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Report & Accounts — 1994 —



*St. Modwen is a Property Investment
and Development Company, with a clear strategy
to increase rental income, undertake developments
where the profit is secure and obtain long-term
agreements on well-located land.*

REGIONAL STRENGTH

*St. Modwen's headquarters are centrally located
in Edgbaston, Birmingham and the company has offices in
London, Stoke, Warrington and Worcester
to serve the regions.*

The pace of Progress...

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St. MODWEN PROPERTIES PLC

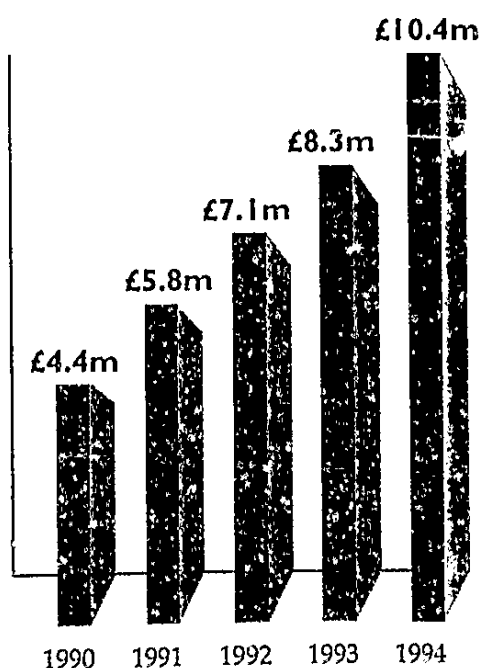
Financial Highlights

	1994	1993
Pre-tax profit	£13.2m	£3.5m
Rental income	£10.4m	£8.3m
Profit attributable to shareholders	£10.8m	£2.7m
Earnings per share	9.2p	2.2p
Net assets per share	49p	39p
Dividends per share	1.6p	1.0p
Borrowings	£27.3m	£45.7m
Shareholders' funds	£57.2m	£46.3m
Gearing	47.8%	98.7%
Interest cover	4.3 times	1.9 times
* Dividend cover (gross)	5.7	2.2
† Dividend cover (net)	1.4	1.1

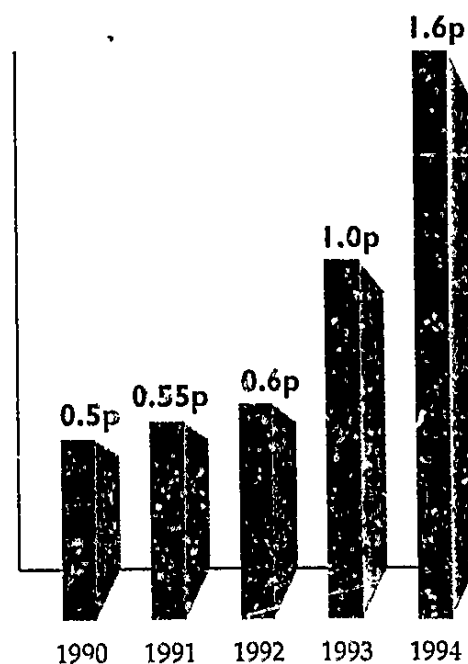
* Profit attributable to ordinary shareholders divided by the amount of the ordinary dividend.

† Profit attributable to ordinary shareholders, less after tax profit from developments and property sales, divided by the amount of the ordinary dividend.

RENTAL INCOME



DIVIDEND PER SHARE



CHAIRMAN'S STATEMENT

I am delighted to report to you on a year in which pre-tax profits rose to a record £13.2m; almost a fourfold increase on that achieved in 1993 (£3.5m). Included in the results is a one-off profit of £3.8m from the sale of the Octagon Shopping Centre, Burton upon Trent. Gross earnings per share increased by 318% to 9.2p (2.2p).

Your board is recommending that a final dividend of 1.1p (0.7p) is paid, making a total record dividend of 1.6p (1.0p), an increase of 60%. Payment will be made on 14 April 1995 to shareholders on the register on 9 March 1995.

The board has continued with its policy of basing its dividend on the after tax surplus generated from recurring investment income, less all costs including interest, as it believes that by discounting variable development and trading profits shareholders will have confidence in the company's ability to achieve sustainable growth in dividend income. On this measure the dividend is covered 1.4 times.

Net assets per share rose by 25% to 49p (1993 39p). This figure included the results of the annual valuation of the company's investment property portfolio at 30 November 1994 by King Sturge & Co., Chartered Surveyors. The valuation resulted in an increase of 3% in the value of the portfolio, which I believe is consistent with the more cautious market sentiment which has been evident in recent months.

INVESTMENT PORTFOLIO

The company's rent-roll now stands at £9.5m and the book value of income producing properties (including £6.7m held in development stock) was £84.6m at the year end, providing a running yield of 11.2%.

The company continues to manage the portfolio actively, so as to maximise current and future income and value. I am pleased to report that as a result of this active management, and the disposal and acquisition programme, the surplus by which recurring investment income exceeded the total costs of running the business increased to £3.8m during the year (1993 — £2.0m).

OCTAGON SHOPPING CENTRE, BURTON UPON TRENT

The disposal of the Octagon Shopping Centre was undoubtedly a significant transaction. The development of the Octagon Shopping Centre and its subsequent management during possibly the worst period for retail demand in recent times demonstrated the company's ability to make progress even in the most hostile of climates. During a period when many similar centres were struggling to achieve lettings, your company was able to attract tenants of quality by utilising its local and regional knowledge and its experience in design and cost-effective building. The quality of the investment enabled the company to achieve a prime yield on sale and earn a substantial profit.

DEVELOPMENTS

Three profitable developments — at Oldbury Green, West Midlands, Tamworth, Staffordshire, and the city of Stoke-on-Trent — were completed and sold during the year. They are described in more detail in the Chief Executive's Review.

These successful projects resulted from the firm strategy of only carrying out developments where the profit is believed to be secure.

LAND

Significant progress was made during the year in increasing the land bank with more sites with potential coming under control of the company. These will provide considerable opportunities for successful development in 1995 and beyond.

Land agreements are being secured by a combination of your company's reputation, its experience of planning and development management, and its participation with major landowners who see the skill of the company as the key to unlocking value and profitability both for themselves and the company. Land ownership and control is contributing to profits through both land sales and development, and is a most important part of your company's strategy.



BALANCE SHEET AND FINANCE

The company's level of gearing has fallen to 48% (99%). This is a deliberate move and will allow the company to react positively to opportunities as and when they arise.

The majority of the company's facilities are of a medium-term nature and are subject to variable rates of interest in view of the significant gap between long



and short-term rates experienced during the year, it was felt inappropriate to alter these arrangements. Hedging instruments are in place to protect the company against the possibility of significant increases in future short-term interest rates.

APPRECIATION

1994 has been a year of considerable achievement for your company. I am grateful for the continued commitment and professionalism of all employees, including my executive director colleagues

The executive is supported by the non-executive members of the board who have provided consistent and well-founded guidance and support. I extend my grateful thanks to them.

The loyalty of you, our shareholders, is never taken for granted and it is very much appreciated. We remain fully committed to the enhancement of income and value in your company.

STRATEGY

I make no apologies for emphasising again the continuation of our clear-cut policy which is to:

- a) Control costs
- b) Increase rental income
- c) Undertake developments where the profit is secure
- d) Obtain long-term agreements on well-located land with development potential.

Your board is confident this is the correct strategy for your company with the results achieved in 1994 demonstrating that it is working.

PROSPECTS

I am confident that your company will continue to make very good progress from the solid achievements of 1994.

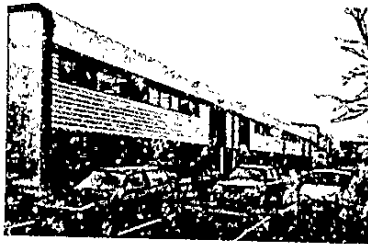
The property market reflects the general economic climate and the needs of industry and commerce to meet more challenging standards where 'quality and excellence' in performance and management is paramount. Your company has the commitment of its board and management to perform to these standards and take advantage of the opportunities to do profitable business with a well-founded and established regional policy and a clear strategy.

1995 should be another good year for shareholders.

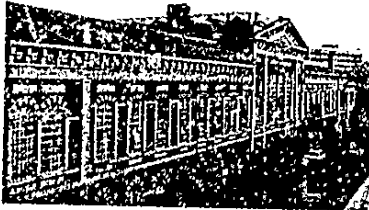
Stanley W. Clarke

St. MODWEN PROPERTIES PLC

PRINCIPAL INVESTMENTS Value in excess of



Knights Park



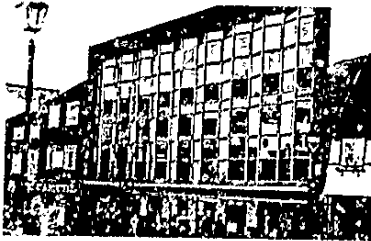
Shrub Hill



Clarendon Court



Leegate House



Castle House



Leegate Shopping Centre

INDUSTRIAL

		Sq. ft.
Freehold	BELAN ROAD INDUSTRIAL ESTATE, Tipton	211,329
Leasehold	GREGORYS BANK IND. EST. (EAST), Worcester	117,163
Freehold	GREGORYS BANK IND. EST. (WEST), Worcester	120,390
Freehold	KNIGHTS PARK, Strood, Kent	58,814
Freehold	SHRUB HILL INDUSTRIAL ESTATE, Worcester	278,996
Freehold	TRIDENT INDUSTRIAL ESTATE, Warrington	172,439
Freehold	WINGATE BUSINESS CENTRE, Wellham Green	23,005

OFFICE

Freehold	ANGLESEA HOUSE, Gravesend	10,043
Freehold	BANKFIELD HOUSE, Wolverhampton	30,000
Freehold	CANTILEVER HOUSE, London	11,340
Freehold	CASTLE HOUSE, Newcastle under Lyme	20,192
Freehold	CLARENDON COURT, Leamington Spa	53,580
Freehold	EASTCOTE, London	16,710
Freehold	GILBERT WAKEFIELD HOUSE, Warrington	12,289
Freehold	HODFORD HOUSE, Hounslow, London	33,889
Leasehold	LAKESIDE, FESTIVAL PARK, Stoke-on-Trent	7,012
Freehold	LEEGATE HOUSE, London	26,904
Leasehold	LYNDON HOUSE, Birmingham	63,240
Leasehold	RADCLYFFE HOUSE, Birmingham	19,782
Leasehold	SANDPIPER QUAY, Waters Edge, Salford	26,074

RETAIL

Freehold	ANGLESEA SHOPPING CENTRE, Gravesend	73,101
Freehold	ASCOT DRIVE, Derby (Warehouse)	20,000
Freehold	CAMPBELL HOUSE, Plymouth	38,973
Freehold	CASTLE HOUSE, Newcastle under Lyme	14,105
Freehold	CATFORD SHOPPING CENTRE, London	139,576
Freehold	CAVENDISH ARCADE, Buxton	10,112
Freehold	HERTFORD ST., Coventry	7,960
Freehold	HIGH ST., Hounslow, London	66,154
Freehold	LEEGATE SHOPPING CENTRE, London	90,977
Freehold	LICIFIELD ST., Burton upon Trent (Warehouse)	19,022
Freehold	OSMASTON ROAD, Derby (Warehouse)	26,797

All leasehold properties have terms unexpired in excess of 100 years.



