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ST. MODWEN PROPERTIES PLC

("St. Modwen" or "the Company")

Trading update for the period ended 30 November 2020

Strong operational performance underpins meaningful growth opportunities

Sarwjit Sambhi, Chief Executive Officer of St. Modwen, commented:

"St. Modwen has delivered strong operational results in 2020 and our underlying performance has been in line with the Board's expectations. I would like to take this opportunity to thank all my St. Modwen colleagues and our partners for delivering this performance, under extraordinary circumstances. While the near-term economic outlook remains uncertain, momentum has continued to build, so with a strong forward order book in housebuilding, sustained demand for industrial and logistics space and a solid capital base, St. Modwen is well positioned going into 2021. I look forward to updating the market further at our full year results presentation in February."

Update on current trading

In Industrial & Logistics, we completed 1.2m sq ft of developments during the year (2019: 0.9m sq ft), as indicated at our half year results. We continue to see good customer demand, so 78% of the £7.5m ERV associated with our 2020 completions is already let or under offer, which is well ahead of the 53% of our 2019 pipeline this time last year. We are continuing to target the delivery of at least 1.5m sq ft in 2021 and are already on site with the majority of these schemes. Our 18m sq ft overall pipeline provides a significant opportunity to further accelerate development beyond 2021 and, reflecting this, we recently agreed to deliver a c. 200,000 sq ft build-to-suit development in 2022.

In St. Modwen Homes, we have sold 948 units (2019: 1,060). Demand has remained strong, with an average sales rate of 0.92 since May, so this reduction in volume solely reflected the c. 9-10 weeks of lost production in Spring when we temporarily closed our sites during lockdown. Completed sales in the second half were up 3% compared to the second half of 2019, despite the impact of social distancing on production in June and July, and we have seen a c. 2% improvement in like-for-like pricing since the half year. Operating margins improved in the second

half, as expected, although margins for the full year are c. 2.5ppt below last year (2019: 14.8%) due to the closure of our sites in Spring. We have continued to operate our sites and sales offices safely over the past month, in line with Government guidance. Our private forward order book is strong at 368 units (£99m), up 53% vs this time last year. Should current conditions persist, we would therefore expect volumes to grow by up to 25% and margins to recover substantially in 2021. Despite the challenging environment, our accident frequency rate has remained at one-tenth of the industry average and our HBF customer satisfaction rating continues to track over 95%, supporting our 5* rating.

In Strategic Land & Regeneration, we have continued to monetise the value in our existing portfolio and have agreed a revision of the NCGM development agreement, which unlocks £25m of cash (our share) held in the JV's development account. A change in discount rate of our share of the JV's development obligations will result in a non-cash financial charge of £10m (4.5 pence per share) in our 2020 results, but this charge is fully offset by a similar reduction in non-cash financing cost in the next few years.

Disposals

Since the publication of our half year results in July, we have sold or exchanged contracts for the disposal of a further £96m of assets. This includes £20m of non-core SL&R assets, comprising 11 small office, PRS, retail and other commercial assets; £50m of SL&R residential land, including £8m at Llanwern, South Wales; and £26m of I&L assets, comprising three old industrial assets plus eight individual units and small land plots. On average, these disposals were in line with their May book value. In total, this brings disposals for the year to £154m, including £93m of surplus residential land (2019: £30m).

Rent collection

In Industrial & Logistics, we have collected 97% of the rent due in the March and June quarters and, so far, 87% of the rent due in September, which is in line with the same time last quarter. In Strategic Land & Regeneration, where over half of our income comprises our residual retail assets, we have collected 86% of the rent due in the March and June quarters and, so far, 67% of the rent due in September, which marks an improvement compared to this time last quarter. As a result, our overall rent collection for the March and June quarters is 93%, up from 77% at the time of our half year results in July, with rent collection for the September quarter at 80% so far. We have agreed to waive 1% of the overall rent due during these quarters and continue to work closely with our customers in securing the remainder.

Balance sheet and liquidity

Reflecting significant disposals and tight cost control, see-through net borrowings have reduced from £395m at the end of May to £277m at the end of November (2019: £291m). This leaves £288m of headroom under our

existing facilities, while none of our Group debt matures until December 2023. These numbers exclude the £25m of cash in our NCGM JV, which will benefit net borrowings as of December 2020.

Full year results

The Company intends to announce its results for the full year on 9 February 2021, including its final 2020 dividend. Based on current trading conditions, the Board envisages this to be in line with our standard policy to pay out c. 50% of adjusted EPRA EPS as dividend.

- ENDS -

Enquiries:

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This announcement contains certain forward-looking statements. Forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Forward-looking statements by their nature, involve risk and uncertainty because they relate to future events and circumstances. Actual outcomes and results may differ materially from any outcomes or results expressed or implied by such forward-looking statements. Any forward-looking statements made by or on behalf of the Company are made in good faith based on the information available at the time the statement is made; no representation or warranty is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared. The Company does not undertake to update forward looking statements to reflect any changes in its expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. Nothing in this announcement should be construed as a profit forecast.

The person responsible for arranging the release of this information on behalf of the Company is Sarwjit Sambhi, Chief Executive.