forward prediction curves for interest rates. These remained relatively constant during the reporting period, producing a credit broadly in line with payments made.

After allowing for the above and tax costs for both joint ventures and the Group, our profit after tax was £45.2m (H1 2013: £34.3m).

Balance Sheet

The assets and liabilities of the New Covent Garden Market contract will only be recognised on our Balance Sheet once detailed planning consent is received and the contract becomes fully unconditional. This is currently expected to be within H1 2015.

Net Assets (NAV)

At the period end, the shareholders' equity value of net assets was £650m or 294.2p per share (Nov 2013: £614m or 278.8p per share). In line with industry best practice we also report net assets per share using EPRA (European Public Real Estate Association) methodology*. In the period our diluted EPRA NAV increased 6% to 314.4p per share (Nov 2013: 297.7p per share).

*Note: as a development business many of the EPRA metrics are inappropriate as they are geared to property investors.

Funding

Our ongoing cash management and financing initiatives have created substantial headroom in our banking facilities, with £174m of undrawn facilities in place.

Since the year end, we substantially restructured our debt portfolio in line with our strategy to increase the diversity and longevity of the funding base while reducing its cost.

- In February, we successfully launched an offering of £100m of unsecured guaranteed convertible bonds due 2019. The net proceeds of the offering were used to repay existing debt.
- A new seven year £50m revolving credit facility with Santander has replaced the previous £30m facility which was due to expire in January 2016.
- A new four year £99m revolving credit facility with Barclays on improved terms replaces the previous £84m Barclays facility that was due to expire in September 2015.
- A new five year £125m revolving credit facility with the Royal Bank of Scotland on improved terms replaces the previous £95m facility which was due to expire in November 2015.
- In view of the net addition of £165m of facilities we have cancelled the Lloyds £100m facility that was due to expire in November 2014, restructuring the interest rate hedging across the new debt lines.

Overall this has extended the weighted average facility maturity to 4.2 years (Nov 2013: 2.5 years), and reduced the weighted average interest rate to 5.1% (Nov 2013: 5.6%). The benefits of the increased value, term and diversity of facilities at a reduced cost should accrue to the business in the coming years.

Gearing levels have been maintained at 55% (Nov 2013: 54%) while our see through loan-to-value ratio (including our share of joint venture properties and debts) is 35% (Nov 2013: 33%). Debt levels stand at £368m (Nov 2013: £341m) and we continue to assess all options to increase further the diversity of our funding sources to ensure that we are delivering best value for both the business and our shareholders.

Principal Risks and Uncertainties

The key risks which could have a material impact on the Group's performance, together with the corresponding mitigating actions, are set out on pages 46 to 49 of the Annual Report for the year ended 30th November 2013, which is available at www.stmodwen.co.uk.

These risks comprise: (1) uncertainty in the economic and market environment which increases the risk attached to property valuation and development returns; (2) risks attached to the availability of funding in the property market and the management of cash flow fluctuations; (3) management of construction and development; (4) regulatory and compliance risk; and (5) recruiting, maintaining and motivating highly skilled staff.

These risks are expected to continue to remain relevant for the second half of the financial year.

OUTLOOK

London and the South East continues to perform well and, having submitted the planning application for New Covent Garden Market, we are now a significant step closer towards achieving unconditional status on this transaction during 2015.

It is extremely encouraging to see renewed demand from occupiers and investors in the regional markets throughout the UK. Combined with an improving residential market, we expect this to lead to a sustained ability to generate future improvement in the net asset value of the Group and deliver good returns for the business and our shareholders alike.

Bill Oliver	**Michael Dunn**
Chief Executive	**Group Finance Director**

30th June 2014

Group Income Statement

for the period to 31st May 2014

	Notes	Unaudited 31st May 2014 £m	Unaudited 31st May 2013 £m	Audited 30th Nov 2013 £m
Revenue	3	**110.1**	63.8	161.1
Net rental income	3	**15.5**	14.3	29.0
Development profits	3	**17.6**	12.1	24.7
Gains on disposals of investments/investment properties		**0.8**	2.1	3.6
Investment property revaluation gains		**27.7**	16.7	32.6
Negative goodwill	8	**2.1**	-	-
Other net income	3	**1.6**	1.3	2.9
Profits of joint ventures and associates (post-tax)	4	**6.1**	8.3	21.8
Administrative expenses		**(10.4)**	(9.2)	(19.9)
Profit before interest and tax		**61.0**	45.6	94.7
Finance cost	5	**(15.4)**	(12.1)	(23.6)
Finance income	5	**4.7**	4.2	9.4
Profit before tax		**50.3**	37.7	80.5
Taxation	9 (ii)	**(5.1)**	(3.4)	(6.6)
Profit for the period		**45.2**	34.3	73.9
Attributable to:				
Owners of the Company		**43.8**	32.9	72.1
Non-controlling interests		**1.4**	1.4	1.8
		45.2	34.3	73.9

	Notes	pence	pence	pence
Basic earnings per share	6	**19.8**	15.6	33.5
Diluted earnings per share	6	**19.4**	15.4	32.9

Group Statement of Comprehensive Income

for the period to 31st May 2014

	Unaudited 31st May 2014 £m	Unaudited 31st May 2013 £m	Audited 30th Nov 2013 £m
Profit for the period	**45.2**	34.3	73.9
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 period	**45.1**	34.3	73.8
Attributable to:			
- Owners of the Company	**43.7**	32.9	72.0
- Non-controlling interests	**1.4**	1.4	1.8
Total comprehensive income for the period	**45.1**	34.3	73.8