ENT PROPERTIES

ss of £0.5m

Major Tenants

Pedroni Fisher Engineering (Cooper Industries)
Fata
Fraude Consigne (FKI)
Ryder Distribution Services
Secretary of State for Social Services, Bass Leisure,
Hereford & Worcester County Council, Marley Croling Tower Co.
Multiple occupancy
Darvall Moulded Gears, Fusion Group

Lloyds Bank
West Midlands Probation Service
The London Borough of Lewisham
Staffordshire County Council
Scholastic Publications, Pearl Assurance, Lunn Poly, Liverpool & Victoria
Ermap Business Publishing
Allied Dunbar
British Airways
Whitfield & Son, Serical
Hyde Housing Association, South East London Mental Health NHS Trust
Girobank, National Mutual Life, Inco Alloys,
Halcrow Staff & Services, Target Holdings,
Provident Mutual Life, Cannon Assurance,
Independent Television Commission
Canon (U.K.)
Tyson, Geo. S Hall

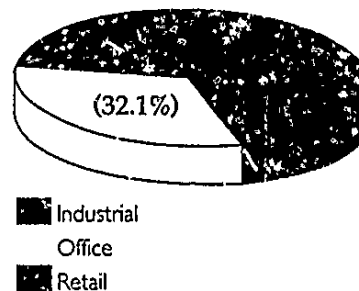
Safeway, Superdrug, Our Price
Rosebank
House of Fraser
Wilsons
Tesco, Iceland, WH Smith
Specialty Shopping Centre
WH Smith
Tesco, The Bank of Ireland, Pizza Hut
Woolworths, Boots, Kwik-Save, Abbey National
Tyre Sales
Kwik-Save

ANALYSIS OF PROPERTIES

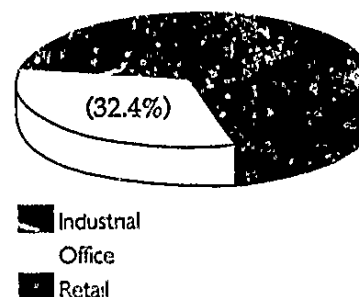
	Portfolio Book Value £m	Square Footage (Let) 000's	Current Rent-Roll £000	Average Rents £ per sq. ft.
INDUSTRIAL	23.8	956	2,823	2.95
OFFICE	27.4	311	3,062	9.84
RETAIL	33.4	457	3,658	8.00
TOTAL	84.6	1,724	9,543	5.54

The portfolio book value above includes £6.7m of income producing property held in development stock.

ANALYSIS OF THE PORTFOLIO INCOME BY TYPE



ANALYSIS OF THE PORTFOLIO BOOK VALUE BY TYPE



ST. MODWEN PROPERTIES PLC

CHIEF EXECUTIVE'S Operational Review

After a number of years in which the company's results were predominantly influenced by investment activities, 1994 saw a return to a more even balance between development and investment operations.

This was largely due to the successful completion and sale of the 125,500 sq. ft. Oldbury non-food retail park. This development was a notable example of co-operation between the public and private sector, as the Black Country Development Corporation carried out the initial reclamation of the site and then co-operated with St. Modwen in its ultimate release for development. The scheme was fully pre-let to Homebase, Cantors, Allied Carpets, Powerhouse, Harveys, Pet City, Carpetright, Poundstretcher, Changes and Staples and was pre-sold to Mercury Asset Management.

Two other schemes made significant contributions to development profits. At Tamworth planning permission was obtained on appeal for a Morrisons food store on a former industrial site. This opportunity had been progressed in collaboration with the landowner, The Fairey Group Plc. In addition, another pre-let/pre-sold development was completed at Festival Park, Stoke-on-Trent where a 7,978 sq. ft. office building was let to the DSS for use as a medical examination centre and sold to a private investor.

PROGRESS FOR THE FUTURE

In addition to the work on the schemes that contributed to 1994's profits, substantial progress was made on schemes which should

contribute to profits in 1995 and later. Further pre-let developments are taking shape at Festival Park, Stoke-on-Trent — in particular, an 18,500 sq. ft. non-food retail unit for PC World. In addition, terms were agreed for the sale of a 2 acre site to Whitbread for a hotel and restaurant on the company's Wellfield site at Runcom. At Oldbury the former Homebase

unit, taken back as part of the main non-food retail scheme there, was let to Rank for a bingo operation. In Derby the final units on the 65,000 sq. ft. speculative industrial scheme at Raynesway were also let.

CANNOCK

The 95,000 sq. ft. Cannock town centre shopping scheme is also moving forward with more than 50% of the planned space, including the three medium

space anchor units, under offer. It is hoped to complete legal agreements with the principal pre-let operators and that continuing interest will permit construction to commence in early 1995.

ASHTON-IN-MAKERFIELD

At Ashton-in-Makerfield planning permission has been obtained for a 67,500 sq. ft. town centre retail development anchored by a 20,000 sq. ft. Kwik-Save store on which terms have been agreed. Negotiations to secure further lettings are taking place and it is hoped to start on site in the first part of this year.

LONG-TERM AGREEMENTS

The company's policy of working with landowners on long-term agreements is starting to bear fruit and should be an important element of its future success.



OLDBURY GREEN
RETAIL PARK
WEST MIDLANDS

OLDBURY
GREEN
RETAIL PARK

SAINSBURY'S
HOMEBASE
HOUSE AND GARDEN CENTRE

CANTOR'S
FURNITURE

Allied CARPETS

POWERHOUSE

HARVEYS

Pet City

THE SUPERSTORE DEVOTED TO PETS



St. MODWEN
DEVELOPMENTS LTD.

IN ASSOCIATION
WITH



BLACK COUNTRY
DEVELOPMENT CORPORATION



St. MODWEN PROPERTIES PLC

CHIEF EXECUTIVE'S Operational Review

The first major fruits of this policy were seen in the year with the successful food store development at Tamworth. The company identified the former industrial site's potential some years ago and entered into an arrangement to promote it for retail use. After resolving various highway and other issues, planning permission was obtained on appeal to the mutual benefit of the landowner and the company. Progress is also being made at Hilton, Derbyshire where the company is developing 283 acres of a mixed housing and employment development with the Ministry of Defence. Sales of more than 20 acres of housing land should be made in the present year.

At Cobridge in Stoke-on-Trent the first phase of the Festival Park extension is now under way through Stoke-on-Trent

Regeneration Limited, the company's joint venture with Stoke-on-Trent City Council. The first phase includes 5 single-storey, 30 bed, nursing homes for Takare plc, 11 acres of housing and a 50,000 sq. ft. non-food retail extension to the park together with considerable community benefits, including off-site roadworks and resited allotments, sports and leisure facilities.

Planning permission was also obtained in the year for the 20 acre Wolstanton industrial development at Stoke-on-Trent which is being developed with British Coal.

In many of these schemes the company's skills in managing the reclamation of brownfield sites have proved vital.

All the progress listed has been made in a development market that is still not easy. Tenant demand remains patchy and difficult to secure

However, the well-located land bank built up by the company enables it to respond rapidly to demand when it occurs. The company is still looking for opportunities to secure further sites and is in advanced discussion with landowners for long-term agreements on a number of major sites in the Midlands.



Medical Examination Centre, DSS,
Festival Park, Stoke

The general approach on individual developments is still to proceed with buildings only where they are pre-let or substantially pre-let but if tenant demand continues to improve there may be opportunities for highly selective speculative development as the year progresses.

INVESTMENT ACTIVITY

The investment front saw considerable activity in the year. Apart from the sale of the

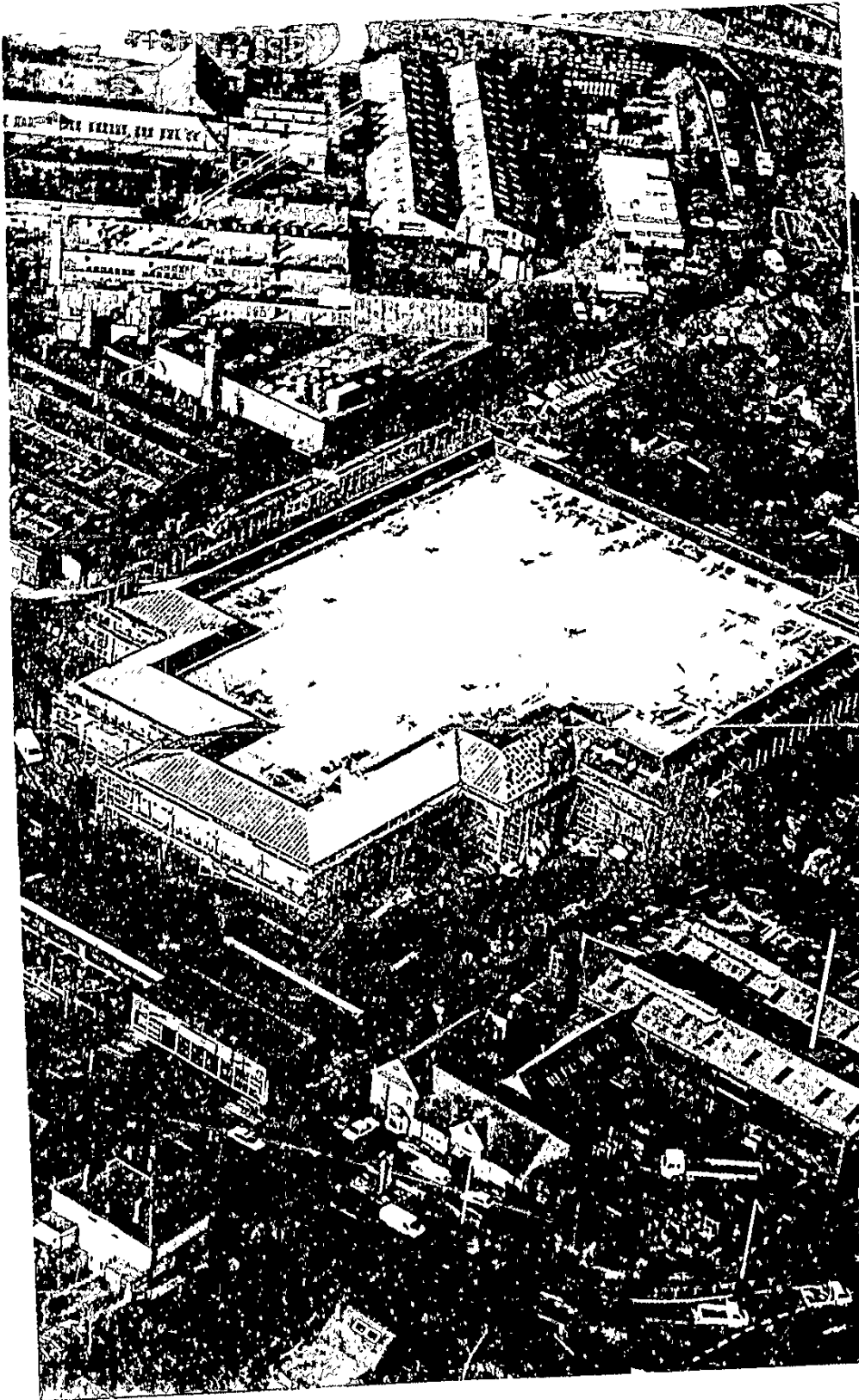
Octagon Shopping Centre, Burton upon Trent, reported in the Chairman's Statement, investment properties in Rugeley, Torquay and Plymouth were sold. At the same time, the Anglesea Centre in Gravesend was acquired from Wereldharve and further properties were acquired at Catford from the same vendor as the Catford Shopping Centre.

