

TO: Brighton Bidco Limited ("**Bidco**")  
and  
St. Modwen Properties PLC ("**St. Modwen**")

20 May 2021

Dear Sirs

**Proposed offer for St. Modwen by Bidco**

This undertaking (the "**Undertaking**") is given by me in my capacity as a holder of ordinary shares in St. Modwen and not in my capacity as a director of St. Modwen.

1. **OFFER**

In this Undertaking, the "**Offer**" means the proposed acquisition by or on behalf of Bidco of all the issued and to be issued ordinary share capital of St. Modwen not already owned by it (or any member of its group), to be implemented by way of a court sanctioned scheme of arrangement (the "**Scheme**") under Part 26 of the Companies Act 2006 (the "**Act**") between St. Modwen and the holders of its ordinary shares, and substantially on the terms set out in the press announcement set out in Schedule 2 (subject to the inclusion of any alternative or additional terms and conditions as may be required to comply with the requirements of the Panel on Takeovers and Mergers (the "**Panel**"), any applicable law or regulation, or as agreed between Bidco and St. Modwen) (the "**Press Announcement**").

2. **CONDITION OF UNDERTAKING**

The obligations in paragraphs 5, 7 and 11 of this Undertaking are conditional on the Press Announcement being released no later than 8 a.m. (London time) on the date that is one business day from the date of this Undertaking (or such later time and/or date as St. Modwen and Bidco may agree).

3. **OWNERSHIP OF SHARES**

I hereby represent, warrant and undertake to Bidco and St. Modwen that:

- 3.1 I have beneficial interests in (or am otherwise able to control the exercise of all rights attaching to, including voting rights and the ability to procure the transfer of) the number of ordinary shares of 10 pence each in the capital of St. Modwen ("**St. Modwen Shares**") specified in Schedule 1 (the "**Existing St. Modwen Shares**");
- 3.2 Save as set out in Schedule 1, I am not interested in any other securities of St. Modwen and I do not have any rights to subscribe, purchase or otherwise acquire any securities of St. Modwen; and
- 3.3 I have full power and authority and the right (free from any legal or other restrictions), and will at all times continue to have all relevant power and authority and the right, to

enter into this Undertaking, to perform the obligations in this Undertaking in accordance with its terms, to exercise (or procure the exercise of) all voting rights attaching to the Existing St. Modwen Shares and otherwise to take all necessary actions to approve the Scheme in respect of, and to transfer, the Existing St. Modwen Shares.

#### 4. DEALINGS AND UNDERTAKINGS

4.1 I undertake to Bidco and St. Modwen that (other than in connection with the Scheme) before this Undertaking lapses in accordance with paragraph 10.1 below, I shall not (and shall procure that the registered holder shall not):

- 4.1.1 sell, transfer, charge, encumber, create or grant any option or lien over or otherwise dispose of (or permit any such action to occur in respect of) any interest in any St. Modwen Shares or any other shares in St. Modwen issued or unconditionally allotted to, or otherwise acquired by, me or any shares in the capital of St. Modwen in respect of which I become the registered holder or beneficial owner, before then ("**Further St. Modwen Shares**") ; or
- 4.1.2 vote in favour of any resolution to approve an acquisition or any other transaction which is proposed by any person other than Bidco or which would otherwise hinder or impede the implementation of the Scheme; or
- 4.1.3 accept, or give any undertaking in each case in my capacity as a shareholder (whether conditional or unconditional) to accept any offer, or approve any offer made or proposed to be implemented by way of a contractual offer, scheme of arrangement or otherwise in respect of securities in St. Modwen by any person other than Bidco; or
- 4.1.4 until the earlier of (i) this Undertaking lapsing in accordance with paragraph 10, or (ii) the Scheme being approved by the court, acquire or otherwise deal or undertake any dealing in any relevant securities of St. Modwen (or any interest therein) unless the Panel determines and confirms to you that in respect of such acquisition or dealing, that I am not acting in concert with you pursuant to Note 9 to the definition of "Acting in concert" set out in the Code; or
- 4.1.5 enter into any agreement or arrangement, incur any obligation or give any indication of intent (or permit such circumstances to occur):
  - (a) to do all or any of the acts referred to in paragraphs 4.1.1, 4.1.2, 4.1.3 and 4.1.4 above; or
  - (b) in relation to, or operating by reference to, St. Modwen Shares or any Further St. Modwen Shares,

which would or might restrict or impede giving effect to the Scheme by any person or my ability to comply with this Undertaking, and for the avoidance of doubt, references in this paragraph 4.1.5 to any agreement, arrangement or obligation shall include any such agreement, arrangement or obligation whether or not legally binding or subject to any condition, or which is to take effect upon or following the Scheme lapsing or being withdrawn, or upon or following this Undertaking ceasing to be binding, or upon or following any other event.

- 4.2 Paragraph 4.1 (if and to the extent applicable) shall not restrict me from selling or disposing of such number of St. Modwen Shares or Further St. Modwen Shares (or interest in such shares):
- 4.2.1 to cover my liability for tax and employee national insurance or other social security contributions arising as a result of or otherwise in respect of the grant, vesting or exercise of any Options; or
  - 4.2.2 as part of my bona fide tax planning, and provided always that prior to any such disposal: (I) the intended transferee or beneficiary enters into an undertaking in favour of Bidco in terms no less favourable to Bidco than those set out herein and which does not contain this paragraph 4.2 or any clause similar to it; (II) I notify Bidco no less than five business days before such disposal of those terms in their entirety and (other than in relation to any transfer to my spouse or a related family trust) obtain Bidco's consent for the transfer, such consent not to be unreasonably withheld or delayed; and (III) such undertaking includes a term obliging the intended transferee or beneficiary to send to Bidco an executed and dated version of the undertaking (in any form) on the day that it is executed and dated.

## 5. UNDERTAKING TO VOTE IN FAVOUR OF THE SCHEME

- 5.1 I hereby irrevocably undertake on the terms of this paragraph 5.1 in respect of the Existing St. Modwen Shares, the Further St. Modwen Shares and any other shares or interests in shares attributable to or deriving from such shares (together, the "**Shares**").
- 5.2 I hereby irrevocably undertake to Bidco and St. Modwen:
- 5.2.1 to exercise all voting rights attaching to my Shares to vote in favour of all Resolutions (as defined in the Press Announcement), and any related matters, proposed at any general or class meeting (including any adjournment thereof) ("**General Meeting**") and Court-convened meeting ("**Court Meeting**") of St. Modwen to be convened and held in connection with the Scheme, or at any adjournment of any such meeting;
  - 5.2.2 to (i) execute (or procure the execution of) all relevant forms of proxy in respect of all of my Shares validly appointing the Chair of such meetings (or any person nominated by Bidco) to vote at any General Meeting or Court Meeting (or any adjournment thereof) in respect of the resolutions to approve the Scheme and any related matters; and (ii) lodge (or procure the lodgement of) such executed forms of proxy by 1.00 p.m. on the tenth business day after St. Modwen publishes the scheme document setting out the terms and conditions of the Scheme (the "**Scheme Document**") to St. Modwen shareholders (or, in respect of Further St. Modwen Shares, by 1.00 p.m. on the date which is the fifth business day after acquiring an interest in such shares, if later); and
  - 5.2.3 not to revoke or amend any proxy submitted in accordance with paragraph 5.2.2, either in writing or by attendance at any General Meeting or Court Meeting (or any adjournment thereof) or otherwise.

- 5.3 In the event that the Scheme is modified or amended pursuant to the requirements of, or with the approval of, the Court and in accordance with the terms of the Scheme, I confirm and agree that (except where such modification or amendment would materially adversely affect my rights or interests as a St. Modwen shareholder) this Undertaking shall continue to be binding mutatis mutandis in respect of the Shares.

## **6. POWER OF ATTORNEY**

- 6.1 In order to secure the performance of my obligations under this Undertaking, I irrevocably appoint any director of Bidco jointly and severally to be my attorney in my name and on my behalf to sign or execute forms of proxy and/or such other deeds or documents and to do such other acts and things as may be necessary or desirable for the purpose of giving effect to my obligations under this Undertaking in respect of the Shares. However the appointment shall only take effect if I have failed to comply with any of my obligations under paragraphs 4, 5, 7 or 11 of this Undertaking.
- 6.2 I acknowledge that this power of attorney is given by way of security and is irrevocable until this Undertaking lapses in accordance with paragraph 10.1.

## **7. VOTING RIGHTS AND PREJUDICIAL ACTION**

I hereby irrevocably undertake that:

- 7.1 I shall not exercise (or procure the exercise of) any of the voting rights attached to the Shares at the Court Meeting or the General Meeting other than in accordance with this Undertaking;
- 7.2 I shall otherwise exercise (or procure the exercise of) the voting rights attached to the Shares on any resolution which would assist implementation of the Scheme if it were passed or rejected at a general, class or other meeting of St. Modwen shareholders only in accordance with Bidco's directions;
- 7.3 I shall not requisition, or join in the requisitioning of, any general or class meeting of St. Modwen for the purposes of voting on any resolution to approve an acquisition or any other transaction or corporate action which is proposed in competition with or which would otherwise be reasonably expected to frustrate, impede or delay the Offer; and
- 7.4 I shall not exercise (nor procure the exercise of) the voting rights attached to the Shares for any resolution which might prevent or delay implementation of the Scheme.
- 7.5 For the purposes of this paragraph 7, I shall execute any form of proxy required by Bidco appointing any person nominated by Bidco to attend and vote at the relevant meeting (or any adjournment thereof).

## **8. CONSENTS**

I agree to:

- 8.1 promptly inform you of all information in relation to the Shares you may require in order to comply with the requirements of the Code, the Panel, the Court or of other applicable law or regulation and notify you as soon as possible in writing of any

material change in the accuracy or import of any such information and consent to the public disclosure of such information;

- 8.2 the inclusion of references to me and the registered holder of any of the Shares in which I have (or will have as the case may be) a beneficial interest and to particulars of this Undertaking in the Press Announcement;
- 8.3 particulars of this Undertaking being set out in any other announcement or document issued in connection with the Offer and in the Scheme Document; and
- 8.4 this Undertaking being available for inspection during the offer period (and any related competition reference period) in accordance with Rule 26.2 of the Code or the Listing Rules of the Financial Conduct Authority or its successor from time to time.

## 9. **ANNOUNCING AND PROCEEDING WITH THE OFFER**

I acknowledge that the release of the Press Announcement is at Bidco's absolute discretion. For the avoidance of doubt, nothing in this Undertaking shall oblige Bidco to announce or proceed with the Scheme or the Offer.

## 10. **LAPSE OF UNDERTAKING**

- 10.1 All of my obligations pursuant to this Undertaking will lapse and cease to have effect on the earlier of the following occurrences:

- 10.1.1 the Press Announcement not having been released by 8 a.m. (London time) on the date that is one business day from the date of this Undertaking (or such later time and/or date as St. Modwen and Bidco may agree); or
- 10.1.2 the Scheme Document is not sent to shareholders of St. Modwen within 28 days (or such longer period as the Panel may agree) after the date of the Press Announcement; or
- 10.1.3 Bidco announces, with the consent of the Panel, that it does not intend to make or proceed with the Offer and no new, revised or replacement offer or scheme is announced in accordance with Rule 2.7 of the Code at the same time; or
- 10.1.4 the Scheme lapses or is withdrawn in accordance with its terms unless, by such time, Bidco publicly announces its intention to proceed with the Offer or to implement the Offer by way of a takeover offer (as such term is defined in section 974 of the Act) (a "**Takeover Offer**"); or
- 10.1.5 the Scheme has not become effective by 23.59 p.m. (London time) on the Long Stop Date (as defined in the Press Announcement) (or such later time and/or date as agreed between Bidco and St. Modwen, with the approval of the Court and/or the Panel if required) (other than in circumstances where Bidco has, prior to such date, elected to exercise its right to proceed by way of a Takeover Offer and announced the same in accordance with the requirements of Paragraph 8 of Appendix 7 to the Code, and such Takeover Offer has not lapsed or been withdrawn); or

- 10.1.6 the date on which any competing offer for the entire issued and to be issued share capital of St. Modwen is declared wholly unconditional or, if proceeding by way of a scheme of arrangement, becomes effective.
- 10.2 If my obligations in this Undertaking lapse, I shall have no claim against Bidco or St. Modwen and neither Bidco nor St. Modwen shall have any claim against me, other than in respect of any prior breach of any of the terms of this Undertaking.

## 11. **SCHEME OF ARRANGEMENT OR TAKEOVER OFFER**

I note that Bidco reserves the right to implement the Offer by way of a Takeover Offer. In the event that it is so implemented, I confirm and agree that this Undertaking shall continue to be binding *mutatis mutandis* in respect of the Shares and all references to the Scheme shall, where the context permits, be read as references to the Takeover Offer (or to both the Scheme and the Takeover Offer, as appropriate). Notwithstanding the generality of the foregoing, references in this Undertaking:

- 11.1.1 to voting in favour of the Scheme and voting in favour of the resolutions to be proposed at the Court Meeting and/or the General Meeting shall be read and construed as references to accepting the Takeover Offer, which acceptances in such circumstances shall be tendered within ten business days of publication of the formal document containing the Takeover Offer (the "**Offer Document**") to St. Modwen shareholders and even if the terms of the Takeover Offer give accepting shareholders the right to withdraw acceptances, I shall not withdraw (nor shall I procure the withdrawal of) my acceptances in respect of the Shares. I further undertake, if so required by Bidco, to execute (or procure the execution of) all such other documents or do (or procure the doing of) such other acts as may be necessary or desirable for the purpose of giving Bidco the full benefit of my undertakings;
- 11.1.2 to the Scheme becoming effective shall be read as references to the Takeover Offer becoming unconditional in all respects; and references to the Scheme lapsing or being withdrawn shall be read as references to the closing or lapsing of the Takeover Offer; and
- 11.1.3 to the Scheme Document shall be read as references to the Offer Document.

## 12. **OTHER**

- 12.1 Any time, date or period referred to in this Undertaking may be extended by mutual agreement but as regards any time, date and period originally fixed or as extended, time shall be of the essence.
- 12.2 I agree that damages would not be an adequate remedy for breach of this Undertaking and, accordingly, Bidco shall be entitled to the remedies of specific performance, injunction or other equitable remedies.
- 12.3 The ejusdem generis principle of construction shall not apply to this Undertaking. Any phrase introduced by the terms "other", "including", "include" and "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words following or preceding those terms.

12.4 In this Undertaking, references to:

12.4.1 "**Offer**" shall include any new, increased, renewed or revised acquisition proposals made by or on behalf of Bidco;

12.4.2 "**Code**" means the City Code on Takeovers and Mergers as amended from time to time;

12.4.3 "**business day**", "**dealing**" and "**offer period**" shall be interpreted in accordance with the Code as from time to time amended and interpreted by the Panel;

12.4.4 being "**interested in**" or having "**interests in**" shares or securities shall be construed in accordance with the Code as from time to time amended and interpreted by the Panel and Part 22 of the Act; and

12.4.5 "**relevant securities**" shall be construed in accordance with the Code as from time to time amended and interpreted by the Panel.

### 13. **GOVERNING LAW AND JURISDICTION**

This Undertaking and all non-contractual obligations arising from or in connection with this Undertaking are governed by and construed in accordance with English law. I submit to the exclusive jurisdiction of the English courts to settle any dispute arising from or connected with this Undertaking (a "**Dispute**") (including a dispute regarding the existence, validity or termination of this Undertaking or relating to any non-contractual or other obligation arising out of or in connection with this Undertaking or its formation). I agree that the English courts are the most appropriate and convenient courts to settle any Dispute and accordingly, will not argue to the contrary.