Group Balance Sheet

as at 31st May 2014

	Notes	Unaudited 31st May 2014 £m	Unaudited 31st May 2013 £m	Audited 30th Nov 2013 £m
Non-current assets				
Investment properties	7	**859.2**	781.9	813.3
Operating property, plant and equipment		**6.6**	6.7	6.6
Investments in joint ventures and associates		**81.4**	83.6	95.3
Trade and other receivables		**19.1**	15.0	17.6
		966.3	887.2	932.8
Current assets				
Inventories		**202.3**	194.8	205.9
Trade and other receivables		**72.4**	56.5	59.7
Cash and cash equivalents		**7.1**	8.9	7.4
		281.8	260.2	273.0
Current liabilities				
Trade and other payables		**(157.1)**	(157.6)	(170.2)
Borrowings		**(8.5)**	-	(62.5)
Tax payables		**(3.1)**	(3.4)	(3.4)
		(168.7)	(161.0)	(236.1)
Non-current liabilities				
Trade and other payables		**(32.8)**	(52.3)	(46.2)
Borrowings		**(366.5)**	(334.1)	(285.6)
Deferred tax		**(16.2)**	(9.2)	(10.9)
		(415.5)	(395.6)	(342.7)
Net assets		**663.9**	590.8	627.0
Capital and reserves				
Share capital		**22.1**	22.0	22.0
Share premium account		**102.8**	102.8	102.8

Retained earnings	**476.0**	405.2	441.4
Share incentive reserve	**4.0**	2.6	2.1
Own shares	**(1.3)**	(0.4)	(0.3)
Other reserves	**46.2**	46.2	46.2
Equity attributable to owners of the Company	**649.8**	578.4	614.2
Non-controlling interests	**14.1**	12.4	12.8
Total equity	**663.9**	590.8	627.0

Group Statement of Changes in Equity

for the period to 31st May 2014

31st May 2014 (Unaudited)	**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 interest £m**	**Total equity £m**
Profit for the period	-	-	43.8	-	-	-	43.8	1.4	45.2
Pension fund actuarial losses	-	-	(0.1)	-	-	-	(0.1)	-	(0.1)
Total comprehensive income for the period	- -		43.7	-	-	-	43.7	1.4	45.1
Equity issue	0.1	-	-	-	(0.1) -		-	-	-
Share-based payments	-	-	(4.2)	1.9	-	-	(2.3)	-	(2.3)
Dividends paid	-	-	(5.8)	-	-	-	(5.8)	(0.1)	(5.9)
Share transfers	-	-	0.9	-	(0.9)	-	-	-	-
Equity at 30th November 2013	22.0	102.8	441.4	2.1	(0.3)	46.2	614.2	12.8	627.0
Equity at 31st May 2014	22.1	102.8	476.0	4.0	(1.3)	46.2	649.8	14.1	663.9

31st May 2013 (Unaudited)	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 interest £m	Total equity £m
Profit for the period	-	-	32.9	-	-	-	32.9	1.4	34.3
Pension fund actuarial losses	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	32.9	-	-	-	32.9	1.4	34.3
Equity placing	2.0	-	-	-	-	45.9	47.9	-	47.9
Share-based payments	-	-	-	0.2	-	-	0.2	-	0.2
Share transfers	-	-	-	-	0.1	-	0.1	-	0.1
Dividends paid	-	-	(5.3)	-	-	-	(5.3)	(0.1)	(5.4)
Equity at 30th November 2012	20.0	102.8	377.6	2.4	(0.5)	0.3	502.6	11.1	513.7
Equity at 30th May 2013	22.0	102.8	405.2	2.6	(0.4)	46.2	578.4	12.4	590.8

30th November 2013 (Audited)	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 interest £m	Total equity £m
Profit for the period	-	-	72.1	-	-	-	72.1	1.8	73.9
Pension fund actuarial losses	-	-	(0.1)	-	-	-	(0.1)	-	(0.1)
Total comprehensive income for the									

period	-	-	72.0	-	-	-	72.0	1.8	73.8
Equity placing	2.0	-	-	-	-	45.9	47.9	-	47.9
Share-based payments	-	-	-	(0.3)	-	-	(0.3)	-	(0.3)
Share transfers	-	-	-	-	0.2	-	0.2	-	0.2
Dividends paid	-	-	(8.2)	-	-	-	(8.2)	(0.1)	(8.3)
Equity at 30th November 2012	20.0	102.8	377.6	2.4	(0.5)	0.3	502.6	11.1	513.7
Equity at 30th November 2013	22.0	102.8	441.4	2.1	(0.3)	46.2	614.2	12.8	627.0

On 7th April 2014 the Group issued 1,000,000 ordinary shares of 10p each at par. The shares were allotted and issued to The St. Modwen Properties PLC Employee Share Trust to satisfy the exercise of awards made under the Company's share-based incentive arrangements.

On 1st March 2013 the Group completed a 'cash box' placing of 20,016,057 ordinary shares of 10p each at £2.45 per share. Net proceeds were £47.9m after share issue costs of which the £2.0m nominal value of the shares was credited to share capital and the balance to other reserves.

