

## Interim Management Statement

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St. Modwen Properties PLC

09 April 2013

**Date:** 9 April 2013

**ST. MODWEN PROPERTIES PLC**  
("St. Modwen" or the "Company")

### **INTERIM MANAGEMENT STATEMENT FOR THE PERIOD TO 8 APRIL 2013 CONTINUED STRONG OPERATIONAL PROGRESS**

St. Modwen Properties PLC (LSE: SMP), the UK's leading regeneration specialist, is pleased to announce that the business has continued to perform well since the start of the financial year with profits and cash flows in line with our expectations.

We have completed two important milestones in the period; first, the share placing announced on 26<sup>th</sup> February 2013 which raised gross proceeds of £49m, which will allow us to exploit the potential of the development at the New Covent Garden Market site in Nine Elms, London without the need to increase the debt leverage on the Company's balance sheet, thereby enabling the Company to use its existing resources to deliver our other major pipeline projects. Secondly, our development agreement with Swansea University for the provision of the first phase of its £450m new Science and Innovation Campus has been signed and is now unconditional.

#### **Residential Business**

Our residential business is performing strongly with good ongoing demand for our land. We continue to secure predominantly residential-led planning consents across our land bank, whilst works are progressing well across all of our live residential sites.

Good sales rates are being achieved and future profit from residential development remains in line with the expectations set out as part of our 2012 results announcement. The Government's new equity loan scheme, 'Help to Buy', launched in the recent Budget, opens up the opportunity for a wider range of prospective purchasers to get onto the property ladder. At our residential sites across the UK we have already seen the advantages that such schemes can have and we will be introducing Help to Buy across our St. Modwen Homes sites which are priced under the £600,000 threshold.

#### **Commercial Land and Development**

As announced on 20<sup>th</sup> March, we have now signed the development agreement with Swansea University to deliver the first phase of its £450m new Science and Innovation Campus. At the same time, we completed the sale of income from the student accommodation to the M&G Secured Property Income Fund, advised by PRUPIM, for £32m. The completion of the two transactions means that our agreement with Swansea University is now unconditional and that the project is now fully funded. We plan to start on site with the development of this transformational project in May.

In addition to Swansea University, our ongoing projects for 2013 and beyond continue to progress well. In May 2013, we are due to complete the first phase of the £70m Town Centre at Longbridge which includes an 80,000 sq ft food store pre-sold to Sainsbury's, a 75 bedroom Premier Inn, Beefeater Grill, 24 shops, restaurants and circa 35,000 sq ft of offices. Of this total space, 75% is now either pre-sold, pre-let or under offer. In addition, it is expected that a planning application will be submitted towards the end of this year for the redevelopment of New Covent Garden Market, after which planning consent is anticipated in Winter 2014.

#### **Resilient Rental Income**

Our income producing portfolio remains resilient, and our experience and expertise in both retail and commercial lettings for secondary and tertiary accommodation is allowing us to maintain our income streams.

#### **Financing**

Further to our retail bond issue in October 2012, we continue to diversify our sources of funding. This and the success of the recent share placing demonstrate the confidence from both existing and new investors in our ability to create long-term value from our regeneration and development activities.

Our cash flows and debt levels remain in line with our expectations and we have a sound financial base with significant headroom on existing banking facilities extending to at least November 2014.

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

"The signing of the development agreement with Swansea University coupled with the investment sale of income from the student accommodation illustrates clearly our ability to deliver shareholder value from long-term development opportunities. At the same time, the redevelopment of New Covent Garden Market remains on track and we are excited at the potential of this important project. Beyond our major projects, we continue to extract maximum prospective value from our land bank through asset management, remediation, the planning process, development and delivery and we are seeing good returns from our residential-led schemes."

**ENQUIRIES:**

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