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ST. MODWEN

The UK's Leading Regeneration Specialist

ST MODWEN PROPERTIES PLC
ANNUAL REPORT FOR THE YEAR ENDED 30 NOVEMBER 2010

Welcome to St. Modwen

St. Modwen is the UK's leading regeneration specialist. Over the last 30 years we have built up a land bank of over 5,700 developable acres and have transformed the UK landscape via thoughtfully planned sustainable communities, mixed-use and town centre schemes, district centres and business and employment developments.

Our schemes act as the catalyst for wide scale comprehensive regeneration in the areas that need it the most. With each development we seek to leave a legacy by providing the right physical and economic infrastructure where businesses and communities can evolve and develop.

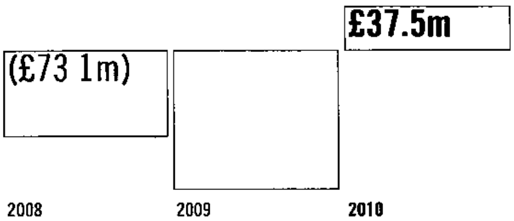
We have a strong presence across the UK and our diverse property portfolio of over 180 sites means we are not over exposed to a single scheme, tenant or sector. This portfolio is largely divided into three specific areas of focus: income producing, residential land and commercial land.

Contents

Highlights of 2010

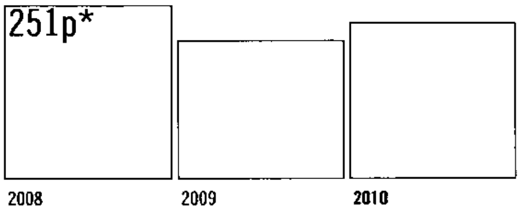
Profit before tax
£37.5m
(2009: loss of £119.4m)

Our return to profit was driven by significant progress in property profits and a recovery in valuation gains.



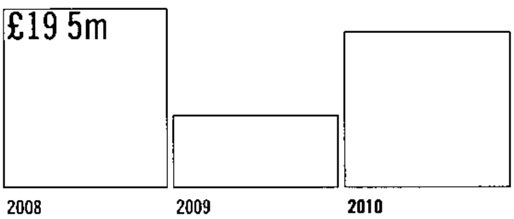
Net assets per share
218p
(2009: 200p)

Net asset value has increased by 9%



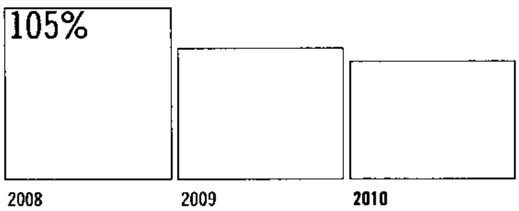
Trading profit**
£17.4m
(2009: £8.4m)

Our core rental and other income covers the running costs of the company and provides a stable base from which the Group can maximise its development activities



Gearing
72%
(2009: 80%)

Our cash flow management has enabled us to reduce our gearing to 72%



* Adjusted for equity issue in 2009

** See note 2 of the financial statements

The statutory report of the directors comprises the business review and corporate governance sections of the annual report and has been drawn up and presented in accordance with English Company Law

Read more online at
www.stmodwen.co.uk

Business Review Our Strategy

Our strategy is to add value to all land and property assets we hold by marshalling an extensive bank of development opportunities and by delivering development schemes across all sectors of the property market.

THE HOPPER

Our hopper of future development opportunities comprises over 5,700 developable acres and 16 Town Centre projects We acquire these opportunities in their rawest state, ensuring that we can add maximum value as we work through the planning process towards delivery and ultimately disposal We aim to replace the land used every year to enable the Company's long-term growth

STAGE 1

- We now have a land bank of 5,736 developable acres of which 375 acres were acquired in 2010

MARSHALLING

Our development and construction teams, supplemented with skilled external professionals, have a proven track record of marshalling a wide range of projects through the planning process We have particular expertise in site assembly, remediation, master planning and public consultation

STAGE 2

- We continued to secure many important planning consents in 2010, including over 1,400 residential units and over 1 million sq ft of commercial space

DELIVERY

With planning permissions secured, schemes are built-out or the land sold in response to market conditions Assets are disposed of once no further significant value can be added and the capital is then recycled into new schemes, enabling the entire process to begin again

STAGE 3

- We achieved over 50 disposals in the year, realising over £125m with a profit of £21 9m

We also recycle the capital raised from the disposal of those assets to which we can no longer add value into the acquisition of new opportunities. This is all underpinned by £525m of income producing property assets and managed estates.

Our Strategy continued

Share of Portfolio

There are three main areas of focus for our business, each supported by our proven strategy.

INCOME PRODUCING PROPERTIES

Our active land bank is underpinned by over £500m of retained assets and managed estates that provide us with a regular and secure income stream whilst we marshal our schemes through the planning and construction process

KEY FACTS:

- Book value — £525m
- Diversified rent roll (1,650 tenants) providing annual rent of £45 7m

See case study on page 13

RESIDENTIAL LAND

A key strand to our business has always been to acquire and develop land with potential for residential development Value is realised through land sales, development with joint venture partners and via our own in-house development team.

KEY FACTS:

- Book value — £400m, 1,550 acres
- 24,805 units, 20,724 with a recognised planning consent of which 3,700 are in London and South East

See case study on page 14

COMMERCIAL LAND

Our ability to marshal land through the planning process and offer 'oven ready' sites for development means that we are well placed to take advantage of a growing demand for pre-let / design and build opportunities arising from a decreasing supply of stock

KEY FACTS:

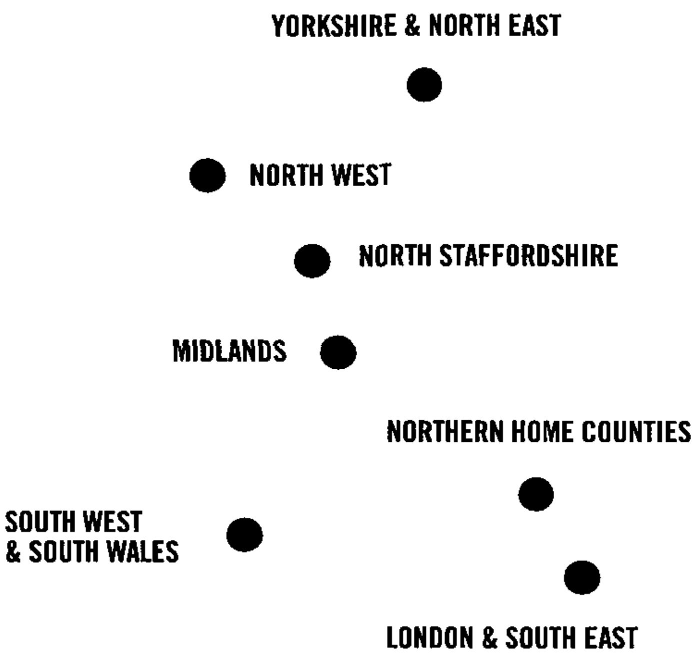
- Book value — £130m, 2,794 acres
- Many large pre-sold construction projects underway or completing in 2011

See case study on page 19

Our business activities and our hopper are controlled through a network of seven regional teams of highly skilled professionals Our regional presence provides us with national and local knowledge and expertise that keep us in tune with the needs of the local community and ensures that we remain politically and economically sensitive to each individual area

At a time of pressure on public finances, we believe our regional presence and extensive regeneration expertise will prove crucial in building on our established relationships with Local Authorities across the country who can continue to look to us to reliably deliver regeneration.

Regional Presence



For a list of development projects see page 96

Business Review Chairman's Statement

"In my final statement to you as Chairman, I am pleased to report on a strong recovery by your Company with a return to profit and NAV growth."

Anthony Glossop
Chairman

Dear Shareholder,

In my final statement to you as Chairman and as predicted in our half year and interim management statements, I am pleased to be able to report on a strong recovery by your Company with a return to profit and NAV growth

Profit before tax was £37 5m (2009 loss of £119 4m) with net asset value per share growing by 9% to 218p (2009 200p)

These results were driven by significant progress in property profits* to £21 9m (2009 £7 6m) and a recovery in valuation gains* of £23 0m (2009 (£122 3m)), of which £17 6m were attributable to asset management initiatives, progressing our projects through the planning and development stages ("marshalling") and other added value activities

These achievements resulted in a 7% increase in our diluted EPRA net asset value, which now stands at 234p per share (2009 219p), and helped generate a positive operational cashflow and enabled us to reduce our gearing to 72% (2009 80%)

Our active approach to asset management has led to an increase in recurring income and our rent roll, and vacancy levels within our portfolio have reduced to 12% (2009 17%) Our financial position has been further improved by active management of our funding requirements, through adding to and extending our existing banking facilities

Dividends
On the back of this recovery, dividend payments were resumed at the half year and your Board is now recommending a final dividend of 2p (2009 nil) per ordinary share, making a total distribution for the year of 3p (2009 nil) This final dividend will be paid on 4th April 2011 to shareholders on the register on 11th March 2011

Strategy
Our strategy is a long-standing and consistent one to add value to the properties we control through remediation, marshalling, asset management, development and delivery by our first rate regional teams, focusing on areas where our regeneration and brownfield expertise enables us to generate profits in commercial and residential development

Our business model has evolved over many years to ensure that our longer-term development activities are underpinned by a reliable recurring income stream (and capital appreciation) generated by our portfolio of rent-producing properties These assets are now valued at over £500m, representing 50% by value of our total portfolio, and ensure we can progress our developments in a controlled and profitable manner

In addition, we own an extensive landbank (our "hopper") of over 5,700 developable acres, 38% of which comprises land earmarked for residential development

During the course of this year, many commentators have focused their attention on the prospects for 'prime' assets It is therefore pleasing that we have been able demonstrably to deliver against our strategy and business model and record healthy year on year growth in profits, property valuations and net asset values Our development and remediation activity levels have improved, we have continued to progress our schemes successfully through the planning process to ensure a pipeline of future activity and added value, and the hopper of development opportunities has increased to record levels through a programme of selective acquisitions

We are always looking to challenge and improve this strategy Our groundbreaking joint venture with Persimmon, which covers 2,000 plots on seven sites, is a clear example of how we are able to extract value (and cash) from the longer-term residential assets in the hopper, accelerating the use of our residential land stock and improving profitability

Directors and Employees
At the forthcoming Annual General Meeting Ian Menzies-Gow will retire after nine years service, the last two as Senior Independent Director His robust and incisive contribution to Board debate was always of the greatest assistance and I would like to thank him for his considerable help

It is intended that Ian will be replaced as Senior Independent Director by David Garman who joined us in April 2010 as a non-executive director David has a broad range of industrial experience both in an executive and non-executive capacity, which I expect to be of great assistance to the Company

I will also step down as Chairman at the same time and I would like to welcome Bill Shannon who joined us in November 2010 as my designated successor He had a long and successful executive career with Whitbread PLC before establishing himself as a respected non-executive

We also welcome Michael Dunn as Group Finance Director He joined in December 2010 to replace Tim Haywood who left us last year after almost eight years' service with the Company Michael, who joined us from May Gurney, has extensive experience of working for publicly listed companies in the construction and outsourcing sectors and will be a great asset to the Company

The fact that the Company has emerged from the undoubted challenges of the past three years in such good shape is largely due to the expertise and drive of the Company's employees at all levels in the organisation Their dedication and skill has been of the highest order They have been a pleasure to work with

Prospects
Although the property market and broader economic prospects remain uncertain, and the impact of spending cuts has yet to be fully felt, we are nevertheless confident of the prospects for the Company We have a long track record of generating value from our traditional activities of regeneration and the proactive management of 'secondary' assets, and the results for the year to 30th November 2010 demonstrate that we have been able to manage our business and assets through the global crisis while continuing to progress our portfolio of development projects to ensure the company is well positioned to deliver value for our shareholders

As we look forward, our financial position is sound, our business model will increasingly create value, our valuations are prudent, and our recurring income is robust We are also in a good position to seize attractive opportunities to add further to the hopper, our regional teams continue to find opportunities to generate value and we are seeing a gradual recovery of liquidity in our key markets

I am confident that I leave the Company in capable hands and that 2011 will be a year of further progress

Anthony Glossop
Chairman
4th February 2011

*including our share of joint ventures and associates as detailed in Note 2

Business Review Chief Executive's Review

"Looking ahead we are confident that St. Modwen's long-established strategy will once again give us the opportunity to provide sector leading returns to shareholders."