Group Cash Flow Statement

for the period to 31st May 2014

	Unaudited 31st May 2014 £m	Unaudited 31st May 2013 £m	Audited 30th Nov 2013 £m
Operating activities			
Profit before interest and tax	**61.0**	45.6	94.7
Gains on disposal of investments/investment properties	**(0.8)**	(2.1)	(3.6)
Share of profits of joint ventures and associates (post-tax)	**(6.1)**	(8.3)	(21.8)
Investment property revaluation gains	**(27.7)**	(16.7)	(32.6)
Negative goodwill	**(2.1)**	-	-
Depreciation	**0.2**	0.2	0.5
Impairment losses on inventories	**0.2**	1.0	1.7
Decrease/(increase) in inventories	**7.3**	3.6	(22.3)
Increase in trade and other receivables	**(14.1)**	(14.4)	(9.0)
(Decrease)/increase in trade and other payables	**(29.1)**	(2.0)	21.8
Share options and share awards	**(1.9)**	0.3	(0.1)
Tax paid	**(0.1)**	(2.6)	(4.1)
Net cash (outflow)/inflow from operating activities	**(13.2)**	4.6	25.2
Investing activities			
Investment property disposals	**12.9**	32.4	54.0
Investment property additions	**(27.9)**	(28.1)	(74.5)
Acquisition of subsidiary undertaking	**(0.8)**	-	-
Property, plant and equipment additions	**(0.2)**	(0.1)	(0.4)
Interest received	**1.0**	0.7	-
Dividends received from subsidiary undertakings	-	-	0.4
Dividends received from joint ventures	**20.0**	-	1.3
Net cash inflow/(outflow) from investing activities	**5.0**	4.9	(19.2)
Financing activities			
Dividends paid	**(5.8)**	(5.3)	(8.2)
Dividends paid to non-controlling interests	**(0.1)**	(0.1)	(0.1)
Interest paid	**(13.1)**	(11.2)	(20.3)
Receipt of funds from equity placing	**-**	47.9	47.9
Net borrowings drawn	**124.5**	35.7	51.0

Repayment of borrowings	**(97.6)**	(76.5)	(77.8)
Net cash inflow/(outflow) from financing activities	**7.9**	(9.5)	(7.5)
Decrease in cash and cash equivalents	**(0.3)**	-	(1.5)
Cash and cash equivalents at start of period	**7.4**	8.9	8.9
Cash and cash equivalents at end of period	**7.1**	8.9	7.4
Cash	**7.1**	8.9	7.4
Bank overdrafts	**-**	-	-
Cash and cash equivalents at end of period	**7.1**	8.9	7.4

Notes to the Condensed Financial Statements

1. ACCOUNTING POLICIES

The annual financial statements of St. Modwen Properties PLC are prepared in accordance with IFRSs as issued by the International Accounting Standards Board, as adopted by the European Union (EU) and applied in accordance with the provisions of the Companies Act 2006. The condensed financial statements included in this half year report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the EU.

The same accounting policies and methods of computation are followed in the condensed financial statements as applied in the Group's latest annual audited financial statements. The following standards have been adopted in the period:

- IFRS 13 Fair Value Measurement: This standard applies to IFRSs that require or permit fair value measurements or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. The adoption of this standard has had no impact on the measurement of fair value for the Group's assets and liabilities and no retrospective changes were required as a result of adopting this standard. Additional disclosures required by this standard are set out in note 7.
- IAS 19 (Revised 2011) Employee Benefits: No material impact on the Group's Condensed Financial Statements.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Half Year Report. The directors have considered these factors and reviews the financial position of the Group, including its joint ventures.

The review included an assessment of future funding requirements based on cash flow forecasts extending to 30th November 2014, valuation projections and the ability of the Group to meet covenants on existing borrowing facilities. The directors were satisfied that the forecasts and projections were based on realistic assumptions and that the sensitivities applied in reviewing downside scenarios were appropriate.

As described in the Half Year Report, there are no corporate or joint venture facilities that require renewal before November 2014.

Based on their assessment, the directors are of the opinion that the Group has adequate committed resources to fund its operations for the foreseeable future and so determine that it remains appropriate for the condensed financial statements to be prepared on a going concern basis.

2. NON-STATUTORY INFORMATION

(a) Trading profit and profit before all tax

The non-statutory measures of trading profit and profit before all tax, which include the Group's share of joint ventures and associates, have been calculated as set out below:

		Six months to 31st May 2014		
	Notes	**Group £m**	**Joint Ventures and Associates £m**	**Total £m**
Net rental income		**15.5**	**3.0**	**18.5**
Development profit	(1)	**17.8**	**-**	**17.8**
Gains on disposal of investments/investment properties		**0.8**	**0.5**	**1.3**
Other income		**1.6**	**-**	**1.6**
Administrative expenses		**(10.4)**	**(0.1)**	**(10.5)**
Finance costs	(2)	**(10.3)**	**(3.0)**	**(13.3)**
Finance income	(3)	**1.0**	**-**	**1.0**
Trading profit		**16.0**	**0.4**	**16.4**
Investment property revaluation gains	(1)	**30.1**	**5.1**	**35.2**
Other finance costs	(2)	**(5.1)**	**-**	**(5.1)**
Other finance income	(3)	**3.7**	**1.1**	**4.8**
Profit before all tax		**44.7**	**6.6**	**51.3**
Taxation	(4)	**(5.6)**	**(0.5)**	**(6.1)**
Profit for the year		**39.1**	**6.1**	**45.2**