## SCHEDULE 1

### Existing St. Modwen Shares

<b>1</b>	<b>2</b>	<b>3</b>
<b>No. of ordinary shares of 10 pence in St. Modwen</b>	<b>Exact name(s) of registered holder as appearing on the register of members#</b>	<b>Beneficial owner#</b>
2,691,657	UBS Private Banking Nominees Ltd	Simon William Clarke

# Where more than one, indicate number of shares attributable to each.



## **SCHEDULE 2**

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF THAT JURISDICTION**

**FOR IMMEDIATE RELEASE**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

**20 May 2021**

**RECOMMENDED CASH ACQUISITION**

**of**

**St. Modwen Properties PLC**

**by**

**Brighton Bidco Limited**

**(a newly formed company indirectly owned by  
investment funds advised by Blackstone)**

**to be effected by means of a Scheme of Arrangement  
under Part 26 of the Companies Act 2006**

**Summary**

- The directors of Brighton Bidco Limited (“**Bidco**”) and the directors of St. Modwen Properties PLC (“**St. Modwen**”) are pleased to announce that they have reached agreement on the terms and conditions of a recommended all cash offer by Bidco for the entire issued, and to be issued, ordinary share capital of St. Modwen. It is intended that the Acquisition will be implemented by way of a scheme of arrangement.
- Under the terms of the Acquisition, each St. Modwen Shareholder will be entitled to receive:

**for each St. Modwen Share: 542 pence in cash**

- The Acquisition price per St. Modwen Share represents a premium of approximately:
  - 21.1 per cent. to the Closing Price of 448 pence on 6 May 2021 (being the last Business Day before the commencement of the offer period);
  - 33.7 per cent. to the volume-weighted average St. Modwen share price of 405 pence over the 90-day period ending on 6 May 2021 (being the last Business Day before the commencement of the offer period);

- 37.2 per cent. to the volume-weighted average St. Modwen share price of 395 pence over the 180-day period ending on 6 May 2021 (being the last Business Day before the commencement of the offer period); and
- 23.8 per cent. to St. Modwen's reported 2020 EPRA Net Tangible Assets Per Share of 438 pence.
- The Acquisition values St. Modwen's entire issued, and to be issued, ordinary share capital at approximately £1,237 million.
- If, on or after the date of this announcement and before the Effective Date, any dividend and/or other distribution and/or other return of capital is declared, made or paid or becomes payable in respect of the St. Modwen Shares, Bidco reserves the right to reduce the consideration payable under the terms of the Acquisition for the St. Modwen Shares by an amount up to the amount of such dividend and/or distribution and/or return of capital, in which case any reference in this announcement to the consideration payable under the terms of the Acquisition will be deemed to be a reference to the consideration as so reduced. Any exercise by Bidco of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Scheme or the Acquisition. In such circumstances, St. Modwen Shareholders would be entitled to retain any such dividend, distribution and/or other return of capital declared, made or paid.
- The Scheme Document will contain a valuation in respect of St. Modwen's property portfolio as at 31 May 2021 in accordance with Rule 29 of the Takeover Code.

## **Recommendation**

- The St. Modwen Directors, who have been so advised by Lazard, J.P. Morgan Cazenove and Numis as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing their financial advice, Lazard, J.P. Morgan Cazenove and Numis have taken into account the commercial assessments of the St. Modwen Directors. Lazard and Numis are each providing independent financial advice to the St. Modwen Directors for the purposes of Rule 3 of the Takeover Code.
- Accordingly, the St. Modwen Directors confirm they intend to recommend unanimously that the St. Modwen Shareholders vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting, as they have irrevocably undertaken to do in respect of their own beneficial holdings which are under their control of, in aggregate, 3,042,309 St. Modwen Shares representing approximately 1.37 per cent. of the issued ordinary share capital of St. Modwen on 19 May 2021 (being the last Business Day before the date of this announcement). Further details of these undertakings, including the circumstances in which they cease to be binding, are set out in Appendix 3 to this announcement.

## **Background to and reasons for Recommendation**

- Over the last four years, St. Modwen has reshaped its business to focus on two sectors with long-term structural growth trends, logistics and housebuilding. Apart from in 2020, which was impacted by Covid-19, St. Modwen has delivered underlying total accounting returns of between 6.0% and 6.3% during this period, at the same time as reducing leverage and

recycling capital from legacy assets into its development pipeline. Today, St. Modwen has high quality, scalable platforms and substantial pipelines in both logistics and housebuilding, supported by its strategic land and regeneration capability.

- The Board believes that St. Modwen's high quality product, pipeline, development expertise and strong capital base provide a foundation for continued growth, with a targeted improvement in total accounting return to c.9-10% in the medium term, assuming current market conditions persist. Since the start of this year, overall operational performance has been in line with the Board's expectations. The Board remains confident in St. Modwen's strategy and continues to believe that St. Modwen is well positioned to succeed as an independent business but has concluded that the Acquisition presents shareholders with a significant acceleration of this value creation.

#### *St. Modwen Logistics*

- St. Modwen Logistics consists of a growing and resilient income-producing portfolio focused on modern urban and big box warehouses and a landbank with the potential to deliver c.19m sq ft of new logistics space at an average yield on cost of c.7-8%, of which c.7.6m sq ft (representing 40% of the pipeline by space as at 30 November 2020) is committed or consented. The Company is on track to deliver 1.5m sq ft of new developments during 2021, of which 10% is pre-let, with a further 16% under offer, on average 1.6% ahead of expected ERV. 2020 completions are currently 91% let or under offer, up from 81% since February 2021.
- The Board has taken into account the pace of capital growth in the industrial property market, as evidenced by recent MSCI data (+7.2% for the UK excluding the South East in the five-month period between November and April), which it expects to be reflected in the next portfolio revaluation as at 31 May 2021, and the potential for further yield compression. In assessing the value creation opportunity within its landbank, and the timing thereof, the Board recognises that c.60% (c.12m sq ft) of the landbank does not currently have planning consent; specifically, c.30% of the planned development in FY23 remains subject to planning consent, rising to c.85% in FY25.
- Delivery of this development potential will require significant additional capital, an acceleration in the pace of delivery from 1.2m sq ft in 2020 to up to c.2m sq ft per year from 2022, and further growth in occupier demand in the Midlands and West of England where St. Modwen's land holdings are concentrated. Based on a recently completed independent external valuation, the Board believes the book value of the land options in the c.12m sq ft controlled pipeline (which was c.£11m as at 30 November 2020) to be an accurate reflection of their current market value.

#### *St. Modwen Homes*

- St. Modwen Homes ("SMH") was established in 2012 and has since grown to delivering 1,060 units in 2019 and 948 units in 2020 (despite c.9-10 weeks of lost production due to the national lockdown in the spring) with a high quality, affordable family product and 5,900 plot pipeline in attractive regions.
- Despite SMH's strong growth, the business remains smaller in scale than the majority of its listed peers which is reflected in SMH's lower operating and financial metrics. The Company is on track to increase completions by c.25% and operating margin to c.14.5% in

2021, supported by recent positive trends in house prices. With an average sales rate of 0.86 over the last 12 weeks, the Company expects to complete c.450 units during the half year ending on 31 May 2021 (vs. 411 in H1 2019 and 280 in H1 2020).

- The Company intends to grow completions to c.1,500 units by 2023 as the pipeline is built out and has also outlined its plan to increase operating margins to c.16-17% by 2023. This margin improvement is expected to be driven by an improvement in the gross margin embedded within the existing landbank of 19.5%, identified operational efficiencies, and assumed additional land acquisitions with a target gross margin of at least 22% to deliver c.19% of the targeted completions in 2023.
- Whilst the Board remains confident of the scope for improving both the SMH operating margin and ROCE (which was 11.4% in 2019 and 7.7% in 2020) over time, it recognises the extended period of time required to deliver these improvements, as well as the inherent cyclical nature in the housebuilding market.

#### *Strategic Land & Regeneration*

- Strategic Land & Regeneration (“SL&R”) consists of a mixture of residential land, long-term regeneration sites and non-core retail and other assets. The Company’s strong land repositioning capability enables the long-term value creation in its logistics and housebuilding businesses, but the existing SL&R portfolio also includes several assets which do not support these sectors, or which, due to their size or other characteristics, are too long-dated and do not meet St. Modwen’s return requirements.
- Since 2017, the SL&R portfolio has reduced in size from £1.2bn to £332m (as at 30 November 2020), due to a combination of disposals and, in 2020, £121m of write-downs on residential land and retail assets. The Company plans to sell £180-200m of SL&R assets by 2023 (of which £33m has already been sold or contracted for sale). The disposal programme includes a number of large assets with unique characteristics and others which require considerable investment in order to sell, and of the £332m portfolio, c.£100m is expected to be disposed beyond 2023.

#### *Conclusion*

- The proposed acquisition of St. Modwen by Bidco follows the receipt of multiple proposals from Blackstone negotiated over an approximately 10 week period since St Modwen’s preliminary results announcement in February 2021 at which St. Modwen set out its strategy for the business. The Board believes that the Acquisition is in the best interests of St. Modwen shareholders by significantly accelerating the value that could be realised by St. Modwen independently. In reaching its conclusion, the Board has considered the following in particular:
  - the risk-adjusted returns that may be generated by St. Modwen’s strategy as compared with the certainty of execution of the Acquisition, which represents an acceleration of expected value creation;
  - that the offer price of 542 pence per St. Modwen share represents a premium of 23.8% to EPRA Net Tangible Assets Per Share of 438 pence as at 30 November 2020;

- that the offer price of 542 pence per St. Modwen share represents premia of 21.1% to the unaffected share price of 448 pence as at 6 May 2021, 37.2% to the volume weighted average share price of 395 pence over the 180-day period ending on 6 May 2021, and 39.0% to the share price of 390 pence as at 22 February 2021 prior to Blackstone's first proposal;
- that the offer price of 542 pence per St. Modwen share exceeds the highest share price of 530 pence since the global financial crisis;
- that the Acquisition provides St. Modwen shareholders with the opportunity to realise the entirety of their interests in cash; and
- the impact of the Acquisition on all of St. Modwen's stakeholders, including the importance of St. Modwen's employees to Blackstone's future strategy.

### **Background to and reasons for the Acquisition**

- Blackstone is a global leader in real estate investing with \$196 billion of investor capital under management dedicated to real estate. The Blackstone Real Estate group is highly active in both the logistics and residential segments. Blackstone's pan-European logistics real estate platform, Mileway, is a leading urban logistics real estate business in Europe and the UK where it owns a 48m square foot urban logistics portfolio. In the UK residential sector, Blackstone's Sage Housing platform is a registered provider of affordable housing, working with the largest homebuilders to deliver new housing for shared ownership and low-cost rental homes. Over the past three years, Sage Housing has delivered over 3,000 homes, with a pipeline of more than 14,000 under contract.
- Bidco believes that while St. Modwen's core logistics and residential business divisions each operate in attractive markets, realising the full potential of each division will require significant incremental scale and equity capital, which Bidco believes it is in a better position to provide to each business as a private company than St. Modwen can as a public company.
- St. Modwen Logistics would be a complementary addition to Mileway's existing portfolio and development activities. Bidco believes St. Modwen Logistics would be further enhanced by being part of Mileway's broader pan-European platform. St. Modwen Logistics will require significant incremental capital to realise its full potential.
- In order to maximise St. Modwen Homes' full potential and achieve management's objective of accelerating growth and operational efficiencies through scale, Bidco believes that St. Modwen Homes would benefit from the incremental growth and capital investment opportunities that private ownership can bring.

### **Timetable and conditions**

- It is intended that the Acquisition will be implemented by way of a court-sanctioned scheme of arrangement under Part 26 of the 2006 Act (although Bidco reserves the right to effect the Acquisition by way of an Offer, subject to the consent of the Panel and the terms of the Cooperation Agreement).

- The Conditions to the Acquisition are set out in full in Appendix 1 to this announcement along with certain other terms; the full terms and conditions will be provided in the Scheme Document. The Conditions include the anti-trust Condition set out in paragraph 3(a) of Appendix 1 to this announcement. This Condition is expected to be satisfied in time to allow for the Scheme to become effective during July 2021.
- It is expected that the Scheme Document, containing further information about the Acquisition and notices of the Court Meeting and St. Modwen General Meeting, together with the associated forms of proxy, will be posted to St. Modwen Shareholders within 28 days of this announcement (or such later time as St. Modwen, Bidco and the Panel agree) and the Meetings are expected to be held shortly thereafter. The Acquisition is currently expected to complete during July 2021. An expected timetable of key events relating to the Acquisition will be provided in the Scheme Document. An updated valuation in respect of land options in St. Modwen's controlled pipeline will be made available on St. Modwen's and Bidco's websites at [www.stmodwen.co.uk/investors](http://www.stmodwen.co.uk/investors) and [www.publishdocuments.co.uk](http://www.publishdocuments.co.uk) by the time the Scheme Document is published.

### **Irrevocable undertakings**

- In addition to the irrevocable undertakings referred to above received from the St. Modwen Directors, Bidco has also received irrevocable undertakings to vote in favour of the resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept such Offer) from members of the Clarke family in respect of 11,621,472 St. Modwen Shares, representing approximately 5.22 per cent. of the issued ordinary share capital of St. Modwen on 19 May 2021 (being the last Business Day prior to the date of this announcement).
- In total, therefore, Bidco has procured irrevocable undertakings to vote in favour of the resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept such Offer), including those from the St. Modwen Directors who own St. Modwen Shares, in respect of, in aggregate, 14,663,781 St. Modwen Shares, representing approximately 6.59 per cent. of issued ordinary share capital of St. Modwen on 19 May 2021 (being the Business Day prior to this announcement). Further details of these irrevocable undertakings, including the circumstances in which they cease to be binding, are set out in Appendix 3 to this announcement.

### **Information on Bidco and Blackstone**

- Bidco is a limited company registered in Jersey and incorporated on 24 March 2021. Bidco was formed for the purposes of the Acquisition and is an entity owned indirectly by investment funds advised by Blackstone and has not traded since its date of incorporation, nor has it entered into any obligations other than in connection with the Acquisition.
- Blackstone is one of the world's leading investment firms. It seeks to create positive economic impact and long-term value for its investors, the companies it invests in, and the communities in which it works. Blackstone does this by using extraordinary people and flexible capital to help companies solve problems. Its \$649 billion in assets under management include investment vehicles focused on private equity, real estate, public debt and equity, life sciences, growth equity, opportunistic, non-investment grade credit, real assets and secondary funds, all on a global basis.

- Blackstone Real Estate is a global leader in real estate investing. Blackstone's real estate business was founded in 1991 and has \$196 billion of investor capital under management. Blackstone is one of the largest property owners in the world, owning and operating assets across every major geography and sector, including logistics, multifamily and single family housing, office, hospitality and retail.
- Further information is available at [www.Blackstone.com](http://www.Blackstone.com).

### **Information relating to St. Modwen**

- St. Modwen is a UK-based real estate developer and investor and a constituent of the FTSE 250. Established in 1966 and headquartered in Longbridge, Birmingham, St. Modwen operates across three specialist divisions: St. Modwen Logistics, St. Modwen Homes and Strategic Land & Regeneration. The Company is active across England and South Wales with a portfolio totalling £1.37bn as at 30 November 2020.
- St. Modwen Logistics (49% of the portfolio by value as at 30 November 2020) designs, builds, owns and manages industrial and logistics assets in the UK. As one of the UK's most active developers of speculative and built-to-suit logistics buildings, St. Modwen Logistics' commercial development activity is focused on sites concentrated around major infrastructure and conurbations. Customers include some of the world's biggest logistics and e-commerce organisations as well as significant national and regional enterprises.
- St. Modwen Homes (27% of the portfolio by value as at 30 November 2020) delivers high quality family housing primarily to first time buyers in attractive regional markets across the UK. SMH currently delivers around 1,000 units per annum with an affordable private average selling price of c.£277,000, and in 2020 achieved a 96% HBF customer satisfaction score, which is the second highest among large housebuilders, and a net promoter score of 74, ranking consistently above the wider sector.
- Strategic Land & Regeneration (24% of the portfolio by value as at 30 November 2020) focuses on the promotion and master development of land, primarily for residential and logistics uses, as well as delivering transformational regeneration projects. The division is delivering development land to St. Modwen Homes, St. Modwen Logistics, and third-party housebuilders and has over 20,000 strategic residential plots in the pipeline. The majority of the division's existing portfolio is earmarked to be sold, as it is no longer core to St. Modwen's strategy.
- Commenting on the Acquisition, Danuta Gray, the Chair of St. Modwen, said:

*“Over the last four years, St. Modwen has successfully reshaped its business to focus on logistics and housebuilding. Whilst both sectors benefit from long term structural growth trends, St. Modwen's financial position is strong and there is a solid strategy in place, the quantum and timing of generating shareholder value is naturally subject to execution risk.*

*The Board has therefore been able to evaluate today's recommendation from a position of strength. Mindful of the pace of capital growth in the UK logistics market in particular and the future growth potential in our logistics and housebuilding businesses, initial approaches were rejected. However, following careful consideration we believe this offer is in the best interests of St. Modwen shareholders and significantly accelerates the value that could be realised by St. Modwen if it were to remain independent. Additionally, the*



*Board is reassured by Blackstone's views and approach to investing in the business and supporting our people."*

- Commenting on the Acquisition, James Seppala, Head of Blackstone Real Estate Europe, said:

*"Our strong conviction in the UK, together with St. Modwen's high-quality asset base, its team, and its operational capabilities, give us confidence we can further build on the company's successes. We look forward to working with the talented team at St. Modwen in the years ahead."*

**This summary should be read in conjunction with the following announcement and the Appendices. The Conditions to, and certain further terms of, the Acquisition are set out in Appendix 1 to this announcement. The bases and sources for certain financial information contained in this announcement are set out in Appendix 2 to this announcement. Details of undertakings received by Bidco are set out in Appendix 3 to this announcement. Certain definitions and terms used in this announcement are set out in Appendix 4 to this announcement.**

The person responsible for arranging release of this announcement on behalf of St. Modwen is Lisa Minns, General Counsel & Company Secretary.

