ST.MODWEN

Half-year Report

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St. Modwen Properties PLC
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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 2016

ST. MODWEN DELIVERS STRONG UNDERLYING PROFITS

St. Modwen Properties PLC (LSE: SMP), the UK's leading regeneration specialist, announces its half year results for the six months to 31st May 2016.

Financial Highlights

- Shareholders' equity NAV per share up 2% to 421p (Nov 2015: 414p) and EPRA NAV per share up 1% to 451p (Nov 2015: 446p)
- Profit before all tax of £30m (H1 2015: £206m including £128m New Covent Garden Market (NCGM) valuation gain)
- Results include a one-off £13m impact from the increase in Stamp Duty Land Tax (SDLT) and a £21m impact from the reduction in the NCGM valuation
- Trading profits of £34m in line with prior period's record levels (H1 2015: £35m)
- Valuation gains of £28m before the impacts of SDLT and NCGM highlighted above
- Interim dividend increased by 2% to 1.94p per share (H1 2015: 1.9p per share)

Operational Highlights

- Commercial property development contributes £21m to strong property profits of £36m (H1 2015: £37m)
- 15% increase in residential profits to £15m (H1 2015: £13m), supported by good sales rates across the UK
- Increased investment in Private Rented Sector
- Major projects reaching important milestones with further long-term development potential:
    - *NCGM, Nine Elms, London* - works to interim flower market have commenced as we progress towards vacant possession in 2017
    - *Bay Campus, Swansea University* - works to phase 1c comprising 538 student apartments (bringing total number of student bedrooms to 2,000) on budget and on schedule for opening in September 2017
    - *Longbridge, Birmingham* - town centre phase 2 now complete with further lettings to national retailers. Works to the Royal Centre for Defence Medicine facility progressing well

Bill Oliver, Chief Executive, St. Modwen said:

"These results demonstrate our ongoing ability to deliver strong underlying profits from our robust £1.7bn portfolio.

"Our 6,000 acre land bank provides us with the flexibility to focus our attention on those areas of the market that will provide the strongest shareholder returns. Value is also realised from a variety of asset management initiatives, whilst supported by the strength of the regional business which makes up over 75% of our total portfolio by value.

"Following the Referendum held on 23rd June 2016, we are now operating in a period of uncertainty in relation to many factors that impact the property market. Whilst it is too early to accurately predict how the UK property market will respond, until we have more clarity we believe it is appropriate to take a more cautious approach to the delivery of our development strategy".

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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 Jenni Nkomo at FTI on +44 (0)20 3727 1000
or jenni.nkomo@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:

United Kingdom:	020 3059 8125
All other locations:	+44 20 3059 8125
Password:	St. Modwen

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.

NOTES TO EDITORS:

St. Modwen Properties PLC
St. Modwen is the UK's leading regeneration specialist. The Company operates across the full spectrum of the property industry from a network of regional offices, a residential business and through joint ventures with public sector and industry leading partners.

The Company is focused wholly upon regeneration with an outstanding 30 year track record of adding value by managing schemes through the planning process, remediating brownfield land and active asset management and development.

With extensive experience in dealing with complex and challenging sites, St. Modwen has a land bank of over 6,000 acres and is focused on the long-term development of commercial property and residential land.

St. Modwen's £1.7bn national portfolio of over 100 projects includes the regeneration of New Covent Garden Market, London, the transformation of Longbridge, Birmingham and the on-going regeneration of over 2,500 acres of former industrial land in South Wales which includes the delivery of the new Bay Campus for Swansea University.

HALF YEAR REVIEW

This year marks our 30th anniversary as a listed company. Having reached such a key milestone, it is important to remember the four fundamental business attributes that have helped us become the UK's leading regeneration specialist:

- *6,000 acre land bank* - a resource providing us with the flexibility to move with market demands and to ensure we pursue those projects that will continuously generate the best value.
- *Strength in the regions* - over 75% of our £1.7bn* portfolio by value is located in the regions where assets are either being prepared for development, constructed or actively run for income at any one time.
- *Long-term value creation* - our team of skilled professionals has the vision to generate long-term maximum value, through our own actions, across our portfolio of complex and predominantly brownfield projects.
- *Recurring income* - covering the Group running costs and supporting the business as a whole.

Over the last six months, these four strengths have delivered excellent business performance and have resulted in profit before all tax of £30m (H1 2015: £206m including £128m benefit from NCGM). During the period we have continued to grow the business, increasing shareholders' equity NAV per share by 2% to 421p.

These results absorb two negative factors:

- *NCGM revaluation* - during the period and based on recent transactional evidence, NCGM was revalued principally on the basis of a residential sales price reduction of 3.75%. This resulted in a £21m reduction of the valuation of our share of this asset. The NCGM valuation is consistent with our expectations and demonstrates that market evidence does not support the level of negative sentiment expressed during the first half of the year towards Central London Zone 1 residential prices and Nine Elms in particular.
- *Stamp Duty Land Tax (SDLT)* - a one-off £13m impact from the increase in SDLT announced in the recent Budget.

During the period we have continued to work our assets hard and have secured added value gains of £15m and market gains of £13m in the value of our portfolio to substantially offset the above.

*on a proportionally consolidated basis including share of joint ventures. Please see note 2c to the Condensed Financial Statements.

PORTFOLIO

Our £1.7bn property portfolio comprises the following categories of assets:

- Commercial land and development;
- Residential land and development; and
- Income producing properties.

The business is performing very well and we have experienced significant positive activity in the regions.

Commercial land and development - **£157m (9% of portfolio value)**

We continue to replenish our commercial development pipeline with new opportunities through acquisitions and by securing significant development agreements. It now stands at 1.7m sq ft and represents £236m of gross development value. Following the Referendum decision, we will continue to monitor the phasing of the pipeline.

In addition, we continue to stimulate business growth by converting our land bank into development opportunities and securing a steady stream of planning permissions across the UK. Currently, we have planning for the delivery of a further 13m sq ft of commercial space. We are also pursuing planning applications for an additional 6.5m sq ft of commercial development.

During the period we have signed a number of key development agreements. All are excellent examples of new and significant opportunities that we have added to our portfolio. Highlights include:

- *Spray Street Quarter, Woolwich, London* - £200m regeneration project in joint venture with Notting Hill Housing for a mixed-use development.
- *Chippenham Gateway, Wiltshire* - £90m development of this 79 acre site for 1m sq ft of industrial accommodation.
- *Stanton Cross, Wellingborough* - in June 2016 we signed an agreement with Bovis Homes to be the

company's commercial development partner for the delivery of 1m sq ft of industrial accommodation as part of this £900m major regeneration project.

In terms of our major projects, all are contracted to deliver specific milestones and continue to provide long-term opportunities to create value. For example, at New Covent Garden Market we have started works to the interim flower market site which will allow us to secure vacant possession of the 10 acre Nine Elms Square site in 2017.

Residential land and development - £738m (44% of portfolio value)
Residential value is realised through three routes to market:
- Residential land sales;
- Housebuilding; and
- Private Rented Sector.

Residential land sales - enhancing the value of predominantly brownfield land through remediation and securing viable and implementable planning permissions before either developing or selling to third party housebuilders.

We have experienced good demand from housebuilders across the UK seeking to meet ongoing demand for new housing.

Housebuilding - via in-house development under our own housebuilding brand St. Modwen Homes or in joint venture with Persimmon Homes.

Strong growth in this area of the business has translated into a profit increase of 15% to £15m (H1 2015: £13m) of which St. Modwen Homes contributed over 50%.

Reservation rates exceeded the national average at 0.82 units per outlet per week. Sales rates have also remained strong with a total of 461 residential completions achieved in the period (H1 2015: 429).

In line with expectations set out in November 2015, St. Modwen Homes has now overtaken the Persimmon joint venture in terms of profit delivery and is active on 14 sites across the UK.

In terms of the entire residential portfolio, there are already 26,167 plots with planning recognition* in the pipeline which we will realise either through land sales or delivery by St. Modwen Homes.