		Six months to 31st May 2013		
	Notes	Group £m	Joint Ventures and Associates £m	Total £m

Net rental income		14.3	3.9	18.2
Development profit	(1)	13.1	0.4	13.5
Gains on disposal of investments/investment properties		2.1	0.5	2.6
Other income		1.3	-	1.3
Administrative expenses		(9.2)	(0.1)	(9.3)
Finance costs	(2)	(10.5)	(3.1)	(13.6)
Finance income	(3)	0.7	-	0.7
Trading profit		11.8	1.6	13.4
Investment property revaluation gains	(1)	15.7	7.2	22.9
Other finance costs	(2)	(1.6)	(0.1)	(1.7)
Other finance income	(3)	3.5	0.7	4.2
Profit before all tax		29.4	9.4	38.8
Taxation		(3.4)	(1.1)	(4.5)
Profit for the year		26.0	8.3	34.3

		Year to 30th November 2013		
	Notes	Group £m	Joint Ventures and Associates £m	Total £m
Net rental income		29.0	7.3	36.3
Development profit	(1)	26.4	0.5	26.9
Gains on disposal of investments/investment properties		3.6	9.3	12.9
Other income		2.9	-	2.9
Administrative expenses		(19.9)	(0.3)	(20.2)
Finance costs	(2)	(20.4)	(6.5)	(26.9)
Finance income	(3)	1.4	-	1.4
Trading profit		23.0	10.3	33.3
Investment property revaluation gains	(1)	30.9	11.1	42.0
Other finance costs	(2)	(3.2)	-	(3.2)
Other finance income	(3)	8.0	2.1	10.1
Profit before all tax		58.7	23.5	82.2
Taxation		(6.6)	(1.7)	(8.3)
Profit for the year		52.1	21.8	73.9

(1) Stated before the deduction of net realisable valuation provisions of: Group £0.2m (period to 31st May 2013: £1.0m, year ended 30th November 2013: £1.7m); Joint ventures and associates £nil (period to 31st May 2013: £nil, year ended 30th November 2013: £nil). These items are reclassified to investment property revaluations together with negative goodwill arising on acquisitions as a result of fair value adjustments to property assets of £2.6m (period to 31st May 2013: £nil, year ended 30th November 2013: £nil).

(2) Stated before mark-to-market of derivatives and other non-cash items of: Group £5.1m (period to 31st May 2013: £1.6m, year ended 30th November 2013: £3.2m); Joint ventures and associates £nil (period to 31st May 2013: £0.1m, year ended 30th November 2013: £nil). These items are reclassified to other finance costs.

(3) Stated before mark-to-market of derivatives and other non-cash items of: Group £3.7m (period to 31st May 2013: £3.5m, year ended 30th November 2013: £8.0m); Joint ventures and associates £1.1m (period to 31st May 2013: £0.7m, year ended 30th November 2013: £2.1m). These items are reclassified to other finance income.

(4) Stated after inclusion of negative goodwill arising as a result of deferred tax on property revaluations included as part of fair value adjustments of £0.5m (period to 31st May 2013: £nil, year ended 30th November 2013: £nil).

(b) Property valuations

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

	Six months to 31st May 2014		
	Group £m	**Joint Ventures and Associates £m**	**Total £m**
Property revaluation gains	**27.7**	**5.1**	**32.8**
Negative goodwill attributable to property assets	**2.6**	**-**	**2.6**
Net realisable value provisions	**(0.2)**	**-**	**(0.2)**
Property valuation gains	**30.1**	**5.1**	**35.2**

Added value	**13.6**	**2.1**	**15.7**
Market movements	**16.5**	**3.0**	**19.5**
Property valuation gains	**30.1**	**5.1**	**35.2**

	Six months to 31st May 2013		
	Group £m	Joint Ventures and Associates £m	Total £m
Property revaluation gains	16.7	7.2	23.9
Net realisable value provisions	(1.0)	-	(1.0)
Property valuation gains	15.7	7.2	22.9
Added value	11.6	5.9	17.5
Market movements	4.1	1.3	5.4
Property valuation gains	15.7	7.2	22.9

	Year to 30th November 2013		
	Group £m	Joint Ventures and Associates £m	Total £m
Property revaluation gains	32.6	11.1	43.7
Net realisable value provisions	(1.7)	-	(1.7)
Property valuation gains	30.9	11.1	42.0
Added value	21.0	7.1	28.1
Market movements	9.9	4.0	13.9
Property valuation gains	30.9	11.1	42.0

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 valuer: Jones Lang LaSalle LLP, Chartered Surveyors.

(c) Property portfolio

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

		31st May 2014		
	Notes	**Group £m**	**Joint ventures and Associates £m**	**Total £m**
Investment properties		**859.2**	**145.9**	**1,005.1**
Less assets held under finance leases		**(3.9)**	**(1.2)**	**(5.1)**
Add back lease incentives (recorded in receivables)		**6.0**	**1.2**	**7.2**
Inventories		**202.3**	**1.8**	**204.1**
Less 'barter' properties	(1)	**(4.6)**	**-**	**(4.6)**
Property portfolio		**1,059.0**	**147.7**	**1,206.7**

		31st May 2013		
	Notes	Group £m	Joint ventures and Associates £m	Total £m
Investment properties		781.9	173.3	955.2
Less assets held under finance leases		(3.9)	(1.2)	(5.1)
Add back lease incentives (recorded in receivables)		5.2	1.5	6.7
Inventories		194.8	6.1	200.9
Less 'barter' properties	(1)	(20.4)	-	(20.4)
Property portfolio		957.6	179.7	1,137.3

		30th November 2013		
	Notes	Group £m	Joint ventures and Associates £m	Total £m
Investment properties		813.3	137.6	950.9
Less assets held under finance leases		(3.9)	(1.2)	(5.1)
Add back lease incentives (recorded in receivables)		5.6	1.3	6.9
Inventories		205.9	3.6	209.5
Less 'barter' properties	(1)	(20.4)	-	(20.4)
Property portfolio		1,000.5	141.3	1,141.8

(1) Represents deductions for 'barter' properties, principally RAF Northolt as part of the Project MoDEL arrangements between VSM Estates Limited and the Ministry of Defence.