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### **Further information**

*N.M. Rothschild & Sons Limited ("Rothschild & Co"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Bidco and for no one else in connection with the subject matter of this announcement and will not be responsible to anyone other than Bidco for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this announcement.*

*Lazard & Co., Limited ("Lazard"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as financial adviser to St. Modwen and no one else in connection with the matters set out in this announcement and will not be responsible to anyone other than St. Modwen for providing the protections afforded to clients of Lazard nor for providing advice in relation to the matters set out in this announcement. Neither Lazard nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard in connection with this announcement, any statement contained herein or otherwise.*

*J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove ("J.P. Morgan Cazenove"), is authorised in the United Kingdom by the Prudential Regulation Authority (the "PRA") and regulated in the United Kingdom by the PRA and the*

*Financial Conduct Authority. J.P. Morgan Cazenove is acting as financial adviser exclusively for St. Modwen and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than St. Modwen for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, nor for providing advice in relation to any matter referred to herein.*

*Numis Securities Limited ("Numis"), which is authorised and regulated in the United Kingdom by the FCA, is acting as financial adviser exclusively for St. Modwen and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than St. Modwen for providing the protections afforded to clients of Numis, nor for providing advice in relation to any matter referred to herein.*

*This announcement is for information purposes only and is not intended to, and does not, constitute or form part of any offer or inducement to sell or an invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of an offer to buy any securities, any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise. The Acquisition will be made solely pursuant to the terms of the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document), which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition. Any decision in respect of, or other response to, the Acquisition should be made only on the basis of the information in the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document).*

*St. Modwen and Bidco shall prepare the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document) to be distributed to St. Modwen Shareholders. St. Modwen and Bidco urge St. Modwen Shareholders to read the Scheme Document when it becomes available because it will contain important information relating to the Acquisition.*

*This announcement is an advertisement and does not constitute a prospectus or prospectus equivalent document.*

## **Overseas Shareholders**

*This announcement has been prepared in accordance with and for the purpose of complying with English law, the Takeover Code, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules and information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside England.*

*The release, publication or distribution of this announcement in or into certain jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves of, and observe, any applicable requirements of their jurisdictions.*

*The availability of the Acquisition to St. Modwen Shareholders who are not resident in and citizens of the UK may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the UK should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. In particular, the ability of persons who are not resident in the United Kingdom*

*to vote their St. Modwen Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. Further details in relation to Overseas Shareholders will be contained in the Scheme Document.*

*Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from any Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Acquisition by any such use, means, instrumentality or from within any Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Copies of this announcement and any formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving this announcement and all such documents relating to the Acquisition (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Acquisition. If the Acquisition is implemented by way of an Offer (unless otherwise permitted by applicable law and regulation), the Offer may not be made directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.*

*The Acquisition shall be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the FCA.*

#### **Notice to US investors in St. Modwen**

*The Acquisition relates to the shares of an English company and is being made by means of a scheme of arrangement provided for under the laws of England and Wales. A transaction effected by means of a scheme of arrangement is not subject to the tender offer or proxy solicitation rules under the US Securities Exchange Act of 1934 (the “US Exchange Act”). Accordingly, the Acquisition is subject to the disclosure and procedural requirements and practices applicable in the United Kingdom to schemes of arrangement which differ from the disclosure requirements of the US tender offer and proxy solicitation rules.*

*The financial information included in this announcement and the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document) has been prepared in accordance with generally accepted accounting principles of the United Kingdom and thus may not be comparable to the financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.*

*If, in the future, Bidco exercises its right to implement the Acquisition by means of an Offer which is to be made into the United States, such an Offer would be made in compliance with*

*all applicable US laws and regulations, including any applicable exemptions under the US Exchange Act. Such an Offer would be made in the United States by Bidco and no one else.*

*In the event that the Acquisition is implemented by way of an Offer, in accordance with normal United Kingdom practice, Bidco or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, shares or other securities of St. Modwen outside of the US, other than pursuant to such an Offer, during the period in which such an Offer would remain open for acceptances. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases or arrangements to purchase shall be disclosed as required in the United Kingdom, shall be reported to a Regulatory Information Service and shall be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com).*

*The receipt of consideration by a US holder for the transfer of its St. Modwen Shares pursuant to the Scheme may have tax consequences in the US and such consequences, if any, are not described herein. Each St. Modwen Shareholder is urged to consult their independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to them, including under applicable United States state and local, as well as overseas and other, tax laws.*

*St. Modwen is incorporated under the laws of England and Wales and Bidco is incorporated under the laws of Jersey. Some or all of the officers and directors of Bidco and St. Modwen, respectively, are residents of countries other than the United States. In addition, some of the assets of Bidco and St. Modwen are located outside the United States. As a result, it may be difficult for US holders of St. Modwen Shares to enforce their rights and any claim arising out of the US federal laws or to enforce against them a judgment of a US court predicated upon the securities laws of the United Kingdom. US holders of St. Modwen Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.*

## **Forward-Looking Statements**

*This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Acquisition, and other information published by Bidco and St. Modwen contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Bidco and St. Modwen about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.*

*The forward-looking statements contained in this announcement include statements relating to the expected effects of the Acquisition on Bidco and St. Modwen (including their future prospects, developments and strategies), the expected timing and scope of the Acquisition and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "prepares", "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "projects", "synergy", "strategy", "scheduled", "goal", "estimates", "forecasts", "intends", "cost-saving", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should",*

*“would”, “might” or “will” be taken, occur or be achieved. Forward looking statements may include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Bidco's, St. Modwen's, any member of the Bidco Group's or any member of St. Modwen Group's operations and potential synergies resulting from the Acquisition; and (iii) the effects of global economic conditions and governmental regulation on Bidco's, St. Modwen's, any member of the Bidco Group's or any member of the St. Modwen Group's business.*

*Although Bidco and St. Modwen believe that the expectations reflected in such forward-looking statements are reasonable, Bidco and St. Modwen can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements.*

*These factors include, but are not limited to: the ability to complete the Acquisition; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions on the proposed terms and schedule; changes in the global political, economic, business and competitive environments and in market and regulatory forces; changes in future exchange and interest rates; changes in tax rates; future business combinations or disposals; changes in general economic and business conditions; changes in the behaviour of other market participants; changes in the anticipated benefits from the proposed transaction not being realised as a result of changes in general economic and market conditions in the countries in which Bidco and St. Modwen operate; weak, volatile or illiquid capital and/or credit markets; changes in the degree of competition in the geographic and business areas in which Bidco and St. Modwen operate; and changes in laws or in supervisory expectations or requirements. Other unknown or unpredictable factors could cause actual results to differ materially from those expected, estimated or projected in the forward-looking statements. If any one or more of these risks or uncertainties materialises or if any one or more of the assumptions proves incorrect, actual results may differ materially from those expected, estimated or projected. Such forward-looking statements should therefore be construed in the light of such factors.*

*Neither Bidco nor St. Modwen, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Given these risks and uncertainties, potential investors are cautioned not to place any reliance on these forward-looking statements.*

*Specifically, statements of estimated cost savings and synergies related to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. Due to the scale of the St. Modwen Group, there may be additional changes to the St. Modwen Group's operations. As a result, and given the fact that the changes relate to the future, the resulting cost synergies may be materially greater or less than those estimated.*

*Other than in accordance with their legal or regulatory obligations, neither Bidco nor St. Modwen is under any obligation, and Bidco and St. Modwen expressly disclaim any intention*

*or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

### **Dealing and Opening Position Disclosure Requirements**

*Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) of the Takeover Code applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8 of the Takeover Code. A Dealing Disclosure by a person to whom Rule 8.3(b) of the Takeover Code applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3 of the Takeover Code.*

*Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4 of the Takeover Code).*

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.*

## **Publication on a website**

*In accordance with Rule 26.1 of the Takeover Code, a copy of this announcement will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on St. Modwen's website at [www.stmodwen.co.uk/investors](http://www.stmodwen.co.uk/investors) and Bidco's website at [www.publishdocuments.co.uk](http://www.publishdocuments.co.uk) by no later than 12 noon (London time) on the first business day following the date of this announcement. For the avoidance of doubt, neither the contents of these websites nor any website accessible from hyperlinks is incorporated into or forms part of this announcement.*

## **No profit forecasts, estimates or quantified benefits statements**

*No statement in this announcement is intended as a profit forecast, profit estimate or quantified benefits statement for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share for St. Modwen for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for St. Modwen.*

## **Requesting hard copy documents**

*In accordance with Rule 30.3 of the Takeover Code, St. Modwen Shareholders, persons with information rights and participants in St. Modwen Share Plans may request a hard copy of this announcement by contacting St. Modwen's registrars, Equiniti Limited, between 8.30 a.m. to 5:30 p.m. (London time) Monday to Friday (except UK public holidays) on 0371 384 2050 if calling from the United Kingdom, or +44 371 384 2050 if calling from outside the United Kingdom or by submitting a request in writing to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Please note that Equiniti Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. For persons who receive a copy of this announcement in electronic form or via a website notification, a hard copy of this announcement will not be sent unless so requested. Such persons may also request that all future documents, announcements and information to be sent to them in relation to the Acquisition should be in hard copy form.*

## **Electronic Communications**

*Please be aware that addresses, electronic addresses and certain other information provided by St. Modwen Shareholders, persons with information rights and other relevant persons for the receipt of communications from St. Modwen may be provided to Bidco during the offer period as required under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.*

## **Rounding**

*Certain figures included in this announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of figures that precede them.*



## **General**

*If the Acquisition is effected by way of an Offer, and such an Offer becomes or is declared unconditional in all respects and sufficient acceptances are received, Bidco intends to exercise its rights to apply the provisions of Chapter 3 of Part 28 of the 2006 Act so as to acquire compulsorily the remaining St. Modwen Shares in respect of which the Offer has not been accepted.*

*Investors should be aware that Bidco may purchase St. Modwen Shares otherwise than under any Offer or the Scheme, including pursuant to privately negotiated purchases.*

*If you are in any doubt about the contents of this announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor or independent financial adviser duly authorised under FSMA if you are resident in the United Kingdom or, if not, from another appropriate authorised independent financial adviser.*

### **Rule 2.9 of the Takeover Code**

*For the purposes of Rule 2.9 of the Takeover Code, St. Modwen confirms that, as at 19 May 2021, it had in issue 222,626,988 ordinary shares of 10 pence each (excluding shares held in treasury). The ISIN for the ordinary shares is GB0007291015.*

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF THAT JURISDICTION**

**FOR IMMEDIATE RELEASE**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

**20 May 2021**

**RECOMMENDED CASH ACQUISITION**

**of**

**St. Modwen Properties PLC**

**by**

**Brighton Bidco Limited**

**(a newly formed company indirectly owned by  
investment funds advised by Blackstone)**

**to be effected by means of a Scheme of Arrangement  
under Part 26 of the Companies Act 2006**

**1. Introduction**

The directors of Brighton Bidco Limited (“**Bidco**”) and the directors of St. Modwen Properties PLC (“**St. Modwen**”) are pleased to announce that they have reached agreement on the terms and conditions of a recommended all cash offer by Bidco for the entire issued, and to be issued, ordinary share capital of St. Modwen.

It is intended that the Acquisition will be implemented by way of a court-sanctioned scheme of arrangement under Part 26 of the 2006 Act (although Bidco reserves the right to effect the Acquisition by way of an Offer, subject to the consent of the Panel and the terms of the Cooperation Agreement). The Conditions to the Acquisition are set out in full in Appendix 1 to this announcement.

**2. The Acquisition**

Under the terms of the Acquisition, which will be subject to the Conditions and further terms set out in Appendix 1 to this announcement and the full terms and conditions to be set out in the Scheme Document, each St. Modwen Shareholder will be entitled to receive:

**for each St. Modwen Share: 542 pence in cash**

The Acquisition price per St. Modwen Share represents a premium of approximately:

- 21.1 per cent. to the Closing Price of 448 pence on 6 May 2021 (being the last Business Day before the commencement of the offer period);
- 33.7 per cent. to the volume-weighted average St. Modwen share price of 405 pence over the 90-day period ending on 6 May 2021 (being the last Business Day before the commencement of the offer period);
- 37.2 per cent. to the volume-weighted average St. Modwen share price of 395 pence over the 180-day period ending on 6 May 2021 (being the last Business Day before the commencement of the offer period); and
- 23.8 per cent. to St. Modwen's reported 2020 EPRA Net Tangible Assets Per Share of 438 pence.

The Acquisition values St. Modwen's entire issued, and to be issued, ordinary share capital at approximately £1,237 million.

The St. Modwen Shares will be acquired pursuant to the Acquisition fully paid and free from all liens, charges, equities, encumbrances, rights of pre-emption and any other interests of any nature whatsoever and together with all rights attaching thereto, including without limitation voting rights and the right to receive and retain in full all dividends and other distributions (if any) announced, declared, made or paid with a record date on or after the Scheme Record Time.

If, on or after the date of this announcement and before the Effective Date, any dividend and/or other distribution and/or other return of capital is declared, made or paid or becomes payable in respect of the St. Modwen Shares, Bidco reserves the right to reduce the consideration payable under the terms of the Acquisition for the St. Modwen Shares by an amount up to the amount of such dividend and/or distribution and/or return of capital, in which case any reference in this announcement to the consideration payable under the terms of the Acquisition will be deemed to be a reference to the consideration as so reduced. Any exercise by Bidco of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Scheme or the Acquisition. In such circumstances, St. Modwen Shareholders would be entitled to retain any such dividend, distribution and/or other return of capital declared, made or paid.

The Scheme Document will contain a valuation in respect of St. Modwen's property portfolio as at 31 May 2021 in accordance with Rule 29 of the Takeover Code.

### **3. Recommendation**

The St. Modwen Directors, who have been so advised by Lazard, J.P. Morgan Cazenove and Numis as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing their financial advice, Lazard, J.P. Morgan Cazenove and Numis have taken into account the commercial assessments of the St. Modwen Directors. Lazard and Numis are each providing independent financial advice to the St. Modwen Directors for the purposes of Rule 3 of the Takeover Code.

Accordingly, the St. Modwen Directors confirm they intend to recommend unanimously that the St. Modwen Shareholders vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting, as they have irrevocably undertaken to do

in respect of their own beneficial holdings which are under their control of, in aggregate, 3,042,309 St. Modwen Shares representing approximately 1.37 per cent. of the issued ordinary share capital of St. Modwen on 19 May 2021 (being the last Business Day before the date of this announcement). Further details of these undertakings, including the circumstances in which they cease to be binding, are set out in Appendix 3 to this announcement.

#### **4. Background to and reasons for the recommendation**

Over the last four years, St. Modwen has reshaped its business to focus on two sectors with long-term structural growth trends, logistics and housebuilding. Apart from in 2020, which was impacted by Covid-19, St. Modwen has delivered underlying total accounting returns of between 6.0% and 6.3% during this period, at the same time as reducing leverage and recycling capital from legacy assets into its development pipeline. Today, St. Modwen has high quality, scalable platforms and substantial pipelines in both logistics and housebuilding, supported by its strategic land and regeneration capability.

The Board believes that St. Modwen's high quality product, pipeline, development expertise and strong capital base provide a foundation for continued growth, with a targeted improvement in total accounting return to c.9-10% in the medium term, assuming current market conditions persist. Since the start of this year, overall operational performance has been in line with the Board's expectations. The Board remains confident in St. Modwen's strategy and continues to believe that St. Modwen is well positioned to succeed as an independent business but has concluded that the Acquisition presents shareholders with a significant acceleration of this value creation.