The Anglesea Centre is a covered centre comprising some 77,419 sq. ft. of retail space, together with 10,000 sq. ft. of offices and a multi-storey car park. Its rent (currently £985,900) provides a double figure yield on its acquisition price.

The Catford properties comprise useful secondary investments in their own right but also make the long-term expansion of the Catford Shopping Centre possible as and when demand permits



MORRISON'S
HYPERMARKETS
LIMWORTH STORES



St. MODWEN PROPERTIES PLC

CHIEF EXECUTIVE'S Operational Review

These transactions were in accordance with the company's strategy of concentrating investment activities in situations where higher returns can be obtained from active management.

The cumulative effect of the above disposals and acquisitions was to reduce the overall annual rent-roll by some £0.8m from that reported last year, since when additional lettings and reviews have added £0.6m to leave the current annual rent-roll at £9.5m. It has, however, resulted in the company's gearing being significantly reduced so that it is in a strong position to take advantage of development or investment opportunities as occasion demands.

LETTING PROGRESS

Letting the void space in the investment portfolio continues to be hard work. Progress overall was made in the year and the trend seems to be an improving one. We have found that throughout our portfolio rental levels have stabilised and whilst tenants are still looking for flexible deals, particularly in respect of the length of the lease and break clauses, a reasonable rent can be secured.

Areas where particularly useful progress was made included the Leegate Shopping Centre, where the remainder of the offices in Leegate House were let to South East London Mental Health NHS Trust; Hounslow, where after a slow start earlier in the year inroads have been made into the vacant retail units; Catford, where, on the back of a reasonable rent review with Tesco and Iceland taking additional space, the scheme is solidly anchored; and Leamington where further lettings at Clarendon Court have

raised occupancy past the 70% level.

The investment portfolio continues to benefit from the direct management by the company of its own properties. This has undoubtedly enabled a more rapid reaction to problems or opportunities.

RACING

The company's minority investment in the racing operation at Uttoxeter enjoyed a successful year, public attendances were up by 5% overall, 15% since the opening of the new stand in October. The investment's potential was underlined by the completion of The Prince Edward Grandstand and the letting of all of its 18 boxes.



Racing at Uttoxeter with the Prince Edward Grandstand in the background

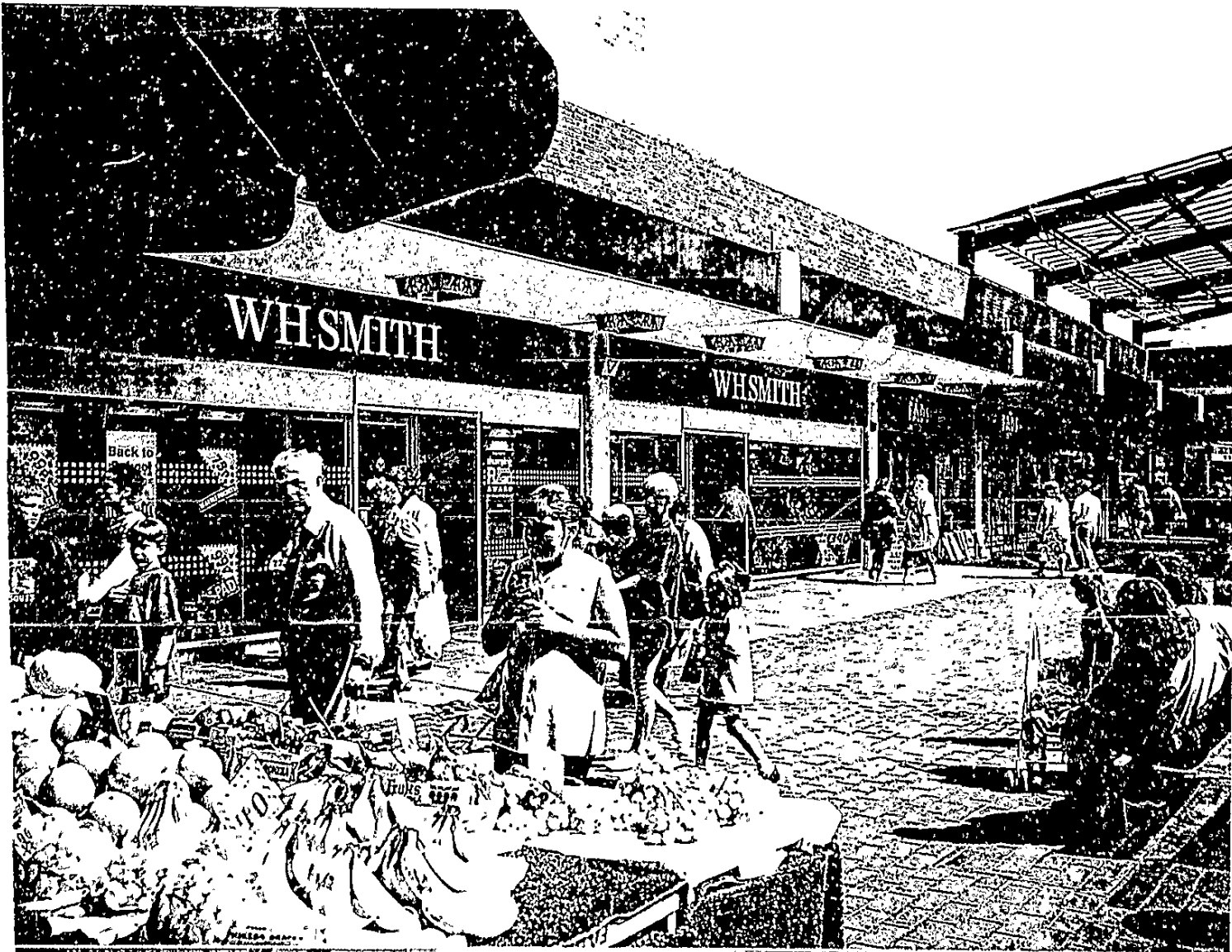
The success of the Uttoxeter operation led the company to

join in the acquisition of Newcastle Racecourse at High Gosforth Park, jointly with Stanley Clarke Leisure Limited, the company's partner at Uttoxeter. Newcastle Racecourse is a substantially bigger operation than Uttoxeter. It is a Grade I course and despite its recent well-publicised problems has considerable potential as a racing operation. In addition, High Gosforth Park, which includes two 18-hole golf courses, the rent of one of which has been tripled by a recent rent review, arguably represents the best leisure development opportunity in the North East of the country, situated as it is alongside the Newcastle conurbation with direct access on to the main trunk roads.

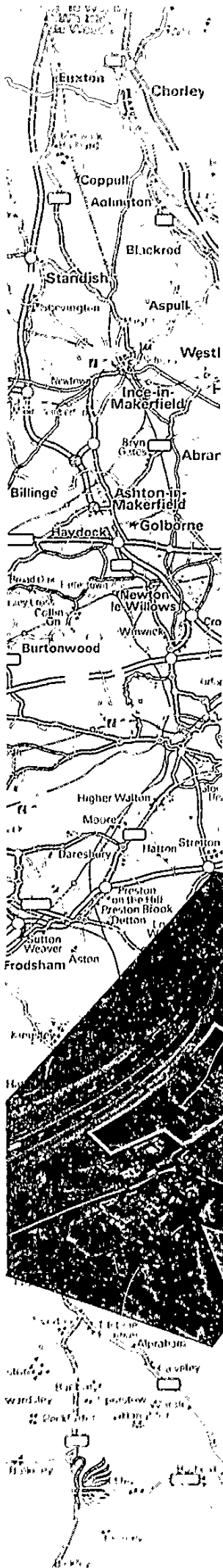
C. C. Anthony Glossop



CALFORD
SHOPPING
CENTRE



St. MODWEN PROPERTIES PLC



St. MODWEN PROPERTIES PLC

A growing portfolio of prime locations.....

St. Modwen has a well-established expertise in the development of major sites often of a mixed use nature. For this reason major landowners are willing to participate with the company in joint developments and some of the projects illustrated on these pages show the collaborative nature of many of the company's projects.

St. Modwen's first major mixed use development took place on the Festival Park site at Stoke-on-Trent. The lessons learned from that development, which began in 1988 and is still ongoing, have been put to use in subsequent developments where the principles of a specifically tailored but flexible masterplan and appropriate attention to landscaping, and the environment in general, are brought to bear.

Location has always been the most important element in successful development and all major site developments must fit the criterion of being in or near to a major conurbation with good access to the main road network system in the area. All of the sites featured on these pages share that characteristic.

St. Modwen now controls a growing portfolio of land development opportunities, often at minimal cost and without major forward commitment. By applying its skill in bringing forward these sites for development, St. Modwen intends to produce a continuing flow of profitable projects at minimum risk.



WOLSTANTON

Stoke-on-Trent

A 20 acre Industrial and Warehouse development close to Festival Park on the A500 to be developed as a joint venture with British Coal Property.

WELLFIELD

Runcorn

A 7 acre development opportunity with consent for B1/B2/B8 uses, close to junction 11 of the M56 motorway.

HILTON DEPOT

Derbyshire

A joint investment and development project with the Ministry of Defence covering 283 acres, near to the new M1-M6 link road

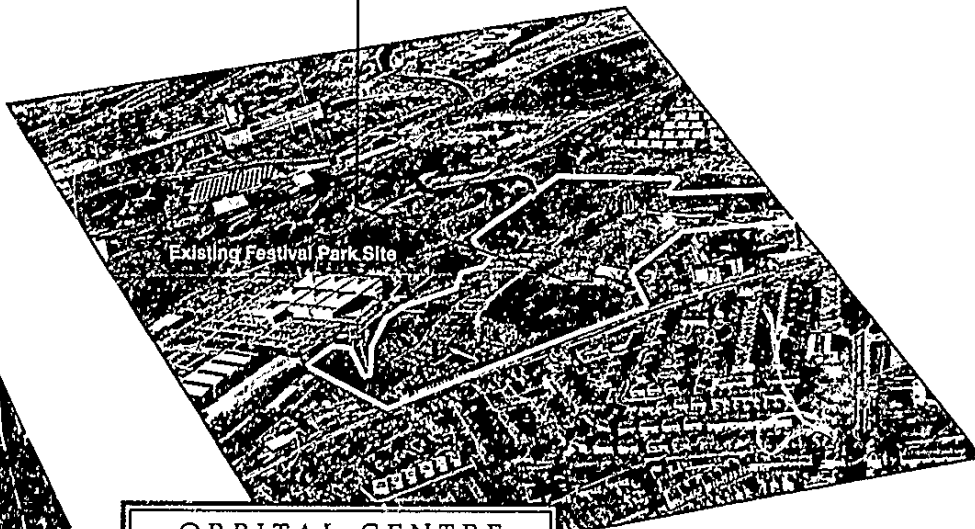
.....for long-term development!