* Allocated in local plan or similar, resolution to grant, outline permission or detailed permission.

Private Rented Sector (PRS) - the development of residential accommodation specifically for the private rental market.

PRS enables us to use our land bank both to deliver development profits and to grow our rental income. It is fast becoming an established part of the portfolio and comprises the following:

Completed developments - comprising 64 apartments across two schemes, providing a total of £0.7m net rental income and approximately £15m gross development value:
- *Wembley Central* - 38 apartments.
- *Edison Place, Rugby* - 26 apartments.

Future pipeline - comprising approximately 1,400 apartments across nine schemes (subject to planning), providing approximately £12m net rental income and approximately £250m gross development value and including the following schemes:
- *St. Andrew's Park, Uxbridge*
- *Edmonton Green, Enfield*
- *Lee Green, Lewisham*

Income producing portfolio - £804m (47% of portfolio value)
Net rental income has increased significantly in the period to £24.8m (H1 2015: £18.6m), largely driven by the retention of income producing properties from our development portfolio with highlights including:
- *Bay Campus, Swansea University* - the first two phases of student accommodation have contributed an

annualised net rental income of £2.6m with the next phase opening September 2017 increasing total rental income to £4.8m.
- *Longbridge, Birmingham* - the new town centre (incorporating Marks & Spencer and additional national retailers) has contributed an additional £2.8m.

The other area driving our net rental income is the high volume of acquisitions we have completed in the period and towards the end of the prior year, including:
- *Warth Industrial Estate, Bury* - a 257,000 sq ft industrial estate situated on a 14.3 acre site and providing an annualised net rental income of £1.1m.
- *Crosby Town Centre, Liverpool* - 26 retail units within the town centre providing an annualised net rental income of £0.3m.
- *Kirkby Town Centre, Merseyside* - comprising 400,000 sq ft of retail and leisure space, leased to 80 tenants and providing an annualised net rental income of £3.3m.

Our gross rent roll is now £62m compared with £58.4m at November 2015 and has resulted in increased coverage of the Company's business running costs, excluding direct residential overheads, to over 100%.

Occupancy levels remain stable at 89% and average lease length is seven years.

Outlook
Our 6,000 acre land bank provides us with the flexibility to focus our attention on those areas of the market that will provide the strongest shareholder returns. Value is also realised from a variety of asset management abilities whilst supported by the strength of the regional business which makes up over 75% of our total portfolio by value.

We will continue to consider new commercial opportunities to add to our robust £1.7bn portfolio and seek to dispose of those properties to which we can no longer add significant value.

Following the Referendum held on 23rd June 2016, we are now operating in a period of uncertainty in relation to many factors that impact the property market. Whilst it is too early to accurately predict how the UK property market will respond, until we have more clarity we believe it is appropriate to take a more cautious approach to the delivery of our development strategy.

FINANCIAL REVIEW

Overview
We have had a strong first half of the year, with underlying trading profits in line with the comparative period's record levels as a result of continued activity across our core commercial and residential businesses. We delivered growth through the improvement in the regional property markets and our ability to perform development, investment and asset management actions.

We aim to cover our recurring overheads and interest costs with revenue from our income producing portfolio and have grown our gross rent roll to £62m over the past twelve months with the retention of income producing assets, particularly at our Swansea and Longbridge properties. As a result of these actions, our coverage of business running costs, which excludes direct residential overheads, has now increased to over 100% for the first time.

The valuation gain on our UK-wide property portfolio (on a proportionately consolidated basis including share of joint ventures) was £28m, excluding SDLT and the NCGM revaluation. Including the effect of these items, it fell by £6m. The £28m increase comprises £15m in added value gains that the valuers consider to be from our own actions and a £13m market valuation increase in our portfolio.

Following a year of net investment to grow our income producing asset base in 2015, the first half of 2016 has been more in balance and net borrowings now stand at £454m (Nov 2015: £443m). Our refinancing programme has continued, with the renegotiation and extension of our facilities with Barclays. This has increased our weighted average facility life to 3.7 years which otherwise would have reduced to 3.1 years (Nov 2015: 3.6 years). Combined with our previous refinancing, we have further reduced our weighted average cost of debt, which now stands at 3.8% (Nov 2015: 3.9%). With £554m of committed facilities against net borrowings of £454m, we have ample funding to transact.

Further demonstrating the financial resilience of the Group, we are operating well within the covenants that apply to our corporate banking facilities:

- net assets must be greater than £250m (actual £939m);
- gearing must not exceed 175% (actual 54%);
- see-though interest cover ratio must be greater than 1.25x (actual 3.9x); and
- see-through loan to value must not exceed 65% (actual 30%).

We regularly test our covenant compliance by reference to severe forecast downside scenarios and continue to have good levels of headroom against each of them.

Our see-through loan-to-value ratio has remained constant at 30% (Nov 2015: 30%). Gearing and adjusted gearing (all borrowings adjusted to amortised cost and excluding finance leases) have also remained constant at 54% and 48%, respectively (Nov 2015: 54% and 48%).

During the period, in line with market movements, equivalent yields for our income producing properties reduced to 7.4% (Nov 2015: 7.7%), this combined with limited regional rental growth led to a market driven valuation increase for our portfolio of £13m over the period (H1 2015: £20m).

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. To enable a better understanding, we have also provided information (including the Group's share of joint ventures and a full reconciliation between the numbers reported below and statutory numbers) in note 2 of the Condensed Financial Statements.

Property profits

Property profits of £36m (H1 2015: £37m) have remained broadly consistent with last year's record levels and comprise:

- £15m (H1 2015: £13m) from house-building profits.
- £21m (H1 2015: £24m) from commercial property profits as our development pipeline crystallises into realised property profits.

Overheads

Ongoing growth in the business has been supported through investment in additional staff to service both St. Modwen Homes and the development pipeline. This brings our average headcount to 336 full-time equivalent employees (Nov 2015: 309). Our recruitment drive in the first half of the year has led to an increase in administrative expenses to £17.0m (H1 2015: £12.1m).

Finance costs and income

Net interest charges of £11.6m (H1 2015: £10.5m) are higher than in the prior period, reflecting higher average debt levels than in the comparative period in 2015, partially offset by the reduction in our weighted average cost of debt to 3.8% for this half-year from 3.9% for the year ended 30th November 2015.

Property valuation

Basis of valuation

All of our investment properties are independently valued every six months by our external valuers Cushman & Wakefield (C&W formerly DTZ) and Jones Lang LaSalle (JLL, 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 period.

Movements in the period

Property valuation movements are made up of two main elements: those resulting from our own actions that we undertake specifically to add value to our assets (land renewal, planning gain, robust asset management), and those resulting from changes in the overall property market. Our valuers provide this split as part of their independent property valuations.

Brexit and valuation uncertainty

The result of the EU Referendum, on 23rd June 2016, to leave the European Union meets the definition of a non-adjusting event after the end of the reporting period for accounting purposes. This is because of the effect it could have on the valuation of the Group's investment properties, which is the most significant item on the Group's Balance Sheet. Since the Referendum date it has not been possible to gauge the effect that this decision will have on property valuations with reference to transactions in the market place.

We are now entering a period of uncertainty in relation to a number of factors impacting the property investment and letting markets which is likely to last for some period of time while the UK renegotiates its relationships with the EU and other nations. Further information on this event and the valuation uncertainty paragraphs included by the Group's property valuers in their valuation certificates are disclosed in note 6 to the Condensed Financial Statements.

Profit before all tax

Our profit before all tax is stated before tax on joint venture income and after movements in the market value of our interest rate swaps and convertible bond. The derivative valuations are based on the financial market's forward prediction curves for interest rates. As a result of a reduction in the fair value of the liability for our convertible bond, together with the movement in the fair value of our interest rate swaps, we recognised net finance income of £1.0m (H1 2015: £6.5m charge). Profit before all tax of £30m compares with £206m for the equivalent period in the prior record year, which benefitted from a £128m NCGM valuation increase.