##### *St. Modwen Logistics*

St. Modwen Logistics consists of a growing and resilient income-producing portfolio focused on modern urban and big box warehouses and a landbank with the potential to deliver c.19m sq ft of new logistics space at an average yield on cost of c.7-8%, of which c.7.6m sq ft (representing 40% of the pipeline by space as at 30 November 2020) is committed or consented. The Company is on track to deliver 1.5m sq ft of new developments during 2021, of which 10% is pre-let, with a further 16% under offer, on average 1.6% ahead of expected ERV. 2020 completions are currently 91% let or under offer, up from 81% since February 2021.

The Board has taken into account the pace of capital growth in the industrial property market, as evidenced by recent MSCI data (+7.2% for the UK excluding the South East in the five-month period between November and April), which it expects to be reflected in the next portfolio revaluation as at 31 May 2021, and the potential for further yield compression. In assessing the value creation opportunity within its landbank, and the timing thereof, the Board recognises that c.60% (c.12m sq ft) of the landbank does not currently have planning consent; specifically, c.30% of the planned development in FY23 remains subject to planning consent, rising to c.85% in FY25.

Delivery of this development potential will require significant additional capital, an acceleration in the pace of delivery from 1.2m sq ft in 2020 to up to c.2m sq ft per year from 2022, and further growth in occupier demand in the Midlands and West of England where St. Modwen's land holdings are concentrated. Based on a recently completed independent external valuation, the Board believes the book value of the land options in the c.12m sq ft controlled pipeline (which was c.£11m as at 30 November 2020) to be an accurate reflection of their current market value.

### *St. Modwen Homes*

St. Modwen Homes (“SMH”) was established in 2012 and has since grown to delivering 1,060 units in 2019 and 948 units in 2020 (despite c.9-10 weeks of lost production due to the national lockdown in the spring) with a high quality, affordable family product and 5,900 plot pipeline in attractive regions.

Despite SMH’s strong growth, the business remains smaller in scale than the majority of its listed peers which is reflected in SMH’s lower operating and financial metrics. The Company is on track to increase completions by c. 25% and operating margin to c.14.5% in 2021, supported by recent positive trends in house prices. With an average sales rate of 0.86 over the last 12 weeks, the Company expects to complete c.450 units during the half year ending on 31 May 2021 (vs. 411 in H1 2019 and 280 in H1 2020).

The Company intends to grow completions to c.1,500 units by 2023 as the pipeline is built out and has also outlined its plan to increase operating margins to c.16-17% by 2023. This margin improvement is expected to be driven by an improvement in the gross margin embedded within the existing landbank of 19.5%, identified operational efficiencies, and assumed additional land acquisitions with a target gross margin of at least 22% to deliver c.19% of the targeted completions in 2023.

Whilst the Board remains confident of the scope for improving both the SMH operating margin and ROCE (which was 11.4% in 2019 and 7.7% in 2020) over time, it recognises the extended period of time required to deliver these improvements, as well as the inherent cyclicity in the housebuilding market.

### *Strategic Land & Regeneration*

Strategic Land & Regeneration (“SL&R”) consists of a mixture of residential land, long-term regeneration sites and non-core retail and other assets. The Company’s strong land repositioning capability enables the long-term value creation in its logistics and housebuilding businesses, but the existing SL&R portfolio also includes several assets which do not support these sectors, or which, due to their size or other characteristics, are too long-dated and do not meet St. Modwen’s return requirements.

Since 2017, the SL&R portfolio has reduced in size from £1.2bn to £332m (as at 30 November 2020), due to a combination of disposals and, in 2020, £121m of write-downs on residential land and retail assets. The Company plans to sell £180-200m of SL&R assets by 2023 (of which £33m has already been sold or contracted for sale). The disposal programme includes a number of large assets with unique characteristics and others which require considerable investment in order to sell, and of the £332m portfolio, c.£100m is expected to be disposed beyond 2023.

### *Conclusion*

The proposed acquisition of St. Modwen by Bidco follows the receipt of multiple proposals from Blackstone negotiated over an approximately 10 week period since St Modwen’s preliminary results announcement in February 2021 at which St. Modwen set out its strategy for the business. The Board believes that the Acquisition is in the best interests of St. Modwen shareholders by significantly accelerating the value that could be realised by St. Modwen independently. In reaching its conclusion, the Board has considered the following in particular:

- the risk-adjusted returns that may be generated by St. Modwen's strategy as compared with the certainty of execution of the Acquisition, which represents an acceleration of expected value creation;
- that the offer price of 542 pence per St. Modwen share represents a premium of 23.8% to EPRA Net Tangible Assets Per Share of 438 pence as at 30 November 2020;
- that the offer price of 542 pence per St. Modwen share represents premia of 21.1% to the unaffected share price of 448 pence as at 6 May 2021, 37.2% to the volume weighted average share price of 395 pence over the 180-day period ending on 6 May 2021, and 39.0% to the share price of 390 pence as at 22 February 2021 prior to Blackstone's first proposal;
- that the offer price of 542 pence per St. Modwen share exceeds the highest share price of 530 pence since the global financial crisis;
- that the Acquisition provides St. Modwen shareholders with the opportunity to realise the entirety of their interests in cash; and
- the impact of the Acquisition on all of St. Modwen's stakeholders, including the importance of St. Modwen's employees to Blackstone's future strategy.

## 5. **Background to and reasons for the Acquisition**

Blackstone is a global leader in real estate investing with \$196 billion of investor capital under management dedicated to real estate. The Blackstone Real Estate group is highly active in both the logistics and residential segments. Blackstone's pan-European logistics real estate platform, Mileway, is a leading urban logistics real estate business in Europe and the UK where it owns a 48m square foot urban logistics portfolio. In the UK residential sector, Blackstone's Sage Housing platform is a registered provider of affordable housing, working with the largest homebuilders to deliver new housing for shared ownership and low-cost rental homes. Over the past three years, Sage Housing has delivered over 3,000 homes, with a pipeline of more than 14,000 under contract.

Bidco believes that while St. Modwen's core logistics and residential business divisions each operate in attractive markets, realising the full potential of each division will require significant incremental scale and equity capital, which Bidco believes it is in a better position to provide to each business as a private company than St. Modwen can as a public company.

St. Modwen Logistics would be a complementary addition to Mileway's existing portfolio and development activities. Bidco believes St. Modwen Logistics would be further enhanced by being part of Mileway's broader pan-European platform. St. Modwen Logistics will require significant incremental capital to realise its full potential.

In order to maximise St. Modwen Homes' full potential and achieve management's objective of accelerating growth and operational efficiencies through scale, Bidco believes that St.

Modwen Homes would benefit from the incremental growth and capital investment opportunities that private ownership can bring.

## **6. Information relating to Bidco and Blackstone**

### *Bidco*

Bidco is a limited company registered in Jersey and incorporated on 24 March 2021. Bidco was formed for the purposes of the Acquisition and is an entity owned indirectly by investment funds advised by Blackstone and has not traded since its date of incorporation, nor has it entered into any obligations other than in connection with the Acquisition.

The current directors of Bidco are Samir Amichi and Peter Krause. Further details in relation to Bidco will be contained in the Scheme Document.

### *Blackstone*

Blackstone is one of the world's leading investment firms. It seeks to create positive economic impact and long-term value for its investors, the companies it invests in, and the communities in which it works. Blackstone does this by using extraordinary people and flexible capital to help companies solve problems. Its \$649 billion in assets under management include investment vehicles focused on private equity, real estate, public debt and equity, life sciences, growth equity, opportunistic, non-investment grade credit, real assets and secondary funds, all on a global basis.

Blackstone Real Estate is a global leader in real estate investing. Blackstone's real estate business was founded in 1991 and has \$196 billion of investor capital under management. Blackstone is one of the largest property owners in the world, owning and operating assets across every major geography and sector, including logistics, multifamily and single family housing, office, hospitality and retail.

Further information is available at [www.Blackstone.com](http://www.Blackstone.com).

## **7. Information relating to St. Modwen**

St. Modwen is a UK-based real estate developer and investor and a constituent of the FTSE 250. Established in 1966 and headquartered in Longbridge, Birmingham, St. Modwen operates across three specialist divisions: St. Modwen Logistics, St. Modwen Homes and Strategic Land & Regeneration. The Company is active across England and South Wales with a portfolio totalling £1.37bn as at 30 November 2020.

St. Modwen Logistics (49% of the portfolio by value as at 30 November 2020) designs, builds, owns and manages industrial and logistics assets in the UK. As one of the UK's most active developers of speculative and built-to-suit logistics buildings, St. Modwen Logistics' commercial development activity is focused on sites concentrated around major infrastructure and conurbations. Customers include some of the world's biggest logistics and e-commerce organisations as well as significant national and regional enterprises.

St. Modwen Homes (27% of the portfolio by value as at 30 November 2020) delivers high quality family housing primarily to first time buyers in attractive regional markets across the UK. SMH currently delivers around 1,000 units per annum with an affordable private average selling price of c.£277,000, and in 2020 achieved a 96% HBF customer satisfaction score,

which is the second highest among large housebuilders, and a net promoter score of 74, ranking consistently above the wider sector.

Strategic Land & Regeneration (24% of the portfolio by value as at 30 November 2020) focuses on the promotion and master development of land, primarily for residential and logistics uses, as well as delivering transformational regeneration projects. The division is delivering development land to St. Modwen Homes, St. Modwen Logistics, and third-party housebuilders and has over 20,000 strategic residential plots in the pipeline. The majority of the division's existing portfolio is earmarked to be sold, as it is no longer core to St. Modwen's strategy.

## **8. Irrevocable undertakings**

As described above, Bidco has received irrevocable undertakings to vote in favour of the resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept such Offer) from all of the St. Modwen Directors who own St. Modwen Shares, in respect of their own beneficial holdings totalling 3,042,309 St. Modwen Shares, representing approximately 1.37 per cent. of issued ordinary share capital of St. Modwen on 19 May 2021 (being the Business Day prior to this announcement). The undertakings will remain binding in the event that a higher competing offer for St. Modwen is made.

Bidco has also received irrevocable undertakings to vote in favour of the resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept such Offer) from members of the Clarke family, in respect of 11,621,472 St. Modwen Shares, representing approximately 5.22 per cent. of issued ordinary share capital of St. Modwen on 19 May 2021 (being the Business Day prior to this announcement).

In total, therefore, Bidco has procured irrevocable undertakings to vote in favour of the resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept such Offer), including those from the St. Modwen Directors in respect of, in aggregate, 14,663,781 St. Modwen Shares, representing approximately 6.59 per cent. of existing issued ordinary share capital of St. Modwen on 19 May 2021 (being the Business Day prior to this announcement).

Further details of these irrevocable undertakings, including details on when they cease to be binding, are set out in Appendix 3 to this announcement.

## **9. Financing of the Acquisition**

The cash consideration payable to the St. Modwen Shareholders under the terms of the Acquisition will be financed by equity to be invested by Blackstone Funds. In connection with the financing of Bidco, Blackstone Funds have entered into the Equity Commitment Letter.

Rothschild & Co in its capacity as financial adviser to Bidco, is satisfied that sufficient resources are available to Bidco to satisfy in full the cash consideration payable to the St. Modwen Shareholders under the terms of the Scheme.

Further information on the financing of the Acquisition will be set out in the Scheme Document.



## **10. Offer-related arrangements**

### *Confidentiality Agreement*

Pursuant to the Confidentiality Agreement, amongst other things, Blackstone gave certain undertakings to: (a) subject to certain exceptions, keep information relating to St. Modwen and the Acquisition confidential and not to disclose it to third parties; and (b) use such confidential information only in connection with the Acquisition. These confidentiality obligations will remain in force until the earlier of 13 April 2023 and completion of the Acquisition by Bidco.

The Confidentiality Agreement also contains undertakings from Blackstone that for a period of one year after the date of the Confidentiality Agreement it will not, without St. Modwen's prior written consent (i) have any contact with any director, officer, employee, customer, contractor or sub-contractor of, or supplier of, or lender to a member of the St. Modwen Group, or (ii) solicit, engage, employ or offer to employ any director, officer or senior employee of the St. Modwen Group.

### *Cooperation Agreement*

Pursuant to the Cooperation Agreement, Bidco and St. Modwen have, amongst other things, each agreed to: (i) cooperate in relation to obtaining any consents, clearances, permissions, waivers and/or approvals as may be necessary, and the making of all filings as may be necessary, from or under the law, regulations or practices applied by any applicable regulatory authority in connection with the Acquisition; and (ii) cooperate in preparing and implementing appropriate proposals in relation to the St. Modwen Share Plans. In addition, Bidco has agreed to certain provisions if the Scheme should switch to an Offer. The Cooperation Agreement will terminate in certain circumstances, including if the Acquisition is withdrawn, terminated or lapses, a competing offer completes, becomes effective or is declared unconditional, or if prior to the Long Stop Date any Condition has been invoked by Bidco, if the St. Modwen Directors withdraw their recommendation of the Acquisition or if the Scheme does not become effective in accordance with its terms by the Long Stop Date or otherwise as agreed between Bidco and St. Modwen. Pursuant to the terms of the Cooperation Agreement, Bidco undertakes that it will deliver a notice in writing to St. Modwen on the Business Day prior to the Sanction Hearing confirming either: (i) the satisfaction or waiver of the Conditions (other than the Scheme Conditions); or (ii) to the extent permitted by the Panel, that it intends to invoke or treat as unsatisfied or incapable of satisfaction one or more Conditions.

## **11. Disclosure of interests in St. Modwen securities**

Except for the irrevocable undertakings referred to in paragraph 8 above and as disclosed in Appendix 3 to this announcement, as at close of business on 19 May 2021 (being the last practicable date prior to the date of this announcement) neither Bidco, nor any of its directors, nor, so far as Bidco is aware, any person acting in concert (within the meaning of the Takeover Code) with it for the purposes of the Acquisition (i) had any interest in or right to subscribe for or had borrowed or lent any St. Modwen Shares or securities convertible or exchangeable into St. Modwen Shares, or (ii) had any short positions in respect of relevant securities of St. Modwen (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, or (iii) has borrowed or lent any relevant securities of St. Modwen (including, for these purposes, any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Takeover Code) save for any borrowed

shares which have been either on-lent or resold, or (iv) is a party to any dealing arrangement of the kind referred to in Note 11 on the definition of acting in concert in the Takeover Code.

'Interests in securities' for these purposes arise, in summary, when a person has long economic exposure, whether absolute or conditional, to changes in the price of securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person will be treated as having an 'interest' by virtue of the ownership, voting rights or control of securities, or by virtue of any agreement to purchase, option in respect of, or derivative referenced to securities.

## **12. Directors, management, employees, pensions and locations**

### *Bidco's strategic plans for St. Modwen*

Bidco recognises the high quality of the portfolio of logistics assets that St. Modwen has developed over time. As set out in paragraph 5 (*Background to and reasons for the Acquisition*), Bidco believes that St. Modwen Logistics would be a complementary addition to Mileway, Blackstone's leading pan-European last mile logistics real estate platform, and would be further enhanced by being part of Mileway's platform. Following completion of the Acquisition, Bidco intends that St. Modwen Logistics would be integrated within the Mileway platform.

With regard to the St. Modwen Homes business, Bidco recognises that St. Modwen Homes is an award-winning house builder of high-quality new homes across key markets in the United Kingdom. Bidco believes that in order to maximise St. Modwen Homes' full potential and achieve management's objective of accelerating growth and operational efficiencies through greater scale, St. Modwen Homes would benefit from private ownership and the incremental growth opportunities that this can bring. Bidco values St. Modwen Homes' strong customer focussed approach and expects customer experience to be at the core of its ongoing strategy under Bidco ownership.

In relation to St. Modwen's Strategic Land & Regeneration division, Bidco is aware of the programme which St. Modwen management has previously announced in respect of disposal of non-core assets and surplus land. As part of its evaluation of the St. Modwen Group referred to below, Bidco will be carrying out an assessment of this programme. While no decisions have yet been made by Bidco in relation to specific actions that may be taken following such review, Bidco intends to support St. Modwen management in seeing this programme through to completion to the extent it has not been completed prior to the Effective Date.

Prior to this Announcement, consistent with market practice, Bidco has been granted access to St. Modwen's senior management for purposes of confirmatory due diligence. However, because of the constraints of a public offer process, Bidco has not yet had access to sufficiently detailed operational information to formulate a detailed strategy for St. Modwen.