COBRIDGE

— Stoke-on-Trent —

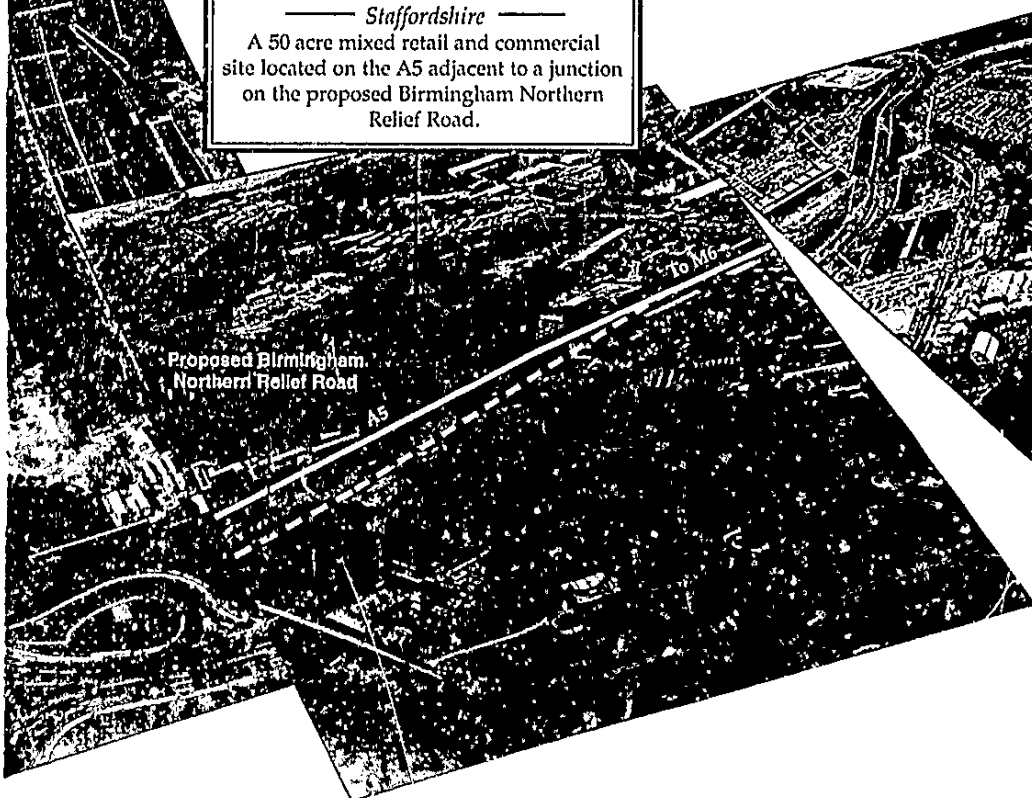
An extension to the company's successful Festival Park scheme which represents the first major regeneration scheme for the joint venture company between St Modwen and the City of Stoke-on-Trent.



ORBITAL CENTRE

— Staffordshire —

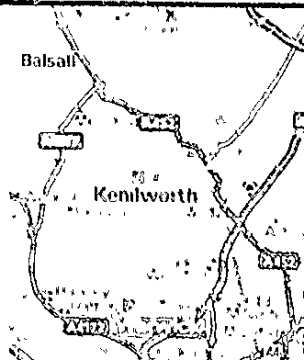
A 50 acre mixed retail and commercial site located on the A5 adjacent to a junction on the proposed Birmingham Northern Relief Road.



CARGO 10

— Luton —

A 10 acre Distribution/Industrial Development close to Luton Airport and M1.



COMPANY DIRECTORS AND ADVISERS



Stanley W. Clarke, CBE
(Chairman)

Aged 61. Appointed a Director in 1986.
Joined St. Modwen Developments in 1966
and was previously the Chairman of
Clarke Securities Limited

C. C. Anthony Glossop, MA
(Chief Executive)

Aged 53. Appointed a Director in 1986.
Previously Chief Executive of
Redman Heenan International plc

Paul E. Doona, BA (Hons), FCA
(Finance Director)

Aged 43. Appointed a Director in 1988. Previously Financial
Controller, Clarke Securities Limited

NON-EXECUTIVE

James D. Leavesley (top left)

Aged 64. Appointed a Director in 1986.
He is the Chairman of a number of private companies and a director of
Evans of Leeds plc

Clive H. Lewis, Hon. D. Litt., FRICS, FSVA (top right)

Aged 58. Appointed a Director in 1986.
He is immediate Past President of the Royal Institution of Chartered Surveyors,
Joint Chairman of Evans of Leeds International, Surveyors and Valuers, and Deputy Chairman of
the Menzies Development Corporation and a director of
Town Centre Securities plc

Christopher E. Roshier, MA, FCA, MSI (bottom left)

Aged 48. Appointed a Director in 1987.
He is a Chartered Accountant with over 20 years' experience in Corporate Finance.
He is a director of a number of other listed and private companies

Sir David Trippier, RD, JP, DL, MSI (bottom right)

Aged 48. Appointed a Director in 1992.
Appointed a member of the Stock Exchange in 1968. Entered Parliament in 1974 spending
nine of his thirteen years in Parliament as Minister
for Trade and Industry and a period as Minister for Social, Economic and Foreign Affairs.
Minister for Home Office and Construction and the Environment.
Minister of State for the Environment and Chairman of the Environment
Commission of Universities and Colleges. He is a member of
the House of Lords and a member of the House of Commons.

AUDITORS

Touche Ross & Co

STOCKBROKERS

James Capel & Co Ltd

BANKERS

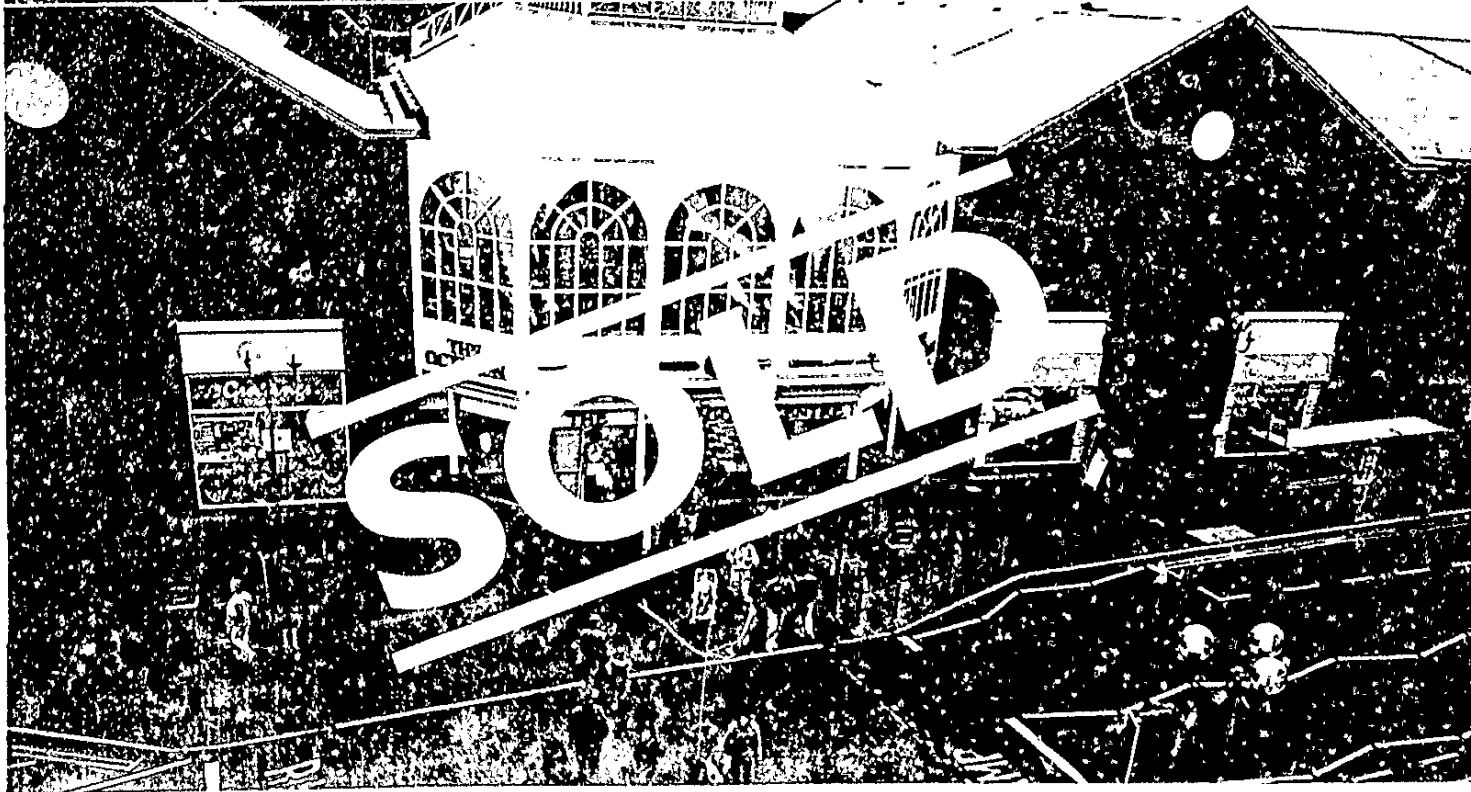
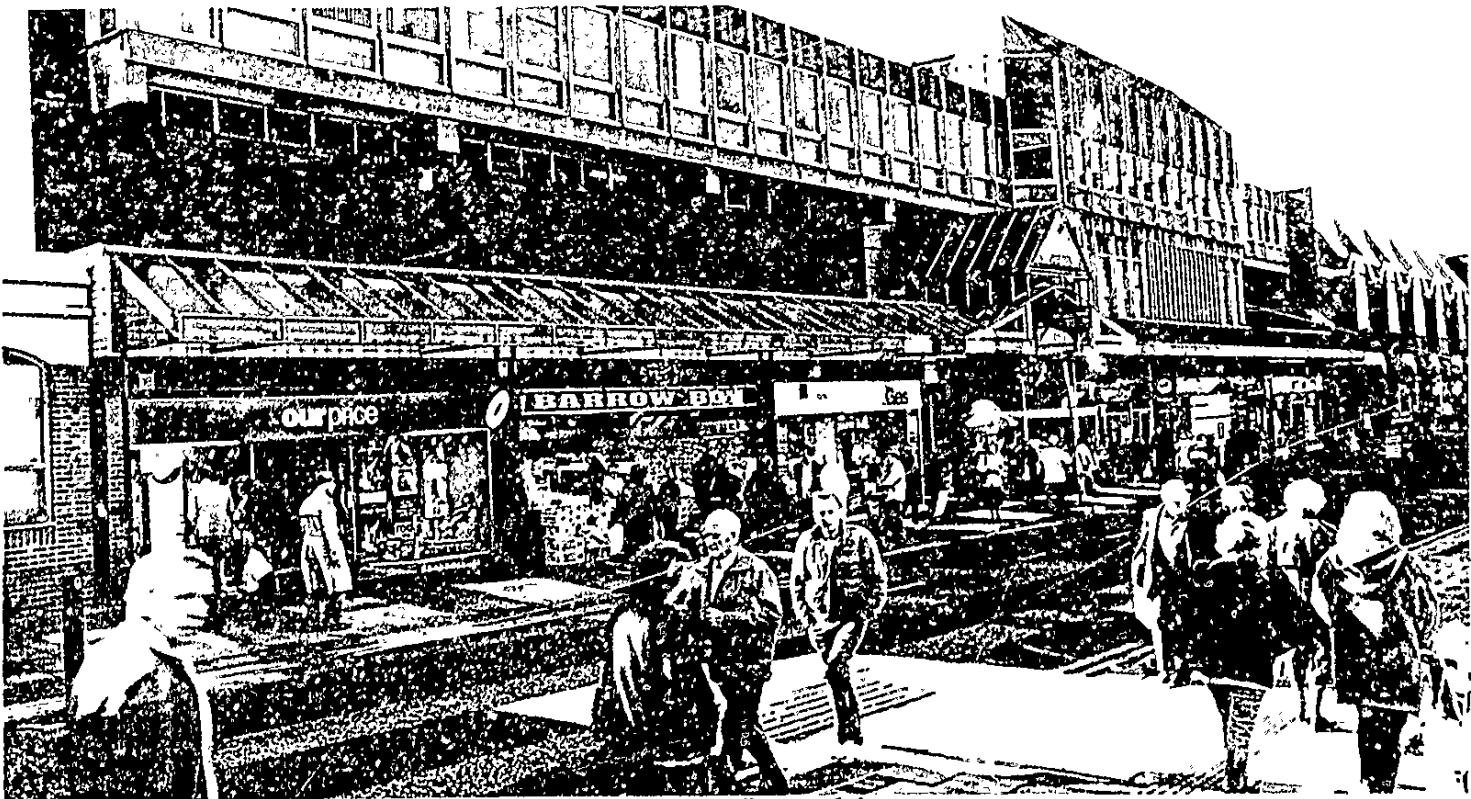
National Westminster Bank Ltd