As at 31st May 2014 the Group had assets of £326.3m (31st May 2013: £238.1m, 30th November 2013: £228.6m) included within the Group's 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 and associates can be split by category as detailed below:

	31st May 2014 £m	31st May 2013 £m	30th Nov 2013 £m
Retail	**204.6**	231.4	201.0
Offices	**59.7**	57.4	59.4
Industrial	**268.7**	256.1	253.2
Income producing	**533.0**	544.9	513.6
Residential land	**521.4**	452.7	481.8
Commercial land	**152.3**	139.7	146.4
Property portfolio	**1,206.7**	1,137.3	1,141.8

(d) Movement in net debt

Movement in net debt as discussed in the Half Year Report is calculated as set out below:

	Six months to 31st May 2014 £m	Six months to 31st May 2013 £m	Year to 30th Nov 2013 £m
Movement in cash and cash equivalents	**(0.3)**	-	(1.5)
Borrowings drawn	**(124.5)**	(35.7)	(51.0)
Repayment of borrowings	**97.6**	76.5	77.8
Receipt of funds from equity placing	**-**	(47.9)	(47.9)
Increase in equivalent net debt	**(27.2)**	(7.1)	(22.6)
Receipt of funds from equity placing	**-**	47.9	47.9
(Increase)/decrease in net debt	**(27.2)**	40.8	25.3

(e) Trading cash flow

Trading cash flows are derived from the Group Cash Flow Statement as set out below:

	Six months to 31st May 2014			
	Operating activities £m	**Investing activities £m**	**Financing activities £m**	**Total £m**
Net rent and other income	**17.1**	**-**	**-**	**17.1**
Property disposals	**82.3**	**12.9**	**-**	**95.2**
Property acquisitions	**-**	**(5.2)**	**-**	**(5.2)**
Capital expenditure	**(91.5)**	**(23.7)**	**-**	**(115.2)**
Working capital and other movements	**(8.9)**	**-**	**-**	**(8.9)**
Overheads and interest	**(12.1)**	**1.0**	**(13.1)**	**(24.2)**
Taxation	**(0.1)**	**-**	**-**	**(0.1)**
Trading cash flow	**(13.2)**	**(15.0)**	**(13.1)**	**(41.3)**
Net borrowings	**-**	**-**	**26.9**	**26.9**
Net dividends	**-**	**20.0**	**(5.9)**	**14.1**

Movement in cash and cash equivalents	**(13.2)**	**5.0**	**7.9**	**0.3**

	Six months to 31st May 2013			
	Operating activities £m	Investing activities £m	Financing activities £m	Total £m
Net rent and other income	15.6	-	-	15.6
Property disposals	37.8	32.4	-	70.2
Property acquisitions	(17.7)	-	-	(17.7)
Capital expenditure	(17.8)	(28.2)	-	(46.0)
Working capital and other movements	(2.0)	-	-	(2.0)
Overheads and interest	(8.7)	0.7	(11.2)	(19.2)
Taxation	(2.6)	-	-	(2.6)
Trading cash flow	4.6	4.9	(11.2)	(1.7)
Receipt of funds from equity placing	-	-	47.9	47.9
Net borrowings	-	-	(40.8)	(40.8)
Net dividends	-	-	(5.4)	(5.4)
Movement in cash and cash equivalents	4.6	4.9	(9.5)	-

	Year to 30th November 2013			
	Operating activities £m	Investing activities £m	Financing activities £m	Total £m
Net rent and other income	31.9	-	-	31.9
Property disposals	118.1	54.0	-	172.1
Property acquisitions	(14.8)	(8.7)	-	(23.5)
Capital expenditure	(87.0)	(66.2)	-	(153.2)
Working capital and other movements	0.6	-	-	0.6
Overheads and interest	(19.5)	-	(20.3)	(39.8)
Taxation	(4.1)	-	-	(4.1)
Trading cash flow	25.2	(20.9)	(20.3)	(16.0)
Receipt of funds from equity placing	-	-	47.9	47.9
Net borrowings	-	-	(26.8)	(26.8)
Net dividends	-	1.7	(8.3)	(6.6)
Movement in cash and cash equivalents	25.2	(19.2)	(7.5)	(1.5)

(f) Group Balance Sheet

VSM Estates (Holdings) Limited and its subsidiary undertakings (VSM) are party to a series of contracts with the Ministry of Defence known as Project MoDEL. The property assets of VSM are subject to purchase on deferred terms and, to increase disclosure of the impact of these arrangements, the following additional split of the Group Balance Sheet showing the proportion attributable to VSM has been provided:

	31st May 2014		
	Group £m	**VSM £m**	**Total £m**
Investment property	**790.6**	**68.6**	**859.2**
Other non-current assets	**94.0**	**13.1**	**107.1**
Inventories	**197.7**	**4.6**	**202.3**
Cash and cash equivalents	**3.1**	**4.0**	**7.1**
Other current assets	**51.4**	**21.0**	**72.4**
Total assets	**1,136.8**	**111.3**	**1,248.1**
Current liabilities	**(127.8)**	**(32.4)**	**(160.2)**
Borrowings	**(366.7)**	**(8.3)**	**(375.0)**
Other non-current liabilities	**(19.8)**	**(29.2)**	**(49.0)**

Total liabilities	**(514.3)**	**(69.9)**	**(584.2)**
Net assets	**622.5**	**41.4**	**663.9**

Equity attributable to owners of the Company	**618.8**	**31.0**	**649.8**
Non-controlling interests	**3.7**	**10.4**	**14.1**
Total equity	**622.5**	**41.4**	**663.9**

	31st May 2013		
	Group £m	VSM £m	Total £m
Investment property	703.7	78.2	781.9
Other non-current assets	96.3	9.0	105.3
Inventories	178.3	16.5	194.8
Cash and cash equivalents	5.4	3.5	8.9
Other current assets	34.9	21.6	56.5
Total assets	1,018.6	128.8	1,147.4
Current liabilities	(135.3)	(25.7)	(161.0)
Borrowings	(313.7)	(20.4)	(334.1)
Other non-current liabilities	(9.4)	(52.1)	(61.5)
Total liabilities	(458.4)	(98.2)	(556.6)
Net assets	560.2	30.6	590.8

Equity attributable to owners of the Company	555.5	22.9	578.4
Non-controlling interests	4.7	7.7	12.4
Total equity	560.2	30.6	590.8

	30th November 2013		
	Group £m	VSM £m	Total £m
Investment property	744.6	68.7	813.3
Other non-current assets	108.9	10.6	119.5
Inventories	199.7	6.2	205.9
Cash and cash equivalents	3.2	4.2	7.4
Other current assets	34.7	25.0	59.7
Total assets	1,091.1	114.7	1,205.8
Current liabilities	(142.0)	(31.6)	(173.6)
Borrowings	(338.1)	(10.0)	(348.1)
Other non-current liabilities	(19.3)	(37.8)	(57.1)
Total liabilities	(499.4)	(79.4)	(578.8)
Net assets	591.7	35.3	627.0

Equity attributable to owners of the Company	587.7	26.5	614.2
Non-controlling interests	4.0	8.8	12.8
Total equity	591.7	35.3	627.0

(g) Net assets per share

Net assets per share are calculated as set out below:

	31st May 2014	31st May 2013	30th Nov 2013

Total equity (£m)	**663.9**	590.8	627.0
Less: Non-controlling interests	**(14.1)**	(12.4)	(12.8)
Equity attributable to owners of the Company	**649.8**	578.4	614.2
Deferred tax on capital allowances and revaluations	**23.0**	21.6	20.5
Mark-to-market of derivative financial instruments	**9.6**	16.3	12.7
Fair value of inventories	**12.1**	4.4	8.5
Diluted EPRA net assets	**694.5**	620.7	655.9
Shares in issue* (number)	**220,886,639**	220,271,908	220,304,406
Equity attributable to owners of the Company net assets per share (pence)	**294.2p**	262.6p	278.8p
Percentage increase	**6%**		
Diluted EPRA net assets per share (pence)	**314.4p**	281.8p	297.7p
Percentage increase	**6%**		

* Shares in issue exclude 490,349 shares held by the Company's Employee Benefit Trust (31st May 2013: 105,080 shares, 30th November 2013: 72,582 shares).

(h) Gearing and loan-to-value

The following table shows the calculation of:

- gearing being the ratio of net debt to total equity; and
- loan-to-value (LTV) being the ratio of net debt to the property portfolio (representing amounts that could be used as security for that debt).

	31st May 2014		
	Group £m	**Joint Ventures and Associates £m**	**Total £m**
Property portfolio (Note 2c)	**1,059.0**	**147.7**	**1,206.7**
Total equity	**663.9**	**N/A**	**663.9**
Net debt	**367.9**	**53.6**	**421.5**
Gearing	**55%**		**63%**
LTV	**35%**		**35%**

	31st May 2013		
	Group £m	Joint Ventures and Associates £m	Total £m
Property portfolio (Note 2c)	957.6	179.7	1,137.3
Total equity	590.8	N/A	590.8
Net debt	325.2	81.4	406.6
Gearing	55%		69%
Loan-to-value	34%		36%

	30th November 2013		
	Group £m	Joint Ventures and Associates £m	Total £m
Property portfolio (Note 2c)	1,000.5	141.3	1,141.8
Total equity	627.0	N/A	627.0
Net debt	340.7	33.0	373.7
Gearing	54%		60%
Loan-to-value	34%		33%

3. REVENUE AND GROSS PROFIT

	Six months to 31st May 2014			Six months to 31st May 2013			Year to 30th Nov 2013		
	Revenue £m	Costs £m	Total £m	Revenue £m	Costs £m	Total £m	Revenue £m	Costs £m	Total £m
Rental income	**18.8**	**(3.3)**	**15.5**	18.0	(3.7)	14.3	37.1	(8.1)	29.0
Development	**88.2**	**(70.6)**	**17.6**	43.1	(31.0)	12.1	118.1	(93.4)	24.7
Other	**3.1**	**(1.5)**	**1.6**	2.7	(1.4)	1.3	5.9	(3.0)	2.9
Total	**110.1**	**(75.4)**	**34.7**	63.8	(36.1)	27.7	161.1	(104.5)	56.6

The Group operates exclusively in the UK and all of its revenues derive from its portfolio of properties which the Group manages as one business. Therefore, the condensed financial statements represent the results and financial position of the Group's sole business segment.