Following the Acquisition becoming Effective, Bidco intends to work with St. Modwen's management to undertake a detailed evaluation of the St. Modwen Group. Bidco expects that this evaluation will be completed within approximately six to nine months from the Effective Date. The evaluation will include:

- engaging with the key stakeholders of each business;

- further evaluating St. Modwen's logistics portfolio (including both standing assets and land bank) with a view to implementing its integration into Mileway;
- assessing St. Modwen's programme for the disposal of non-core assets and surplus land; and
- assessing potential investment opportunities and strategic options that will support St. Modwen Homes' growth ambitions and overall strategy.

#### *Employees and management*

Bidco attaches great importance to the skill and experience of St. Modwen's management and employees and recognises the important contribution that the management team and employees of St. Modwen have made to the success of the business.

Following completion of the Acquisition, Bidco intends that the employees of St. Modwen that are predominantly assigned to St. Modwen Logistics will transfer across to Mileway, such that they would become employees of Mileway. Bidco confirms that its intention is for any individuals impacted to be treated in a manner consistent with Blackstone's high standards, culture and practices. Any transfer of employees to Mileway will be carried out in accordance with applicable law (including, informing and consulting obligations).

Other than a small and non-material reduction in headcount (subject to any informing and consulting obligations) within the central corporate and support functions (including listed company-related functions) following St. Modwen ceasing to be a listed company, Bidco does not intend to make any reductions to the St. Modwen Group's headcount. Any headcount reductions will be carried out in accordance with applicable law.

Other than the transfer of certain employees of St. Modwen Logistics to Mileway, Bidco does not intend to make any changes to the conditions of employment or the balance of skills and functions of the employees and management of the St. Modwen Group.

It is intended that, with effect from the Effective Date, each of the non-executive members of the St. Modwen Board shall resign from his or her office as a director of St. Modwen.

#### *Existing rights and pensions*

Bidco confirms that, following the Acquisition becoming Effective, the existing contractual and statutory employment rights, including pension rights, of all St. Modwen management and employees will be fully safeguarded in accordance with applicable law.

St. Modwen participates in a UK occupational pension scheme which has both a defined benefits section and a defined contribution section. The defined benefits section of the pension scheme is well-funded and as at 30 November 2020 was in surplus on an IAS 19 basis. The defined benefits section is closed to new members and future accrual of benefits. Bidco does not intend to make any changes to the current employer pension contribution arrangements, the accrual of benefits for existing members or the rights of admission of new members under the pension scheme.

### *Headquarters, locations, fixed assets and research and development*

As set out above, Bidco intends that St. Modwen Logistics will, following completion of the Acquisition, be integrated into the Mileway platform.

Subject to the outcome of its strategic review to be undertaken following completion of the Acquisition, Bidco has no plans to undertake any change in the locations of St. Modwen's places of business. Whilst certain head office functions of St. Modwen Logistics will be integrated within the broader Mileway UK platform, Bidco has no plans to change the location of St. Modwen's headquarters from Birmingham.

No changes are envisaged with respect to the deployment of St. Modwen's fixed asset base (other than in relation to the non-core disposal programme referred to above) and, to Bidco's knowledge, St. Modwen has no research and development function.

### *Management incentive arrangements*

Following the Acquisition becoming Effective, Bidco intends to review the management, governance and incentive structure of St. Modwen. Bidco has not entered into, and has not had material discussions on the terms of any form of incentivisation arrangements with members of St. Modwen's management, but may have discussions and enter into such discussions for certain members of the St. Modwen management team following the Effective Date.

### *Trading Facilities*

St. Modwen Shares are currently listed on the Official List and admitted to trading on the London Stock Exchange. As set out in paragraph 15, applications will be made for the cancellation of the listing of St. Modwen Shares on the Official List and the cancellation of trading of St. Modwen Shares on the London Stock Exchange.

None of the statements in this paragraph 12 are "post-offer undertakings" for the purposes of Rule 19.5 of the Takeover Code.

## **13. St. Modwen Share Plans**

Participants in the St. Modwen Share Plans will be contacted regarding the effect of the Acquisition on their options and awards under the St. Modwen Share Plans and an appropriate proposal will be made to such participants which reflects their options and awards under the St. Modwen Share Plans in due course. Details of the impact of the Scheme on each of the St. Modwen Share Plans and the proposals will be set out in the Scheme Document.

## **14. Scheme process**

The Acquisition is subject to the Conditions and certain further terms referred to in Appendix 1 to this announcement and to the full terms and conditions to be set out in the Scheme Document, and will only become Effective if, among other things, the following events occur on or before the Long Stop Date (or such later date as Bidco and St. Modwen may, with the consent of the Panel, agree and, if required, the Court may approve):

- a resolution to approve the Scheme is passed by a majority in number of the Scheme Shareholders present and voting (and entitled to vote) at the Court Meeting, either in person

or by proxy, representing 75 per cent. or more in value of the Scheme Shares held by those Scheme Shareholders;

- the Special Resolutions are passed by the requisite majority of St. Modwen Shareholders at the St. Modwen General Meeting;
- following the Court Meeting and St. Modwen General Meeting, the Scheme is sanctioned by the Court (without modification, or with modification on terms agreed by Bidco and St. Modwen); and
- following such sanction, an office copy of the Court Order is delivered to the Registrar of Companies.

The Conditions in paragraph 2 of Appendix 1 to this announcement provide that the Scheme will lapse if:

- the Court Meeting and the St. Modwen General Meeting are not held by the 22nd day after the expected date of the Court Meeting and the St. Modwen General Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and St. Modwen);
- the Sanction Hearing to approve the Scheme is not held by the 22nd day after the expected date of the Sanction Hearing to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and St. Modwen); or
- the Scheme does not become Effective by 11.59 p.m. on the Long Stop Date (or such later date as may be agreed between Bidco and St. Modwen and the Panel and the Court may allow).

If any Condition in paragraph 2 of Appendix 1 to this announcement is not capable of being satisfied by the date specified therein, Bidco shall make an announcement through a Regulatory Information Service as soon as practicable and, in any event, by not later than 7.00 a.m. on the Business Day following the date so specified, stating whether Bidco has invoked that Condition, (where applicable) waived that Condition or, with the agreement of St. Modwen, specified a new date by which that Condition must be satisfied.

Once the necessary approvals from St. Modwen Shareholders have been obtained and the other Conditions have been satisfied or (where applicable) waived and the Scheme has been approved by the Court, the Scheme will become Effective upon delivery of the Court Order to the Registrar of Companies. Subject to the satisfaction of the Conditions, the Scheme is expected to become Effective during July 2021. The Conditions include the anti-trust Condition set out in paragraph 3(a) of Appendix 1 to this announcement. This Condition is expected to be satisfied in time to allow for the Scheme to become effective during July 2021.

Upon the Scheme becoming Effective: (i) it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the St. Modwen General Meeting (and if they attended and voted, whether or not they voted in favour); and (ii) share certificates in respect of St. Modwen Shares will cease to be valid and entitlements to St. Modwen Shares held within the CREST system will be cancelled. The consideration payable under the Scheme will be despatched by Bidco to Scheme Shareholders no later than 14 days after the Effective Date.

Any St. Modwen Shares issued before the Scheme Record Time will be subject to the terms of the Scheme. The Special Resolutions to be proposed at the St. Modwen General Meeting will, amongst other matters, provide that the Articles be amended to incorporate provisions requiring any St. Modwen Shares issued after the Scheme Record Time (other than to Bidco and/or their nominees) to be automatically transferred to Bidco on the same terms as the Acquisition (other than terms as to timings and formalities). The provisions of the Articles (as amended) will avoid any person (other than Bidco and their nominees) holding shares in the capital of St. Modwen after the Effective Date.

Bidco reserves the right to elect to implement the Acquisition by way of an Offer (as defined in section 974 of the 2006 Act) as an alternative to the Scheme (subject to the Panel's consent and the terms of the Cooperation Agreement). In such event, the Acquisition will be implemented on the same terms (subject to appropriate amendments including (without limitation) the inclusion of an acceptance condition set at 75 per cent. (or such other percentage as Bidco may, subject to the rules of the Takeover Code and the terms of the Cooperation Agreement and with the consent of the Panel, decide) of the shares to which the Acquisition relates and those required by, or deemed appropriate by, Bidco under applicable law, so far as applicable) as those which would apply to the Scheme. Further, if sufficient acceptances of such offer are received and/or sufficient St. Modwen Shares are otherwise acquired, it is the intention of Bidco to apply the provisions of the 2006 Act to acquire compulsorily any outstanding St. Modwen Shares to which such offer relates.

Further details of the Scheme, including expected times and dates for each of the Court Meeting, the St. Modwen General Meeting and the Sanction Hearing, together with notices of the Court Meeting and the St. Modwen General Meeting, will be set out in the Scheme Document, which will be published within 28 days of this announcement (or such later time as St. Modwen, Bidco and the Panel agree). An updated valuation in respect of land options in St. Modwen's controlled pipeline will be made available on St. Modwen's and Bidco's websites at [www.stmodwen.co.uk/investors](http://www.stmodwen.co.uk/investors) and [www.publishdocuments.co.uk](http://www.publishdocuments.co.uk) by the time the Scheme Document is published.

#### **15. Delisting, and cancellation of trading and re-registration**

It is intended that the London Stock Exchange and the FCA will be requested respectively to cancel trading in St. Modwen Shares on the London Stock Exchange's market for listed securities and the listing of the St. Modwen Shares from the Official List on or shortly after the Effective Date.

It is expected that the last day of dealings in St. Modwen Shares on the Main Market of the London Stock Exchange is expected to be the date of the Sanction Hearing and no transfers will be registered after 6.00 p.m. (London time) on that date.

It is intended that St. Modwen be re-registered as a private limited company as part of the Scheme and for this to take effect as soon as practicable on or following the Effective Date.

#### **16. Documents**

Copies of the following documents will be available promptly on St. Modwen's and Bidco's websites, subject to certain restrictions relating to persons resident in Restricted Jurisdictions,

at [www.stmodwen.co.uk/investors](http://www.stmodwen.co.uk/investors) and [www.publishdocuments.co.uk](http://www.publishdocuments.co.uk) and in any event by no later than noon on the Business Day following this announcement:

- this announcement;
- the Confidentiality Agreement;
- the Cooperation Agreement;
- the irrevocable undertakings referred to in paragraph 8 above;
- the consents from financial advisers to being named in this announcement; and
- the Equity Commitment Letter.

Neither the content of the websites referred to in this announcement, nor any website accessible from hyperlinks, are incorporated into or form part of this announcement.

## 17. **General**

The Acquisition will be on the terms and subject to the Conditions set out in Appendix 1 to this announcement, and to be set out in the Scheme Document. The bases and sources for certain financial information contained in this announcement are set out in Appendix 2 to this announcement. Details of undertakings received by Bidco are set out in Appendix 3 to this announcement. Certain definitions and terms used in this announcement are set out in Appendix 4 to this announcement.

The formal Scheme Document, containing further information about the Acquisition and notices of the Court Meeting and St. Modwen General Meeting, together with the associated forms of proxy, will be posted to St. Modwen Shareholders within 28 days of this announcement (or on such later date as St. Modwen, Bidco and the Panel agree) and the Meetings are expected to be held shortly thereafter.

This announcement does not constitute an offer or an invitation to purchase or subscribe for any securities.

### **Enquiries:**

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Kirkland & Ellis International LLP is acting as legal adviser to Bidco.

Slaughter and May is acting as legal adviser to St. Modwen.

**Further information**

*N.M. Rothschild & Sons Limited ("Rothschild & Co"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Bidco and for no one else in connection with the subject matter of this announcement and will not be*



*responsible to anyone other than Bidco for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this announcement.*

*Lazard & Co., Limited ("Lazard"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as financial adviser to St. Modwen and no one else in connection with the matters set out in this announcement and will not be responsible to anyone other than St. Modwen for providing the protections afforded to clients of Lazard nor for providing advice in relation to the matters set out in this announcement. Neither Lazard nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard in connection with this announcement, any statement contained herein or otherwise.*

*J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove ("J.P. Morgan Cazenove"), is authorised in the United Kingdom by the Prudential Regulation Authority (the "PRA") and regulated in the United Kingdom by the PRA and the Financial Conduct Authority. J.P. Morgan Cazenove is acting as financial adviser exclusively for St. Modwen and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than St. Modwen for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, nor for providing advice in relation to any matter referred to herein.*

*Numis Securities Limited ("Numis"), which is authorised and regulated in the United Kingdom by the FCA, is acting as financial adviser exclusively for St. Modwen and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than St. Modwen for providing the protections afforded to clients of Numis, nor for providing advice in relation to any matter referred to herein.*

*This announcement is for information purposes only and is not intended to, and does not, constitute or form part of any offer or inducement to sell or an invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of an offer to buy any securities, any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise. The Acquisition will be made solely pursuant to the terms of the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document), which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition. Any decision in respect of, or other response to, the Acquisition should be made only on the basis of the information in the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document).*

*St. Modwen and Bidco shall prepare the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document) to be distributed to St. Modwen Shareholders. St. Modwen and Bidco urge St. Modwen Shareholders to read the Scheme Document when it becomes available because it will contain important information relating to the Acquisition.*

*This announcement is an advertisement and does not constitute a prospectus or prospectus equivalent document.*

## **Overseas Shareholders**

*This announcement has been prepared in accordance with and for the purpose of complying with English law, the Takeover Code, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules and information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside England.*

*The release, publication or distribution of this announcement in or into certain jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves of, and observe, any applicable requirements of their jurisdictions.*

*The availability of the Acquisition to St. Modwen Shareholders who are not resident in and citizens of the UK may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the UK should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. In particular, the ability of persons who are not resident in the United Kingdom to vote their St. Modwen Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. Further details in relation to Overseas Shareholders will be contained in the Scheme Document.*

*Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from any Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Acquisition by any such use, means, instrumentality or from within any Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Copies of this announcement and any formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving this announcement and all such documents relating to the Acquisition (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Acquisition. If the Acquisition is implemented by way of an Offer (unless otherwise permitted by applicable law and regulation), the Offer may not be made directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.*

*The Acquisition shall be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the FCA.*

## **Notice to US investors in St. Modwen**

*The Acquisition relates to the shares of an English company and is being made by means of a scheme of arrangement provided for under the laws of England and Wales. A transaction effected by means of a scheme of arrangement is not subject to the tender offer or proxy solicitation rules under the US Securities Exchange Act of 1934 (the “US Exchange Act”). Accordingly, the Acquisition is subject to the disclosure and procedural requirements and practices applicable in the United Kingdom to schemes of arrangement which differ from the disclosure requirements of the US tender offer and proxy solicitation rules.*

*The financial information included in this announcement and the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document) has been prepared in accordance with generally accepted accounting principles of the United Kingdom and thus may not be comparable to the financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.*

*If, in the future, Bidco exercises its right to implement the Acquisition by means of an Offer which is to be made into the United States, such an Offer would be made in compliance with all applicable US laws and regulations, including any applicable exemptions under the US Exchange Act. Such an Offer would be made in the United States by Bidco and no one else.*

*In the event that the Acquisition is implemented by way of an Offer, in accordance with normal United Kingdom practice, Bidco or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, shares or other securities of St. Modwen outside of the US, other than pursuant to such an Offer, during the period in which such an Offer would remain open for acceptances. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases or arrangements to purchase shall be disclosed as required in the United Kingdom, shall be reported to a Regulatory Information Service and shall be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com).*

*The receipt of consideration by a US holder for the transfer of its St. Modwen Shares pursuant to the Scheme may have tax consequences in the US and such consequences, if any, are not described herein. Each St. Modwen Shareholder is urged to consult their independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to them, including under applicable United States state and local, as well as overseas and other, tax laws.*

*St. Modwen is incorporated under the laws of England and Wales and Bidco is incorporated under the laws of Jersey. Some or all of the officers and directors of Bidco and St. Modwen, respectively, are residents of countries other than the United States. In addition, some of the assets of Bidco and St. Modwen are located outside the United States. As a result, it may be difficult for US holders of St. Modwen Shares to enforce their rights and any claim arising out of the US federal laws or to enforce against them a judgment of a US court predicated upon the securities laws of the United Kingdom. US holders of St. Modwen Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court’s judgement.*

## **Forward-Looking Statements**

*This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Acquisition, and other information published by Bidco and St. Modwen contain statements which are, or may be deemed to be, “forward-looking statements”. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Bidco and St. Modwen about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.*

