

Interim Management Statement

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St. Modwen Properties PLC

01 October 2012

Date: 1 October 2012

St. Modwen Properties PLC

("St. Modwen" or "the Company" or "the Group")
INTERIM MANAGEMENT STATEMENT

CONTINUED PROGRESS - EXPECTATIONS UNCHANGED

St. Modwen Properties PLC (LSE: SMP), the UK's leading regeneration specialist, today provides an interim trading update for the period to 30 September 2012.

The Company is pleased to announce again that the business is performing well since the half year statement issued on 3 July 2012. The revenue stream arising from our residential portfolio and major projects is experiencing strong growth and as a result of our regional teams' intensive asset management capability, our net rental income continues to more than cover the running costs of the business. Consequently, our profit outlook for the full year remains unchanged, building on the very strong results produced in the first half of 2012.

Residential - Robust Performance Continues

Our residential portfolio has maintained its good performance as a result of our 'three tranche' approach to developing opportunities across our landbank (residential land sales, residential joint ventures and St. Modwen Homes) continuing to realise the potential contained within this improving marketplace, particularly in the South East, the Midlands and the South West.

Planning permissions on our sites across the UK are advancing, despite the planning process continuing to prove unreceptive to change, and our active land transactions are achieving price levels at or above book value.

We are making good progress in growing our cash flow from house sales through both St. Modwen Homes and our Persimmon joint venture. In the financial year to date, we have achieved 178 house sale completions (St. Modwen Homes - 111 and Persimmon joint venture - 67) and currently have a further 128 properties reserved or under contract (St. Modwen Homes - 72 and Persimmon joint venture - 56).

Commercial Land and Development

Across the UK, our development projects continue to advance. Progress during the reporting period included:

- Teal Park, Lincoln: the construction of the 135,000 sq ft office and production facility for Siemens is nearing practical completion.
- Hednesford, Cannock: construction works are well underway at 'Victoria Shopping Park', the second phase of our £50 million transformation of Hednesford Town Centre and which comprises an 85,000 sq ft foodstore, pre-sold to Tesco, plus associated retail. The scheme is due to open in December 2012 and is expected to create over 600 jobs.
- Henley Business Park, Surrey: the demolition of the 225,000 sq ft former Vokes factory site has now been completed, making way for the 12 acre third phase of the Business Park. Construction has recently started on a 21,642 sq ft bespoke building for Kirk Petrophysics, a business doubling its space on the Park where it already occupies 23,629 sq ft. This latest phase of construction totalling 78,128 sq ft follows the sale of six units on phases one and two to Threadneedle Property Unit Trust.
- Longbridge, Birmingham: construction works are progressing well on the first phase of the £70 million Town Centre which

includes an 80,000 sq ft foodstore pre-sold to Sainsbury's, a 75-bedroom Premier Inn, including a Beefeater Grill, 24 shops and a number of restaurants. Of this space, over 70% is now either pre-sold, pre-let or under offer.

Our pipeline of property development profits is now secure for 2012 and is expected to deliver profits ahead of those achieved by this part of the business in 2011. We are now focused on delivering development profits that will ensure the future growth of the Group in 2013 and beyond.

Major Project Opportunities

- **Elephant & Castle:** We have agreed terms with London Borough of Southwark ("LBS") and are expecting shortly to conclude our legal agreement which will advance the regeneration of the shopping centre. A Co-operation Agreement is also close to being concluded between St. Modwen, LBS and Lend Lease, which will ensure close alignment between the three parties to drive forward the wider regeneration of the area. We are aiming to make a planning application following public consultations during 2013. The scheme is expected to provide 450,000 sq ft of retail and leisure space, up to 1,000 residential units and is anticipated to start on site in 2015.
- **Swansea University, New Science and Innovation Campus:** We are pleased that the University has now secured funding for the academic phase of this development. The site, comprising 65 acres, is part of the portfolio that we acquired from BP in 2009. A reserved matters planning application was submitted earlier this month and we anticipate securing approval and concluding the Development Agreement in early 2013, with construction of phase one to start later that year.
- **New Covent Garden Market:** As preferred development partner in joint venture with VINCI plc for this project, our negotiations with the Market Authority have made good progress. Our target remains to exchange contracts before the end of 2012.
- **Longbridge:** In addition to the ongoing construction work on the first phase of the Town Centre, we recently submitted a planning application for the second phase which is set to comprise a 135,000 sq ft anchor retail store, car parking and associated access, landscaping and infrastructure, which will create up to another 200 jobs.

Resilient Rental Income

The market for secondary property remains challenging. This is providing us with some acquisition opportunities but, as a result of general sector sentiment, may also put pressure on book valuations for our income producing properties. However, even in the face of a difficult market place, the specific assets within our income producing portfolio continue to perform robustly to support our revenue streams and cover the running costs of the business. This comes as a direct result of our skill in intensively managing our assets and, in turn, maintaining occupancy levels and minimising our costs.

Financing

None of our existing corporate or joint venture debt facilities require renewal before November 2014 and our cash flows and debt levels remain in line with our expectations. We continue to explore options for alternative sources of longer term funding.

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

"The ongoing outperformance of the business, driven by a robust business model, underlines the Group's belief that we will continue to grow in 2012 and beyond. Our active asset management capabilities, combined with our portfolio of major project opportunities, give us confidence that our results will meet our expectations for the year."

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