4. JOINT VENTURES AND ASSOCIATES

	Six months to 31st May 2014			Six months to 31st May 2013			Year to 30th Nov 2013		
	Revenue £m	Costs £m	Total £m	Revenue £m	Costs £m	Total £m	Revenue £m	Costs £m	Total £m
Rental income	**3.9**	**(0.9)**	**3.0**	5.1	(1.2)	3.9	9.8	(2.5)	7.3
Development	**2.4**	**(2.4)**	**-**	2.5	(2.1)	0.4	5.4	(4.9)	0.5
	6.3	**(3.3)**	**3.0**	7.6	(3.3)	4.3	15.2	(7.4)	7.8
Gains on investment property disposals			**0.5**			0.5			9.3
Investment property revaluation gains			**5.1**			7.2			11.1
Administrative expenses			**(0.1)**			(0.1)			(0.3)
Profit before interest and tax			**8.5**			11.9			27.9
Finance cost			**(3.0)**			(3.2)			(6.5)
Finance income			**1.1**			0.7			2.1
Profit before tax			**6.6**			9.4			23.5
Taxation			**(0.5)**			(1.1)			(1.7)
Profit for the period			**6.1**			8.3			21.8

5. NET FINANCE COST

	Six months to 31st May 2014 £m	Six months to 31st May 2013 £m	Year to 30th Nov 2013 £m
Interest payable on borrowings	**10.2**	10.4	20.2
Amortisation of loan arrangement fees	**0.8**	0.6	1.2
Write off of convertible bond issue costs	**2.4**	-	-
Amortisation of discount on deferred payment arrangements	**0.8**	0.4	0.9
Head rents treated as finance leases	**0.1**	0.1	0.2
Movement in fair value of derivative financial instruments	**0.5**	-	-
Interest on pension scheme liabilities	**0.6**	0.6	1.1
Total finance cost	**15.4**	12.1	23.6
Interest receivable on cash deposits	**1.0**	0.7	1.4
Credit in respect of discount on deferred receivables	**-**	-	0.1
Movement in fair value of derivative financial instruments	**3.0**	2.9	6.7
Interest income on pension scheme assets	**0.7**	0.6	1.2
Total finance income	**4.7**	4.2	9.4
Net finance cost	**10.7**	7.9	14.2

6. EARNINGS PER SHARE

	31st May 2014 Number of shares	31st May 2013 Number of shares	30th Nov 2013 Number of shares

Weighted number of shares in issue	**220,673,034**	210,297,585	215,236,438
Weighted number of diluted shares	**5,179,185**	3,138,977	4,074,926
	225,852,219	213,436,562	219,311,364

	Six months to 31st May 2014 £m	Six months to 31st May 2013 £m	Year to 30th Nov 2013 £m
Earnings (basic and diluted)	**43.8**	32.9	72.1

	Six months to 31st May 2014 pence	Six months to 31st May 2013 pence	Year to 30th Nov 2013 pence
Basic earnings per share	**19.8**	15.6	33.5
Diluted earnings per share	**19.4**	15.4	32.9

Shares held by the Company's Employee Benefit Trust are excluded from the above calculations.

As the Group is principally a development business EPRA earnings per share on a basic and diluted basis are not provided. These calculations exclude development profits and would not provide a meaningful measure of the performance of the Group.

7. FAIR VALUE MEASUREMENTS SUBSEQUENT TO INITIAL RECOGNITION

Assets and liabilities that are measured subsequent to initial recognition at fair value, are required to be grouped into Levels 1 to 3 based on the degree to which fair value is observable, where:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable market data (unobservable inputs).

The following table provides an analysis of the categorisation of the Group's financial assets and liabilities measured subsequent to initial recognition at fair value:

Assets		31st May 2014 £m	31st May 2013 £m	30th Nov 2013 £m
Investment properties:				
- Income producing properties	Level 3	**434.6**	403.1	417.5
- Residential land	Level 3	**314.1**	271.8	281.7
- Commercial land	Level 3	**112.6**	108.3	115.8
Less assets held under finance leases	N/A	**3.9**	3.9	3.9
Add back lease incentives (recorded in receivables)	N/A	**(6.0)**	(5.2)	(5.6)
		859.2	781.9	813.3

Investment properties were valued at 31st May 2014, 31st May 2013 and 30th November 2013 by Jones Lang LaSalle LLP, Chartered Surveyors. All valuations were in accordance with the Appraisal and Valuation method of the Royal Institution of Chartered Surveyors on the basis of market value. Jones Lang LaSalle LLP are professionally qualified independent external valuers and have recent experience in the relevant location and category of the properties being valued.

Income producing properties have been valued using the investment method which involves applying a yield to rental income streams. Inputs include equivalent yields, current rent and ERV. The resulting valuations are cross checked against the resulting initial yields and, for certain assets, the land value underpin if the assets were to be redeveloped. For the valuation as at 31st May 2014 equivalent yields ranged from 7.1% to 14.3% (31st May 2013: 7.1% to 14.5%, 30th November 2013: 7.1% to 14.5%).