*The forward-looking statements contained in this announcement include statements relating to the expected effects of the Acquisition on Bidco and St. Modwen (including their future prospects, developments and strategies), the expected timing and scope of the Acquisition and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as “prepares”, “plans”, “expects” or “does not expect”, “is expected”, “is subject to”, “budget”, “projects”, “synergy”, “strategy”, “scheduled”, “goal”, “estimates”, “forecasts”, “intends”, “cost-saving”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Forward looking statements may include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Bidco's, St. Modwen's, any member of the Bidco Group's or any member of St. Modwen Group's operations and potential synergies resulting from the Acquisition; and (iii) the effects of global economic conditions and governmental regulation on Bidco's, St. Modwen's, any member of the Bidco Group's or any member of the St. Modwen Group's business.*

*Although Bidco and St. Modwen believe that the expectations reflected in such forward-looking statements are reasonable, Bidco and St. Modwen can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements.*

*These factors include, but are not limited to: the ability to complete the Acquisition; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions on the proposed terms and schedule; changes in the global political, economic, business and competitive environments and in market and regulatory forces; changes in future exchange and interest rates; changes in tax rates; future business combinations or disposals; changes in general economic and business conditions; changes in the behaviour of other market participants; changes in the anticipated benefits from the proposed transaction not being realised as a result of changes in general economic and market conditions in the countries in which Bidco and St. Modwen operate; weak, volatile or illiquid capital and/or credit markets; changes in the degree of competition in the geographic and business areas in which Bidco and St. Modwen operate; and changes in laws or in supervisory expectations or requirements. Other unknown or unpredictable factors could cause actual results to differ materially from those expected, estimated or projected in the forward-looking statements. If any one or more of these risks or uncertainties materialises or if any one or more of the assumptions proves incorrect, actual results may differ materially from those expected,*

*estimated or projected. Such forward-looking statements should therefore be construed in the light of such factors.*

*Neither Bidco nor St. Modwen, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Given these risks and uncertainties, potential investors are cautioned not to place any reliance on these forward-looking statements.*

*Specifically, statements of estimated cost savings and synergies related to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. Due to the scale of the St. Modwen Group, there may be additional changes to the St. Modwen Group's operations. As a result, and given the fact that the changes relate to the future, the resulting cost synergies may be materially greater or less than those estimated.*

*Other than in accordance with their legal or regulatory obligations, neither Bidco nor St. Modwen is under any obligation, and Bidco and St. Modwen expressly disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

## **Dealing and Opening Position Disclosure Requirements**

*Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) of the Takeover Code applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8 of the Takeover Code. A Dealing Disclosure by a person to whom Rule 8.3(b) of the Takeover Code applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3 of the Takeover Code.*

*Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4 of the Takeover Code).*

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.*

### **Publication on a website**

*In accordance with Rule 26.1 of the Takeover Code, a copy of this announcement will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on St. Modwen's website at [www.stmodwen.co.uk/investors](http://www.stmodwen.co.uk/investors) and Bidco's website at [www.publishdocuments.co.uk](http://www.publishdocuments.co.uk) by no later than 12 noon (London time) on the first business day following the date of this announcement. For the avoidance of doubt, neither the contents of these websites nor any website accessible from hyperlinks is incorporated into or forms part of this announcement.*

### **No profit forecasts, estimates or quantified benefits statements**

*No statement in this announcement is intended as a profit forecast, profit estimate or quantified benefits statement for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share for St. Modwen for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for St. Modwen.*

### **Requesting hard copy documents**

*In accordance with Rule 30.3 of the Takeover Code, St. Modwen Shareholders, persons with information rights and participants in St. Modwen Share Plans may request a hard copy of this announcement by contacting St. Modwen's registrars, Equiniti Limited, between 8.30 a.m. to 5:30 p.m. (London time) Monday to Friday (except UK public holidays) on 0371 384 2050 if calling from the United Kingdom, or +44 371 384 2050 if calling from outside the United Kingdom or by submitting a request in writing to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Please note that Equiniti Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. For persons who receive a copy of this announcement in electronic form or via a website notification, a hard copy of this announcement will not be sent unless so requested. Such persons may also request that all future documents, announcements and information to be sent to them in relation to the Acquisition should be in hard copy form.*

## **Electronic Communications**

*Please be aware that addresses, electronic addresses and certain other information provided by St. Modwen Shareholders, persons with information rights and other relevant persons for the receipt of communications from St. Modwen may be provided to Bidco during the offer period as required under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.*

## **Rounding**

*Certain figures included in this announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of figures that precede them.*

## **General**

*If the Acquisition is effected by way of an Offer, and such an Offer becomes or is declared unconditional in all respects and sufficient acceptances are received, Bidco intends to exercise its rights to apply the provisions of Chapter 3 of Part 28 of the 2006 Act so as to acquire compulsorily the remaining St. Modwen Shares in respect of which the Offer has not been accepted.*

*Investors should be aware that Bidco may purchase St. Modwen Shares otherwise than under any Offer or the Scheme, including pursuant to privately negotiated purchases.*

*If you are in any doubt about the contents of this announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor or independent financial adviser duly authorised under FSMA if you are resident in the United Kingdom or, if not, from another appropriate authorised independent financial adviser.*

## **Rule 2.9 of the Takeover Code**

*For the purposes of Rule 2.9 of the Takeover Code, St. Modwen confirms that, as at 19 May 2021, it had in issue 222,626,988 ordinary shares of 10 pence each (excluding shares held in treasury). The ISIN for the ordinary shares is GB0007291015.*

**APPENDIX 1**  
**CONDITIONS AND FURTHER TERMS OF THE TRANSACTION**

**Part A: Conditions to the Scheme and Acquisition**

1. The Acquisition will be conditional upon the Scheme becoming unconditional and becoming Effective, subject to the provisions of the Takeover Code, by no later than 11.59 p.m. on the Long Stop Date, or such later date (if any) as Bidco and St. Modwen may, with the consent of the Panel, agree and (if required) the Court may allow.

**Conditions of the Scheme**

2. The Scheme will be subject to the following Conditions:
  - (a) (i) its approval by a majority in number representing not less than 75 per cent. in value of Scheme Shareholders who are on the register of members of St. Modwen (or the relevant class or classes thereof) at the Voting Record Time, present and voting, whether in person or by proxy, at the Court Meeting and at any separate class meeting which may be required (or any adjournment thereof), and (ii) such Court Meeting being held on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and St. Modwen with the consent of the Panel (and that the Court may approve if required));
  - (b) (i) the Special Resolutions being duly passed at the St. Modwen General Meeting (or any adjournment thereof) and (ii) such St. Modwen General Meeting being held on or before the 22nd day after the expected date of the St. Modwen General Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and St. Modwen with the consent of the Panel (and that the Court may approve if required)); and
  - (c) (i) the sanction of the Scheme by the Court (with or without modification (but subject to such modification being acceptable to Bidco and St. Modwen)) and the delivery of the office copy of the Court Order to the Registrar of Companies; and (ii) the Sanction Hearing being held on or before the 22nd day after the expected date of the Sanction Hearing to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and St. Modwen with the consent of the Panel (and that the Court may approve)).

**General Conditions**

3. In addition, subject as stated in Part B below, Bidco and St. Modwen have agreed that the Acquisition will be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme Effective will not be taken unless the following Conditions (as amended if appropriate) have been satisfied or, where relevant, waived:

***Anti-trust***

- (a) the CMA:



- (i) confirming in writing that it does not intend to refer the Acquisition or any matters arising therefrom for a Phase 2 CMA Reference (including as a result of the acceptance of undertakings in lieu of a reference); or
- (ii) as at the date on which all other Conditions (with the exception of sanction of the Scheme by the Court pursuant to paragraph 2(c) above) are satisfied or waived, having responded to a briefing paper in writing that it has no further questions in relation to the Acquisition (and having not otherwise opened an inquiry, or implied that it is still investigating whether to open an inquiry);

### **Other Third Party clearances**

- (b) no central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, trade agency, association, institution, environmental body, employee representative body or any other body or person whatsoever in any jurisdiction (each a “**Third Party**”) having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or having required any action to be taken or otherwise having done anything or having enacted, made or proposed any statute, regulation, decision, order or change to published practice and there not continuing to be outstanding any statute, regulation, decision or order which would or might:
  - (i) make the Acquisition, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, any member of the Wider St. Modwen Group by any member of the Wider Bidco Group void, illegal and/or unenforceable under the laws of any relevant jurisdiction, or otherwise directly or indirectly prevent, prohibit, or restrain, restrict, impede, challenge, delay or otherwise interfere with the implementation of, or impose material additional conditions or obligations with respect to, the Acquisition or the acquisition of any shares or other securities in, or control or management of, any member of the Wider St. Modwen Group by any member of the Wider Bidco Group or require amendment of the Scheme;
  - (ii) require, prevent or materially delay the divestiture or alter the terms envisaged for such divestiture by any member of the Wider Bidco Group or by any member of the Wider St. Modwen Group of all or any part of their businesses, assets or property or impose any limitation on the ability of all or any of them to conduct their businesses (or any part thereof) or to own, control or manage any of their assets or properties (or any part thereof) to an extent which is material in the context of the Wider St. Modwen Group taken as a whole or in the context of the Acquisition;
  - (iii) impose any material limitation on, or result in a material delay in, the ability of any member of the Wider Bidco Group directly or indirectly to acquire or hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in St. Modwen (or any member

of the Wider St. Modwen Group) or on the ability of any member of the Wider St. Modwen Group or any member of the Wider Bidco Group directly or indirectly to hold or exercise effectively any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise management control over, any member of the Wider St. Modwen Group to an extent which is material in the context of the Wider St. Modwen Group taken as a whole or in the context of the Acquisition;

- (iv) other than pursuant to the implementation of the Scheme or, if applicable, sections 974 to 991 of the 2006 Act, require any member of the Wider Bidco Group or the Wider St. Modwen Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider St. Modwen Group or any asset owned by any third party which is material in the context of the Wider St. Modwen Group or the Wider Bidco Group, in either case taken as a whole;
- (v) require, prevent or delay a divestiture by any member of the Wider Bidco Group of any shares or other securities (or the equivalent) in any member of the Wider St. Modwen Group;
- (vi) result in any member of the Wider St. Modwen Group ceasing to be able to carry on business under any name under which it presently carries on business to an extent which is material in the context of the Wider St. Modwen Group taken as a whole or in the context of the Acquisition;
- (vii) impose any limitation on the ability of any member of the Wider Bidco Group or any member of the Wider St. Modwen Group to conduct, integrate or co-ordinate all or any part of their respective businesses with all or any part of the business of any other member of the Wider Bidco Group and/or the Wider St. Modwen Group in a manner which is adverse and material to the Wider Bidco Group and/or the Wider St. Modwen Group, in either case, taken as a whole or in the context of the Acquisition; or
- (viii) except as Disclosed, otherwise affect the business, assets, value, profits, prospects or operational performance of any member of the Wider St. Modwen Group or any member of the Wider Bidco Group in each case in a manner which is adverse to and material in the context of the Wider St. Modwen Group taken as a whole or of the financing of the Acquisition;

and all applicable waiting and other time periods (including any extensions thereof) during which any such Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction in respect of the Acquisition or proposed acquisition of any St. Modwen Shares or otherwise intervene having expired, lapsed, or been terminated;

- (c) all notifications, filings or applications which are deemed by Bidco to be necessary or reasonably considered to be appropriate having been made in connection with the Acquisition and all necessary waiting and other time

periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory and regulatory obligations in any jurisdiction having been complied with and all Authorisations which are deemed by Bidco to be necessary or reasonably considered to be appropriate in any jurisdiction for or in respect of the Acquisition or the proposed acquisition of any shares or other securities in, or control of, St. Modwen by any member of the Wider Bidco Group having been obtained in terms and in a form reasonably satisfactory to Bidco from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Wider St. Modwen Group or the Wider Bidco Group has entered into contractual arrangements in each case where the direct consequence of a failure to make such notification or filing or to wait for the expiry, lapse or termination of any such waiting or other time period or to comply with such obligation or obtain such Authorisation would be unlawful in any relevant jurisdiction or have a material adverse effect on the Wider St. Modwen Group, any member of the Bidco Group or the ability of Bidco to implement the Scheme and all such Authorisations remaining in full force and effect at the time at which the Scheme becomes otherwise unconditional in all respects and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations;

- (d) no temporary restraining order, preliminary or permanent injunction, preliminary or permanent enjoinder, or other order issued and being in effect by a court or other Third Party which has the effect of making the Acquisition or any acquisition or proposed acquisition of any shares or other securities or control or management of, any member of the Wider St. Modwen Group by any member of the Wider Bidco Group, or the implementation of either of them, void, voidable, illegal and/or unenforceable under the laws of any relevant jurisdiction, or otherwise directly or indirectly prohibiting, preventing, restraining, restricting, delaying or otherwise interfering with the completion or the approval of the Acquisition or any matter arising from the proposed acquisition of any shares or other securities in, or control or management of, any member of the Wider St. Modwen Group by any member of the Wider Bidco Group;

#### **Confirmation of absence of adverse circumstances**

- (e) except as Disclosed, there being no provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider St. Modwen Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or be subject or any event or circumstance which, as a consequence of the Acquisition or the proposed acquisition by any member of the Wider Bidco Group of any shares or other securities in St. Modwen or because of a change in the control or management of any member of the Wider St. Modwen Group or otherwise, would or might reasonably be expected to result in, in each case to an extent which is material in the context of the Wider St. Modwen Group taken as a whole or to the financing of the Acquisition:

- (i) any monies borrowed by, or any other indebtedness, actual or contingent of, or any grant available to, any member of the Wider St. Modwen Group being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
- (ii) the rights, liabilities, obligations, interests or business of any member of the Wider St. Modwen Group or any member of the Wider Bidco Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider St. Modwen Group or any member of the Wider Bidco Group in or with any other firm or company or body or person (or any agreement or arrangement relating to any such business or interests) being or likely to become terminated or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken or arising thereunder;
- (iii) any member of the Wider St. Modwen Group ceasing to be able to carry on business under any name under which it presently carries on business to an extent which is material in the context of the St. Modwen Group taken as a whole or in the context of the Acquisition;
- (iv) any assets or interests of, or any asset the use of which is enjoyed by, any member of the Wider St. Modwen Group being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any member of the Wider St. Modwen Group otherwise than in the ordinary course of business;
- (v) other than in the ordinary course of business, the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider St. Modwen Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen), becoming enforceable;
- (vi) the business, assets, value, financial or trading position, profits, prospects or operational performance of any member of the Wider St. Modwen Group being prejudiced or adversely affected; or
- (vii) the creation or acceleration of any material liability (actual or contingent) by any member of the Wider St. Modwen Group other than trade creditors or other liabilities incurred in the ordinary course of business; or
- (viii) any liability of any member of the Wider St. Modwen Group to make any severance, termination, bonus or other payment to any of its directors or other officers other than in the ordinary course of business;

**No material transactions, claims or changes in the conduct of the business of the St. Modwen Group**

- (f) except as Disclosed, no member of the Wider St. Modwen Group having since 30 November 2020:
- (i) save as between St. Modwen and its wholly-owned subsidiaries or between such wholly-owned subsidiaries and save for the issue or transfer out of treasury of St. Modwen Shares on the exercise of options or vesting of awards granted in the ordinary course under the St. Modwen Share Plans, issued or agreed to issue or authorised or proposed or announced its intention to authorise or propose the issue of additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of St. Modwen Shares out of treasury;
  - (ii) recommended, declared, paid or made or agreed to recommend, declare, pay or make any bonus issue, dividend or other distribution (whether payable in cash or otherwise) other than to St. Modwen or one of its wholly-owned subsidiaries;
  - (iii) save as between St. Modwen and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, merged with (by statutory merger or otherwise) or demerged from or acquired any body corporate, partnership or business or acquired or disposed of, or, other than in the ordinary course of business, transferred, mortgaged or charged or created any security interest over, any assets or any right, title or interest in any asset (including shares and trade investments) or authorised, proposed or announced any intention to do so, in each case to an extent which is material in the context of the Wider St. Modwen Group taken as a whole;
  - (iv) save as between St. Modwen and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, made, authorised, proposed or announced an intention to propose any change in its loan capital other than in the ordinary course of business and to an extent which is material in the context of the Wider St. Modwen Group taken as a whole;
  - (v) issued, authorised or proposed or announced an intention to authorise or propose the issue of, or made any change in or to the terms of, any debentures or (save in the ordinary course of business and save as between St. Modwen and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) incurred or increased any indebtedness or become subject to any contingent liability to an extent which is material in the context of the Wider St. Modwen Group taken as a whole or in the context of the Acquisition;
  - (vi) entered into, varied, authorised or proposed entry into or variation of, or announced its intention to enter into or vary, any contract, transaction,

arrangement or commitment (whether in respect of capital expenditure or otherwise) (otherwise than in the ordinary course of business) which is of a long term, unusual or onerous nature, or which involves or could reasonably be expected to involve an obligation of a nature or magnitude which is or is likely to be materially restrictive on the business of any member of the Wider St. Modwen Group to an extent which is or is reasonably likely to be material to the Wider St. Modwen Group taken as a whole;