Bill Oliver
Chief Executive

We are proud to be recognised as the UK's leading regeneration specialist Our regeneration activities and the complex schemes we deliver make a real and lasting difference and provide an economic boost to many deprived areas across the country

Our return to profit is testament to the strength of our business, the hard work and skill of our employees and our proven strategy of adding value to the portfolio of properties we own and manage The performance is also a result of our regional presence which differentiates us from many of our competitors and has kept us in tune with the needs of local communities and businesses It has also enabled us to continue to access sites that offer us the potential to apply our expertise to create value for our shareholders, partners and stakeholders

Our balanced business model ensures that our development activities are underpinned by a reliable recurring income stream from our £525m portfolio of rent-producing properties This enables us to fund our cost base and progress our longer-term regeneration projects in a risk-averse and profitable manner

Our extensive and very diverse hopper of over 5,700 developable acres is controlled and managed through a network of seven teams across the UK, comprising highly skilled and experienced professionals This enables us to adopt a detailed and hands-on approach to all aspects of our schemes, enabling us to deliver sector-leading results Our long-standing emphasis on value creation enables us to deliver more than market valuation movements for our portfolio, as we marshal assets from our hopper through the planning process to higher value uses

There are three main areas of focus for our business, each supported by our proven business strategy

1 *Income producing investments – representing 50% by value of our portfolio* Our recurring income, generated from an extensive and diversified rent roll, enables us to continue to operate profitably, meeting the running and financing costs of the business

2 *Residential land – 38% by value of our portfolio* We acquire and develop land with the potential for residential development Our asset management skills enable us to add value throughout the development process, realising value through land sales or by development either in joint ventures or solely through our in-house development teams Our skills in driving our landholdings through the planning process, brownfield land remediation and other aspects of regeneration and development make us an attractive partner to landowners, local authorities and central government agencies

3 *Commercial land – 12% by value of our portfolio* Our ability to marshal land through the planning process and offer 'oven ready' sites for development means that we are able to meet occupiers' demands swiftly and take advantage of a growing demand for pre-let and design and build opportunities arising from a decreasing supply of stock across the UK

Our Market

We have witnessed some improvement in market conditions over the last 12 months Our broad range and our regional spread of development and regeneration activities has enabled us to continue to secure business across a wide variety of sectors, achieving property sales, including our share of JVs, of £125m

Our levels of development activity are still lower than we are used to historically but we do compare well to the rest of the marketplace, with a good programme of activity in place for 2011 and beyond

As we forecast last year, our valuations at 30th November 2010 were reflective of more stable market conditions after a long period of uncertainty, with an average positive yield shift of 0 5% The value of our commercial land has stabilised, while the valuation of our residential land has encouragingly recovered a small element of the values previously written off We believe this may reflect the start of a recovery in the market for residential land, as evidenced by the transactions we have completed during the year and since the year-end

Competitive and Regulatory Environment

The lack of readily available finance and the continuing drive to de-gear and de-risk their businesses has restricted many developers' appetite and ability to compete for new development schemes Speculative development remains almost non-existent and there are still very few developers who are both willing to bid for, and able to finance, new schemes

By contrast, in this new competitive landscape, we are operating in our chosen regional and secondary markets from a position of strength We are identifying an increasing stream of opportunities, both for acquisitions and for developments which offer clear potential to create and enhance value for our shareholders As a result, we are able to report on yet another very successful year for our hopper, which at over 5,700 acres, once again stands at record levels

Despite some of the gloomier forecasts to the contrary, we have also continued to benefit from the relative resilience of our occupier markets, underpinned by our own focus on specific active asset management initiatives

This year we have been highly successful in both reducing void levels and increasing the rent roll Our secondary retail centres in particular are continuing to perform strongly, with high occupancy and robust rental levels We are also seeing an increased level of enquiries for new development space, with a number of sizeable opportunities now coming to fruition, for example we are in advanced discussions with Siemens in Lincoln to develop a new 127,000 sq ft manufacturing facility

On face value, the regulatory environment remains cumbersome and complex However, we remain optimistic that the latest planning process reforms will not have an adverse impact while local authorities seek to make sense of their new-found powers and responsibilities including the proposed abolition of regional spatial strategies, the replacement of Regional Development Agencies with Local Enterprise Partnerships and the merger of the Housing and Communities Agency with English Partnerships

One of the Company's key skills is being able to work our schemes through the planning system in a responsive and time-efficient manner For this reason, the more restrictive a system becomes, the more our skills are needed, and potentially, the greater the value that is created by our marshalling activities Furthermore, sites with a secured planning consent (of which we have many, including 20,724 residential plots with a recognised planning status) should command an increasing premium while the system adjusts to operate in the more efficient way intended

Outlook

Looking ahead, we are confident that St Modwen's long-established strategy will once again give us the opportunity to provide sector-leading returns to shareholders

We continue to adopt a cautious, but opportunistic, stance to changing conditions The expertise and knowledge that we have built up over many years in diverse markets across the UK will ensure that we are strongly placed to continue to identify and secure opportunities in the markets that are most active and offer the best potential to create value

We have a strong balance sheet and a landbank that is full of latent value Our development pipeline for 2011 and beyond is strengthening and a number of significant schemes are being marshalled for delivery in future years

Our asset management capability is proving invaluable in maintaining occupancy and rent levels, and we are confident that we will be able to continue with the positive progress in this area that we have demonstrated in the past two years

As a result, we believe that we are well positioned to deliver profit and net asset value growth in 2011, despite the ongoing uncertain market conditions

Bill Oliver
Chief Executive
4th February 2011

Business Review Operating and Financial Review

OPERATING REVIEW

Business Model and Strategy

Our established business strategy is to add maximum value to the land and property assets we own through remediation, marshalling, asset management and development and subsequently to recycle the capital released on sale into the acquisition of new opportunities

We operate predominantly in locations where we are able to offer value for money to occupiers and undertake substantial planning or remediation activities to transform asset values It is in these locations, via our regeneration activities, where we can make a positive and lasting difference by providing the right physical and economic infrastructure for businesses and communities to evolve and develop Regardless of recent generic market commentary, we continue to experience improving market conditions for the type of secondary properties in our portfolio which are proving remarkably robust in terms of rental and occupation levels

Obtaining control of opportunities through self-financing transactions has always been part of our hopper strategy This year, our total expenditure on new acquisitions was only £31m which added 375 acres of developable land to our portfolio, of which 318 acres were via options and development agreements As a result, our hopper now stands at the record level of 5,736 developable acres This landholding is very broadly based, comprising over 180 separate schemes, across all sectors of the property market

Hopper analysis (acres)

	2010	2009
Developable		
Retail and leisure	**368**	433
Employment	**2,927**	2,735
Residential	**1,550**	1,564
Unspecified	**891**	872
	5,736	5,604

During the past year, we have not undertaken any speculative development, but have continued to advance sites for development on the back of pre-let or pre-sold opportunities

Our strategy of constantly seeking to add value to the properties we own (whether through asset management, remediation or driving them through the planning process) has also continued to deliver tangible progress During the year, we achieved a number of important planning consents and advanced the status of several of our key schemes, generating added value gains of £18m (2009 £27m)

We have also continued to dispose of mature assets and those developed specifically for sale We have completed over 50 disposals in the year realising £125m which includes our share of JVs and £22m of disposal profits, enabling us to reinvest in new long-term opportunities

Employees

St Modwen's business model is based on a hands-on approach in all areas asset management, marshalling, remediation, construction and development As a result, the skill of our people is fundamental to our success Therefore, as we emerge from financially-constrained times, we will continue to retain and incentivise and to grow the abilities of the talented people who will be the drivers of the Company's future expansion

Financial Objectives
St Modwen's financial objectives over the past year have been to deliver positive NAV growth and resume dividend payments, to grow the recurring income, to optimise the Company's cashflow and financing position, and to be in the best possible shape to capture new acquisition or development opportunities

With the stabilisation of property valuations, we are pleased to have returned to profitability, reporting a profit before tax of £37 5m (2009 £119 4m loss) Our NAV per share has grown 9% to 218p per share and the EPRA equivalent 7% to 234p (2009 219p) Our recurring gross rent roll has grown to £45 7m (2009 £43 0m) with voids reduced to 12% (2009 17%)

This, and our confidence in the robustness of our net asset value and our prospects for the coming year, enabled us to resume the payment of dividends during the year An interim dividend of 1p per share was paid in September, and the Board is recommending a final dividend of 2p

In the current more cautious market, our business model is - perhaps counter-intuitively - particularly appropriate Our prudent approach to financing, excellent relationships with our key banks and strengthened balance sheet following the Placing and Placing and Open Offer in 2009 has given us a stable financial footing and ensured we have significant capacity for growth as market conditions improve

The Company is trading within all its banking covenants and our forward projections show a continuation of that position

A further key objective for the year was to renew and extend the maturity of our banking facilities to ensure that sufficient funding remained in place for the Company's medium-term requirements We have realised this aim and renewal dates for the majority of our existing facilities have been extended to 2014/15 with no changes to the existing terms and conditions The earliest significant maturity date is now September 2012 and the weighted average maturity of the Group's facilities at the date of this report is now 3 7 years (November 2009 3 0 years)

Income Producing Investments
Hands-on asset management is a very significant part of our business model Our regional teams have been very active during the period, working closely with tenants to mitigate the impact on our rent roll of the current difficult market conditions The effect of asset disposals, tenant failures and vacations was more than offset by our successes in letting void space and newly-completed developments giving us an overall increase in net rental income

The benefit of this pragmatic and hands-on approach is shown by the fact that our like-for-like gross rent roll has increased by £1 9m to £45 7m since 30th November 2009 This reflects our success in achieving £7 8m of new lettings to offset rent lost of £5 7m due to vacations and £0 2m due to tenant failures in the period This activity has enabled us to reduce our overall portfolio void to 11 8% and reduce the level of unsold stock to £66 3m

Rental income by sector

While we may see continued pressure on our net rents in 2011, as the macro-economic conditions continue to give rise to increased unemployment and a reduction in consumer spending, our rents are at the affordable end of the scale We believe this will provide some insulation from the effect of further tenant failures

Case Study
Income Producing —
ETP Portfolio

We have purchased an eleven-site portfolio of industrial estates for £21 4m from Citi Property Investors With a rental income of £2 2m, this represents a net initial yield of 10 3%

The portfolio comprises 610,000 sq. ft of multi-let industrial assets located throughout the Midlands and North of England, including Birmingham, Sheffield and Stoke-on-Trent It includes 75 occupational leases, let to 60 tenants, with a void level of 3%

In line with our business strategy, it is our intention to retain these sites for income until we maximise their value Income raised from their disposal will be invested into other development projects, land acquisition or the purchase of other income producing assets

Business Review Operating and Financial Review continued

Income producing investments — key highlights during the year

- During the year we acquired the ETP portfolio, an eleven-site portfolio of industrial estates (see page 13 for case study)
- Testament to the fact that well located and well managed secondary retail property can prove to be a reliable investment is the Elephant and Castle Shopping Centre in London The Centre now comprises 82 tenants and occupancy has increased from 93% to 98% during 2010 As a result of 15 new lettings and lease renewals, the net rent receivable has increased by 3 2% during the year to £3 8m per annum

Outlook

We continue to seek opportunities to add to our income producing portfolio Our regional presence, flexible funding and appetite for assets that generate income but have the potential for future development is enabling us to move quickly which provides us with an advantage in the current marketplace We anticipate acquiring further income producing assets at attractive yields, and believe that our active asset management will continue to add value