REGISTRARS

London Bankers' Register Company Ltd
100 Broad Street, London EC2M 1LW



ANGELIA
CENTRE
GRAVESEND



OCTAGON CENTRE
BURTON UPON TRENT
STAFFORDSHIRE

DIRECTORS' REPORT

The directors present their report together with the audited accounts of the company for the year ended 30 November 1994.

REVIEW OF RESULTS, ACTIVITIES AND FUTURE PROSPECTS

The pre-tax profit for the year was £13.2m. The retained profit of £8.9m is to be transferred to revenue reserves.

The company acts as the holding company of a group of property investment and development companies.

A review of activities is given in the operational review on pages 6 to 13. The Chairman comments on future prospects in his statement on pages 2 and 3.

DIVIDENDS

The directors recommend the payment of a final dividend of 1.1p (1993 — 0.7p) per ordinary share. An interim dividend of 0.5p (1993 — 0.3p) was paid on 15 September 1994. The dividends on the 4.2% cumulative first preference shares were paid on 31 March 1994 and 30 September 1994. The dividends on the 8.5% cumulative redeemable second preference shares were paid on 31 May 1994 and 30 November 1994.

GOING CONCERN

The directors are confident that the group has adequate resources for its operational needs for the foreseeable future. For this reason, they have continued to adopt the going concern basis in preparing the accounts.

CORPORATE GOVERNANCE

The company has complied, throughout the financial year, with all the recommendations of the Code of Best Practice issued by the Committee on the Financial Aspects of Corporate Governance ("The Cadbury Committee") that were in force for the year. Guidance for directors on reporting on internal controls was issued after the end of our financial year and reporting is only required on the systems in place from 1 July 1995.

The group's key internal financial controls are centred on comprehensive monthly reporting from all activities and include a detailed portfolio analysis, development progress reviews and a report on receivables.

There are clearly defined procedures for the authorisation of capital expenditure, contracts and commitments and there is a formal schedule of matters, including major investment and development decisions and strategic matters, that are reserved for board approval.

The board has three executive directors and is strengthened by the four non-executive directors. This composition provides an appropriate blend of experience and qualification, and the number of non-executive provides a strong base for ensuring appropriate corporate governance of the company. The board meets formally 11 times a year and its decisions are implemented and supervised by the executive directors.

Remuneration and Audit Committees continue to play an important role within the company.

The Remuneration Committee comprises the non-executive directors and considers all aspects of the executive directors' remuneration. The remuneration of the non-executive directors is considered by the committee following recommendations by the executive directors. No executive director participates in setting his own remuneration.

The Audit Committee has written terms of reference and comprises the non-executive directors. Three meetings were held during the year and additional meetings may be requested by either the auditors or the non-executive directors. The Finance Director attends meetings but the committee can meet without executive directors should it wish to discuss matters without their presence.

Mr. C. E. Roshier is currently chairman of both committees.

DIRECTORS AND THEIR INTERESTS

The names of the directors of the company are set out on page 14.

Mr. J. D. Leavesley and Mr. C. H. Lewis will retire from the board in accordance with the provisions of the company's Articles of Association and offer themselves for re-election.



DIRECTORS' REPORT

Mr. Leavesley and Mr. Lewis do not have service contracts with the company.

The interests of directors and their families in the issued share capital of the company, as required to be notified to the company pursuant to Sections 324 and 328 of the Companies Act 1985 or which are required to be entered in the Register of Directors' Interests maintained under Section 325 of the Act, were as follows:

	30 November 1994		30 November 1993	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Ordinary Shares				
S. W. Clarke	26,650,273	849,567	26,650,273	849,567
C. C. A. Glossop	378,293	—	357,117	—
P. E. Doona	37,788	—	27,200	—
J. D. Leavesley	9,238,263	4,000,000	9,238,263	4,527,751
C. H. Lewis	787,395	—	787,395	—
C. E. Roshier	10,000	—	10,000	—
Sir David Trippier	17,200	—	17,200	—
8.5% Cumulative Redeemable Second Preference Shares				
C. C. A. Glossop	500	—	500	—

At 30 November 1994 Mr. C. C. A. Glossop and Mr. P. E. Doona held options under the executive and savings related share option schemes totalling 1,194,175 and 431,016 ordinary shares respectively. Further details of these schemes are disclosed in notes 19c and 19d to the accounts.

There have been no movements in directors' shareholdings or share options since 30 November 1994.

The directors have no interests in the shares of subsidiary companies.

The company acts as developer for Branstons Properties Limited, owned 97.5% by Mr. S. W. Clarke and Mr. J. D. Leavesley. During the year, profit earned by the company from this source was £12,718.

Mr. C. H. Lewis, a non-executive director of the company, is Joint Chairman of Erdman Lewis International, Surveyors and Valuers, which firm has acted as letting and selling agents for the company in its normal course of business.

The above arrangements are reviewed and approved by the board.

None of the other directors had any material interest in contracts with the group, being contracts of significance in relation to the group's activities.

RELATED PARTY TRANSACTIONS

The company has effected the following transactions which involved related parties and were small transactions, as defined by the London Stock Exchange in the Listing Rules:

1. The company subscribed £403,650 for shares in Northern Racing Limited ("NRL") (representing 35.1% of NRL's issued share capital), a new company formed for the purpose of making a recommended offer for High Gosforth Park plc. Stanley Clarke Leisure Limited ("SCLL"), a company wholly owned by Mr. S. W. Clarke, subscribed for the remaining 64.9% of the issued share capital. Subsequent to the completion of the acquisition, the company and SCLL merged their respective racecourse interests in NRL with their interests in Uttoxeter Leisure and Development Company Limited by way of an exchange of shares.
2. On 16 January 1995, the company acquired the whole issued share capital of Walton Securities Limited ("WSL") for a consideration of £103,485. The vendors of WSL comprised Mr. S. W. Clarke, Mr. J. D. Leavesley and their respective families. WSL owns an investment property in Newcastle under Lyme which has current rental income of approximately £50,000 per annum. WSL also has accumulated tax losses from which the company expects to benefit.

Interested directors did not vote in respect of either of the above transactions.

St. MODWEN PROPERTIES PLC

DIRECTORS' REPORT

SUBSTANTIAL INTERESTS

As at 14 February 1995, in addition to those noted above, the company had been notified of the following interest in more than 3% of its issued share capital:

Shareholder	Percentage of Ordinary Share Capital
Scottish Amicable Investment Managers Limited	3.89%
Nutraco Nominees Limited	3.19%

SHARE OPTION SCHEMES

There are two share option schemes in existence for employees. The first is the Savings Related Share Option Scheme for all full-time UK employees of the group. The second is the St. Modwen Properties Executive Share Option Scheme for selected senior executives and executive directors.

Further details are provided in note 19 to the accounts.

TANGIBLE FIXED ASSETS

Movements in the tangible fixed assets of the group are set out in note 12 to the accounts.

ANNUAL GENERAL MEETING

Shareholders will see from the Notice of Meeting on pages 35 and 36 that they are asked to consider and, if thought fit, pass a number of Resolutions as special business. The resolutions have become routine business at the Annual General Meeting of most public companies and relate to:

- renewal of the authority for the directors to allot relevant securities (Resolution 6(a))
- renewal of the powers for the directors to allot equity securities for cash (Resolution 6(b))
- renewal of the authority for the company to purchase certain of its own shares (Resolution 7)

Special resolution 8 set out in the Notice of meeting is not routine business but will, if approved, give your board authority to complete the purchase by the company of all 30,000 issued 6% (now 4.2% plus tax credit) cumulative first preference shares of £1 each ("the First Preference Shares"). If members pass such resolution, the company will pay a price of 71p per First Preference Share to the holders and the shares purchased will then be cancelled.

In accordance with legal requirements, a memorandum describing the terms of purchase will be available for inspection at the company's registered office for 15 days immediately prior to the Annual General Meeting and at the Meeting itself.

CLOSE COMPANY STATUS

The company is not a "close" company as defined by the Income and Corporation Taxes Act 1988.

AUDITORS

Touche Ross & Co. have expressed their willingness to remain in office and a resolution to reappoint them as auditors of the company will be proposed at the forthcoming Annual General Meeting.

P. Doona.

Approved by the board of directors
and signed on behalf of the board
P. E. Doona Secretary

14 February 1995

Registered Office: Lyndon House
Hagley Road
Birmingham B16 8PE
Company Number 349201



STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 20 to 33 which have been prepared under the accounting policies set out on page 24.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described above the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

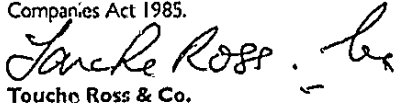
BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group as at 30 November 1994 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Touche Ross & Co.