- (vii) entered into any licence or other disposal of intellectual property rights of any member of the Wider St. Modwen Group which are material in the context of the Wider St. Modwen Group taken as a whole and outside the normal course of business;
- (viii) entered into, varied, authorised or proposed entry into or variation of, or announced its intention to enter into or vary the terms of or made any offer (which remains open for acceptance) to enter into or vary the terms of, any contract, commitment, arrangement or any service agreement with any director or senior executive of the Wider St. Modwen Group save for salary increases, bonuses or variations of terms in the ordinary course;
- (ix) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme, or other benefit relating to the employment or termination of employment of any employee of the Wider St. Modwen Group which, taken as a whole, are material in the context of the Wider St. Modwen Group taken as a whole;
- (x) (excluding the trustee of any pension scheme(s) established by a member of the Wider St. Modwen Group unless that trustee is St. Modwen itself) (I) made, agreed or consented to or procured any significant change to: (a) the terms of the trust deeds, rules, policy or other governing documents constituting any pension scheme or other retirement or death benefit arrangement established for the directors, former directors, employees or former employees of any entity in the Wider St. Modwen Group or their dependants and established by a member of the Wider St. Modwen Group (a “**Relevant Pension Plan**”); (b) the basis on which benefits accrue, pensions which are payable or the persons entitled to accrue or be paid benefits, under any Relevant Pension Plan; (c) other than in connection with the actuarial valuation of the St. Modwen Pension Scheme as at 5 April 2020, the basis on which the liabilities of any Relevant Pension Plan are funded or valued; (d) other than in connection with the actuarial valuation of the St. Modwen Pension Scheme as at 5 April 2020, the basis or rate of employer contribution to any Relevant Pension Plan, in each case to the extent which is material in the context of the Wider St. Modwen Group taken as a whole or in the context of the Acquisition and other than as required in accordance with applicable law; or (II) entered into or proposed to enter into one or more bulk annuity contracts in relation to any Relevant Pension Plan; or (III) carried out any act: (a) which would or could reasonably be expected to lead to the commencement of the

winding up of any Relevant Pension Plan; (b) which would or is reasonably likely to create a material debt owed by an employer to any Relevant Pension Plan; (c) which would or might accelerate any obligation on any employer to fund or pay additional contributions to any Relevant Pension Plan; or (d) which would, having regard to the published guidance of the Pensions Regulator give rise directly or indirectly to a liability in respect of a Relevant Pension Plan arising out of the operation of sections 38 and 38A of the Pensions Act 2004 in relation to a Relevant Pension Plan, in each case to the extent which is material in the context of the Wider St. Modwen Group taken as a whole or in the context of the Acquisition and other than as required in accordance with applicable law;

- (xi) other than to replace a vacancy on the board of directors of a corporate trustee, changed the trustee or trustee directors or other fiduciary of any Relevant Pension Plan;
- (xii) entered into, implemented or effected, or authorised, proposed or announced its intention to implement or effect, any joint venture, asset or profit sharing arrangement, partnership, composition, assignment, reconstruction, amalgamation, commitment, scheme or other transaction or arrangement (other than the Scheme) otherwise than in the ordinary course of business which is material in the context of the Wider St. Modwen Group taken as a whole or in the context of the Acquisition;
- (xiii) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect of the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital to an extent which (other than in the case of St. Modwen) is material in the context of the Wider St. Modwen Group taken as a whole;
- (xiv) other than with respect to claims between St. Modwen and its wholly owned subsidiaries (or between such subsidiaries), waived, compromised or settled any claim otherwise than in the ordinary course of business which is material in the context of the Wider St. Modwen Group taken as a whole or in the context of the Acquisition;
- (xv) made any alteration to its articles of association or other constitutional documents (in each case, other than in connection with the Scheme) which is material in the context of the Acquisition;
- (xvi) (other than in respect of a member of the Wider St. Modwen Group which is dormant and was solvent at the relevant time) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of any administrator, receiver, manager, administrative receiver, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in

any jurisdiction or had any such person appointed which is material in the context of the Wider St. Modwen Group taken as a whole or in the context of the Acquisition;

- (xvii) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business which is material in the context of the Wider St. Modwen Group taken as a whole or in the context of the Acquisition;
- (xviii) entered into any contract, commitment, agreement or arrangement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention to, or to propose to, effect any of the transactions, matters or events referred to in this condition;
- (xix) terminated or varied the terms of any agreement or arrangement between any member of the Wider St. Modwen Group and any other person in a manner which would or might be expected to have a material adverse effect on the financial position of the Wider St. Modwen Group taken as a whole; or
- (xx) having taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of St. Modwen Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the Takeover Code;

#### **No material adverse change**

- (g) since 30 November 2020, and except as Disclosed, there having been:
  - (i) no adverse change and no circumstance having arisen which would be expected to result in any adverse change or deterioration in the business, assets, value, financial or trading position, profits, prospects or operational performance of any member of the Wider St. Modwen Group to an extent which is material to the Wider St. Modwen Group taken as a whole or to the financing of the Acquisition;
  - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings including, without limitation, with regard to intellectual property rights used by the Wider St. Modwen Group having been threatened, announced or instituted by or against or remaining outstanding against any member of the Wider St. Modwen Group or to which any member of the Wider St. Modwen Group is or may become a party (whether as claimant or defendant or otherwise) which, in any such case, might be expected to have a material adverse effect on the Wider St. Modwen Group taken as a whole, and no enquiry, review, investigation or enforcement proceedings by, or complaint or reference



to, any Third Party against or in respect of any member of the Wider St. Modwen Group having been threatened, announced or instituted by or against, or remaining outstanding in respect of, any member of the Wider St. Modwen Group which, in any such case, might be expected to have a material adverse effect on the Wider St. Modwen Group taken as a whole;

- (iii) no contingent or other liability having arisen, increased or become apparent which is reasonably likely to adversely affect the business, assets, financial or trading position, profits, prospects or operational performance of any member of the Wider St. Modwen Group to an extent which is material to the Wider St. Modwen Group taken as a whole
  - (iv) no steps having been taken and no omissions having been made which are reasonably likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider St. Modwen Group, which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which is material and reasonably likely to have a material adverse effect on the Wider St. Modwen Group taken as a whole; and
  - (v) no member of the Wider St. Modwen Group having conducted its business in material breach of any applicable laws and regulations which in any case is material in the context of the Wider St. Modwen Group taken as a whole.
- (h) since 30 November 2020, and except as Disclosed, Bidco not having discovered:
- (i) that any financial, business or other information concerning the Wider St. Modwen Group publicly announced or disclosed to any member of the Wider Bidco Group at any time prior to this announcement by or on behalf of any member of the Wider St. Modwen Group or to any of their advisers is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make that information not misleading and which is, in any case, material in the context of the Wider St. Modwen Group taken as a whole or in the context of the Acquisition;
  - (ii) that any member of the Wider St. Modwen Group is subject to any liability, contingent or otherwise and which is material in the context of the Wider St. Modwen Group taken as a whole; or
  - (iii) any information which affects the import of any information disclosed to Bidco at any time prior to this announcement by or on behalf of any member of the Wider St. Modwen Group which is material in the context of the Wider St. Modwen Group taken as a whole;

## **Environmental liabilities**

- (i) except as Disclosed, Bidco not having discovered that, in relation to any release, emission, accumulation, discharge, disposal or other similar circumstance which has impaired or is likely to impair the environment (including property) or harmed or is likely to harm the health of humans, animals or other living organisms or eco-systems, any past or present member of the Wider St. Modwen Group, in a manner or to an extent which is material in the context of the Wider St. Modwen Group, (i) has committed any violation of any applicable laws, statutes, regulations, Authorisations, notices or other requirements of any Third Party giving rise to a material liability; and/or (ii) has incurred any material liability (whether actual or contingent) to any Third Party; and/or (iii) is likely to incur any material liability (whether actual or contingent), or is required, to make good, remediate, repair, re-instate or clean up the environment (including any property) in each case of (i), (ii) or (iii) which such liability or requirement would be material to the Wider St. Modwen Group taken as a whole;

## **Intellectual Property**

- (j) no circumstance having arisen or event having occurred in relation to any intellectual property owned or used by any member of the Wider St. Modwen Group which would have a material adverse effect on the Wider St. Modwen Group taken as a whole or is otherwise material in the context of the Acquisition, including:
  - (i) any member of the Wider St. Modwen Group losing its title to any intellectual property material to the Wider St. Modwen Group taken as a whole, or any intellectual property owned by the Wider St. Modwen Group and material to the Wider St. Modwen Group taken as a whole being revoked, cancelled or declared invalid;
  - (ii) any claim being asserted in writing or threatened in writing by any person challenging the ownership of any member of the Wider St. Modwen Group to, or the validity or effectiveness of, any intellectual property of the Wider St. Modwen Group that is material to the Wider St. Modwen Group taken as a whole; or
  - (iii) any agreement regarding the use of any intellectual property licensed to or by any member of the Wider St. Modwen Group that is material to the Wider St. Modwen Group taken as a whole being terminated or varied;

## **Anti-corruption and sanctions**

- (k) except as Disclosed, Bidco not having discovered that (to an extent that is material in the context of the Wider St. Modwen Group taken as a whole):
  - (i) any past or present member of the Wider St. Modwen Group or any person that performs or has performed services for or on behalf of any such company is or has at any time engaged in any activity, practice or conduct (or omitted to take any action) in contravention of the UK

Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977, as amended or any other applicable anti-corruption legislation;

- (ii) any member of the Wider St. Modwen Group is ineligible to be awarded any contract or business under section 23 of the Public Contracts Regulations 2006 or section 26 of the Utilities Contracts Regulations 2006 (each as amended);
- (iii) any past or present member of the Wider St. Modwen Group has engaged in any activity or business with, or made any investments in, or made any payments to any government, entity or individual covered by any of the economic sanctions administered by the United Nations or the European Union (or any of their respective member states) or the United States Office of Foreign Assets Control or any other governmental or supranational body or authority in any jurisdiction; or
- (iv) a member of the St. Modwen Group has engaged in a transaction which would cause the Bidco Group to be in breach of any law or regulation on completion of the Acquisition, including the economic sanctions administered by the United States Office of Foreign Assets Control or HM Treasury & Customs or any government, entity or individual targeted by any of the economic sanctions of the United Nations, United States or the European Union or any of its member states;

#### **No criminal property**

- (l) except as Disclosed, Bidco not having discovered that any asset of any member of the Wider St. Modwen Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition).

#### **Part B: Further terms of the Acquisition**

1. Subject to the requirements of the Panel in accordance with the Takeover Code, Bidco reserves the right in its sole discretion to waive:
  - (a) the deadline set out in paragraph 1 of Part A of this Appendix 1, and any of the deadlines set out in paragraph 2 of Part A of this Appendix 1 for the timing of the Court Meeting, St. Modwen General Meeting and the Sanction Hearing. If any such deadline is not met, Bidco shall make an announcement by 7.00 a.m. on the Business Day following such deadline confirming whether it has invoked or waived the relevant Condition or agreed with St. Modwen to extend the deadline in relation to the relevant Condition; and
  - (b) in whole or in part, all or any of the Conditions listed in Part A above, except for Conditions 2(a)(i), 2(b)(i) and 2(c)(i) (*Conditions of the Scheme*) which cannot be waived.
2. Conditions 3(a) to (l) (inclusive) must each be fulfilled, determined by Bidco to be or to remain satisfied or (if capable of waiver) be waived by Bidco by no later than 11.59 p.m. on the date immediately preceding the date of the Sanction Hearing, failing which the Acquisition will lapse. Bidco shall be under no obligation to waive or treat as

satisfied any of the Conditions that it is entitled (with the consent of the Panel) to invoke, by a date earlier than the latest date specified above for the fulfilment or waiver thereof, notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.

3. If Bidco is required by the Panel to make an offer for St. Modwen Shares under the provisions of Rule 9 of the Takeover Code, Bidco may make such alterations to any of the above Conditions and terms of the Acquisition as are necessary to comply with the provisions of that Rule.
4. Under Rule 13.5(a) of the Takeover Code, Bidco may not invoke a Condition so as to cause the Acquisition not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the Condition are of material significance to Bidco in the context of the Acquisition. The Conditions contained in paragraphs 1, 2 and 3(a) above and, if applicable, any acceptance condition if the Acquisition is implemented by means of a takeover offer, are not subject to this provision of the Takeover Code.
5. Bidco reserves the right to elect to implement the Acquisition by way of a takeover offer (as defined in section 974 of the 2006 Act) as an alternative to the Scheme (subject to the Panel's consent and the terms of the Cooperation Agreement). In such event, the Acquisition will be implemented on the same terms (subject to appropriate amendments including (without limitation) the inclusion of an acceptance condition set at 75 per cent. (or such other percentage as Bidco may, subject to the rules of the Takeover Code and the terms of the Cooperation Agreement and with the consent of the Panel, decide) of the shares to which the Acquisition relates and those required by, or deemed appropriate by, Bidco under applicable law, so far as applicable) as those which would apply to the Scheme. Further, if sufficient acceptances of such offer are received and/or sufficient St. Modwen Shares are otherwise acquired, it is the intention of Bidco to apply the provisions of the 2006 Act to acquire compulsorily any outstanding St. Modwen Shares to which such offer relates.
6. The Acquisition will lapse if (a) in so far as the Acquisition or any matter arising from or relating to the Scheme or Acquisition constitutes a concentration with a European Union dimension within the scope of Council Regulation (EC) 139/2004, the European Commission initiates proceedings under Article 6(1)(c) of Council Regulation (EC) 139/2004 or (b) the Acquisition or any matter arising from or relating to the Scheme or Acquisition becomes subject to a Phase 2 CMA Reference, in either case before 1.00 p.m. on or before the later of the date of the Court Meeting and the date of the St. Modwen General Meeting. In such event, St. Modwen will not be bound by the terms of the Scheme.
7. The Acquisition and the Scheme will be governed by English law and be subject to the jurisdiction of the English courts and to the Conditions set out above. The Acquisition and the Scheme will be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange, the Listing Rules, the FCA and the Registrar of Companies.
8. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

9. St. Modwen Shares which will be acquired under the Acquisition will be acquired fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of capital (whether by reduction of share capital or share premium account or otherwise) made on or after the Effective Date.
10. If, on or after the date of this announcement and prior to the Effective Date, any dividend, distribution or other return of capital is declared, paid or made or becomes payable by St. Modwen in respect of the St. Modwen Shares, Bidco reserves the right (without prejudice to any right of Bidco, with the consent of the Panel, to invoke the Condition set out in paragraph 3(f)(ii) of Part A of this Appendix 1) to reduce the consideration payable under the terms of the Acquisition for the St. Modwen Shares by an amount up to the amount of such dividend and/or distribution and/or return of capital. In such circumstances, St. Modwen Shareholders would be entitled to retain any such dividend, distribution and/or other return of capital declared, made or paid.

If and to the extent that any such dividend, distribution or other return of capital is paid or made in respect of the St. Modwen Shares prior to the Effective Date, and Bidco exercises its rights under this paragraph 10 to reduce the consideration payable under the terms of the Acquisition for the St. Modwen Shares, any reference in this announcement to the consideration payable under the terms of the Acquisition shall be deemed to be a reference to the consideration as so reduced.

If and to the extent that any such dividend, distribution or other return of capital has been declared or announced but not paid or made or is not payable in respect of the St. Modwen Shares prior to the Effective Date or by reference to a record date prior to the Effective Date or is (i) transferred pursuant to the Acquisition on a basis which entitles Bidco to receive the dividend, distribution or other return of capital and to retain it; or (ii) cancelled before payment, the consideration payable under the terms of the Acquisition for the St. Modwen Shares shall not be subject to change in accordance with this paragraph 10.

Any exercise by Bidco of its rights referred to in this paragraph 10 shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Scheme or the Acquisition.