Residential Land

The gradual recovery of the residential market, and the consequent erosion of housebuilders' landbanks and housing stock levels has seen a re-emergence of demand for residential land, particularly for our type of 'oven-ready' consented sites that can be brought quickly into production

This is demonstrated by our disposal of 40 acres during the year and the signing of the strategic joint venture with Persimmon to develop an initial seven sites This JV will unlock considerable value and cash from our residential land bank as well as delivering development profit from house sales

As an example of our acquisition activity in the year, we have concluded an agreement with Branston Properties Ltd to acquire, subject to planning, a 280 acre site near Burton-upon-Trent We anticipate the site being brought forward for a mixed use development of 500 new homes and 650,000 sq ft of employment space

Marshalling

The planning position on our residential land bank is now

Planning status

	Nov 10		Nov 09	
	Acres	Units	Acres	Units
Allocated in local plan or similar	309	6,550	231	6,134
Resolution to grant permission	39	806	323	5,230
Outline permission granted	794	12,239	517	7,887
Detailed permission granted	68	1,129	32	833
Sub-total	**1,210**	**20,724**	**1,103**	**20,084**
No planning recognition	340	4,081	440	4,956
TOTAL	**1,550**	**24,805**	**1,543**	**25,040**

Case Study
Residential Land — Persimmon JV

In August 2010, we entered into a joint venture with Persimmon PLC initially to develop 2,000 homes on seven of our sites across the country

- **— Goodyear, Wolverhampton**
- **— Glan Llyn, Newport, South Wales (pictured)**
- **— Pallion New Road, Sunderland**
- **— Whessoe Road, Darlington**
- **— Longbridge East, Birmingham**
- **— Long Marston, Warwickshire**
- **— Coed Darcy, Neath, South Wales**

It is expected that the development across 120 acres of land will take up to five years to complete and will have an end value of over £300m Further schemes may be added to the joint venture as planning permission is obtained by St. Modwen

We are already making good progress with the joint venture and have recently submitted detailed planning applications at the former Goodyear site in Wolverhampton and at Glan Llyn in Newport, South Wales We will shortly submit applications at Darlington, Sunderland and Longbridge East

Planning progress — key highlights during the year

- Two sites at Longbridge and Weston-Super-Mare have received detailed planning consent for residential development totalling 215 new homes With the benefit of HCA funding, demonstrating our ability to actively manage development without major use of our own funds, these sites are being developed directly by the Company under its house-building brand, St Modwen Homes
- South Ockendon, Essex — we received outline planning permission for 650 homes on a 31 acre former car factory which we acquired from Ford in 2006 This scheme will form a key part of the delivery of new housing in the Thames Gateway region

In addition, the following major planning applications are being progressed in 2011

- Mill Hill — as part of a consortium with neighbouring landowners, we have submitted plans for a comprehensive development of our 83 acre former MoD site comprising 2,174 new homes, 11,800 sq ft of new retail, 37,000 sq ft of commercial space, a GP surgery, an energy centre and two primary schools
- Uxbridge — plans for the extensive development of this 108 acre former MoD site includes 1,373 new homes, 31,000 sq ft of new retail and 145,000 sq ft of new office space, together with a 77 bed retirement home, a 1,200 seat theatre, a 6,300 sq ft community / museum use, an energy centre, a GP surgery, a 90 bed hotel and three primary schools, for which outline planning was granted in January 2011

Delivery and disposal — key examples

- One of the key transactions during the year was the signing of a joint venture agreement with Persimmon PLC to develop 2,000 homes on seven of our sites The structure of the JV accelerates the realisation of value from our hopper, and also enables us to share in the future value of the houses built We anticipate that the transaction will be cash positive for us in 2011, and will remain so throughout the duration of the JV (see page 14 for case study)
- We have sold 29 acres of residential land for a total consideration of £40 5m at values equal to, or ahead of book value 20 acres at the former MoD site at Bentley Priory, Stanmore to Barratt Developments, four acres at Haywards Heath to Crest Nicholson and five acres at Newton le Willows to Jones Homes

Outlook

Our ability to be flexible and innovative gives us confidence that we will continue to unlock the value from our substantial and diverse landbank Our developments in progress should generate increases in NAV over the coming years while our landbank should prove a valuable long-term asset as the housing market recovery accelerates

Commercial Land Development

In line with the rest of the market, we are not currently undertaking any speculative development However, our regional structure enables us to continue to drive our land holdings through the planning process and offer occupiers 'oven ready' sites for development means that we are well placed to take advantage of the resulting and growing demand for pre-let and design and build opportunities

Our brownfield remediation expertise makes us an attractive proposition to landowners who trust us implicitly to remove the risk from their sites

Business Review Operating and Financial Review continued

Acquisitions — key examples during the year

- Hednesford — a vehicle component factory from ATP Industries Group, in a deal which unlocks the development potential of the £50m Hednesford Gateway scheme in Cannock Chase, Staffordshire (see page 19 for case study)
- Crawley - an option to acquire, subject to planning, a 100 acre site at Copthorn adjacent to the M23 near Crawley and Gatwick for employment-led development

Planning progress — key highlights

- Exeter — outline planning consent has been obtained for our £120m Skypark development near Exeter Airport, together with detailed consent for the first phase Funded by the Low Carbon Infrastructure Fund of HCA, the innovative first phase is set to comprise a £20m Energy Centre — the first of its kind on this scale in the UK - which will be run by E ON, and which will provide sustainable energy for the entire scheme and the neighbouring community of Cranbrook
- Longbridge Town Centre — Proposals have been submitted for the £70m next phase of the town centre which include 80,000 sq ft of retail space, a major 85,000 sq ft foodstore, an hotel and 40 two-bedroom apartments, together with community space access roads and continued local road improvements to join the town centre with the newly-built £66m Bournville College

Delivery and disposal — key examples

Some of the principal disposals, which were all made at or above book value, in the period were

- Catford Shopping Centre and parade of shops - sold to Lewisham Borough Council for £11 5m
- The Malls, Basingstoke — our joint venture, KPI, sold its 65% share in this 300,000 sq ft shopping centre to Basingstoke & Deane Borough Council (who owned the remaining 35%) for £15 3m

Key employment schemes include

- The 300,000 sq ft waste treatment and recycling facility at Avonmouth for New Earth Solutions is on target for completion in Spring 2011
- Works have also commenced on the construction of the pre-sold 48,000 sq ft office complex for Manchester City Council in Wythenshawe

We have also made significant progress on a number of important town centre, retail and public sector schemes

- Wembley — Our Wembley Central scheme will provide 135,000 sq ft of retail and leisure space, together with 117 private apartments and 85 affordable homes already completed on site During 2010, 23,000 sq ft of office space in Ramsey House was refurbished, the fitting out of the first phase of 117 apartments was completed, of which 50 have been sold or let, Co-Op have completed a lease on 10,000 sq ft and will commence trading in March 2011, and terms have been agreed with Travelodge for a new 86 bed hotel
- We have completed the 72,000 sq ft retail scheme at Connah's Quay, Flintshire including a new 52,000 sq ft Morrisons food store which commenced trading in November 2010 Over 300 new jobs have been created at the Ffordd Llanarth site, which has attracted lettings from a wide range of national retailers including Greggs, Bargain Booze, Just Go Travel, and Home Bargains
- We completed and handed over the 150,000 sq ft Warwickshire College at our Rugby site in time for the first intake of students in September 2010 Work is also progressing on schedule and budget towards completion of the flagship six storey 250,000 sq ft £66m Bournville College at Longbridge to be opened to over 10,000 students in September 2012

Outlook

Our developments in progress should continue to generate value While we do not foresee returning to speculative development in the near future, our regional presence is enabling us to find development opportunities that can be satisfied by our existing landbank We are currently in negotiations to secure a number of opportunities that should enable us to continue to create value and generate good profits over the next few years

FINANCIAL REVIEW

Income statement

Our business model is based on core rental and other income covering the running costs of the Company (property outgoings, overheads and interest), which provides a stable base from which the Group can maximise its development activities

Trading profit (£m)

	2010	2009
Net rental income	**33 7**	33 5
Property profits	**21 9**	7 6
Other income	**3 1**	1 8
Administrative expenses	**(17 1)**	(14 1)
Bank interest	**(24 2)**	(20 4)
Trading Profit	**17 4**	8 4

(see Note 2 of the financial statements)

Net rental income

During the course of the year we have focused on our asset management activity in order to safeguard our future rental returns

At 30th November 2010 the like-for-like gross rent roll, including our share of rent from joint ventures, had increased from £43 0m to £45 7m At the year-end our overall voids had been reduced considerably to 12% (2009 17%) Furthermore we have increased our weighted average lease length to 5 1 years (2009 4 3 years)

Property profits

Property profits, including our share of joint ventures, were £21 9m (2009 £7 6m), with significant contributions from our remediation contracts with BP at Coed Darcy and Baglan Bay, a number of pre-let and pre-sold developments (including for Manchester City Council, New Earth Solutions, Morrisons and Bournville and Rugby Colleges), as well as the disposal of residential land

Property valuations

All of our investment properties (including land) are valued every six months by King Sturge LLP at market value, and our work in progress is also independently assessed, where appropriate, for any impairment issues

Property portfolio (£m)

	2010	2009
Residential land	**400**	339
Commercial land	**130**	155
Income producing		
Retail	**194**	197
Offices	**60**	63
Industrial	**271**	253
Total	**1,055**	1,007

- including the Group s share of joint ventures and associates (excluding minimum lease payments)
- valuation numbers include investment properties and legally owned properties held in inventory (except for those inventory properties already contracted for transfer under the Project MoDEL agreements)

The valuation of our investment properties reflects both market movements and the value added by our own activities, including the achievement of marshalling milestones in the planning process The calculation of this added value reflects the present value of future cash flows, based on existing land prices and the current best estimate of costs to be incurred

2010 was another year of uncertainty in the real estate investment market, but one in which values recovered some of the losses of the previous two years Our valuations at 30th November 2010 reflect a stabilised secondary property market, with our investment property valuations having increased overall by £29m (3%) during the year

In the first half of the year, we saw the gradual return of some real estate investor appetite and an increasing level of housebuilding activity, resulting in an overall uplift of £24m In the second half, these trends had stabilised and both investment yields and underlying land values were more stable with a movement of £5m Throughout the year, we produced significant gains through our marshalling and asset management efforts which added value to the underlying market movements, the beneficial impact of this can be seen in the table below

Investment property valuation movements (£m)*

	2010			2009
	H1	**H2**	**Total**	Total
Market value movement	9	2	11	(134)
Marshalling and asset management	15	3	18	27
Total	**24**	**5**	**29**	(107)

*including the Group's share of joint ventures and associates

The valuation of our residential land portfolio was thoroughly market-tested during the year by the sale of land and the formation of the joint venture with Persimmon over a further seven sites In all cases, our carrying values were proven by these market transactions Furthermore, our ability via this Persimmon JV to participate in the future housebuilding profits implies that there is a further stream of value to come from this portfolio which has not yet been fully recognised

Of the overall investment property valuation movements of £29m, our valuers consider that over 60%, or £18m, is due to value added by our own management of the assets This is an achievement consistent with our expectations and one that gives us confidence in our future valuations

Administrative expenses

We continue to maintain close control over underlying costs Underlying recurring costs have remained stable We have, however, incurred £2 2m of restructuring costs in the year as we rationalised our properties and reorganised our internal legal structure in line with approved tax planning activities Due to the successful outcome to the year we have also re-introduced the staff bonus scheme

As a consequence of the factors above, administrative expenses (including our share of joint ventures) have moved during the year to £17 1m (2009 £14 1m)

Joint ventures and associates

Our share of the post tax results of joint ventures and associates is shown on the income statement as one net figure A full analysis of the underlying details is disclosed in Note 10 The principal joint venture in which the Group is involved is Key Property Investments Limited, which recorded a profit of £16 6m of which our share was £8 3m (2009 £22 1m loss)

Finance costs and income

Net finance charges (including our share of joint ventures) have reduced to £26 4m (2009 £26 7m) The level of charges was due to the following principal factors lower borrowing levels, reduced mark-to-market costs, partly offset by increased borrowing costs