Taxation and profits after tax

Our tax charge (including joint venture tax and deferred tax) fell to £3.7m (H1 2015: £37.3m) because of the substantial gain on recognising NCGM in the comparative period. As a result, profits after tax are £26.3m (H1 2015: £168.4m). Basic earnings per share for the first six months of the year are 11.8p (H1 2015: 76.0p).

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 period was 16.8% (Nov 2015: 13.7%) which benefits from 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 the effective tax rate is expected to continue to move towards, but remain below, the standard rate of tax.

Restatements

Following receipt of the first rental income during the second half of 2015, further consideration was given to the revenue streams associated with the first two phases of student accommodation at the Bay Campus development for Swansea University.

Due to the fixed (subject only to annual RPI adjustment) nature of the Group's annual rental payments to M&G, meaning that the Group retains exposure (both positive and negative) to all variability in net rentals generated from the properties, it was concluded that the transaction was more appropriately accounted for as a finance lease arrangement, rather than as the sale of 50% of the assets.

Consequently, for the year ended 30th November 2015 we restated our 2014 results and opening Balance Sheet as reported in the Financial Statements for that period. This restatement has now also been applied to the results for the six months ended 31st May 2015 to reflect recognition by the Group of the elements below:

- the whole (rather than 50%) of the property interest in the student accommodation;
- to account for the amounts due to M&G as a finance lease liability;
- to eliminate the construction contract accounting recognised in respect of the proportion of the development work performed on these sites that was funded by M&G; and
- to revalue the site during the course of construction.

Details of this restatement are included in the notes to the Condensed Financial Statements.

Hedging and cost of debt

We aim to have predictable costs attached to our borrowing and therefore hedge a portion of our interest rate risk. At

31st May 2016, 42% of our net borrowings were fixed or hedged (Nov 2015: 48%).

With forward starting swaps in place, and the expiry of our fixed to floating swaps, our proportion of borrowings hedged will increase over time. As any new financing is put in place we will ensure that our hedging positions are appropriate for our future development expectations.

Principal risks and uncertainties

Other than risks arising from the EU Referendum noted above, 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 38 to 41 of the Annual Report for the year ended 30th November 2015, which is available at www.stmodwen.co.uk.

These risks comprise uncertainty in the economic, political and market environment; the availability of funding and the management of cash flow fluctuations; management of construction and development (including joint venture arrangements); regulatory, operational and compliance risk; and recruiting, developing and retaining highly skilled staff.

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

Bill Oliver
Chief Executive
4th July 2016

Rob Hudson
Group Finance Director

Group Income Statement

for the period to 31st May 2016

	Notes	**Unaudited 31st May 2016 £m**	Unaudited 31st May 2015 £m restated	Audited 30th Nov 2015 £m
Revenue	1	**159.7**	135.7	287.5
Net rental income	2	**21.8**	15.7	32.8
Development profits	1	**34.9**	24.9	51.7
Gains on disposals of investments/investment properties	1	**0.5**	12.0	11.7
Investment property revaluation gains	1	**16.8**	49.7	73.9
Other net income		**2.1**	2.1	4.2
(Losses)/profits of joint ventures and associates (post-tax)	3	**(19.4)**	100.6	106.8
Administrative expenses		**(16.8)**	(11.9)	(26.1)
Profit before interest and tax		**39.9**	193.1	255.0
Finance cost	4	**(11.2)**	(15.6)	(25.2)
Finance income	4	**6.8**	2.7	5.4
Profit before tax		**35.5**	180.2	235.2

Taxation	7 (ii)	**(9.2)**	(11.8)	(17.9)
Profit for the period		**26.3**	168.4	217.3
Attributable to:				
Owners of the Company		**26.1**	167.9	216.4
Non-controlling interests		**0.2**	0.5	0.9
		26.3	168.4	217.3

		pence	pence	pence
Basic earnings per share	5	**11.8**	76.0	97.9
Diluted earnings per share	5	**9.1**	71.1	90.4

Group Statement of Comprehensive Income

for the period to 31st May 2016

	Unaudited 31st May 2016 £m	Unaudited 31st May 2015 £m restated	Audited 30th Nov 2015 £m
Profit for the period	**26.3**	168.4	217.3
Items that will not be reclassified to profit and loss:			
Actuarial loss on defined benefit pension scheme	**-**	-	(0.1)
Total comprehensive income for the period	**26.3**	168.4	217.2
Attributable to:			
Owners of the Company	**26.1**	167.9	216.3
Non-controlling interests	**0.2**	0.5	0.9
Total comprehensive income for the period	**26.3**	168.4	217.2

Group Balance Sheet

as at 31st May 2016

	Notes	**Unaudited 31st May 2016 £m**	Unaudited 31st May 2015 £m restated	Audited 30th Nov 2015 £m
Non-current assets				
Investment properties	6	**1,124.5**	957.4	1,081.0
Operating property, plant and equipment		**4.2**	7.0	4.2
Investments in joint ventures and associates		**194.3**	222.7	227.3
Trade and other receivables		**6.4**	6.0	6.1
		1,329.4	1,193.1	1,318.6
Current assets				

Inventories	**186.1**	205.6	183.7
Trade and other receivables	**107.2**	93.8	104.7
Derivative financial instruments	**0.8**	1.0	0.8
Cash and cash equivalents	**4.5**	4.0	4.8
	298.6	304.4	294.0
Current liabilities			
Trade and other payables	**(130.9)**	(148.0)	(146.6)
Derivative financial instruments	**(8.5)**	(8.3)	(8.0)
Borrowings and finance lease obligations	**(0.4)**	(0.2)	(0.4)
Tax payables	**(12.8)**	(10.3)	(11.1)
	(152.6)	(166.8)	(166.1)
Non-current liabilities			
Trade and other payables	**(3.9)**	(2.9)	(3.1)
Borrowings and finance lease obligations	**(513.6)**	(434.8)	(506.5)
Deferred tax	**(18.5)**	(14.7)	(15.4)
	(536.0)	(452.4)	(525.0)
Net assets	**939.4**	878.3	921.5

Capital and reserves			
Share capital	**22.2**	22.1	22.2
Share premium account	**102.8**	102.8	102.8
Retained earnings	**756.6**	697.1	739.3
Share incentive reserve	**5.5**	5.2	5.2
Own shares	**(0.9)**	(1.5)	(1.0)
Other reserves	**46.2**	46.2	46.2
Equity attributable to owners of the Company	**932.4**	871.9	914.7
Non-controlling interests	**7.0**	6.4	6.8
Total equity	**939.4**	878.3	921.5

Group Statement of Changes in Equity

for the period to 31st May 2016

31st May 2016 (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 interests £m	Total equity £m
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 period	-	-	26.1	-	-	-	26.1	0.2	26.3
Total comprehensive income for the period	-	-	26.1	-	-	-	26.1	0.2	26.3
Share-based payments	-	-	(0.2)	0.3	-	-	0.1	-	0.1
Share transfers	-	-	(0.1)	-	0.1	-	-	-	-
Dividends paid	-	-	(8.5)	-	-	-	(8.5)	-	(8.5)
Equity at 31st May 2016	**22.2**	**102.8**	**756.6**	**5.5**	**(0.9)**	**46.2**	**932.4**	**7.0**	**939.4**

31st May 2015 (Unaudited and restated)

	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 as restated	22.1	102.8	544.0	4.8	(1.8)	46.2	718.1	5.9	724.0
Profit for the period	-	-	167.9	-	-	-	167.9	0.5	168.4

Total comprehensive income for the period	-	-	167.9	-	-	-	167.9	0.5	168.4
Equity issue	-	-	-	-	0.3	-	0.3	-	0.3
Share-based payments	-	-	(7.9)	0.4	-	-	(7.5)	-	(7.5)
Dividends paid	-	-	(6.9)	-	-	-	(6.9)	-	(6.9)
Equity at 31st May 2015	22.1	102.8	697.1	5.2	(1.5)	46.2	871.9	6.4	878.3