11. The Acquisition is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any means of instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any jurisdiction where to do so would violate the laws of that jurisdiction.
12. The Acquisition will be subject, inter alia, to the Conditions and certain further terms which are set out in this Appendix 1 and those terms which will be set out in the Scheme Document and the Cooperation Agreement and such further terms as may be required to comply with the Listing Rules and the provisions of the Takeover Code.
13. The availability of the Acquisition to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. Any persons who are subject to the

laws of any jurisdiction other than the United Kingdom should inform themselves about and observe any applicable requirements. Further information in relation to Overseas Shareholders will be contained in the Scheme Document.

## **APPENDIX 2**

### **SOURCES AND BASES OF INFORMATION**

Unless otherwise stated, the following constitute the sources and bases of information referred to in this Announcement:

1. financial information relating to St. Modwen has been extracted or derived (without adjustment) from the audited consolidated financial statements for St. Modwen for the financial year ended 30 November 2020;
2. the fully diluted share capital of St. Modwen, being 228,228,257 St. Modwen Shares, is calculated as at 19 May 2021 (being the last practicable date prior to the date of this announcement) on the basis of:
  - (a) 222,626,988 St. Modwen Shares in issue; and
  - (b) 5,965,783 St. Modwen Shares which may be issued on or after the date of this announcement to satisfy the exercise of options and vesting of awards under the St. Modwen Share Plans; less
  - (c) 364,514 St. Modwen Shares held by St. Modwen's employee benefit trust which can be used to satisfy the exercise of options and vesting of awards granted under the St. Modwen Share Plans;
3. all closing prices for St. Modwen Shares are closing middle market quotations of a share derived from the Daily Official List of the London Stock Exchange on the relevant date(s);
4. all volume-weighted average St. Modwen Share prices are derived from data provided by Bloomberg for the relevant time periods; and
5. the highest share price per St. Modwen Share since the global financial crisis is based on the Closing Price of 530 pence on 14 February 2020.

### **APPENDIX 3**

#### **DETAILS OF IRREVOCABLE UNDERTAKINGS**

##### **1. Directors**

The following St. Modwen Directors have given irrevocable undertakings to vote in favour of the Resolutions relating to the Acquisition at the Meetings in respect of their own beneficial holdings of St. Modwen Shares which are under their control:

<b>Name</b>	<b>Total Number of St. Modwen Shares</b>	<b>Percentage of existing issued share capital</b>
Danuta Gray	18,861	0.008
Sarwjit Sambhi	38,744	0.017
Rob Hudson	210,253	0.094
Ian Alan Bull	42,500	0.019
Jamie Hopkins	12,564	0.006
Jenefer Greenwood	10,359	0.005
Sarah Whitney	17,371	0.008
Simon Clarke	2,691,657	1.209

The irrevocable undertakings referred to in the table immediately above cease to be binding on the earlier of the following occurrences (i) the Scheme Document is not sent to St. Modwen Shareholders within 28 days (or such later period as the Panel may agree) after the date of this announcement; (ii) Bidco announces, with the consent of the Panel, that it does not intend to make or proceed with the Acquisition and no new, revised or replacement offer or scheme is announced at the same time; (iii) the Scheme lapses or is withdrawn in accordance with its terms unless, by such time, Bidco publicly announces its intention to proceed with the Acquisition or to implement the Acquisition by way of an Offer; (iv) the Scheme has not become effective by 23.59 p.m. on the Long Stop Date (or such other time and date as agreed between Bidco and St. Modwen, with the approval of the Court and/or the Panel, if required (other than in circumstances where Bidco has, prior to such date, elected to exercise its right to proceed by way of an Offer and announced the same in accordance with the requirements of Paragraph 8 of Appendix 7 to the Takeover Code, and such Offer has not lapsed or been withdrawn)); or (v) the date on which any competing offer for the entire issued and to be issued share capital of St. Modwen is declared wholly unconditional or becomes effective.

##### **2. Members of the Clarke family**

Members of the Clarke family have given irrevocable undertakings to vote in favour of the resolutions relating to the Acquisition at the Meetings in respect of their respective beneficial holdings of St. Modwen Shares:



<b>Name</b>	<b>Total Number of St. Modwen Shares</b>	<b>Percentage of existing issued share capital</b>
Jane Louise Gerard-Pearse	3,795,658	1.705
Sally Ann Hayward	3,774,657	1.696
Mary Elizabeth MacGregor	3,816,657	1.714
Angus William Hayward	33,500	0.015
Eleanor Louise Hayward	33,500	0.015
Georgina Rose Hayward	33,500	0.015
Matthew William Clarke	33,500	0.015
Emily Bess Gerard-Pearse	33,500	0.015
Annabel Iona Gerard-Pearse	33,500	0.015
Fergus Duncan MacGregor	33,500	0.015

The irrevocable undertakings referred to in the table immediately above cease to be binding on the earlier of the following occurrences (i) the Scheme Document is not sent to St. Modwen Shareholders within 28 days (or such later period as the Panel may agree) after the date of this announcement; (ii) Bidco announces, with the consent of the Panel, that it does not intend to make or proceed with the Acquisition and no new, revised or replacement offer or scheme is announced at the same time; (iii) the Scheme lapses or is withdrawn in accordance with its terms unless, by such time, Bidco publicly announces its intention to proceed with the Acquisition or to implement the Acquisition by way of an Offer; (iv) the Scheme has not become effective by 23.59 p.m. on the Long Stop Date (or such other time and date as agreed between Bidco and St. Modwen, with the approval of the Court and/or the Panel, if required (other than in circumstances where Bidco has, prior to such date, elected to exercise its right to proceed by way of an Offer and announced the same in accordance with the requirements of Paragraph 8 of Appendix 7 to the Takeover Code, and such Offer has not lapsed or been withdrawn)); or (v) the date on which any competing offer for the entire issued and to be issued share capital of St. Modwen is declared wholly unconditional or becomes effective.

## **APPENDIX 4 DEFINITIONS**

**The following definitions apply throughout this document unless the context otherwise requires:**

<b>“2006 Act”</b>	the Companies Act 2006, as amended from time to time
<b>“2020 St. Modwen Annual Report”</b>	the annual report and audited accounts of the St. Modwen Group for the year ended 30 November 2020
<b>“Acquisition”</b>	the proposed acquisition by Bidco of the entire issued, and to be issued, ordinary share capital of St. Modwen not already owned or controlled by the Bidco Group, to be implemented by means of the Scheme or, should Bidco so elect, by means of an Offer
<b>“Articles”</b>	the articles of association of St. Modwen from time to time
<b>“associated undertaking”</b>	shall be construed in accordance with paragraph 19 of Schedule 6 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) but for this purpose ignoring paragraph 19(1)(b) of Schedule 6 to those regulations
<b>“Authorisations”</b>	authorisations, orders, grants, recognitions, confirmations, consents, licences, clearances, certificates, permissions or approvals, in each case of a Third Party
<b>“Bidco”</b>	Brighton Bidco Limited
<b>“Bidco Board”</b>	the directors of Bidco
<b>“Bidco Group”</b>	Bidco and its subsidiary undertakings and where the context permits, each of them
<b>“Blackstone”</b>	The Blackstone Group Inc.
<b>“Blackstone Funds”</b>	(i) Blackstone Real Estate Partners VI L.P.; and (ii) Blackstone Real Estate Partners IX L.P

<b>“Business Day”</b>	a day, not being a public holiday, Saturday or Sunday, on which clearing banks in London are open for normal business
<b>“Closing Price”</b>	the closing middle market quotations of a share derived from the Daily Official List of the London Stock Exchange
<b>“CMA”</b>	the Competition and Markets Authority or its successor from time to time
<b>“Conditions”</b>	the conditions of the Acquisition set out in Appendix 1 to this announcement
<b>“Confidentiality Agreement”</b>	the confidentiality agreement between The Blackstone Group International Partners and St. Modwen, dated 13 April 2021
<b>“Cooperation Agreement”</b>	the cooperation agreement between Bidco and St. Modwen, dated 20 May 2021
<b>“Court”</b>	means the High Court of Justice in England and Wales
<b>“Court Meeting”</b>	the meeting of St. Modwen Shareholders to be convened at the direction of the Court pursuant to Part 26 of the 2006 Act at which a resolution will be proposed to approve the Scheme, including any adjournment thereof
<b>“Court Order”</b>	the order of the Court sanctioning the Scheme under Part 26 of the 2006 Act
<b>“CREST”</b>	the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator (as defined in CREST)
<b>“Daily Official List”</b>	the daily official list of the London Stock Exchange
<b>“Dealing Disclosure”</b>	an announcement by a party to an offer or a person acting in concert as required by Rule 8 of the Takeover Code
<b>“Disclosed”</b>	the information disclosed by or on behalf of St. Modwen: (i) in the 2020 St. Modwen Annual Report; (ii) in this announcement; (iii) in any other announcement to a Regulatory Information Service prior to the publication of this announcement; (iv) fairly disclosed in writing (including via the virtual data room operated by or on behalf of St. Modwen in

	respect of the Acquisition) or orally in meetings and calls by St. Modwen management prior to the date of this announcement to Bidco or Bidco's advisers (in their capacity as such);
<b>“Disclosure Guidance and Transparency Rules”</b>	the Disclosure Guidance and Transparency Rules sourcebook issued by the FCA
<b>“Effective”</b>	in the context of the Acquisition: (i) if the Acquisition is implemented by way of the Scheme, the Scheme having become effective pursuant to its terms; or (ii) if the Acquisition is implemented by way of the Offer, the Offer having been declared or having become unconditional in all respects in accordance with the requirements of the Takeover Code
<b>“Effective Date”</b>	the date on which the Acquisition becomes Effective
<b>“Equity Commitment Letter”</b>	means the equity commitment letter entered into between Bidco, on the one hand, and Blackstone Funds, on the other hand, dated 20 May 2021
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited
<b>“FCA”</b>	the Financial Conduct Authority or its successor from time to time
<b>“FCA Handbook”</b>	the FCA's Handbook of rules and guidance as amended from time to time
<b>"J.P. Morgan Cazenove"</b>	J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove
<b>“Lazard”</b>	Lazard & Co., Limited
<b>“Listing Rules”</b>	the listing rules made under FSMA by the FCA and contained in the FCA’s publication of the same name, as amended from time to time
<b>“London Stock Exchange”</b>	the London Stock Exchange plc or its successor
<b>“Long Stop Date”</b>	22 November 2021 or such later date as may be agreed between Bidco and St. Modwen and, if required, the Panel and the Court may allow
<b>“Market Abuse Regulation”</b>	Regulation (EU) No 596/2014, as it forms part of domestic law of the United Kingdom by

	virtue of the European Union (Withdrawal) Act 2018
<b>“Meetings”</b>	the Court Meeting and the St. Modwen General Meeting
<b>"Numis"</b>	Numis Securities Limited
<b>“Offer”</b>	subject to the consent of the Panel and the terms of the Cooperation Agreement, should the Acquisition be implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the 2006 Act, the offer to be made by or on behalf of Bidco to acquire the entire issued and to be issued share capital of St. Modwen, other than St. Modwen Shares owned or controlled by the Bidco Group and, where the context admits, any subsequent revision, variation, extension or renewal of such offer
<b>“Official List”</b>	the Official List of the FCA
<b>“Opening Position Disclosure”</b>	an announcement pursuant to Rule 8 of the Takeover Code containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to the Acquisition
<b>“Overseas Shareholders”</b>	holders of Scheme Shares who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom
<b>“Panel”</b>	the Panel on Takeovers and Mergers
<b>“Phase 2 CMA Reference”</b>	a reference of the Acquisition to the chair of the CMA for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013
<b>“PRA”</b>	the Prudential Regulation Authority or its successor from time to time
<b>“Registrar of Companies”</b>	the Registrar of Companies in England and Wales
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001
<b>“Regulatory Information Service”</b>	a regulatory information service as defined in the FCA Handbook
<b>“relevant securities”</b>	as the context requires, St. Modwen Shares, other St. Modwen share capital and any

	securities convertible into or exchangeable for, and rights to subscribe for, any of the foregoing
<b>“Resolutions”</b>	the Special Resolutions and the resolution to be proposed at the Court Meeting to approve the Scheme
<b>“Restricted Jurisdiction”</b>	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Offer is sent or made available to St. Modwen Shareholders in that jurisdiction
<b>“Rothschild &amp; Co”</b>	N.M. Rothschild & Sons Limited
<b>“Sanction Hearing”</b>	the Court hearing to sanction the Scheme
<b>“Scheme”</b>	the proposed scheme of arrangement under Part 26 of the 2006 Act between St. Modwen and the holders of the Scheme Shares, with or subject to any modification, addition or condition approved or imposed by the Court and agreed by St. Modwen and Bidco
<b>“Scheme Document”</b>	the document to be sent to St. Modwen Shareholders and persons with information rights containing, amongst other things, the Scheme and notices of the Meetings and proxy forms in respect of the Meetings
<b>“Scheme Record Time”</b>	the time and date to be specified in the Scheme Document, expected to be 6.00 p.m. on the Business Day immediately prior to the date of the Sanction Hearing
<b>“Scheme Shareholders”</b>	holders of Scheme Shares
<b>“Scheme Shares”</b>	all St. Modwen Shares: (i) in issue at the date of the Scheme Document and which remain in issue at the Scheme Record Time; (ii) (if any) issued after the date of the Scheme Document but before the Voting Record Time and which remain in issue at the Scheme Record Time; and (iii) (if any) issued at or after the Voting Record Time and before the Scheme Record Time in respect of which the original or any subsequent holders thereof are, or shall have agreed in writing to be, bound by the Scheme and which remain in issue at the Scheme Record Time

<b>“Special Resolutions”</b>	the special resolution(s) to be proposed at the St. Modwen General Meeting including, amongst other things, in connection with implementation of the Scheme and certain amendments to be made to the articles of association of St. Modwen
<b>“St. Modwen”</b>	St. Modwen Properties PLC
<b>“St. Modwen Board” or “St. Modwen Directors”</b>	the directors of St. Modwen
<b>“St. Modwen General Meeting”</b>	the general meeting of St. Modwen Shareholders to be convened to consider and if thought fit pass, inter alia, the Special Resolutions in relation to the Scheme including any adjournments thereof
<b>“St. Modwen Group”</b>	St. Modwen and its subsidiary undertakings and where the context permits, each of them
<b>“St. Modwen Share Plans”</b>	the St. Modwen 2007 Executive Share Option Scheme (including the 2012 Approved Addendum), the St. Modwen 2017 Employee Share Option Plan, the St. Modwen 2017 Performance Share Plan and the St. Modwen Saving Related Share Option Scheme
<b>“St. Modwen Share(s)”</b>	the existing unconditionally allotted or issued and fully paid ordinary shares of 10 pence each in the capital of St. Modwen and any further shares which are unconditionally allotted or issued before the Scheme becomes Effective but excluding in both cases any such shares held or which become held in treasury
<b>“St. Modwen Shareholder(s)”</b>	holders of St. Modwen Shares
<b>“subsidiary”, “subsidiary undertaking” and “undertaking”</b>	shall be construed in accordance with the 2006 Act
<b>“Takeover Code”</b>	the City Code on Takeovers and Mergers issued by the Panel on Takeovers and Mergers, as amended from time to time
<b>“UK” or “United Kingdom”</b>	United Kingdom of Great Britain and Northern Ireland
<b>“uncertificated” or “in uncertificated form”</b>	a share or other security title to which is recorded in the relevant register of the share or security as being held in uncertificated form, in CREST, and title to which, by virtue of the

Regulations may be transferred by means of CREST

**“Voting Record Time”**

the time and date to be specified in the Scheme Document by reference to which entitlement to vote on the Scheme will be determined

**“Wider Bidco Group”**

Bidco Group and associated undertakings and any other body corporate, partnership, joint venture or person in which Bidco and such undertakings (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent

**“Wider St. Modwen Group”**

St. Modwen and associated undertakings and any other body corporate, partnership, joint venture or person in which St. Modwen and such undertakings (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent (excluding, for the avoidance of doubt, Bidco and all of its associated undertakings which are not members of the St. Modwen Group)

All references to “£”, “**pounds sterling**”, “**GBP**”, “**pence**” and “**p**” are to the lawful currency of the United Kingdom, and references to “\$”, “**dollar**” and “**USD**” are to the lawful currency of the United States of America.

All times referred to are London time unless otherwise stated.

References to the singular include the plural and vice versa.



Dated: 20 May 2021

Signed as a deed by )

Simon William Clarke )

in the presence of: )

Signature of witness

Name of witness

Address of witness

Occupation of witness