Business Review Operating and Financial Review continued

As a result of low and stable interest rates and the renegotiating of some of our hedging contracts (at zero cost) with our banks, the revaluation of our interest rate swap contracts (which have a weighted average cost before margin of 4 6%) to market value at year-end resulted in a net credit to the Income Statement of £0 1m (2009 charge £5 9m)

The impact of the renegotiation of our banking covenants mid way through 2009 was to increase the weighted average margin on our facilities by 113 basis points to 199 basis points

Net finance charges also include a charge of £1 6m (2009 £0 2m) for the amortisation of the discounted deferred consideration payable to the MoD in respect of Project MoDEL

During 2010, the Group continued to expense all interest as it has arisen, and has not capitalised any interest on its developments or its investments

Profit before tax
With the stabilisation of property valuations, we are pleased to have returned to profitability, reporting a profit before tax of £37 5m (2009 £119 4m loss)

Taxation and profits after tax
The effective tax credit for the year, including our share of joint ventures, is £0 8m (2009 £17 7m)

This rate is substantially lower than the standard rate of UK Corporation Tax due to the utilisation of previous years' tax losses and allowances

It is anticipated that, with the continued utilisation of these losses and of other tax allowances, and the benefit in future years of approved tax planning activities, the effective rate of tax on future profits will be lower than the standard rate of UK Corporation Tax

Benefit from tax planning activities is only recognised when the outcome is reasonably certain

Taking into account these tax rates, profit after tax has risen to £38 3m (2009 loss of £101 7m)

Financial Structure
Financing
Following the refinancing of the business in 2009, we continue to operate well within our banking covenants and have substantial headroom within our existing facilities to cover all of our current and proposed development and acquisition programmes

We have also taken a number of steps during the year to renew and extend our banking facilities During the financial year we renewed facilities with Barclays, Royal Bank of Scotland and Bank of Ireland Following the year-end, but before the date of this report, we have also renewed facilities with HSBC and put in place a new facility with Santander, further increasing the weighted average expiry to 3 7 years at the date of this report (November 2009 3 0 years) This has been done with no material impact on borrowing costs

The Company's cash flow was again an area of significant focus during the year as we realised £93m from our ongoing programme of asset disposals This, together with our recurring net rental income and close management of our working capital, enabled us to meet our administrative expenses, interest, and a £111m development and capital expenditure programme, whilst delivering a net reduction in borrowings from trading cash flows

The following table shows an additional analysis of the operational cash flow of the business

Operational cashflow (£m)

	2010	2009
Net rent	**26 4**	26 1
Property disposals	**92 9**	100 9
Property acquisitions	**(30 5)**	(12 9)
Capital expenditure	**(80 1)**	(79 7)
Working capital and other movements	**33 9**	(6 3)
Overheads, interest and tax	**(36 5)**	(27 0)
Net cash inflow/(outflow)	**6 1**	1 1

(see Note 2 of the financial statements)

We now have total Group facilities of £539m (2009 £519m) Year-end net debt is £315m (2009 £319m), giving us gearing of 72% (2009 80%) and headroom of over £200m to meet future commitments Including joint ventures, total banking facilities are £784m (2009 £764m), net debt is £504m (2009 £527m) and gearing is 94% (2009 106%)

The maturity of both hedges and facilities is aligned with individual schemes where applicable Following the repayment of £101 6m of borrowings after the equity issue during 2009, the amount of our debt at fixed rates rose to 99% and is currently 98% This will gradually reduce during 2011 as a number of the hedging contracts mature We are keeping our hedging positions under review

Covenants
We are operating well within the covenants that apply to our banking facilities These are

- net assets must be greater than £250m (actual £437m),
- gearing must not exceed 175% (actual 72%), and
- interest cover ratio (which excludes non-cash items, such as revaluation movements) must be greater than 1 25x (actual 1 8x)

Although current economic conditions still have an element of uncertainty, we have considered available market information, consulted with our advisers and applied our own knowledge and experience to the Group's property portfolio As a result of this, we believe covenant levels are more than adequate for our worst-case scenarios

Financial statistics and key performance indicators

	2010	2009
Net Borrowings	**£315m**	£319m
Gearing	**72%**	80%
Gearing, incl share of JV debt	**94%**	106%
Average debt maturity	**3 7 years**	3 0 years
Interest cover	**1 8x**	1 7x

Balance Sheet
Net assets
At the year end, net asset value per share was 218p, an increase of 18p (9%) In common with other property companies, we also use the diluted EPRA NAV measure of net assets which analysts also use in comparing the relative performance of such companies The adjustments required to arrive at our adjusted net assets measure are shown in the following table

EPRA adjusted net assets per share were 234p at 30th November 2010, an increase of 15p (7%) in the year

Net assets (£m)

	2010	2009
Net assets, beginning of year	**401 0**	402 2
Issue of new shares	—	101 6
Profit/(loss) after tax	**38 3**	(101 7)
Dividends paid	**(2 0)**	—
Other	**(0 5)**	(1 1)
Net assets, end of year	**436 8**	401 0
Deferred tax on capital allowances and revaluations	**9 4**	18 0
Mark-to-market of interest rate swaps	**16 7**	19 3
Fair value of inventories	**5 3**	
Diluted EPRA NAV — total	**468 2**	438 3
— per share	**234p**	219p

Investment properties
The total value of investment properties under our control, including 100% of joint ventures, increased by £66m during the year to £1,101m (2009 £1,035m)

The independent valuations during the year-ended 30th November 2010 resulted in net revaluation gains, including our share of joint ventures, of 3% (£29m), compared with the previous year-end Our properties are currently valued at the following weighted average yields

Weighted average yields

	Equivalent		Net initial	
	2010	2009	**2010**	2009
Retail	**8 6%**	9 9%	7 4%	8 4%
Office	**9 0%**	8 7%	7 1%	5 7%
Industrial	**9 2%**	9 4%	7 4%	8 4%
Total	**9 0%**	9 5%	7 4%	8 0%

Inventories
Inventories have reduced in the year from £193m to £173m, reflecting the completion of the development programme started in previous years (including £88m relating to Project MoDEL) and the effect of disposals or transfers into investment properties of completed schemes Assets held in inventories principally comprise development projects that are on site and under construction and have not been pre-sold, and other assets that are held for resale at the period end

Assets held in inventories are not included in the annual valuation, but are assessed for impairment and net realisable value issues using independent external advice where appropriate As a result, we have written down certain of our assets for resale and work in progress balances to reflect their net realisable value in current market conditions The total provided in the year amounted to £6 1m in the Group and £0 3m in joint ventures

Pension scheme
Our defined benefit pension scheme continues to be fully funded on an IAS19 basis The next triennial valuation is due in 2011 but as the scheme is closed to new entrants and closed to future accrual we do not anticipate any significant increase in scheme contributions

Financial Outlook
Our business is in a robust financial position Active management of our portfolio is enabling us to generate profits, our valuations are prudent and our financial structure is solid We are continuing to recycle our portfolio and generate cash and this, together with the headroom in our financial structure, enables us to continue to invest in opportunities that offer the potential to create and enhance shareholder value

Given the opportunities in the current markets this gives us a sound platform for future growth

Case Study
Commercial Land — Hednesford, Cannock

In 2004 we were selected as preferred developer by Cannock Chase District Council to redevelop two Town Centre sites in Hednesford, totalling 13 acres

The £50m retail-led scheme, known as Hednesford Gateway, is set to be one of the most significant projects in the town's history and comprises two phases known as Rugeley Road and Victoria Street

Rugeley Road — an 8 8 acre site will be anchored by an 80,000 sq ft foodstore, with associated car parking alongside 38,000 sq ft of non-food retail units and community facilities

Victoria Street — a 4 6 acre site will be anchored by a 16,900 sq ft. discount foodstore, with 7,500 sq ft of retail units and an additional 5,650 sq ft of additional retail space within the town centre The town's existing Bingo Club and Drill Hall will be relocated to this site

Progress to date includes securing planning permission for Rugeley Road and we have already started to unlock the development potential of this part of the site, having purchased a factory from ATP Industries Group which will be demolished in 2011 Construction works to the new 80,000 sq ft foodstore are due to start in 2011

Regarding Victoria Street, planning permission has already been secured and we have commenced ground investigation works

Corporate Governance

Corporate Governance Corporate Social Responsibility

INTRODUCTION

Regeneration goes beyond bricks and mortar, it is about breathing new life into areas that need it the most and bringing about positive and genuine changes to communities, the environment and the economy alike Therefore, we take Corporate Social Responsibility ("CSR") very seriously and ensure it forms an integral part of what we do

Our CSR activities are grouped into three specific areas

— Sustainability and the Environment

— Community and Economy

— Charities and Awards

SUSTAINABILITY AND THE ENVIRONMENT

Environmental initiatives

We are always looking at ways in which we can support or instigate local initiatives that bring benefit to our sites and the surrounding environment Where possible, we seek to involve the local community in these initiatives which not only helps to build understanding and trust in our work but makes development more accessible

CRYMLYN BURROWS, SOUTH WALES

At Crymlyn Burrows in South Wales, a Site of Special Scientific Interest, and part of the 2,500 acre former BP Portfolio we acquired in 2009, we joined marine biologists, Oakley International, local school children and other community volunteers in a search for shark, skate and ray egg cases along this important strip of Welsh coastline This work is crucial to the Shark Trust, facilitating vital research into these elusive breeds of fish

As part of the same initiative, a special beach clean-up to remove litter from the beach and surrounding areas was carried out This followed publication of a Marine Conservation Society Beachwatch Report claiming that rubbish found on 73 Welsh shorelines was up by 21% on the previous year

Waste management

Our principal aim when dealing with waste is to reduce our reliance on landfill sites and ensure that we introduce effective waste management systems across all sites built directly by us For those projects delivered by contractors and subcontractors on our behalf, we only employ companies who comply with our strict criteria for dealing with waste management

WARWICKSHIRE COLLEGE

The development of the new Warwickshire College and the access road to this 82 acre site is a typical example of our approach to waste management Here, we instigated a rigorous process that led to only 4% of the waste produced being sent to landfill

To facilitate the process, we appointed one company who would control the waste management for the entire site All contractors and subcontractors were instructed to use this company only

Waste was segregated into six channels, inert matter, wood waste, cardboard/paper, scrap metal, plastic and general waste and a total of 10,000 m^3 was produced, of which 96% was retained on-site and re-used within the site for structural fill

Sustainable buildings

We look for the most environmentally effective solutions for our occupiers in terms of the whole life cost of a building and take several factors into consideration These range from the use of renewable materials, employment of specific design standards and employing a highly skilled team of sustainability advisors who ensure that we are always using the most technically advanced and efficient sustainability techniques

We welcome the introduction of the code for sustainable homes and understand that beyond reducing carbon dioxide emissions, we need to deliver buildings in a way that minimises their other environmental impacts such as the water they use, the waste they generate and the materials they are built from

We also encourage innovative energy saving measures across all of our sites which have broader positive implications for the surrounding communities and regions as a whole

Remediation and reclamation

Remediation, or the preparation of land for development, is perhaps the most important part of the regeneration cycle, allowing for disused sites to be brought back to life and minimising development on greenfield land

Almost 100% of our building activity takes place on brownfield sites and we adopt a thorough and ruthless approach to remediation which ensures that the land is cleaned up extensively before any development occurs

Similarly, across our entire portfolio, over 95% of all waste and materials either reclaimed on-site or created due to demolition works are retained and re-used as part of the development This approach ensures we avoid any unnecessary off-site disposal, reduce our reliance on landfill and minimise the need for mining for new materials

So far, the remediation efforts have restricted landfill consumption significantly and almost 100% of all material generated during the pre-development and remediation works has been retained on site for reuse

With another 50 acres of site to prepare for development, this sustainable remediation approach is being continued with the support of both Wolverhampton City Council and the Environment Agency

GOODYEAR SITE, WOLVERHAMPTON

Our regeneration of the 90 acre former Goodyear site in Wolverhampton into an £80m mixed-use community is a classic example of how we deal with remediation and reclamation on-site