Group Statement of Changes in Equity (continued)

for the period to 31st May 2016

30th November 2015 (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 interests £m	Total equity £m
Equity at 30th November 2014 as restated	22.1	102.8	544.0	4.8	(1.8)	46.2	718.1	5.9	724.0
Profit for the period	-	-	216.4	-	-	-	216.4	0.9	217.3
Pension fund actuarial losses	-	-	(0.1)	-	-	-	(0.1)	-	(0.1)
Total comprehensive income for the period	-	-	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	-	-	(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

Group Cash Flow Statement

for the period to 31st May 2016

	Unaudited 31st May 2016 £m	Unaudited 31st May 2015 £m restated	Audited 30th Nov 2015 £m
Operating activities			
Profit before interest and tax	**39.9**	193.1	255.0
Gains on disposal of investments/ investment properties	**(0.5)**	(12.0)	(11.7)
Share of losses/(profits) of joint ventures and associates (post-tax)	**19.4**	(100.6)	(106.8)
Investment property revaluation gains	**(16.8)**	(49.7)	(73.9)
Depreciation	**0.3**	0.3	0.8
Impairment losses on inventories	**0.3**	-	1.4
Increase in inventories	**(2.7)**	(4.6)	(49.0)
Decrease/(increase) in trade and other receivables	**3.2**	(19.1)	(29.0)
Decrease in trade and other payables	**(15.0)**	(10.1)	(8.3)
Net cash inflow/(outflow) relating to share option schemes	**0.1**	0.7	(7.8)
Tax paid	**(4.4)**	(5.8)	(9.4)
Net cash inflow/(outflow) from operating activities	**23.8**	(7.8)	(38.7)

Investing activities			
Proceeds from investment property disposals	**22.8**	50.9	84.4
Investment property additions	**(54.9)**	(97.8)	(160.5)
Acquisition of subsidiary undertaking	**-**	-	(0.2)
Property, plant and equipment additions	**(0.3)**	(0.4)	(0.6)
Dividends received from joint ventures	**14.3**	5.0	6.7
Net cash outflow from investing activities	**(18.1)**	(42.3)	(70.2)
Financing activities			
Dividends paid	**(8.5)**	(6.9)	(11.1)
Interest paid	**(9.8)**	(8.8)	(18.0)
Amounts advanced under finance lease arrangements	**1.7**	19.6	32.5
New borrowings drawn	**51.6**	67.0	190.9
Repayment of borrowings	**(41.0)**	(20.0)	(83.8)
Net cash (outflow)/inflow from financing activities	**(6.0)**	50.9	110.5
(Decrease)/increase in cash and cash equivalents	**(0.3)**	0.8	1.6
Cash and cash equivalents at start of period	**4.8**	3.2	3.2
Cash and cash equivalents at end of period	**4.5**	4.0	4.8
Cash	**4.5**	4.0	4.8
Bank overdrafts	**-**	-	-
Cash and cash equivalents at end of period	**4.5**	4.0	4.8

Accounting Policies

for the period to 31st May 2016

The annual financial statements of St. Modwen Properties PLC are prepared in accordance with IFRSs 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 have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the EU.

The Condensed Financial Statements have been prepared on the basis of the accounting policies, significant judgements, key assumptions and estimates as set out in the notes to the Group's annual financial statements for the year ended 30th November 2015.

Prior period restatement

During the second half of 2015 further consideration was given to the revenue streams associated with the first two phases of student accommodation at the Bay Campus development for Swansea University. Due to the fixed (subject only to annual RPI adjustment) nature of the Group's annual rental payments to M&G, meaning that the Group retains exposure (both positive and negative) to all variability in net rentals generated from the properties, it was concluded that the transaction was more appropriately accounted for as a finance lease arrangement, rather than as the sale of 50% of the assets. The restatement was reflected in the financial statements for the year ended 30th November 2015. Consequently, we have restated our May 2015 results to reflect recognition by the Group of the following elements:

- the whole (rather than 50%) of the property interest in the student accommodation;
- to account for the amounts due to M&G as a finance lease liability;
- to eliminate the construction contract accounting recognised in respect of the proportion of the development work performed on these sites that was funded by M&G; and
- to revalue the site during the course of construction.

The impact on previously reported financial information is as follows:

Income statement

	Six months ended 31st May 2015 £m
Decrease in development profits	(4.0)
Increase in investment property revaluation gains	6.6
Increase in profit before interest and tax	2.6
Increase in tax charge	(1.3)
Increase in profit for the period	1.3

Assets, liabilities and equity

	As at 31st May 2015		
	Previously reported £m	Lease accounting adjustments £m	Restated £m
Investment properties	905.7	51.7	957.4

Operating property, plant and equipment	7.0	-	7.0
Investments in joint ventures and associates	222.7	-	222.7
Non-current trade and other receivables	6.0	-	6.0
Inventories	205.6	-	205.6
Current trade and other receivables	93.8	-	93.8
Derivative financial instruments	1.0	-	1.0
Cash and cash equivalents	4.0	-	4.0
Current trade and other payables	(138.1)	(9.9)	(148.0)
Derivative financial instruments	(8.3)	-	(8.3)
Current borrowings and finance lease obligations	-	(0.2)	(0.2)
Tax payables	(8.4)	(1.9)	(10.3)
Non-current trade and other payables	(6.8)	3.9	(2.9)
Non-current borrowings and finance lease obligations	(392.8)	(42.0)	(434.8)
Deferred tax	(14.7)	-	(14.7)
Total effect on net assets	876.7	1.6	878.3
Equity attributable to owners of the Company	870.3	1.6	871.9
Non-controlling interests	6.4	-	6.4
Total effect on equity(1)	876.7	1.6	878.3

(1) Includes £0.3m in respect of the year ended 30th November 2014.

The impact on previously reported financial information for the year ended 30th November 2015 relating to Swansea University is disclosed on pages 117 and 118 of the Group's Annual Report for the year ended 30th November 2015.

Going Concern

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 Review. The directors have considered these factors and reviewed 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 2017, 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.

There are no corporate or joint venture facilities that require renewal before 2019.

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.

1. Segmental Information

IFRS 8 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.

	Six months to 31st May 2016		
	Portfolio	**Residential development**	**Total**
Revenue	**£m**	**£m**	**£m**
Rental income	**26.7**	**-**	**26.7**
Development	**60.2**	**69.8**	**130.0**
Other income	**3.0**	**-**	**3.0**
Total revenue	**89.9**	**69.8**	**159.7**

	Six months to 31st May 2015 restated		
	Portfolio	Residential development	Total
Revenue	£m	£m	£m
Rental income	19.1	-	19.1
Development	53.6	59.4	113.0
Other income	3.6	-	3.6
Total revenue	76.3	59.4	135.7

Year to 30th November 2015

	Portfolio £m	Residential development £m	Total £m
Rental income	41.2	-	41.2
Development	98.4	140.5	238.9
Other income	7.4	-	7.4
Total revenue	147.0	140.5	287.5

All revenues in the tables above are derived from continuing operations exclusively in the UK.