Residential land is valued using the residual development method. To derive the value of land the valuers will estimate the gross development value of completed residential units on a site from which deductions will be made for build costs (including costs to remediate and service land), finance costs and an appropriate profit margin.

For the fair value of commercial land the external valuers estimate the value of fully serviced land, from which any costs required to remediate and service the land are deducted.

Liabilities		31st May 2014 £m	31st May 2013 £m	30th Nov 2013 £m
Derivative financial instruments held at fair value through profit or loss	Level 2	**10.3**	16.5	12.8

Derivative financial instruments are externally valued based on the present value of future cash flows estimated and discounted based on the applicable yield curves derived from market expectations for future interest rates at the Balance Sheet date.

There were no transfers between categories in the current or prior periods.

8. ACQUISITION OF SUBSIDIARY UNDERTAKING

In 2010, the Group entered into an option to acquire the entire issued share capital of Branston Properties Limited (Branston), of which Simon Clarke is a shareholder, at market value. The price paid for the option was £0.1m with exercise contingent on the achievement of certain planning milestones in relation to land held by Branston.

Following achievement of these planning milestones the option was exercised by the Group on 22nd May 2014 and 87.5% of the issued share capital of Branston was acquired. A conditional agreement to acquire the remaining 12.5% of the issued share capital, which is held by Simon Clarke, was also entered into on 22nd May 2014. Total consideration payable for the entire issued capital of Branston was:

- £0.8m on completion;
- £0.1m payable on shareholder approval;
- £0.1m 12 months after completion; and
- Contingent consideration payable based on the level of future development gains achieved in respect of the land and property held by Branston. Based on the provisional fair values detailed below no contingent consideration has been recognised.

The consideration payable to Mr. Clarke under the conditional agreement equates to 12.5% of the amounts above. As the consideration payable to Mr. Clarke is in excess of £100,000, the conditional agreement constitutes a substantial property transaction with a director of the Company under Sections 190 and 191 of the Companies Act 2006. As a result the agreement is conditional, among other things, on the approval of shareholders of St. Modwen Properties PLC; it is intended that this approval will be sought at the Company's annual general meeting currently proposed to be held on 27th March 2015.

As required by IFRS 3 (2008) Business Combinations, this acquisition has resulted in the assets and liabilities of Branston being remeasured to fair value at the acquisition date. Fair values are reported as provisional for 12 months to allow the incorporation of any subsequent amendments and the negative goodwill arising has been credited to the income statement.

The recognised amounts of identifiable assets acquired and liabilities assumed are set out in the table below:

	Book value £m	Fair value adjustments £m	Total £m
Net assets acquired:			
- Investment property	5.9	2.6	8.5
- Trade and other payables	(4.9)	-	(4.9)
- Deferred tax	-	(0.5)	(0.5)
Total identifiable net assets	1.0	2.1	3.1
Negative goodwill			(2.1)
Total consideration			**1.0**

	£m
Satisfied by:	
- Cash payable on acquisition	0.8
- Deferred proceeds payable on shareholder approval	0.1
- Deferred proceeds payable on 22nd May 2015	0.1
Total consideration	**1.0**

If the acquisition had been completed on the first day of the financial year there would have been no incremental change to the Group's revenue or profit before tax.

9. OTHER INFORMATION

(i) The information for the year ended 30th November 2013 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

(ii) The effective tax rate for the current period (excluding the effect of prior period adjustments) is 12.4%. The tax charge booked in the period is disproportionately low mainly as a result of deferred tax not being applicable to a proportion of revaluation gains. The net effective tax rate used is a charge of 11.5% after allowing for credit adjustments to tax from previous years. For the full year, tax is expected to remain below the standard rate of tax.

(iii) The proposed dividend of 1.463p (six months to 31st May 2013: 1.33p) per share was approved by the Board on 30th June 2014 and will amount to £3.2m (six months to 31st May 2013: £2.9m).

(iv) Principal risks and uncertainties are discussed in the Outlook section of the Half Year Report. All results are derived from continuing activities, which the directors do not consider to be seasonal.

(v) With the exception of the disclosures in note 8 in relation to Branston there have been no new and no material changes to the transactions with related parties set out in note 22 to the Group Financial Statements for the year ended 30th November 2013.

(vi) There have been no material changes to terms defined in the glossary of terms to the Group Financial Statements since the year end.

Directors' Responsibility Statement

We confirm that to the best of our knowledge:

- the condensed financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU;
- the Half Year Report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being material related party transactions that have taken place in the first six months of the current financial year and any material changes in the related party transactions described in the last annual report.

A list of the current directors of St. Modwen Properties PLC is maintained on the Company's website at www.stmodwen.co.uk

By order of the Board

Bill Oliver Michael Dunn
Chief Executive Group Finance Director

30th June 2014

Independent Review Report to St. Modwen Properties PLC

We have been engaged by the Company to review the condensed financial statements in the half-yearly financial report for the six months ended 31st May 2014 which comprises the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and related notes 1 to 9. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed financial statements included in this half-yearly financial report have been prepared in accordance with IAS 34, 'Interim Financial Reporting,' as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed financial statements in the

half-yearly financial report for the six months ended 31st May 2014 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor

Birmingham, United Kingdom
30th June 2014