Prior to commencing any redevelopment works, we carried out extensive environmental and geotechnical assessments of the site which revealed the historic tyre manufacturing processes had resulted in localised contamination to the ground and to the groundwater beneath the site A three acre on-site tip was also uncovered which had been used to dispose of industrial waste

Upon discovery of these elements, we immediately developed a detailed remediation strategy and validation plan that was subsequently agreed with Wolverhampton City Council and the Environment Agency

Phase 1 of the remediation works covered an initial 16 acres and comprised slab/foundation removal, re-profiling earthworks, treatment of hydrocarbon impacted soils and groundwater, processing and treatment of asbestos contaminated soils and processing of buried industrial waste materials for re-use within the site

65,500 sqm of former factory slabs, yard areas and foundations were grubbed up and removed to enable the redevelopment of the Phase 1 area to be initiated	→	Approximately 30,000 tonnes of concrete was generated by these works, this material was crushed to 6f1 and 6f2 specifications for roadway construction and reuse within the build platform
Relic sub-surface infrastructure comprising structures extending to depths in excess of 6m below ground level were excavated and removed	→	Approximately 35,000 tonnes of concrete was generated by these works, this material was crushed to a 6f2 specification for reuse within the redevelopment
Oil contaminated soils resulting from historical site operations were delineated, excavated and treated on-site under license	→	Approximately 4,000 tonnes of soils treated by bio-remediation methods, this material was validated and integrated beneath the build platform
Re-profiling works across Phase 1 of the site comprised the excavation, validation, laying and compaction of 'site won' soils	→	Approximately 16,000 tonnes of soils was excavated, environmentally and geotechnically classified and reused to form the redevelopment profile
1,259 tonnes of asbestos impacted soils were identified, excavated and processed under strict environmental licensed control conditions	→	760 tonnes of soils were recovered following processing and integrated beneath the redevelopment footprint
Former site tip contents were segregated, processed and validated for reuse within the redevelopment	→	Approximately 25,000 tonnes of material was recovered for reuse to achieve required formation levels within the development
Oil impacted perched water was removed from excavations and relic sub-surface infrastructure	→	1 2m litres of water was recovered during the works and pre-treated prior to discharge to foul sewer
Environmental monitoring and control measures were implemented throughout the works comprising the sampling of air, soils, recycled materials and water	→	In excess of 500 environmental samples were obtained during the successful completion of the works

Corporate Governance Corporate Social Responsibility continued

Sustainability targets

We remain committed to reducing our carbon footprint Until the Government has produced clear guidance on the future of the Carbon Reduction Commitment Energy Scheme, we will continue to monitor and measure our Co_2 emissions and investigate appropriate mitigation measures right across our portfolio

To ensure our commitment to sustainability is both real and evidenced, we have in place a series of sustainability targets and continue to demonstrate improvement across the board every year

Sustainability	2010 target	2010 achieved	2009
Remediated materials re-used or recycled	91	96	99
Demolition products retained for retention on-site or recycling	91	95	94
Construction project waste re-used or recycled	60	75	75
Energy consumption better than required by building regulations*	n/a	n/a**	100
Building projects with at least 10% of power from a renewable energy source	8%	17%	33%
Schemes with water usage reduction technologies	100	100	100
Schemes with water recycling technology	30	33	36

* on speculative projects in excess of 50,000 sq ft for industrial buildings and 25 000 sq ft for offices

** no speculative projects have been constructed during 2010

Re-using and preserving buildings

Recycling buildings reduces the environmental impact of development and therefore we only demolish those that no longer add any value to a specific site

In particular, it is our duty to retain any buildings with historical significance or that play an important part in a site or area's heritage

Similarly, with our larger sites, we try to use land that is not currently under development for other uses such as car parking, car storage and hosting any community events

BENTLEY PRIORY

St Modwen, as part of its VSM Estates joint venture, has supported the preservation of Bentley Priory, famous for its pivotal role as Fighter Command Headquarters during the Battle of Britain in World War Two

VSM Estates was granted detailed planning and listed building consent by Harrow Council in 2008 for its sensitive redevelopment The site has now been sold to Barratt Homes, who will build the majority of new homes at the site, together with City & Country who will develop the new homes and museum within the Priory building

As part of this development, St Modwen agreed that circa £9 5m would be made available to create, maintain and run the Battle of Britain Museum in the Grade II* listed mansion house The museum will educate future generations about the unique heritage and significance of Bentley Priory to the nation and allow its historic rooms to be open to the public for the first time in 80 years The museum will also pay respect to the bravery and sacrifice of RAF pilots and ground staff who helped turn the tide against Nazi Germany during World War Two

COMMUNITY AND ECONOMY

Initiatives

Whether it is supporting a crime awareness day at a London shopping centre or donating money to a local nature reserve in Yorkshire, we make sure that all of the initiatives in which we get involved create real value for the community and make development more accessible

Public realm

We know from experience that a little extra attention to detail can make all the difference to a new development Placing special focus on public realm goes a long way in making the communities we build a more pleasant place to live, work and relax Whether supporting a specially commissioned work of art in Manchester, sponsoring a tree planting exercise in South Wales or sponsoring a photography competition in Edmonton Green, through public realm we seek to instill a special sense of pride in the area

WARWICKSHIRE COLLEGE, RUGBY

To make way for the new £30m Warwickshire College at our site in Rugby, we were required to move an existing War Memorial to another part of the site Acutely aware of the sensitive nature of this work, we ensured the Ex-Servicemen's Association was involved in this process from the very start

To symbolise the relocation of the memorial, it was agreed that on Remembrance Day a ceremony would be held and a time capsule, created by local school children, would be buried beneath the memorial alongside an existing time capsule dating back to just after World War One In doing so, young and old were united in celebrating the lives of ex-servicemen on this very important day

CONNAH'S QUAY, FLINTSHIRE

We recently completed the development of a 52,000 sq ft Morrison's supermarket at our £15m Quay Shopping Centre scheme in Connah's Quay, Flintshire To celebrate the new face of Connah's Quay, we donated £20,000 towards the creation of a piece of public art

Local councillors and school children sat on an art panel that eventually commissioned a sculpture made of old shopping trolleys Known as 'Spirit of the Quay', the sculpture acknowledges the town's long association with its steel works whilst also pointing towards the development of the new shopping centre

Corporate Governance Corporate Social Responsibility continued

Social Inclusion and job creation
Our regeneration projects and development activities breathe new life into neglected communities and transform disused brownfield sites into green and pleasant places to live and work This makes us a key driver of regional economic growth and means that we play a major role in creating thousands of job opportunities for people across the UK

HRH The Prince of Wales at Coed Darcy in 2010

We seek to employ local contractors to carry out works across our projects and use sustainable building techniques wherever possible to ensure that our sites are at the forefront of sustainable development For example, at Coed Darcy in South Wales, we are working closely with The Prince's Foundation for the Built Environment to ensure that local skills and local materials are being used when developing the site In June 2010 HRH The Prince of Wales visited Coed Darcy and met with many local tradesmen who were showcasing their skills at a specially organised event The Prince was then taken on a tour of the developed areas of the site to see sustainable development in practice

We also seek to promote the growth of new businesses through the development of our innovation centres which are designed to encourage SMEs, growing businesses and specific sectors, in various areas across the UK Each centre provides an environment where these businesses can evolve and develop They provide flexible leases and a full range of ready made business services

We are rolling out a series of these centres as part of our national regeneration programme and work closely with Local Authorities in each area to ensure that they are in line with local demand We have already built three — in Cranfield, Longbridge and Blackburn — where over 200 businesses are now working and flourishing Further centres are planned in Exeter and Weston-super-Mare

Community consultation
With the Localism Bill featuring high on the Government's agenda, it is our responsibility to ensure that we seek to engage with local communities on as many levels as possible so that they have a real stake in our developments Community consultation will therefore grow in importance as a means for us to hear the views of local residents, businesses and politicians

CHARITY AND AWARDS
Across the UK, our network of regional offices support a broad range of local and national charities and this year we have raised tens of thousands of pounds towards many worthy causes

Lands End to John O'Groats sponsored cycle ride

Perhaps the most high profile charity event was a sponsored cycle ride from Lands End to John O'Groats The team, comprising Regional Director Mike Herbert, Senior Development Surveyor Mike Murray and development surveyors Jonathan Green and Andrew Cox, completed the task in just ten days and raised, with the help of St Modwen, over £25,000 for the challenge's four nominated charities — The Donna Louise Children's Hospice Trust, Breast Cancer Campaign, The British Heart Foundation and the James Whale Fund for Kidney Cancer

St Modwen Environmental Trust
Our other charity work includes the St Modwen Environmental Trust Now in its fourth year, the Trust continues to provide valuable support to community and environmental projects across the UK

Affiliated to the Government's Landfill Tax Credit Scheme and regulated by ENTRUST, the Environmental Trust seeks to support projects where alternative funding is unlikely to be available, targeting not-for-profit organisations such as community groups and charities

In 2010 we have committed £200,000 to 15 projects across the UK and an example of these projects is situated in close proximity to our £100m Town Centre regeneration project in Wythenshawe, Manchester where we donated £10,000 to the clean up of Park Wood This is a cause which was also sponsored by Greening Greater Manchester and Manchester City Council's Working Neighbourhood Fund Our grant helped to pay for the restoration of the pathways which criss-crossed the wood, signage, clearing of litter and safety improvements around the wood's panels

The proceeds also included regular litter picking events which attracted around 70 local residents each time and the creation of two carved wooden sculptures

Councillor Richard Cowell, Executive Member of the Environment at Manchester City Council said 'This project is part of the Council's regeneration work at Wythenshawe and means that an area of natural beauty is litter-free and has been preserved so that it can be enjoyed long-term by residents and visitors'

Awards
Our track record as the UK's leading regeneration specialist, continues to be recognised by the number of awards we have secured in 2010

The 2010 Chartered Institute of Architectural Technologists' National Awards – Highly Commended
The £30m Vodafone Contact Centre in Stoke-on-Trent which St Modwen's North Staffordshire team completed in early 2010 was recognised for technical excellence in these national awards

Midlands Insider Awards 2010 – Developer of the Year
Having completed another very active year, the judges felt that this prestigious title should be awarded to St Modwen's Midlands team Specifically, progress at the £1 billion Longbridge regeneration scheme and the completion of the £30m Warwickshire College in Rugby were acknowledged

South West Insider Awards 2010 – Commercial Developer of the Year
St Modwen's South West team was shortlisted for this important award in recognition of its development activities across the region, amongst which includes the £150m Access 18 scheme in Avonmouth, the £120m regeneration of Skypark in Exeter and the £210m regeneration of Firepool in Taunton

ISO14001
This international standard was awarded to The Meads Shopping Centre in Farnborough and demonstrates St Modwen's commitment to environmental best practice in recycling, energy, waste and water use The accreditation requires a monthly check on all environmental aspects of shopping centre operations and states that all suppliers must source goods ethically

RHS Tatton Park Show 2010 — Silver Award
The 'Sound Garden' from The Trentham Estate and Gardens was awarded a silver medal at this year's Tatton Show, organised by the Royal Horticultural Society This interactive, sensory garden, designed by Clive Mollart, was one of the few show gardens to receive one of the top awards

The European Garden Heritage Network 2010 — European Award for Garden Restoration
In recognition of its transformation into one of the finest gardens in the British Isles, The Trentham Estate achieved this prestigious award in the category of 'exceptional achievements in garden culture' The European Garden Heritage Network is led by The Centre for Garden Art and Landscape Design in Germany, and is supported by a number of local, regional and national organisations

North West Property Awards 2010 — Inaugural Strategic Alliance Award

The Strategic Alliance Award was established in 2010 to recognise the importance of partnership working at a time when finance is hard to come by

The judges presented St Modwen and its partner Halton Borough Council with this award in recognition of over a decade's worth of regeneration to Widnes Town Centre

Organisers of the event referred to the project as a shining example of the value of partnership working, delivering employment, leisure and laying foundations for further growth