1. Segmental Information (continued)

	Six months to 31st May 2016		
Profit before tax	**Portfolio £m**	**Residential development £m**	**Total £m**
Net rental income	**21.8**	**-**	**21.8**
Development profits	**19.9**	**15.0**	**34.9**
Gains on disposal of investments/investment properties	**0.5**	**-**	**0.5**
Investment property revaluation gains	**16.8**	**-**	**16.8**
Other net income	**2.1**	**-**	**2.1**
Profits of joint ventures and associates (1)	**(22.5)**	**-**	**(22.5)**
Administrative expenses	**(12.3)**	**(4.5)**	**(16.8)**
Finance costs (2)	**(8.1)**	**(0.8)**	**(8.9)**
Finance income (3)	**1.1**	**-**	**1.1**
Attributable profit	**19.3**	**9.7**	**29.0**
Other profits of joint ventures and associates (1)			**3.1**
Other finance costs (2)			**(2.3)**
Other finance income (3)			**5.7**
Profit before tax			**35.5**

	Six months to 31st May 2015 restated		
Profit before tax	Portfolio £m	Residential development £m	Total £m
Net rental income	15.7	-	15.7
Development profits	12.1	12.8	24.9
Gains on disposal of investments/investment properties	12.0	-	12.0
Investment property revaluation gains	49.7	-	49.7
Other net income	2.1	-	2.1
Profits of joint ventures and associates (1)	123.5	-	123.5
Administrative expenses	(9.2)	(2.7)	(11.9)
Finance costs (2)	(7.4)	(0.8)	(8.2)
Finance income (3)	1.8	-	1.8
Attributable profit	200.3	9.3	209.6
Other losses of joint ventures and associates (1)			(22.9)
Other finance costs (2)			(7.4)
Other finance income (3)			0.9
Profit before tax			180.2

1. Segmental Information (continued)

	Year to 30th November 2015		
Profit before tax	Portfolio £m	Residential development £m	Total £m
Net rental income	32.8	-	32.8
Development profits	22.6	29.1	51.7
Gains on disposal of investments/investment properties	11.7	-	11.7
Investment property revaluation gains	73.9	-	73.9
Other net income	4.2	-	4.2
Profits of joint ventures and associates (1)	125.6	-	125.6
Administrative expenses	(20.9)	(5.2)	(26.1)
Finance costs (2)	(15.1)	(2.0)	(17.1)
Finance income (3)	3.9	-	3.9
Attributable profit	238.7	21.9	260.6
Other losses of joint ventures and associates (1)			(18.8)

Other finance costs (2)	(8.1)
Other finance income (3)	1.5
Profit before tax	235.2

(1) Stated before mark-to-market of derivatives, amortisation of loan arrangement fees, other non-cash items and tax of £3.1m credit (31st May 2015: £22.9m charge, 30th November 2015: £18.8m charge). These amounts are reclassified to other profits/(losses) of joint ventures and associates.

(2) Stated before mark-to-market of derivatives, amortisation of loan arrangement fees and other non-cash items of £2.3m (31st May 2015: £7.4m, 30th November 2015: £8.1m). These amounts are reclassified to other finance costs.

(3) Stated before mark-to-market of derivatives and other non-cash items of £5.7m (31st May 2015: £0.9m, 30th November 2015: £1.5m). These items are reclassified to other finance income.

1. Segmental Information (continued)

	31st May 2016		
	Portfolio	Residential Development	Total
Net assets	**£m**	**£m**	**£m**
Investment property	**1,124.5**	**-**	**1,124.5**
Inventories	**76.7**	**109.4**	**186.1**
Investments in joint ventures and associates	**194.3**	**-**	**194.3**
Attributable assets	**1,395.5**	**109.4**	**1,504.9**
Operating property plant and equipment			**4.2**
Trade and other receivables			**113.6**
Cash and cash equivalents			**4.5**
Trade and other payables			**(134.8)**
Derivative financial instruments			**(7.7)**
Borrowings and finance lease obligations			**(514.0)**
Tax payable			**(12.8)**
Deferred tax			**(18.5)**
Net assets			**939.4**

	31st May 2015 restated		
	Portfolio	Residential Development	Total
Net assets	£m	£m	£m
Investment property	957.4	-	957.4
Inventories	92.0	113.6	205.6
Investments in joint ventures and associates	222.7	-	222.7
Attributable assets	1,272.1	113.6	1,385.7
Operating property plant and equipment			7.0
Trade and other receivables			99.8
Cash and cash equivalents			4.0
Trade and other payables			(150.9)
Derivative financial instruments			(7.3)
Borrowings and finance lease obligations			(435.0)
Tax payable			(10.3)
Deferred tax			(14.7)
Net assets			878.3

	30th November 2015		
	Portfolio	Residential Development	Total
Net assets	£m	£m	£m
Investment property	1,081.0	-	1,081.0
Inventories	84.2	99.5	183.7
Investments in joint ventures and associates	227.3	-	227.3
Attributable assets	1,392.5	99.5	1,492.0
Operating property plant and equipment			4.2
Trade and other receivables			110.8
Cash and cash equivalents			4.8
Trade and other payables			(149.7)
Derivative financial instruments			(7.2)
Borrowings and finance lease obligations			(506.9)
Tax payable			(11.1)
Deferred tax			(15.4)
Net assets			921.5

2. Non Statutory Information

(a) Trading Profit and Profit before all Tax

The non-statutory measure 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 2016		
	Group	**Joint Ventures and Associates**	**Total**
	£m	**£m**	**£m**
Net rental income	**21.8**	**3.0**	**24.8**
Development profit (1)	**35.2**	**-**	**35.2**
Gains on disposal of investments/investment properties	**0.5**	**0.4**	**0.9**
Other income	**2.1**	**-**	**2.1**
Administrative expenses	**(16.8)**	**(0.2)**	**(17.0)**
Finance costs (2)	**(8.9)**	**(3.9)**	**(12.8)**
Finance income (3)	**1.1**	**0.1**	**1.2**
Trading profit	**35.0**	**(0.6)**	**34.4**
Investment property revaluation gains (1)	**16.5**	**(21.9)**	**(5.4)**
Other net finance costs (2)	**(2.3)**	**(2.4)**	**(4.7)**
Other finance income (3)	**5.7**	**-**	**5.7**
Profit before all tax	**54.9**	**(24.9)**	**30.0**
Taxation	**(9.2)**	**5.5**	**(3.7)**
Profit for the period	**45.7**	**(19.4)**	**26.3**

	Six months to 31st May 2015 restated		
	Group	Joint Ventures and Associates	Total
	£m	£m	£m
Net rental income	15.7	2.9	18.6
Development profit (1)	24.9	0.4	25.3
Gains on disposal of investments/ investment properties	12.0	-	12.0
Other income	2.1	-	2.1
Administrative expenses	(11.9)	(0.2)	(12.1)
Finance costs (2)	(8.2)	(3.9)	(12.1)
Finance income (3)	1.8	(0.2)	1.6
Trading profit	36.4	(1.0)	35.4
Investment property revaluation gains (1)	49.7	127.1	176.8
Other net finance costs (2)	(7.4)	(0.6)	(8.0)
Other finance income (3)	0.9	0.6	1.5
Profit before all tax	79.6	126.1	205.7
Taxation	(11.8)	(25.5)	(37.3)
Profit for the period	67.8	100.6	168.4

(a) Trading Profit and Profit before all Tax (continued)

	Year to 30th November 2015		
	Group	Joint Ventures and Associates	Total
	£m	£m	£m
Net rental income	32.8	5.9	38.7
Development profit (1)	53.1	-	53.1
Gains on disposal of investments/ investment properties	11.7	2.6	14.3
Other income	4.2	-	4.2
Administrative expenses	(26.1)	(0.4)	(26.5)

Finance costs (2)	(17.1)	(8.3)	(25.4)
Finance income (3)	3.9	1.0	4.9
Trading profit	62.5	0.8	63.3
Investment property revaluation gains (1)	72.5	129.2	201.7
Other net finance costs (2)	(8.1)	(0.6)	(8.7)
Other finance income (3)	1.5	0.6	2.1
Profit before all tax	128.4	130.0	258.4
Taxation	(17.9)	(23.2)	(41.1)
Profit for the year	110.5	106.8	217.3

(1) Stated before the deduction of net realisable valuation provisions of: Group £0.3m (Six months to 31st May 2015: £nil, Year ended 30th November 2015: £ 1.4m); Joint ventures and associates £nil (Six months to 31st May 2015: £nil, Year ended 30th November 2015: £nil). These items are reclassified to investment property revaluations.

(2) Stated before mark-to-market of derivatives and other non-cash items of: Group £2.3m (Six months to 31st May 2015: £7.4m, Year ended 30th November 2015: £8.1m); Joint ventures and associates £2.4m (Six months to 31st May 2015: £0.6m, Year ended 30th November 2015: £0.6m). These items are reclassified to other finance costs.