Chartered Accountants and Registered Auditors
Colmore Gate
2 Colmore Row
Birmingham
B3 2BQ

28 February 1995

St. MODWEN PROPERTIES PLC

GROUP PROFIT AND LOSS ACCOUNT

For the year ended 30 November 1994

		1994	1993
	Notes	£'000	£'000
Turnover	1	30,899	17,005
Cost of sales		15,540	8,236
Gross Profit	1	15,359	8,769
Profit on sale of investment properties		4,281	758
Share of losses of related companies		(62)	(18)
Administrative and other operating expenses		(2,332)	(2,019)
Amortisation of goodwill	11	(63)	(165)
		1,824	(1,444)
Operating Profit		17,183	7,325
Interest payable	2	(3,976)	(3,821)
Profit on Ordinary Activities before taxation	1 & 3	13,207	3,504
Taxation on profit on ordinary activities	6	(2,438)	(853)
Profit on Ordinary Activities after taxation		10,769	2,651
Dividends	7	(1,907)	(1,197)
Transferred to Reserves	21	8,862	1,454
Earnings per Ordinary Share	8	9.2p	2.2p
Dividend cover (times)		5.7	2.2

All activities derive from continuing operations.

A statement of the movement in reserves may be found in note 21 on page 32.



BALANCE SHEETS

At 30 November 1994

		Group		Company	
	Notes	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Fixed Assets					
Intangible assets	11	—	63	—	—
Tangible assets	12	78,078	86,838	3,321	5,049
Investments	13	2,273	1,794	42,866	30,530
		80,351	88,695	46,187	35,579
Current Assets					
Operating property held for sale		150	—	—	—
Stocks	14	15,214	13,010	—	—
Debtors	15	1,336	1,352	37,957	36,942
Cash at bank and in hand		685	629	4,463	9,082
		17,385	14,991	42,420	46,024
Current Liabilities					
Creditors: amounts falling due within one year	16	16,513	13,617	7,384	5,924
		872	1,374	34,536	40,100
Net current assets					
		81,223	90,069	80,723	75,679
Total Assets less Current Liabilities					
Creditors: amounts falling due after more than one year	17	(24,000)	(43,790)	(23,500)	(29,400)
		57,223	46,279	57,223	46,279
Net assets					
Capital and Reserves					
Called up share capital	19	12,079	12,034	12,079	12,034
Share premium account	20	8,143	8,046	8,143	8,046
Merger reserve	21	9	9	9	9
Revaluation reserve	21	7,639	6,074	32,043	20,216
Profit and loss account	21	29,353	20,116	4,948	5,974
		57,223	46,279	57,223	46,279
Shareholders' Funds					
Attributable to equity shareholders		56,867	45,923	56,867	45,923
Attributable to non-equity shareholders		356	356	356	356
		57,223	46,279	57,223	46,279

Assets per Ordinary Share

49p

39p

The Report and Accounts were approved by the board of directors on 14 February 1995.

Signed on behalf of the board of directors

S. W. Clarke

P. E. Doona

Directors

St. MODWEN PROPERTIES PLC

GROUP CASH FLOW STATEMENT

For the year ended 30 November 1994

		1994		1993	
	Notes	£'000	£'000	£'000	£'000
Net cash inflow from operating activities	24(a)		9,692		9,139
Returns on investments and servicing of finance					
Interest received		63		86	
Interest paid		(3,336)		(3,907)	
Termination of interest hedge instrument		(703)		—	
Dividends paid		(1,435)		(1,079)	
Net cash outflow from returns on investments and servicing of finance			(5,411)		(4,900)
Corporation tax (paid)/repaid			(679)		10
Investing activities					
Purchase of investment properties		(10,120)		(13,888)	
Purchase of other tangible assets		(27)		(12)	
Sale of investment properties		25,225		4,805	
Sale of other tangible assets		6		—	
Investment in related companies		(473)		(10)	
Net cash inflow/(outflow) from investing activities			14,611		(9,105)
Net cash inflow/(outflow) before financing			18,213		(4,856)
Financing					
Share capital issued	24(b)		(142)		(17)
Repayment of (increase) in bank loans	24(b)		15,890		(2,085)
Net cash inflow from financing			15,748		(2,102)
Increase/(decrease) in cash and cash equivalents	24(c)		2,465		(2,754)
			18,213		(4,856)



SUPPLEMENTARY STATEMENTS

For the year ended 30 November 1994

	1994 £'000	1993 £'000
GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES		
Profit for the financial year	10,769	2,651
Unrealised surplus on revaluation of investment properties	2,214	3,444
Corporation tax adjustment on sale of investment properties	(343)	—
Unrealised surplus on revaluation of investments	69	—
Total recognised gains and losses for the year	12,709	6,095

	1994 £'000	1993 £'000
NOTE OF HISTORICAL PROFITS AND LOSSES		
Reported profit on ordinary activities before taxation	13,207	3,504
Realisation of property revaluation gains of earlier years	718	1,496
Historical cost profit before taxation	13,925	5,000
Historical cost profit retained in the period after taxation and dividends	9,237	2,950

	1994 £'000	1993 £'000
GROUP RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
Profit for the financial year	10,769	2,651
Dividends	(1,907)	(1,197)
	8,862	1,454
New share capital subscribed	142	17
Other recognised gains and losses for the year (net)	1,940	3,444
	10,944	4,915
Net addition to shareholders' funds	46,279	41,364
Opening shareholders' funds	57,223	46,279
Closing shareholders' funds		

ACCOUNTING POLICIES

The accounts and notes have been prepared in accordance with applicable accounting standards. The particular policies adopted are described below.

ACCOUNTING CONVENTION

The accounts have been prepared under the historical cost convention, modified by the revaluation of completed investment properties and shares in subsidiary and related companies.

BASIS OF CONSOLIDATION

The group accounts consolidate the accounts of the company and its subsidiaries for all financial periods ended 30 November 1994. Newly acquired subsidiaries are consolidated from the effective date of their acquisition.

TURNOVER AND PROFIT RECOGNITION

Turnover represents sales of development properties, rental income receivable, service charges and other recoveries and income from leisure activities. Profit on development properties is recognised on sale.

INTANGIBLE FIXED ASSETS

Goodwill, representing the excess of the cost of acquisition of subsidiaries and related companies over the net assets acquired, is amortised over eight years. The period chosen represents the estimated economic life.

TANGIBLE FIXED ASSETS

Depreciation is not provided on investment properties which are subject to annual revaluations. Other tangible fixed assets are depreciated by equal instalments over their expected useful lives at annual rates varying between 10% and 50%.

INVESTMENT IN SUBSIDIARY AND RELATED COMPANIES

The investments in subsidiary and related companies are included in the balance sheet at directors' valuation. The valuation recognises the cost of acquisition, together with unamortised goodwill and changes in the book values of the underlying net assets. The surplus or deficit arising on revaluation is transferred to reserves.

INVESTMENT PROPERTIES

Completed investment properties are included in the balance sheet at open market value. The surplus or deficit of such value over cost is transferred to reserves.

STOCKS

Stocks and work in progress are stated at the lower of cost and net realisable value less amounts invoiced on account. Cost includes materials, labour, an appropriate amount of overheads and interest where applicable.

DEFERRED TAXATION

Deferred taxation is provided at the anticipated tax rates on timing differences which arise from the recognition of income and expenditure in differing periods for taxation and accounting purposes, to the extent that it is probable that a liability or asset will crystallise in the future. Under this policy no provision has been made for the potential further liability to taxation which would arise in the event of the realisation of investment properties included at valuation in the accounts at the values attributed to them.

INTEREST

Interest incurred on properties in the course of development, whether for sale or retention as investments, is capitalised, if appropriate, where the development programme is in the nature of a long-term contract. Interest on such contracts is capitalised during the development period, after which it is written off. All other interest is written off when incurred.

PENSION COSTS

Retirement benefits to employees in the group are provided by a defined benefit scheme which is funded by contributions from group companies and employees. Payments to pension funds are made in accordance with periodic calculations by professionally qualified actuaries.

The costs are charged to the profit and loss account, so as to spread the cost over the service lives of employees in the scheme in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.



NOTES TO THE ACCOUNTS

1. TURNOVER AND PROFITS

The contributions to turnover and gross profit by each of the principal activities of the group and the composition of profit on ordinary activities before taxation were as follows:

	1994		1993	
	Turnover £'000	Profit £'000	Turnover £'000	Profit £'000
Rental income	10,397	9,476	8,328	7,819
Property development	20,288	5,825	8,476	890
Other activities	214	58	201	60
	<u>30,899</u>	<u>15,359</u>	<u>17,005</u>	<u>8,769</u>
Profit on sale of investment properties		4,281		758
Share of losses of related companies		(62)		(18)
Administrative and other operating expenses		(2,332)		(2,019)
Amortisation of goodwill		(63)		(165)
Operating profit		<u>17,183</u>		<u>7,325</u>
Interest payable		<u>(3,976)</u>		<u>(3,821)</u>
Profit on ordinary activities before taxation		<u>13,207</u>		<u>3,504</u>

2. INTEREST PAYABLE

	1994 £'000	1993 £'000
Interest payable		
Bank loans and overdrafts	3,302	3,873
8.5% Secured loan stock 1995	34	34
Termination of interest hedge instrument	703	—
	<u>4,039</u>	<u>3,907</u>
Interest receivable	<u>(63)</u>	<u>(86)</u>
	<u>3,976</u>	<u>3,821</u>

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging/(crediting):

Depreciation of tangible fixed assets	21	123
Auditors' remuneration — audit services	37	38
— non-audit services	46	53

4. DIRECTORS' REMUNERATION

Fees	60	53
Remuneration:		
Salaries and taxable benefits	317	300
Performance related incentive payments	150	35
Pension to former director	2	2
	<u>529</u>	<u>390</u>

The company operates a bonus scheme under which discretionary bonuses are paid to all executive directors. The levels of bonus are determined by the remuneration committee taking into account the level of profit achieved.

Remuneration of the chairman and highest paid director:

Salaries and taxable benefits	141	145
Performance related incentive payments	50	—
	<u>191</u>	<u>145</u>

Scale of other directors' remuneration:

£ 10,001 - £ 15,000	Number	Number
£ 70,001 - £ 75,000	4	4
£ 90,001 - £ 95,000	—	1
£ 120,001 - £ 125,000	1	—
£ 180,001 - £ 185,000	—	1
	<u>1</u>	<u>1</u>

NOTES TO THE ACCOUNTS

5. EMPLOYEES

The average number of full-time employees (including directors) employed by the group during the year was as follows:

	1994 Number	1993 Number
Administration	13	13
Property Management	43	34
Property Development	9	10
Other Activities	2	2
	67	59

The aggregate payroll costs of these persons were:

	£'000	£'000
Wages and salaries	1,515	1,223
Social security costs	133	106
	1,648	1,329

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The charge for the year comprises:

	£'000	£'000
Corporation tax on the profit for the year at 33% (1993 — 33%)	2,561	612
Share of taxation of related company	1	8
Deferred tax	30	(30)
	2,592	590
Adjustments in respect of previous years:		
Corporation tax	(154)	263
	2,438	853

At 30 November 1994 the group had available unused advance corporation tax previously written off of approximately £31,000 (1993 — £50,000). The taxation charge for the year has been reduced by £1,050,000 due to the availability of capital losses and £700,000 in respect of timing differences for which no deferred tax has been provided.