The award coincided with our announcement that in 2011, we would be commencing the development of Venture Fields, the £10m leisure scheme on the edge of Widnes and the final piece of the jigsaw for the Town Centre's regeneration The scheme is already over 95% pre-let

In the last ten years, Widnes Regeneration Ltd has completely transformed and revitalised the Town Centre, leading to substantial new investment in adjoining areas

- 40,000 sq ft of local shopping,
- 80,000 sq ft foodstore,
- 50,000 sq ft retail and leisure development,
- 76 social housing units,
- 150 private homes,
- 150,000 sq ft of employment space,
- The creation of over 900 jobs

Corporate Governance Board Members

01 ANTHONY GLOSSOP MA†
NON-EXECUTIVE CHAIRMAN

A director since 1976 and Chief Executive from 1982 to 2004 Executive Chairman from 2004 to 2008, and non-executive Chairman since February 2008 He is also a non-executive director of Robinson PLC , and a member of the Regeneration and Development Committee of the British Property Federation

02 BILL SHANNON
NON-EXECUTIVE CHAIRMAN (designate)

Appointed as a non-executive director and Chairman Designate in October 2010 and will become Chairman following the company's AGM in March 2011 He is Chairman of AEGON plc and a non-executive director of Johnson Service Group plc and Rank Group plc Previously he was non-executive director of Barratt Developments plc, Matalan plc and an executive director of Whitbread plc

03 BILL OLIVER BSc, FCA
CHIEF EXECUTIVE

Joined the Company as Finance Director in 2000 Appointed Managing Director in 2003 and Chief Executive in 2004 He has over 30 years' experience within the housebuilding and property sectors

04 IAN MENZIES-GOW MA*†

A non-executive director appointed in 2002 Senior Independent Director since February 2009 Formerly Chairman of Geest PLC and Derbyshire Building Society and prior to that held senior executive positions within the Hanson Group

05 DAVID GARMAN BA FCILT*†

A non-executive director appointed in April 2010 Formerly Chief Executive of TDG plc and the Allied Bakeries subsidiary of Associated British Foods plc Currently Senior Independent Director of Carillion plc and a non-executive director of Phoenix IT Group plc

06 MICHAEL DUNN BSc, FCA
GROUP FINANCE DIRECTOR

Joined the Company in December 2010 Michael joined St Modwen from May Gurney Integrated Services plc, the AIM listed infrastructure support services business, where he spent five years as Group Finance Director A chartered accountant, Michael was Finance Director of Carillion Building and Carillion Private Finance prior to joining May Gurney

07 STEVE BURKE

CONSTRUCTION DIRECTOR

Joined the Company as Construction Director in 1995 and appointed to the main Board as a director in November 2006 Previously contracts director and construction manager with a number of national contracting companies (including Balfour Beatty and Clarke Construction)

08 SIMON CLARKE *†

A non-executive director appointed in 2004 Chairman of private company, Dunstall Holdings Ltd Previously Deputy Chairman of Northern Racing PLC and a director and the Vice-Chairman of the Racecourse Association

09 LADY KATHERINE INNES KER MA, DPhil*†

A non-executive director appointed in October 2009 Formerly a non-executive director of The Television Corporation PLC, Fibernet Group plc, Williams Lea PLC, Gyrus Group PLC, Shed Media PLC, Bryant Group plc, Ordnance Survey, ITVDigital plc, Oakley Capital Limited, Marine Farms ASA and Taylor Wimpey PLC Currently Senior Independent Director of Tribal Group plc and a non-executive director of Go-Ahead Group plc

10 LESLEY JAMES CBE, MA, CCIPD *†

A non-executive director appointed in October 2009 Chairman of the Remuneration Committee Formerly HR Director of Tesco PLC and a non-executive director of Queens Moat Houses plc, Care UK plc, Alpha Airports Group plc, Inspicio plc, Liberty International plc, and Selfridges plc Currently a non-executive director of Anchor Trust and the West Bromwich Building Society

11 JOHN SALMON FCA*†

A non-executive director appointed in 2005 Chairman of the Audit Committee Formerly a partner of PricewaterhouseCoopers LLP, and a member and former Deputy Chairman of their supervisory board Currently a trustee and council member of the British Heart Foundation

12 REETA STOKES ACIS

COMPANY SECRETARY

Joined the Company in November 2009 Previously a senior manager in the secretariat of Alliance & Leicester plc, and ran her own practice providing company secretarial services to public and private companies Prior to that, was Deputy Company Secretary of McKechnie plc

* member of Audit and Remuneration Committees
† member of the Nomination Committee

Corporate Governance Regional Directors

01 JOHN DODDS BSc, FRICS
REGIONAL DIRECTOR — MIDLANDS

02 GUY GUSTERSON BSc, MBA
RESIDENTIAL DIRECTOR

03 MIKE HERBERT
REGIONAL DIRECTOR — NORTH STAFFORDSHIRE

04 RUPERT JOSELAND BSc, MRICS
REGIONAL DIRECTOR — SOUTH WEST & SOUTH WALES

05 STEPHEN PROSSER BSc, MRICS
REGIONAL DIRECTOR — YORKSHIRE & NORTH EAST

06 TIM SEDDON BSc, MRICS
REGIONAL DIRECTOR — LONDON & SOUTH EAST

07 MICHELLE TAYLOR BSc, MRICS
REGIONAL DIRECTOR — NORTH WEST

08 RUPERT WOOD BSc, MRICS
REGIONAL DIRECTOR — NORTHERN HOME COUNTIES

Corporate Governance Corporate Governance Report

The Board is committed to maintaining high standards of corporate governance within the Company Throughout the year ended 30th November 2010, the Company has complied with Section 1 of the Combined Code on Corporate Governance issued in 2008 (the 'Code') except in relation to the following matters

- The Code asks the Board to identify each non-executive director it considers to be independent Of the eight non-executive directors at the end of 2010, the Board considers Bill Shannon, Ian Menzies-Gow, David Garman, Lesley James, Katherine Innes Ker, and John Salmon to be fully independent The Board recognises that Simon Clarke does not meet the criteria for a fully independent director under the Code, although his position as a representative of the Clarke and Leavesley families who together hold 49 1m shares (24 52%) in the Company's issued share capital, gives him a very strong interest in challenging and scrutinising management to secure excellent performance from the Company
- The Code recommends that all members of the Audit and Remuneration Committees are independent non-executive directors Each of these Committees comprises all of the non-executive members of the Board As explained above, Simon Clarke is not a fully independent director under the Code, but the Board considers that its discussions benefit from his involvement in the preparatory detailed scrutiny which takes place in these Committees As also noted above, Simon Clarke has a strong interest in challenging and monitoring management's performance
- The Code recommends that a chief executive should not go on to be the Chairman of the same company As explained in previous years' annual reports, the Board recommended the appointment of former Chief Executive, Anthony Glossop, as Chairman of the Board in 2004 which was endorsed by shareholders at the Annual General Meeting that same year As of 11th February 2008 Anthony Glossop became non-executive Chairman He will be retiring after the Company's Annual General Meeting on 22nd March 2011 Bill Shannon, who was deemed to be independent on appointment, will take over as Chairman The roles of the Chairman and Chief Executive are carefully differentiated

BOARD OF DIRECTORS AND COMMITTEES

The Board operates within the terms of its written authorities, which include a schedule of matters reserved for the approval of the Board The Board currently consists of the non-executive Chairman, three executive directors and seven non-executive directors The composition of the Board provides an appropriate blend of experience and qualifications, and the number of non-executives provides a strong base for ensuring appropriate corporate governance of the Company The Board's decisions are implemented by the executive directors

The Board met 11 times during the year and the Chairman and the non-executive directors also met without the executive directors being present The programme of Board meetings is tailored to enable some meetings to be held at the Company's properties In advance of each meeting, each director receives a Board pack containing comprehensive briefing papers Presentations on business and operational issues are made regularly to the Board by senior management The non-executive directors are encouraged to communicate directly with the executive directors between formal Board meetings and in addition to these regular Board meetings, the Board holds an annual strategy meeting at which it discusses the future direction of the Company as part of the business planning process

Ian Menzies-Gow is the Senior Independent Director He is available for consultation by shareholders, whenever appropriate He will be retiring after the Company's Annual General Meeting on 22nd March 2011 David Garman will be appointed the Senior Independent Director on that date

The Company's Articles of Association provide that all directors are subject to re-election at least every three years In addition, all directors are subject to re-election by shareholders after their initial appointment

The reappointment of non-executive directors is not automatic It is intended that appointments will be for an initial term of three years, which may be extended by mutual agreement Prior to each non-executive director offering himself to the members for re-election his reappointment must be confirmed by the Chairman (or the Senior Independent Director in relation to the Chairman) in consultation with the remainder of the Board

The Board is supplied with timely and relevant information regarding the business, through regular monthly and ad hoc reports, site visits and presentations from members of the management team and by meetings with key partners Where appropriate, the Company provides the resources to enable directors to update and upgrade their knowledge Through the Company Secretary, the Board is informed of corporate governance issues and all Board members have access via the Company Secretary to independent advice if required

The criteria used for evaluating individual executive directors' performance are included in the Directors' Remuneration Report Individual non-executive directors' performance is reviewed by the Chairman and Chief Executive The performance of the Board as a whole is assessed in the context of the Company's achievement of its strategic objectives and total shareholder return targets Feedback on the Company is sought through external surveys from shareholders, analysts and other professionals within the investment community following regular briefings, presentations and site visits undertaken by the Company This feedback is made available to the whole Board

In support of the principles of good corporate governance, the Board has appointed the following Committees, all of which have formal terms of reference which are available for inspection by shareholders and are posted on the Company's website, www stmodwen co uk

a) Audit Committee

The Audit Committee currently comprises all of the non-executive directors The Committee is chaired by John Salmon, who as a former partner of PricewaterhouseCoopers LLP, is considered by the Board to have the required recent and relevant experience

The Company's Finance Director, Financial Controller and Internal Auditor attend Audit Committee meetings but the Committee also meets without management being present and has private sessions with the auditors The Committee has direct access to the internal and external auditors

The Audit Committee's functions include

- Ensuring that appropriate accounting systems and financial controls are in operation and that the Group's financial statements comply with statutory and other requirements
- Receiving reports from, and consulting with, the internal and external auditors
- Reviewing the interim and annual results and reports to shareholders, and considering any matters raised by the internal and external auditors
- Considering the appropriateness of the accounting policies of the Group used in preparing its financial statements
- Monitoring the integrity of the financial statements of the Group and formal announcements relating to the Group's financial performance, and reviewing significant financial reporting judgements contained therein

Corporate Governance Corporate Governance Report continued

- Reviewing the effectiveness of the Group's internal audit function
- Reviewing and monitoring the independence and objectivity of the Group's external auditors
- Monitoring the scope, cost effectiveness and objectivity of the audit
- Monitoring the Group's policy on non-audit services provided by the external auditors
- Making an annual assessment of the external auditors and recommending, or not, their reappointment
- Reviewing "whistle-blowing"arrangements within the Company
- Reviewing its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommending any changes it considers necessary to the Board for approval

During the year, the Committee was assisted in the performance of these duties by the Company's internal auditor, tasked with auditing the documented internal control procedures and ensuring compliance

The Committee's policy on the provision of non-audit services by the external auditors is that, whilst it is appropriate and cost effective for the external auditors to provide tax compliance and tax planning services to the Group, other services should only be provided where alternative providers do not exist or where it is cost effective or in the Group's interest for the external auditors to provide such services In all cases the provision of non-audit services is carefully monitored by, and subject to the prior approval of, the Committee The external auditors would not be invited to provide any non-audit services where it was felt that this could conflict with their independence or objectivity Such services would include the provision of internal audit and management consulting services

b) Nomination Committee

The Nomination Committee comprises Anthony Glossop (as chairman of the Committee), Ian Menzies-Gow, John Salmon, Lesley James and Katherine Innes Ker together with David Garman and Bill Shannon who joined on 19th April and 1st November 2010 respectively Paul Rigg resigned on 26th March 2010