(3) Stated before mark-to-market of derivatives and other non-cash items of: Group £5.7m (Six months to 31st May 2015: £0.9m, Year ended 30th November 2015: £1.5m); Joint ventures and associates £nil (Six months to 31st May 2015: £0.6m, Year ended 30th November 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:

	Six months to 31st May 2016		
	Group £m	**Joint Ventures and Associates £m**	**Total £m**
Property revaluation gains/(losses)	**16.8**	**(21.9)**	**(5.1)**
Net realisable value provisions	**(0.3)**	**-**	**(0.3)**
Property valuation gains	**16.5**	**(21.9)**	**(5.4)**
Added value	**14.9**	**-**	**14.9**
Market movements	**1.6**	**(21.9)**	**(20.3)**
Property valuation gains	**16.5**	**(21.9)**	**(5.4)**

	Six months to 31st May 2015 restated		
	Group £m	Joint Ventures and Associates £m	Total £m
Property revaluation gains	49.7	127.1	176.8
Net realisable value provisions	-	-	-
Property valuation gains	49.7	127.1	176.8
Added value	28.4	128.0	156.4
Market movements	21.3	(0.9)	20.4
Property valuation gains	49.7	127.1	176.8

	Year to 30th November 2015		
	Group £m	Joint Ventures and Associates £m	Total £m
Property revaluation gains	73.9	129.2	203.1
Net realisable value provisions	(1.4)	-	(1.4)
Property valuation gains	72.5	129.2	201.7
Added value	37.7	128.3	166.0
Market movements	34.8	0.9	35.7
Property valuation gains	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) 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 2016	Group £m	Joint Ventures and Associates £m	Total £m
Investment properties	**1,124.5**	**378.1**	**1,502.6**
Less assets held under finance leases not subject to valuation	**(3.9)**	**(1.2)**	**(5.1)**
Add back lease incentives (recorded in receivables)	**11.7**	**1.6**	**13.3**
Inventories	**186.1**	**2.0**	**188.1**
Property portfolio	**1,318.4**	**380.5**	**1,698.9**

31st May 2015 restated Previously reported	Group £m	Joint Ventures and Associates £m	Total £m
Investment properties	905.7	407.7	1,313.4
Less assets held under finance leases not subject to valuation	(3.9)	(1.2)	(5.1)
Add back lease incentives (recorded in receivables)	5.8	1.0	6.8
Inventories	205.6	8.0	213.6
Property portfolio as previously reported	1,113.2	415.5	1,528.7
Lease accounting adjustments	51.7	-	51.7
Property portfolio as restated	1,164.9	415.5	1,580.4

30th November 2015	Group £m	Joint Ventures and Associates £m	Total £m
Investment properties	1,081.0	416.8	1,497.8
Less assets held under finance leases not subject to valuation	(3.9)	(1.2)	(5.1)
Add back lease incentives (recorded in receivables)	11.9	1.4	13.3
Inventories	183.7	1.9	185.6
Property portfolio	1,272.7	418.9	1,691.6

As at 31st May 2016 the Group had assets of £650.1m (31st May 2015: £488.4m, 30th November 2015: £633.2m) 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.

(c) Property Portfolio (continued)

The Group's property portfolio, including its share of joint ventures and associates, can be split by category as detailed below:

	31st May 2016 £m	31st May 2015 £m restated	30th Nov 2015 £m
Industrial	**301.3**	274.3	275.6
Retail	**344.7**	269.2	337.5
Residential	**116.0**	51.7	106.3
Offices	**42.1**	58.9	48.1
Income producing	**804.1**	654.1	767.5
Residential land - New Covent Garden Market	**200.0**	220.0	220.0
Residential land - other	**537.7**	557.4	552.3
Total residential land	**737.7**	777.4	772.3
Commercial land	**157.1**	148.9	151.8
Property portfolio	**1,698.9**	1,580.4	1,691.6

(d) Movement in net debt

Movement in net debt is set out below:

	Six months to 31st May 2016 £m	Six months to 31st May 2015 £m restated	Year to 30th Nov 2015 £m
Movement in cash and cash equivalents	**(0.3)**	0.8	1.6
Borrowings drawn	**(51.6)**	(67.0)	(190.9)
Repayment of borrowings	**41.0**	20.0	83.8
Increase in net borrowings	**(10.9)**	(46.2)	(105.5)
Fair value movements on convertible bonds	**5.2**	(5.2)	(4.1)
Finance leases	**(1.7)**	(19.6)	(32.5)
Increase in net debt	**(7.4)**	(71.0)	(142.1)

(e) Trading cash flow

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

	Six months to 31st May 2016			
	Operating activities £m	**Investing activities £m**	**Financing activities £m**	**Total £m**
Net rent and other income	**23.9**	**-**	**-**	**23.9**
Property disposals	**177.1**	**22.8**	**-**	**199.9**
Property acquisitions	**-**	**(20.1)**	**-**	**(20.1)**
Capital expenditure	**(157.8)**	**(35.1)**	**-**	**(192.9)**
Working capital and other movements	**1.4**	**-**	**-**	**1.4**
Overheads and interest	**(16.4)**	**-**	**(9.8)**	**(26.2)**
Taxation	**(4.4)**	**-**	**-**	**(4.4)**
Trading cash flow	**23.8**	**(32.4)**	**(9.8)**	**(18.4)**
Net borrowings	**-**	**-**	**10.6**	**10.6**
Finance leases	**-**	**-**	**1.7**	**1.7**
Net dividends	**-**	**14.3**	**(8.5)**	**5.8**
Movement in cash and cash equivalents	**23.8**	**(18.1)**	**(6.0)**	**(0.3)**

	Six months to 31st May 2015 restated			
	Operating activities £m	Investing activities £m	Financing activities £m	Total £m
Net rent and other income	17.8	-	-	17.8
Property disposals	116.7	50.9	-	167.6
Property acquisitions	-	(42.2)	-	(42.2)
Capital expenditure	(125.8)	(56.0)	-	(181.8)
Working capital and other movements	0.2	-	-	0.2
Overheads and interest	(10.9)	-	(8.8)	(19.7)
Taxation	(5.8)	-	-	(5.8)
Trading cash flow	(7.8)	(47.3)	(8.8)	(63.9)
Net borrowings	-	-	47.0	47.0
Finance leases	-	-	19.6	19.6
Net dividends	-	5.0	(6.9)	(1.9)
Movement in cash and cash equivalents	(7.8)	(42.3)	50.9	0.8

	Year to 30th November 2015		
	Operating	Investing	Financing

	activities £m	activities £m	activities £m	Total £m
Net rent and other income	37.0	-	-	37.0
Property disposals	180.5	84.4	-	264.9
Property acquisitions	-	(57.2)	-	(57.2)
Capital expenditure	(208.2)	(104.1)	-	(312.3)
Working capital and other movements	(5.5)	-	-	(5.5)
Overheads and interest	(33.1)	-	(18.0)	(51.1)
Taxation	(9.4)	-	-	(9.4)
Trading cash flow	(38.7)	(76.9)	(18.0)	(133.6)
Net borrowings	-	-	107.1	107.1
Finance leases	-	-	32.5	32.5
Net dividends	-	6.7	(11.1)	(4.4)
Movement in cash and cash equivalents	(38.7)	(70.2)	110.5	1.6

(f) Net assets per share

Net assets per share are calculated as set out below:

	31st May 2016 £m	31st May 2015 £m restated	30th Nov 2015 £m
Total equity	**939.4**	878.3	921.5
Less: Non-controlling interests	**(7.0)**	(6.4)	(6.8)
Equity attributable to owners of the Company	**932.4**	871.9	914.7
Adjustment to state inventories at fair value	**10.4**	12.0	11.9
Diluted EPRA triple net assets	**942.8**	883.9	926.6
Deferred tax on capital allowances and revaluations	**48.0**	49.4	50.0
Mark-to-market of derivative financial instruments	**6.9**	12.8	10.9
Diluted EPRA net assets	**997.7**	946.1	987.5
Shares in issue (1) (number)	**221,273,685**	221,079,844	221,186,714
Equity attributable to owners of the Company, net assets per share (pence)	**421.4p**	394.4p	413.5p
Percentage increase	**2%**		27%
Diluted triple net assets per share (pence)	**426.1p**	399.8p	418.9p
Percentage increase	**2%**		27%
Diluted EPRA net assets per share (pence)	**450.9p**	427.9p	446.4p
Percentage increase	**1%**		30%

(1) Shares in issue exclude 603,303 shares held by the Company's Employee Benefit Trust (31st May 2015: 297,144, 30th November 2015: 690,274)

(g) Net borrowings and net debt

	31st May 2016 £m	31st May 2015 £m restated	30th Nov 2015 £m
Cash and cash equivalents	**4.5**	4.0	4.8
Borrowings due after more than one year	**(457.2)**	(392.8)	(451.8)
Less: Difference between fair and par value of convertible bonds	**(1.1)**	5.2	4.1
Net borrowings	**(453.8)**	(383.6)	(442.9)
Difference between fair and par value of convertible bonds	**1.1**	(5.2)	(4.1)
Finance lease liabilities due within one year	**(0.4)**	(0.2)	(0.4)
Finance lease liabilities due after more than one year	**(56.4)**	(42.0)	(54.7)
Net debt	**(509.5)**	(431.0)	(502.1)

(h) 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 gearing and loan-to value are calculated using the comparable measure of net borrowings. This represents bank loans and outstanding bond liabilities at amortised cost.

The following table 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; and

- loan-to-value being the ratio of net borrowings to the property portfolio (representing amounts that could be used as security for that debt).

		31st May 2016	
	Group	**Joint Ventures and Associates**	**Total**
	£m	**£m**	**£m**
Property portfolio (note 2c)	**1,318.4**	**380.5**	**1,698.9**
Less valued assets held under finance leases	**(57.4)**	**-**	**(57.4)**
Net property portfolio	**1,261.0**	**380.5**	**1,641.5**
Total equity	**939.4**	**N/A**	**939.4**
Net debt	**509.5**	**48.6**	**558.1**
Net borrowings (note 2g)	**453.8**	**46.8**	**500.6**
Gearing	**54%**		**59%**
Adjusted gearing	**48%**		**53%**
Loan-to-value	**36%**		**30%**

		31st May 2015 restated	
	Group	Joint Ventures and Associates	Total
	£m	£m	£m
Property portfolio (note 2c) - as previously reported	1,113.2	415.5	1,528.7
Lease accounting adjustments	51.7	-	51.7
Less valued assets held under finance leases	(45.8)	-	(45.8)
Property portfolio as restated	1,119.1	415.5	1,534.6
Total equity as previously reported	876.7	-	876.7
Lease accounting adjustments	1.6	-	1.6
Total equity as restated	878.3	-	878.3
Net debt as previously reported(1)	388.8	52.3	441.1
Lease accounting adjustments	42.2	-	42.2
Net debt as restated	431.0	52.3	483.3
Net borrowings	383.6	-	383.6
Gearing as previously reported	44%		50%
Gearing as restated	49%		55%
Adjusted gearing as previously reported	-		-
Adjusted gearing as restated	44%		50%
Loan-to-value as previously reported	35%		29%
Loan-to-value as restated	39%		31%

(1) Net debt includes the convertible loan at fair value.

(h) Gearing and loan-to-value (continued)

		30th November 2015	
	Group	Joint Ventures and Associates	Total
	£m	£m	£m
Property portfolio (note 2c)	1,272.7	418.9	1,691.6
Less valued assets held under finance leases	(53.1)	-	(53.1)
Net property portfolio	1,219.6	418.9	1,638.5
Total equity	921.5	N/A	921.5
Net debt	502.1	47.6	549.7
Net borrowings (note 2g)	442.9	46.4	489.3
Gearing	54%		60%
Adjusted gearing	48%		53%
Loan-to-value	36%		30%

3. Joint Ventures and Associates

The Group's share of the results for the period to 31st May 2016 of its joint ventures and associates is:

			Six months to 31st May 2016			
	Key Property Investments Ltd	**VSM Estates Uxbridge (Group) Ltd**	**VSM Estates (Holdings) Ltd**	**VSM (NCGM) Ltd**	**Other**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**

Revenue	**3.9**	**-**	**-**	**-**	**0.1**	**4.0**
Net rental income	**3.0**	**(0.1)**	**-**	**-**	**0.1**	**3.0**
Development profits	**-**	**-**	**-**	**-**	**-**	**-**
Gains/(losses) on disposal of investments/investment properties	**0.4**	**-**	**(0.1)**	**-**	**0.1**	**0.4**
Investment property revaluation gains/(losses)	**0.4**	**(1.6)**	**0.2**	**(20.9)**	**-**	**(21.9)**
Administrative expenses	**(0.1)**	**-**	**(0.1)**	**-**	**-**	**(0.2)**
Profit/(loss) before interest and tax	**3.7**	**(1.7)**	**-**	**(20.9)**	**0.2**	**(18.7)**
Finance cost	**(1.1)**	**(1.3)**	**(0.7)**	**(3.1)**	**(0.1)**	**(6.3)**
Finance income	**0.1**	**-**	**-**	**-**	**-**	**0.1**
Profit/(loss) before tax	**2.7**	**(3.0)**	**(0.7)**	**(24.0)**	**0.1**	**(24.9)**
Taxation	**(0.5)**	**0.6**	**-**	**5.4**	**-**	**5.5**
Profit/(loss) for the period	**2.2**	**(2.4)**	**(0.7)**	**(18.6)**	**0.1**	**(19.4)**

Six months to 31st May 2015

	Key Property Investments Ltd	VSM Estates Uxbridge (Group) Ltd	VSM Estates (Holdings) Ltd	VSM (NCGM) Ltd	Other	Total
	£m	£m	£m	£m	£m	£m
Revenue	3.9	-	-	0.4	0.1	4.4
Net rental income	3.0	(0.1)	-	-	-	2.9
Development profits	-	-	-	0.4	-	0.4
Investment property revaluation gains/(losses)	1.9	(2.5)	(0.6)	128.0	0.3	127.1
Administrative expenses	(0.1)	-	(0.1)	-	-	(0.2)
Profit/(loss) before interest and tax	4.8	(2.6)	(0.7)	128.4	0.3	130.2
Finance cost	(1.0)	(1.6)	(1.3)	(0.5)	(0.1)	(4.5)
Finance income	0.3	0.1	-	-	-	0.4
Profit/(loss) before tax	4.1	(4.1)	(2.0)	127.9	0.2	126.1
Taxation	(0.1)	-	0.1	(25.5)	-	(25.5)
Profit/(loss) for the period	4.0	(4.1)	(1.9)	102.4	0.2	100.6

3. Joint Ventures and Associates (continued)

Year to 30th November 2015

	Key Property Investments Ltd	VSM Estates Uxbridge (Group) Ltd	VSM Estates (Holdings) Ltd	VSM (NCGM) Ltd	Other	Total
	£m	£m	£m	£m	£m	£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 the results of 'Other' are results from associates for the period to 31st May 2016 of £0.1m (Period to 31st May 2015: £0.1m, Year ended 30th November 2015: £0.3m).