7. DIVIDENDS

	1994 £'000	1993 £'000
Ordinary 10p shares — proposed final dividend of 1.1p (1993 — 0.7p)	1,290	818
— interim dividend of 0.5p (1993 — 0.3p)	588	350
6% (now 4.2% + tax credit) Cumulative first preference £1 shares	1	1
8.5% Cumulative redeemable second preference £1 shares	28	28
	1,907	1,197

8. EARNINGS PER SHARE

Earnings per ordinary share are calculated by dividing the profit attributable to ordinary shareholders of £10,739,816 (1993 — £2,622,132) by the weighted average number of ordinary shares in issue during the year of 117,049,884 shares (1993 — 116,719,953 shares).

No material dilution of earnings per share would arise if the outstanding share options were exercised.

9. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts. The profit for the financial year of the parent company was £896,103 (1993 — £3,785,702).



NOTES TO THE ACCOUNTS

10. PENSIONS

The Group operates a defined benefits pension scheme, covering the majority of employees, which is funded at rates recommended by an independent actuary. Contributions are invested separately from the Group's assets. Pension costs are calculated in accordance with SSAP 24.

The last formal actuarial valuation of the scheme was as at 5 April 1994, when the market value of the net assets of the scheme was £14,392,000. The valuation was performed using the projected unit method. The main actuarial assumptions were:

Investment rate of return	9% p.a.
Increase in earnings	8% p.a.
Increase in pensions	4.5% p.a.

The valuation showed a funding level of 140%. Following the valuation, the company has continued to enjoy a contribution holiday and has taken other measures to reduce the funding level.

11. INTANGIBLE FIXED ASSETS

	Goodwill £'000
Cost	
Balance at 1 December 1993 and 30 November 1994	1,318
Accumulated depreciation	
Balance at 1 December 1993	1,255
Charge for the year	63
Balance at 30 November 1994	1,318
Net Book Value	
At 30 November 1994	—
At 30 November 1993	63

12. TANGIBLE FIXED ASSETS

(a) Group	Freehold investment properties £'000	Long leasehold investment properties £'000	Other long leasehold properties £'000	Plant, machinery and equipment £'000	Total £'000
Cost or valuation					
At 1 December 1993	66,888	19,660	264	397	87,209
Additions	10,085	35	—	27	10,147
Transfer to current assets	—	—	(150)	—	(150)
Disposals	(20,944)	—	—	(19)	(20,963)
Surplus on revaluation	1,299	915	—	—	2,214
At 30 November 1994	57,328	20,610	114	405	78,457
At 1994 valuation	57,328	20,610	—	—	77,938
At cost	—	—	114	405	519
	57,328	20,610	114	405	78,457
Depreciation					
At 1 December 1993	—	—	—	371	371
Charge for the year	—	—	—	21	21
Disposals	—	—	—	(13)	(13)
At 30 November 1994	—	—	—	379	379
Net Book Value					
At 30 November 1994	57,328	20,610	114	26	78,078
At 30 November 1993	66,888	19,660	264	26	86,838

ST. MODWEN PROPERTIES PLC

NOTES TO THE ACCOUNTS

12. TANGIBLE FIXED ASSETS (continued)

	Freehold investment properties £'000	Long leasehold investment properties £'000	Plant, machinery and equipment £'000	Total £'000
(b) Company				
<i>Cost or valuation</i>				
At 1 December 1993	1,385	3,650	75	5,110
Additions	—	—	22	22
Intra-group additions	22,929	—	—	22,929
Intra-group disposals	(22,929)	—	—	(22,929)
Disposals	(1,385)	—	—	(1,385)
Deficit on revaluation	—	(350)	—	(350)
At 30 November 1994	—	3,300	97	3,397
At 1994 valuation	—	3,300	—	3,300
At cost	—	—	97	97
	—	3,300	97	3,397
<i>Depreciation</i>				
At 1 December 1993	—	—	61	61
Charge for the year	—	—	15	15
At 30 November 1994	—	—	76	76
Net Book Value				
At 30 November 1994	—	3,300	21	3,321
At 30 November 1993	1,385	3,650	14	5,049

(c) Freehold and long leasehold investment properties were valued as at 30 November 1994 on the basis of open market value by King Sturge & Co., Chartered Surveyors.

(d) Comparable amounts determined according to the historical cost convention are:

	Freehold investment properties £'000	Long leasehold investment properties £'000	Other long leasehold properties £'000	Plant, machinery and equipment £'000	Total £'000
Group					
Cost	56,097	15,181	114	405	71,797
Accumulated depreciation	—	—	—	(379)	(379)
At 30 November 1994	56,097	15,181	114	26	71,418
At 30 November 1993	66,238	15,146	264	26	81,674
Company					
Cost	—	3,738	—	97	3,835
Accumulated depreciation	—	—	—	(76)	(76)
At 30 November 1994	—	3,738	—	21	3,759
At 30 November 1993	1,400	3,738	—	14	5,152



NOTES TO THE ACCOUNTS

13. INVESTMENTS HELD AS FIXED ASSETS

	Investment in related companies £'000	Investment in joint venture £'000	Total £'000
(a) Group			
At 1 December 1993	1,664	130	1,794
Additions	473	—	473
Share of post-tax profits less losses	(64)	1	(63)
Revaluation	69	—	69
At 30 November 1994	2,142	131	2,273

	Investment in related companies £'000	Investment in subsidiary companies £'000	Investment in joint venture £'000	Total £'000
(b) Company				
At 1 December 1993	1,662	28,738	150	30,530
Additions	473	51	—	524
Revaluation	5	11,803	1	11,812
At 30 November 1994	2,140	40,595	151	42,866

(c) Subsidiary companies

At 30 November 1994, the principal subsidiaries, all of whom were registered and operate in England and Wales, were as follows:

	Proportion of ordinary shares held	Nature of principal business
Barton Property Investments Limited	100%	Property investors
Barton Property Investments (Northern) Limited	100%	Property investors
Blackpole Trading Estate (1978) Limited	100%	Property investors
Redman Heenan Properties Limited	100%	Property investors
St. Modwen Developments Limited	100%	Property developers
St. Modwen Developments (Octagon) Limited	100%	Property investors
St. Modwen Investments Limited	100%	Property investors
St. Modwen Securities Limited	100%	Property investors
Stoke-on-Trent Regeneration Limited	81%	Property developers
Uttoxeter Estates Limited	81%	Property developers

The company is also the beneficial owner of the entire issued share capital of a number of non-trading companies.

(d) Related companies

At 30 November 1994, the principal related companies, which were registered and operate in England and Wales, were as follows:

	Percentage shareholding	Nature of principal business
Clarke London Limited	50%	Property investors/developers
Uttoxeter Leisure and Development Company Limited	32%	Operators of Uttoxeter racecourse
Northern Racing Limited (acquired 16 June 1994)	35%	Holding company

The company's shareholding in Clarke London Limited increased from 45% to 50% during the year.

(e) Joint Venture

The company has a 50% interest in a property development and investment joint venture with two private companies. The parties jointly own two properties in Birkenhead, one of which is income-producing and subject to a long-term mortgage.

ST. MODWEN PROPERTIES PLC

NOTES TO THE ACCOUNTS

14. STOCKS

	Group		Company	
	1994	1993	1994	1993
	£'000	£'000	£'000	£'000
Work in progress (including freehold land for development)	15,209	13,006	—	—
Consumables	5	4	—	—
	15,214	13,010	—	—

Work in progress includes interest charges amounting to £0.2m (1993 — £0.2m).

15. DEBTORS

	Group		Company	
	1994	1993	1994	1993
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	492	466	17	—
Amounts due from subsidiaries	—	—	37,486	36,146
Other debtors	760	850	448	766
Deferred tax asset	73	30	—	30
Prepayments and accrued income	11	6	6	—
	1,336	1,352	37,957	36,942

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1994	1993	1994	1993
	£'000	£'000	£'000	£'000
Bank overdraft (secured)	111	2,520	—	—
Bank loan (secured)	3,500	—	—	—
Other loan (secured)	400	—	400	—
Trade creditors	4,634	3,694	18	—
Amounts due to subsidiaries	—	—	4,451	1,354
Corporation tax	3,066	1,439	981	793
Other taxation and social security	428	708	46	44
Other creditors	282	2,774	3	2,500
Accruals and deferred income	2,802	1,664	695	415
Proposed dividend	1,290	818	1,290	818
	16,513	13,617	7,884	5,924

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Bank loans	24,000	43,390	23,500	29,000
Other loans	—	400	—	400
	24,000	43,790	23,500	29,400
Analysis of bank loan repayments:				
— Within one year (note 16)	3,500	—	—	—
— Between one and two years	—	3,500	—	—
— Between two and five years	20,500	39,890	23,500	29,000
	27,500	43,390	23,500	29,000

Bank loans are subject to variable interest rates based on LIBOR. The loans are secured on the assets of the group and, in part, by composite guarantees given by group companies. The total of bank loans and overdrafts at 30 November 1994 was £27,611,000 (1993 — £45,910,000).



NOTES TO THE ACCOUNTS

18. DEFERRED TAXATION

	Provided		Unprovided	
	1994	1993	1994	1993
	£'000	£'000	£'000	£'000
The amounts of deferred taxation provided and unprovided in the accounts are:				
Group				
Capital allowances in excess of depreciation	—	—	4,163	4,531
Other timing differences	(73)	(30)	(262)	(120)
Available trading losses	—	—	—	(107)
Advance corporation tax	—	—	(31)	(50)
	(73)	(30)	3,870	4,254
Revaluation of properties	—	—	1,502	1,371
Less: available capital losses	—	—	—	(173)
	(73)	(30)	5,372	5,452
Company				
Capital allowances in excess of depreciation	—	—	1,390	1,390
Other timing differences	—	(30)	(63)	—
Available trading losses	—	—	—	(105)
	—	(30)	1,327	1,285

19. CALLED UP SHARE CAPITAL

	1994	1993
	£'000	£'000
Authorised:		
Equity share capital		
150,000,000 Ordinary 10p shares	15,000	15,000
Non-equity share capital		
30,000 6% (now 4.2% + tax credit) Cumulative first preference £1 shares	30	30
350,000 8.5% Cumulative redeemable second preference £1 shares	350	350
	15,380	15,380
Issued:		
Equity share capital		
Ordinary 10p shares:		
Balance brought forward — 116,777,984 Ordinary 10p shares	11,678	11,673
Issued during the year — 449,525 Ordinary 10p shares	45	5
Balance carried forward — 117,227,509 Ordinary 10p shares	11,723	11,678
Non-equity share capital		
Allotted and fully paid:		
30,000 6% (now 4.2% + tax credit) Cumulative first preference £1 shares	30	30
326,448 8.5% Cumulative redeemable second preference £1 shares	326	326
	356	356
	12,079	12,034

(a) The cumulative redeemable second preference shares may be redeemed at par by the company providing not less than three months' notice in writing is given to the holders. If not redeemed the shares are due to be repaid on 31 May 1996 at par.