The Committee is responsible for

- Evaluating the balance of skills, knowledge and experience on the Board and the structure, size and composition of the Board and its Committees
- Annually reviewing the performance of non-executive directors and Board Committees
- Recommending and reviewing new appointments to the Board as they become due
- Reviewing and approving Board and Committee succession

During the year external consultants Zygos Partnerships were engaged to assist in a search for two new non-executive directors to replace the Chairman and Senior Independent Director Following a rigorous assessment process, the Committee recommended the appointments of Bill Shannon and David Garman to the Board and they were duly appointed The Committee also endorsed the appointment during the year of Michael Dunn as Group Finance Director and he was appointed on 1st December 2010

c) Remuneration Committee

The composition and functions of the Remuneration Committee are set out in the Directors' Remuneration Report on page 38

BOARD AND COMMITTEE ATTENDANCE

The attendance at Board or Committee meetings during the year to 30th November 2010, was as follows

	Board	Audit Committee	Remuneration Committee	Nominations Committee
C C A Glossop	11	—	4*	2
S J Burke	10	—	—	—
T P Haywood (resigned 26 11 10)	11	3*	—	—
W A Oliver	11	—	4*	1*
S W Clarke	11	3	4	2
L James	10	3	4	2
K Innes Ker	10	3	4	2
R I Menzies-Gow	11	3	4	2
D P Rigg (resigned 26 3 10)	4	1	1	1
J H Salmon	10	3	4	2
D Garman (appointed 19 4 10)	7	2	2	1
W M F C Shannon (appointed 1 11 10)	1	1	—	—
No of meetings during the year	11	3	4	2

* In attendance, but not a member of the committee

BOARD EFFECTIVENESS

The Code recommends that the Board undertake a formal and rigorous annual evaluation of its own performance A formal evaluation, facilitated by an external assessor, Dr Tracy Long of Boardroom Review, was undertaken during 2008-09 The principal findings of the review were that although there had been a significant improvement in risk management, communication with shareholders and stakeholders and a shared sense of vision, areas that required further review were succession planning and clarity of Board agenda and papers

During 2009-10 a number of changes were made to the composition of the Board, including the appointment of Chairman Designate and Senior Independent Director Designate and the Group Finance Director was replaced on 1st December 2010

Evaluations of the Board process continue to be carried out by the Chairman Designate and Company Secretary and it is intended that the next Board evaluation which is due later in 2011, will be undertaken externally

RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises that it has overall responsibility for the identification and mitigation of risks and the development and maintenance of an appropriate system of internal control

During the period under review the directors have reviewed

- the effectiveness of the system of internal control in accordance with the Turnbull guidance, through the production of a detailed report which covered the Group's control environment,
- the manner in which key business risks are identified,
- the adequacy of information systems and control procedures, and
- the manner in which any required corrective action is to be taken

The Group's key internal controls are centred on comprehensive monthly reporting from all activities which includes a detailed portfolio analysis, development progress reviews, management accounts and a comparison of committed expenditure against available facilities These matters are reported to the Board monthly, with reasons for any significant variances from budget Detailed annual budgets are reviewed by the Board and revised forecasts for the year are prepared on a regular basis

The Group has put in place its own internal audit function Internal audit work is focused on the controls that mitigate the principal risks faced by the Group The internal audit reports are prepared for the executive management and the findings are reported to the Group's Audit Committee

There are clearly defined procedures for the authorisation of capital expenditure, purchases and sales of development and investment properties, contracts and commitments and a formal schedule of matters, including major investment and development decisions and strategic matters, that are reserved for Board approval Formal policies and procedures are in place covering all elements of employment, the construction process, health and safety and IT

Internal control, by its nature, provides only reasonable and not absolute assurance against material misstatement or loss The directors continue, however, to strive to ensure that internal control and risk management are further embedded into the operations of the business by dealing with areas for improvement as they are identified In the year under review, no material loss was suffered by a failure of internal control

The analysis of the business's key risks was also reviewed and redefined in the light of current experience

The Company's policies with respect to its

a) financial risk management objectives and policies, including the policy for hedging each major type of forecasted transaction for which hedge accounting is used, and

b) exposure to price risk, credit risk, liquidity risk and cashflow risk, are contained in Note 16 to the accounts

Corporate Governance Corporate Governance Report continued

Risks and Uncertainties

St Modwen recognises that the identification, assessment, monitoring and response to business risks is essential to the delivery of the Group's objectives St Modwen has policies and procedures in place that are designed to enable the business to manage and mitigate its corporate, operational and financial risks This is reinforced by a management structure that seeks to reduce risks in the business

Risk Area	Description of Risk	Risk Mitigation	Assessment
Economic and Property	Lack of demand for space from occupiers or land from housebuilders restricts business development Declining rental yields reduce profitability and cash flow Reduced availability of well funded property purchasers reduces profits and restricts cash flow Market investment yield movements reduce profitability and affect property portfolio valuations	Regional spread and portfolio diversity mitigates sector or location specific risks Active portfolio management achieves a better than market utilisation of assets Professionally conducted and conservative property valuations	We have chosen to operate only in one geographical area, the UK, which is subject to relatively low-risk, low-returns from a stable and mature, albeit cyclical economy and property market By involvement with all sectors of that economy and that property market, we are as diversified as possible, without venturing overseas
Financial	Funding constraints restrict growth and development of the business Unforeseen significant changes to cash flow requirements limit the ability of the business to meet its ongoing commitments Interest rate changes cause unforeseen financial loss	Recurring income from rental provides funding for ongoing overhead and interest costs Regular and detailed cash flow forecasting enables monitoring of performance and management of future cash flows Headroom is maintained in high quality banking facilities Performance against budget is assessed monthly Hedging policy contains interest rate risk	Our cautious approach to forward commitments, speculative development and asset disposals has enabled us to optimise operational cash flows, and to offset the impact of fluctuating market conditions Furthermore, we have once again recorded a trading profit in the year, demonstrating our ability to succeed in varying markets Our banking facilities have been extended, our gearing reduced and interest rate risk hedged
Business Organisation and People	Shortage of skilled and experienced people Poor succession planning IT failure prevents business operation	Targeted recruitment with competitive, performance driven remuneration packages Succession planning reviewed at Board level Dedicated IT team monitor performance of all information systems	Vacancies are few, and are generally filled promptly, indicating the attractiveness of the Company and remuneration packages To support the long-term financial objectives, we will need to continue to improve the skills of our employees With improving economic conditions, pension contributions, payment of bonuses and modest salary increases have been reintroduced
Failure to Secure Appropriate Schemes	Poor market intelligence on schemes or competitors prevents successful bids or causes the selection of inappropriate schemes Lack of availability of finance limits potential scheme development Inaccurate reputation with clients reduces ability to secure schemes	Regional offices in touch with their local market Dedicated central resource to support regional teams Flexible and innovative approach to acquisitions and schemes in order to adapt as market conditions change Financial headroom maintained to provide flexibility Projects, acquisitions and disposals are reviewed (and financially appraised) within clearly defined authority limits Business wide PR programme in place	The excellent reputation and restored financial capacity of the Company have enabled us to win a number of schemes and to grow the hopper to record levels, even in the current financially-constrained climate We anticipate that the number of opportunities will increase as vendor expectations become more realistic and lenders begin to address the issues in their loan books In this environment, with a reduced number of active competitors, we expect to be able to continue to source attractive acquisitions

Risk Area	Description of Risk	Risk Mitigation	Assessment
Construction	Financial or reputational damage from inappropriate quality or timeliness Inaccurate initial project assessments of contamination, development cost or contractor status prevent effective delivery causing financial loss Lack of trusted contractor and sub-contractor resources available for increased post-recession activity	Strong internal construction management team Use and close supervision of a preferred supply chain of high quality trusted suppliers and professionals, including assessment of their financial viability Clearly defined formal tender process that evaluates qualitative and quantitative factors in bid assessment Proven experience of completing schemes successfully despite contractor failure	The Company is willing to accept a degree of environmental/ contamination risk, enabling higher returns to be made for the perceived higher risks undertaken These risks are passed on or minimised where possible, but cannot be eliminated In our recent experience, the residual risks have been acceptably low In current markets there is an increased risk of contractor failure Our panel of contractors is assessed for stability and suitability but is not immune to wider economic risks Using a sufficiently broad mix of contractors, for whom our work is important, mitigates the impact of a single failure
Reputational	Difficulty in securing appropriate partnerships and schemes if reputation with influential third parties negatively affected Investor perception damaged Recruitment and retention of key staff impacted	Monthly review of performance to identify if senior management intervention is required Regular feedback obtained from clients, advisers and investors	The Company enjoys an excellent reputation with its stakeholders (including investors, business partners and employees) This is based on, and reinforced by, a strong set of principles and consistent delivery of promises The very nature of our business, however, means that there will always be an element of local controversy, thus exposing us to reputational damage
Regulatory	Planning regime changes limit ability to secure viable permissions Lack of compliance with complex tax regulations causes financial loss	Use of high quality professional advisers Compliance training programmes in place Programme of regular high level meetings with influential public bodies	Our daily exposure to all aspects of the planning process, and internal procedures for spreading best practice ensure we remain abreast of most developments We have become more active in attempting to influence public policy debate, although meaningful and beneficial changes are very difficult to bring about, notwithstanding the formalities of extensive public consultation
Social, Ethical and Environmental	Serious injury or death of an employee, a client or a member of the public Environmental pollution leading to financial penalties or loss of reputation Inappropriate ethical or business behaviour causing legal risks or loss of reputation	Performance indicators are reviewed monthly Defined business processes and authority levels to manage transactions Any issues dealt with openly and promptly	We continue to remain vigilant on health and safety issues The initial assessment of environmental costs (and the subsequent optimising of remediation solutions) is an integral part of our acquisition and post-acquisition procedures We seek to minimise or pass on any such environmental risks, and believe that the residual risk in this respect is acceptably low In other social and ethical areas, the Company has benefited from the underpinning of a simple but rigorous set of operating commitments

Corporate Governance Corporate Governance Report continued

PRINCIPAL ACTIVITIES
The Company acts as the holding company of a group of property investment and development companies A list of the subsidiary and associated undertakings affecting the profit or net assets of the Group are included in Note F to the Company Financial Statements

BUSINESS REVIEW
The Company is required by the Companies Act 2006 to include a business review in this report This information can be found on pages 08 to 19, which is incorporated in this report by reference

DIVIDENDS
The directors recommend a final dividend of 2p per ordinary share to be paid on 4th April 2011 to ordinary shareholders on the register on 11th March 2011 which, together with the interim dividend of 1p paid on 6th September 2010, makes a total of 3p for the year (2009 nil)

DIRECTORS' INTERESTS IN ORDINARY SHARES
The interests of the directors in the issued share capital of the Company, are shown below

	30th November 2010	30th November 2009
Beneficial		
S J Burke	**174,643**	112,123
S W Clarke	**6,112,657**	7,122,657
C C A Glossop	**1,708,792**	1,757,292
T P Haywood (resigned on 26 11 10)	—	155,324
L James	**10,000**	10,000
R I Menzies-Gow	**14,814**	14,814
W A Oliver	**391,093**	314,157
D P Rigg (retired on 26 3 10)	—	2,812
J H Salmon	**25,000**	18,000
D Garman (appointed 19 4 10)	**10,000**	—
W M F C Shannon (appointed on 1 11 10)	**40,000**	—
Non-beneficial		
C C A Glossop	**180,000**	180,000

Mr M E Dunn who was appointed as Group Finance Director on 1st December 2010, held 30,000 shares on 30th November 2010

The above interests do not include shares held under the share option schemes described in the Directors' Remuneration Report on pages 39 to 41

There has been no change in these beneficial interests between 30th November 2010 and the date of this report

SUBSTANTIAL INTERESTS
As at 4th February 2011 the Company had been notified of the following interests in more than 3% of its issued share capital