4. Net Finance Cost

	Six months to 31st May 2016 £m	Six months to 31st May 2015 £m restated	Year to 30th Nov 2015 £m
Interest payable on borrowings	**8.9**	8.2	16.5
Amortisation of loan arrangement fees	**0.4**	0.5	1.1
Amortisation of discount on deferred payment arrangements	**0.4**	0.2	1.1
Interest payable on finance leases	**0.5**	0.1	0.6
Movement in fair value of convertible bond	**-**	5.2	4.1
Movement in fair value of derivative financial instruments	**0.5**	0.9	0.8
Interest on pension scheme liabilities	**0.5**	0.5	1.0
Total finance cost	**11.2**	15.6	25.2
Interest receivable	**1.1**	1.8	3.9
Movement in fair value of convertible bond	**5.2**	-	-
Movement in fair value of derivative financial instruments	**-**	0.4	0.4
Interest income on pension scheme assets	**0.5**	0.5	1.1
Total finance income	**6.8**	2.7	5.4
Net finance cost	**4.4**	12.9	19.8

5. Earnings per share

	31st May 2016 Number of shares	Restated 31st May 2015 Number of shares	30th Nov 2015 Number of shares
Weighted number of shares in issue	**221,233,995**	221,018,453	221,076,984
Weighted number of diluted shares relating to the convertible bond	**18,867,925**	18,867,925	18,867,925
Weighted number of diluted shares related to share options	**2,001,705**	5,319,354	6,383,088
	242,103,625	245,205,732	246,327,997

	31st May 2016 £m	Restated 31st May 2015 £m	30th Nov 2015 £m
Earnings for the purposes of basic earnings per share being net profit attributable to owners of the Company	**26.1**	167.9	216.4
Effect of dilutive ordinary shares			
Interest on convertible bond (net of tax)	**1.2**	1.2	2.3
Movement in fair value of the convertible bond	**(5.2)**	5.2	4.1
Earnings for the purposes of diluted earnings per share	**22.1**	174.3	222.8

	31st May 2016 pence	Restated 31st May 2015 pence	30th Nov 2015 pence
Basic earnings per share	**11.8**	76.0	97.9
Diluted earnings per share	**9.1**	71.1	90.4

Shares held by the Company's Employee Benefit 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. EPRA calculations would exclude all revaluation gains, including value added by management, and development profits, which are the key activities of the Group. Excluding these items would therefore not provide a meaningful measure of the performance of the business.

6. 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 assets and liabilities measured subsequent to initial recognition at fair value:

	31st May	31st May	30th Nov

Investment property		2016	2015	2015
		£m	£m restated	£m
- Income producing properties	Level 3	**707.2**	521.7	656.6
- Residential land	Level 3	**322.4**	336.8	339.8
- Commercial land	Level 3	**102.7**	100.8	92.6
Assets held under finance leases (1)	Held at cost	**3.9**	3.9	3.9
Lease incentives (recorded in receivables)	Held at cost	**(11.7)**	(5.8)	(11.9)
		1,124.5	957.4	1,081.0

(1) £3.9m of the Group's assets held under finance leases are not subject to valuation. These assets represent head leases on certain investment property and are carried at the value recognised at inception less repayments of principal. This does not include lease arrangements at Swansea University, which are subject to revaluation.

Investment properties were valued at 31st May 2016 by Cushman & Wakefield and for the VSM (NCGM) Ltd properties, by Jones Lang LaSalle LLP, Chartered Surveyors (31st May 2015 by DTZ Debenham Tie Leung and 30th November 2015 by Cushman & Wakefield). All valuations were in accordance with the Appraisal and Valuation method of the Royal Institution of Chartered Surveyors, on the basis of market value. Both Cushman & Wakefield and 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 estimated rental value. 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. Equivalent yields and estimated rental value are considered to be unobservable inputs. For the valuation as at 31st May 2016 equivalent yields ranged from 4.9% to 19.0% (31st May 2015: 7.0% to 14.5%, 30th November 2015 4.1% to 14.4%).

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. Sales prices, build costs and profit margins are considered to be unobservable inputs.

All other factors being equal, a higher sales price would lead to an increase in the valuation of an asset, a higher profit margin would lead to a decrease in the valuation of an asset, and a decrease in the build costs would have the effect of increasing the capital value, and vice versa. However, there are interrelationships between the unobservable inputs which are partially determined by market conditions, which would impact on these changes.

6. Fair Value Measurements Subsequent To Initial Recognition (continued)

Commercial land is valued on a value per acre basis less costs required to remediate and service the land. Land value per acre is considered to be an unobservable input. All other things being equal, a higher value per acre would lead to an increase in the valuation of an asset and vice versa.

New Covent Garden Market (NCGM)

In arriving at the valuation of the options over the NCGM land, sales prices, build costs and profit margin on gross development value are all unobservable inputs. The liability of VSM (NCGM) Ltd to procure a new market facility for CGMA has been calculated by:

- the Board of VSM (NCGM) Ltd, including representatives of VINCI and St. Modwen, assessing the costs of procuring the market facility at current rates;
- applying a current estimate of inflation for the period of build; and
- discounting the forecast cash flows to today's value using a discount rate of 5%.

Valuation Uncertainty

Subsequent to the period end, in the EU Referendum on 23rd June 2016, the UK voted to leave the European Union. The directors consider that this event meets the definition of a non-adjusting event after the end of the reporting period because of the effect it could have on the valuation of the Group's investment properties, which is the most significant item on the Group's Balance Sheet.

At our half-year Balance Sheet date of 31st May 2016, although the outcome of the EU Referendum was not known at this time, Cushman & Wakefield and Jones Lang LaSalle (respectively the Group's external valuers and the external valuers for the VSM (NCGM) Ltd properties) both included paragraphs highlighting the potential valuation uncertainty arising from the forthcoming EU Referendum event in their valuation certificates. Both valuers performed their valuations setting aside the impact of lower transaction volumes in the run-up to the Referendum, on the basis that the impact of these lower volumes on property values was uncertain.

As we now know, the outcome was a "Leave" vote and although it is too early to estimate the impact, there is likely to be significant uncertainty with substantial and prolonged reduction in market activity and liquidity over a number of months while the UK renegotiates its relationships with the EU and other nations. The impact of these renegotiations will affect our property valuations during this period and we will get the first formal indications of the effect as part of our next valuation at our 30th November 2016 year-end.

The table below presents the Group's financial assets and liabilities recognised at fair value.

Assets	31st May 2016 £m	31st May 2015 £m	30th Nov 2015 £m
Derivative financial instruments held at fair value			

through profit and loss	Level 2	**0.8**	1.0	0.8
Liabilities				
Derivative financial instruments held at fair value through profit and loss	Level 2	**(8.5)**	(8.3)	(8.0)
Convertible bonds held at fair value through profit and loss	Level 1	**(98.9)**	(105.2)	(104.1)
Total liabilities		**(107.4)**	(113.5)	(112.1)

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 period.

7. Other Information

I. The information for the year ended 30th November 2015 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 rate of tax for the period (excluding the effect of prior period adjustments) is 16.8% (six months to 31st May 2015: 13.7%) which benefits from 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 the effective tax rate is expected to continue to move towards, but remain below, the standard rate of tax.

III. The proposed dividend of 1.94p (six months to 31st May 2015: 1.9p) per share was approved by a Committee of the Board on 4th July 2016 and will amount to £4.3m (six months to 31st May 2015: £4.2m).

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

V. 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 2015.

VI. As set out in note 18 to the Group Financial Statements for the year ended 30th November 2015, the Group operates a UK based pension scheme, The St. Modwen Pension Scheme, with both defined benefit and defined contribution sections. The defined benefit section is closed to new members and, from 1st September 2009, to future accrual. The unrecognised surplus arising on the fair value of assets over the actuarial value of liabilities in the defined benefit section of the scheme was £2.0m (six months to 31st May 2015: £1.6m).

VII. There have been no material changes to items included in the glossary of terms to the Group Financial Statements for the year ended 30th November 2015.

Directors' Responsibility Statement

We confirm that to the best of our knowledge:

(a) the Condensed Financial Statements have been prepared in accordance with IAS 34 'Interim Financial Reporting';

(b) the Half Year Review includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the Half Year Review includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

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	Rob Hudson
Chief Executive	Group Finance Director

4th July 2016

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 2016 which comprises the Group Income Statement, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Group Statement of Changes in Equity, the Group Cash Flow Statement and related notes 1 to 7. 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 the accounting policies note, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The Condensed Financial Statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

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 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom

4th July 2016

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