(b) The ordinary shares issued during the year represent options exercised as follows:

	Number
Executive share option scheme	350,000
Savings related scheme	99,525
	449,525

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NOTES TO THE ACCOUNTS

19. CALLED UP SHARE CAPITAL (continued)

(c) Details of options at 30 November 1994 to acquire ordinary shares in the company under the option schemes were as follows:

	Price per share	Options granted	Exercisable between
Executive Share Option Scheme	31.0p	300,000	March 1993 – March 2000
Executive Share Option Scheme	25.5p	700,000	April 1994 – April 2001
Executive Share Option Scheme	29.0p	1,800,000	March 1996 – March 2003
Executive Share Option Scheme	50.5p	300,000	August 1997 – August 2004
Savings related scheme	26.0p	127,385	May 1995 – May 2000
Savings related scheme	21.0p	83,929	May 1996 – May 2001
Savings related scheme	20.5p	36,586	May 1997 – May 2002
Savings related scheme	45.5p	190,030	August 1999 – August 2004
		<u>3,537,930</u>	

(d) Details of directors' interests in options at 30 November 1994 were as follows:

	Balance at 1.12.93	Granted during year	Price of grant (p)	Exercised during year	Exercise price (p)	Market price at date of exercise (p)	Balance at 30.11.94
Executive Share Option Scheme							
C. C. A. Glossop	1,000,000	150,000	50.5				1,150,000
P. E. Doona	500,000			100,000	31.0	54.0	400,000
Savings related scheme							
C. C. A. Glossop	35,022	30,329	45.5	21,176	34.0	50.5	44,175
P. E. Doona	26,440	15,164	45.5	10,588	34.0	50.5	31,016

20. SHARE PREMIUM ACCOUNT

	Group £'000	Company £'000
Balance at 1 December 1993	8,046	8,046
Arising during the year	97	97
Balance at 30 November 1994	<u>8,143</u>	<u>8,143</u>

21. RESERVES

	Group £'000	Company £'000
(a) Merger reserve:		
Balance at 1 December 1993 and 30 November 1994	9	9
(b) Revaluation reserve:		
Balance at 1 December 1993	6,074	20,216
Surplus on revaluation of investment properties	2,214	—
Surplus arising on revaluation of investments	69	11,812
Corporation tax adjustment on sale of investment properties	(343)	—
Transfer to profit and loss account	(375)	15
Balance at 30 November 1994	<u>7,639</u>	<u>32,043</u>

The group revaluation reserve at 30 November 1994 includes £836,851 in respect of related companies and its joint venture.

	Group	Company
(c) Profit and loss account:		
Balance at 1 December 1993	20,116	5,974
Surplus/(deficit) for the financial year	8,862	(1,010)
Transfer from revaluation reserve	375	(15)
Balance at 30 November 1994	<u>29,353</u>	<u>4,949</u>

The group profit and loss account at 30 November 1994 includes losses of £204,935 in respect of related companies and its joint venture.



FIVE YEAR RECORD

	1994	1993	1992	1991	1990
	£'000	£'000	£'000	£'000	£'000
Turnover	30,899	17,005	18,491	45,111	22,937
Operating profit	17,183	7,325	6,602	7,600	6,134
Interest payable	(3,976)	(3,821)	(4,895)	(5,492)	(4,343)
Profit on Ordinary Activities before taxation	13,207	3,504	1,707	2,108	1,791
Taxation on ordinary activities	(2,438)	(853)	(412)	(102)	(1,155)
Profit on ordinary activities after taxation	10,769	2,651	1,295	2,006	636
Minority interest	—	—	—	(4)	(4)
Profit attributable to shareholders	10,769	2,651	1,295	2,002	632
Dividends	(1,907)	(1,197)	(729)	(671)	(612)
Surplus transferred	8,862	1,454	566	1,331	20
Assets Employed					
Tangible fixed assets	78,478	86,838	73,584	75,890	63,664
Intangible assets	—	63	228	393	558
Investments	2,273	1,794	1,810	1,065	1,126
Net current assets	872	1,374	7,447	4,833	17,679
Non-current liabilities	(24,000)	(43,790)	(41,705)	(37,181)	(38,550)
	57,223	46,279	41,364	45,000	44,477
Capital Employed					
Equity shareholders' funds	56,867	45,923	41,008	44,644	44,121
Non-equity share capital	356	356	356	356	356
	57,223	46,279	41,364	45,000	44,477
Net Assets per Share					
(pence)	49	39	35	38	38
Earnings per Share					
(pence)	9.2	2.2	1.1	1.7	0.5
Dividends per Share					
(pence)	1.6	1.0	0.6	0.55	0.5

The five year record has been prepared in accordance with Financial Reporting Standard No. 3 — "Reporting Financial Performance".



NOTES TO THE ACCOUNTS

21. RESERVES (continued)

The profit and loss account includes a special reserve of £86,163 established in accordance with an undertaking given to the Court in connection with the reduction of capital authorised on 12 March 1986 which is not available for distribution save in accordance with that undertaking.

No tax effect has been recognised in respect of the revaluation of investments in subsidiaries.

22. CAPITAL COMMITMENTS

The group had no capital commitments at 30 November 1994 (1993 — £nil).

23. COMMITMENTS AND CONTINGENCIES

The company has guaranteed the loans and overdrafts of subsidiary companies, which at 30 November 1994 amounted to £7,098,656, and has granted a fixed charge over its investment properties as security.

24. GROUP CASH FLOW STATEMENT

(a) Reconciliation of operating profit to net cash inflow from operating activities

	1994 £'000	1993 £'000
Operating profit	17,183	7,325
Depreciation	21	123
Profit on sale of investment properties	(4,281)	(758)
(Increase)/reduction in debtors	(503)	1,588
(Increase)/reduction in stocks	(2,204)	1,783
Reduction in creditors	(650)	(1,113)
Share of losses of related companies and joint venture after tax	63	26
Amortisation of goodwill	63	165
	9,692	9,139

(b) Analysis of changes in financing during the year

	Share Capital (including share premium) 1994 £'000	Loans 1994 £'000	Share Capital (including share premium) 1993 £'000	Loans 1993 £'000
Balance at 1 December 1993	20,080	43,790	20,063	41,705
Inflow/(outflow) from financing	142	(15,890)	17	2,085
Balance at 30 November 1994	20,222	27,900	20,080	43,790

(c) Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1994 £'000	1993 £'000	Change in the year £'000
Cash at bank and in hand	685	629	56
Bank overdraft	(111)	(2,520)	2,409
	574	(1,891)	2,465

NOTICE OF MEETING

Notice is hereby given that the fifty-fourth Annual General Meeting of St. Modwen Properties PLC will be held at 12.00 noon on 7 April 1995 at the Butchers' Hall, Bartholomew Close, London EC1A 7EB, for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the report of the directors and the accounts for the year ended 30 November 1994.
2. To declare a final ordinary dividend.
3. To re-elect Mr. J. D. Leavesley and Mr. C. H. Lewis as directors.
4. To reappoint Touche Ross & Co. as auditors and to authorise the directors to determine their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions of which number 5 will be proposed as an Ordinary Resolution and numbers 6, 7 and 8 will be proposed as Special Resolutions.

5. Ordinary Resolution

That the directors be and are hereby generally and unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 ("the Act") to exercise all powers of the Company to allot relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal amount of £3,277,000 to such persons and upon such conditions as the directors may determine, such authority to expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

And that the foregoing shall be in substitution for the authority conferred on the directors of the Company in that regard at the Annual General Meeting of the Company held on 15 April 1994.

6. Special Resolution

That subject to the passing of resolution 5 above the directors of the Company be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 ("the

Act") to allot equity securities (within the meaning of Section 94 of the Act) for cash pursuant to the authority conferred by resolution 5 above as if Section 89(1) of the Act did not apply to such allotment provided that this power shall be limited:

- (a) to the allotment of equity securities in connection with a rights issue and so that for this purpose "rights issue" means an offer of equity securities open for acceptance for a period fixed by the directors to holders of equity securities on the register on a fixed record date in proportion to their respective holdings of such securities or in accordance with the rights attached thereto but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any Stock Exchange in, any territory; and
- (b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £586,000

and shall expire at the conclusion of the next Annual General Meeting of the Company to be held after the date of the passing of this Resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

7. Special Resolution

That in accordance with Article 10 of its Articles of Association and Section 166 of the Companies Act 1985, the Company be and is hereby granted general and unconditional authority to make market purchases (as defined in Section 163 of the Companies Act 1985) of any of its own ordinary shares on such terms and in such manner as the board of directors may from time to time determine PROVIDED THAT the

ST. MODWEN PROPERTIES PLC

NOTICE OF MEETING

general authority conferred by this Resolution shall:

- (a) be limited to 11,723,000 ordinary shares of 10p each;
- (b) not permit the payment per share of more than 105% of the average middle market price quotation on the London Stock Exchange for the ordinary shares on the ten previous dealing days or less than 10p (in each case exclusive of advance corporation tax (if any) and expenses payable by the Company); and
- (c) expire at the conclusion of the next Annual General Meeting of the Company, save that if the Company should before such expiry enter into a contract of purchase then the purchase may be completed or executed wholly or partly after such expiry.

8. Special Resolution

That the terms of a contract between the company and each of the holders of the 30,000 issued 6% (now 4.2% + tax credit) cumulative first preference shares of £1 each in the capital of the company ("First Preference Shares") for the purchase by the company of all of the First Preference Shares, which are described in the Memorandum tabled at this Meeting and initialled by the Chairman for the purposes of identification, be and are hereby approved, provided that the authority conferred by this Resolution shall (unless renewed or revoked) expire on the date of the company's next annual general meeting.

P. Doona

By order of the board
P. E. DOONA Secretary

Lyndon House
Hagley Road
Edgbaston
Birmingham B16 8PE
28 February 1995

NOTES

- 1. A member entitled to attend and vote at this meeting may appoint another person (whether a member or not) as his/her proxy, to attend and, on a poll, vote for him/her. Forms of proxy, one of which is enclosed, must be signed by the appointer and must be lodged at the registrar's office at least 48 hours before the meeting. A proxy need not be a member of the company.
- 2. A register of all transactions of each director and of his family interests in the share capital of the company and copies of the contracts of service between the company and Mr. S. W. Clarke CBE, Mr. C. C. A. Glossop and Mr. P. E. Doona will be available for inspection at the company's registered office during business hours from the date of this notice until the date of the annual general meeting and at the meeting itself.
- 3. In respect of special resolution 8 set out above and in accordance with legal requirements a memorandum describing the terms of the share purchase referred to in that resolution will be available for inspection at the company's registered office for 15 days immediately prior to the annual general meeting and at the meeting itself.





St. Alodwen

Shareholders often enquire about the origin of the company's name. The company is named after Modwenna, the patron saint of the wells from which the water for the brewing industry is extracted.

Modwenna was the daughter of a powerful Irish prince called Mochta. On a pilgrimage to Rome around AD 630 she stopped at Burton upon Trent, which was deserted at the time. There she founded a church and on her return from Rome settled there with others for some seven years.

During that time she is said to have carried out many miracles using holy water drawn from her well.

Burton Abbey was founded by Wulfic Spot in AD 1002 and was dedicated to St. Modwen, whose shrine had become a place of pilgrimage since her death.

The reason for the name? St. Modwen Developer's' first commercial property transaction was the purchase of malting premises for development from the brewing industry in Burton upon Trent in 1966 by Mr. S. W. Clarke.

NOTES