Shareholder	Number of Ordinary Shares Held	Percentage of Ordinary Share Capital
J D Leavesley and connected parties	18,543,382	9 25%
Lady Clarke and family holdings (excluding S W Clarke)	24,462,539	12 21%
Aberforth Partners	14,429,368	7 20%
Co-operative Asset Management	9,640,359	4 81%
Morgan Stanley Investment Management	9,533,648	4 76%
Kempen Capital Management	9,515,186	4 75%
BlackRock	7,520,923	3 75%
CBRE Global Real Estate Securities	7,269,244	3 63%
AXA Investment Managers	7,182,457	3 58%
Legal & General Investment Management	6,488,153	3 24%

REAPPOINTMENT OF DIRECTORS
The directors listed on pages 28 to 29 constituted the Board during the year David Garman and Bill Shannon, having been appointed since the last Annual General Meeting ('AGM'), offer themselves for election Anthony Glossop and Ian Menzies-Gow will retire from the Board and are not seeking re-election Michael Dunn, who was appointed Director on 1st December 2010, will also offer himself for election In accordance with a new provision included in the Governance Code, all other directors will seek re-election at the next Annual General Meeting Although this provision of the Governance Code would not apply to the Company until the financial year ending 30th November 2011, the Board has decided to comply this year

DIRECTORS' INTERESTS IN CONTRACTS
No contract existed during the year in relation to the Company's business in which any director was materially interested, with the exception of those detailed in Note 21

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS
As at the date of this report, there are qualifying third party indemnity provisions governed by the Companies Act 2006 in place, under which the Company has agreed to indemnify the directors, former directors and the Company Secretary of the Company, directors and former directors of any member of the Group or of an associated company or affiliate company and members of the Executive Committee, to the extent permitted by law and the Articles against all liability arising in respect of any act or omission in their duties In addition the Company has in place Directors' and Officers' liability insurance for each officer of the Company and its associated companies

CREDITOR PAYMENT POLICY
It is the Group's policy to agree specific payment terms for its business transactions with its suppliers and to abide by those terms whenever it is satisfied that the supplier has provided the goods and services in accordance with the agreed terms and conditions

During the year ended 30th November 2010 trade creditors represented an average of 32 days' purchases (2009 31 days) This has been calculated by expressing year end creditors as a fraction of purchases made in the year, and multiplying the resulting fraction by 365 days

KEY PERFORMANCE INDICATORS
Details of the Group's Key Performance Indicators can be found on page 18

GOING CONCERN
In consideration of the basis of going concern, the directors have considered the factors described in the Business Review and reviewed the Group's future cash forecasts and valuation projections, which the directors believe are based on realistic assumptions

On these grounds the Board has continued to adopt the going concern basis for the preparation of the financial statements

EMPLOYEES
The Group encourages employee involvement and places emphasis on keeping its employees informed of the Group's activities and performance The Company's executive runs quarterly management meetings at which staff are informed about information affecting them as employees, where their feedback is sought on decisions likely to affect their interests, and where a common awareness is achieved of the financial and economic factors affecting the Company's performance This information is then cascaded to staff at the Company's head office and regional offices A performance related annual bonus scheme and share option arrangements are designed to encourage employee involvement in the success of the Group

The Group operates a non-discriminatory employment policy under which full and fair consideration is given to disabled applicants, to the continued employment of staff who become disabled, and to their continued career development and promotion It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees

The Group operates a pension scheme which is open to all employees — see Note 18 of the financial statements

POLITICAL DONATIONS AND CHARITABLE DONATIONS

The Company did not make any political donations in the year Details of the Company's charitable activities are included in the CSR review Direct charitable donations during the year, excluding donations made by the St Modwen Environmental Trust, totalled £12,000 (2009 £14,000)

SHAREHOLDER RELATIONS

The executive directors have a programme of meetings with institutional shareholders and analysts at which the Company's strategy and most recently reported performance are explained and questions and comments made are relayed to the whole Board Visits are also arranged to sites of particular interest or significance to assist investors' understanding of the Company's business The Company's Annual General Meeting is also used as an opportunity to communicate with private investors In addition to the usual period for questions which is made available for shareholders at the Annual General Meeting, John Salmon, the Chairman of the Audit Committee, and Lesley James, the Chairman of the Remuneration Committee, will be available to answer appropriate questions Any matters of concern regarding the Company are discussed by the Senior Independent Director with shareholders or appropriate corporate governance bodies and comments are fed back by him to the whole Board

Copies of all press releases, investor presentations and Annual Reports are posted on the Company's website (www stmodwen co uk), together with additional details of major projects, key financial information and company background The number of proxy votes cast in resolutions is announced at the Annual General Meeting and published on the Company's website

To simplify and encourage participation in voting on resolutions at our Annual General Meeting, the Company provides the opportunity to vote electronically through CREST (for further details see pages 92 and 93) In addition, shareholders will also be able to appoint a proxy electronically via the Company Share Registrar's website, www shareview co uk

ELECTRONIC COMMUNICATIONS

Each year the Company produces and posts annual reports to all of its shareholders, at considerable cost to the Company and the environment In an effort to reduce the cost and the environmental burden and provide instant access, the Board has agreed to make more use of electronic and website communication All shareholder documentation will continue to be published directly on our website (www stmodwen co uk) Shareholders will be notified by email or post each time a document is published on the website and how to find it The interim management statements will continue to be available via the website

Shareholders who prefer to receive a printed copy will be able to elect to do so (those who have elected to receive a printed copy already will continue to do so) Shareholders who have elected to receive electronic communications can at any time change their election and require the Company to send them a paper copy of any document or information which has been posted on the Company website

Although electronic communications will become the default option, the Company reserves the right to send printed documents by post, should the information be more suited to that format If the Company is required to restrict the sending of any documents or information to any shareholder due to the local laws of the jurisdiction in which the shareholder is resident or located and as a result, the Company is not permitted to use electronic means to communicate with shareholders, it will send hard copies of the documents or information

BUSINESS STANDARDS

The Company does not condone any form of corrupt behaviour in business dealings and has disciplinary procedures in place to deal with any illegal or inappropriate activities by employees

Corporate Governance Directors' Remuneration Report

This remuneration report has been prepared in accordance with Schedule 8 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (S I 2008/410) (the 'Regulations'), the Listing and Disclosure Rules and the principles relating to directors' remuneration of the UK Corporate Governance Code and will be subject to an advisory vote at the AGM

The information, the headings of which have been noted with an asterisk (*), are subject to audit in accordance with the Regulations

COMPOSITION AND FUNCTION OF THE REMUNERATION COMMITTEE

The Remuneration Committee (the 'Committee') comprises Lesley James (Chairman), Simon Clarke, Ian Menzies-Gow, Katherine Innes Ker, John Salmon, David Garman and Bill Shannon David Garman and Bill Shannon joined in April and November 2010 respectively Paul Rigg was a member until his resignation in March 2010

The Committee is responsible for all aspects of the executive directors' remuneration and administers the Company's share schemes This includes an annual review of the incentive plan to ensure that it remains appropriate to the Company's current circumstances and prospects and that, in particular, the policy adopted is aligned with and based on the creation of value for shareholders and provides appropriate incentives for management to achieve this objective

The remuneration of the non-executive directors is considered by the Board following recommendations by the executive directors No directors participate in setting their own remuneration The Committee also reviews and notes annually the remuneration trends across the Company and any major changes in employee benefit structures The Committee's terms of reference are available for inspection on the Company's website at www stmodwen co uk

During the year, Hewitt New Bridge Street ('HNBS') replaced Towers Watson as the Committee's independent remuneration advisers HNBS do no other work for the Company The Committee was also assisted in its deliberations by the Chairman, the Chief Executive and the Company Secretary, who were not present when their own remuneration arrangements were under discussion

REMUNERATION POLICY

The objective of St Modwen's remuneration policy is to attract, retain and motivate high calibre senior executives through competitive pay arrangements which are also in the best interests of shareholders These include performance-related elements with demanding targets, in order to align the interests of directors and shareholders and to appropriately reward financial success

The overall aim is that executive directors' remuneration should be market competitive relative to comparable companies with a significant element being performance-related and, therefore, only payable if stretching short-term and long-term performance targets are achieved

The main elements of executive directors' remuneration comprise

- **Base salary** reviewed annually in the light of information on the external market and other relevant factors such as internal relativities and individual performance
- **Annual bonus** a clear and direct incentive linked to annual performance targets Bonus targets require performance based on financial, operational and strategic measures at company and personal levels
- **Performance share plan** an annual award of shares which vest, subject to achievement of performance targets, in whole or in part after three years The plan was agreed by shareholders in 2007 and provides the main incentive to sustained, longer term performance The plan rules require challenging performance targets to be set for each award to vest
- **Pensions and benefits:** executive directors' on-going pension benefits comprise a cash allowance or a Company contribution to the defined contribution scheme Executive directors also receive private medical insurance, life insurance and participate in the company car plan
- **Shareholdings:** it has been the Company's policy since 1st December 2006 that executive directors are expected to build up their shareholdings in the Company over a five year period to be shares, at a minimum, worth one times base salary

EXECUTIVE DIRECTORS' REMUNERATION

The Committee, with the assistance of its independent advisers, undertook its annual review of executive directors' remuneration This review assessed existing pay arrangements in light of the Committee's policy objectives, operational and strategic priorities, corporate governance best practice, relevant market developments and pay practice throughout the Company Following this review, the Committee has agreed the following changes for 2010-11

Executive directors' base salaries have been increased by 2% from 1st December 2010 This is consistent with the average 2% increase awarded to other staff

Pension provision for all employees was reduced in 2009-10 (the reduction for executive directors was from 15% to 5% of salary) Following the resumption of NAV growth, pension provision has been restored in 2010-11 for all employees to their previous level

A claw-back facility has been introduced to the annual bonus plan for 2010-11 to reflect current best practice

In recent years, awards granted under the performance share plan have been subject to a mixture of total shareholder return ('TSR') and NAV performance measures To avoid potential overlap with the annual bonus plan, the Committee has decided that performance share plan awards in 2010-11 will be measured against absolute and relative TSR performance

Full details of these changes are set out below

Base salaries

No increases to base salaries were given for the year beginning 1st December 2009, in line with the policy adopted for the majority of employees

Base salaries for the year beginning 1st December 2010 were reviewed having regard to market conditions and the salary review being implemented for other staff which was as a 2% increase Salaries were set at the following levels Bill Oliver (Chief Executive) — £432,847 (2% increase), Stephen Burke (Construction Director) — £285,600 (2% increase) Michael Dunn (the new Group Finance Director) was appointed on 1st December 2010 with a salary of £260,000

Pension

Employer contributions to the defined contribution scheme were reduced for all employees from 1st September 2009 until 30th November 2010 For executive directors, this resulted in a reduction from 15% of salary to 5% of salary

The Board has approved the reinstatement of pension contributions across the Company with effect from December 2010 at the same rates applicable prior to their suspension in September 2009 Executive directors will, therefore, receive contributions of 15% of salary in 2010-11 either as a cash supplement or as a contribution to the defined contribution scheme

Annual Bonus Plan

2009-10

In 2009-10, the executive directors had the opportunity to earn a bonus of up to 125% of base salary, with performance measured against a range of criteria including NAV growth at the year end, covenant compliance, gearing levels, land and property acquisitions and disposals, marshalling activity and personal targets including cost management

Payment of bonus was not dependent on achievement of any single target in isolation, since the targets were all of key importance to the short and longer-term health of the Company and the Committee did not wish to distort behaviour by focusing on a single element

The executive directors' performance was assessed individually by the Committee against the targets, relying on audited information where appropriate, and having regard to the value which has been created for shareholders

On the basis of the Committee's assessment of corporate and individual performance, bonus payments made to each of the executive directors were Bill Oliver 80% of maximum bonus (100% of salary), Steve Burke 80% of maximum bonus (100% of salary) Tim Haywood resigned on 26th November 2010 and did not receive any bonus

Payment of the bonus is conditional upon the executive directors undertaking to invest at least one third of the bonus received, after payment of income tax and national insurance, in Company shares and to retain those shares for a minimum period of three years

2010-11

Following its review of remuneration arrangements, the Remuneration Committee has broadly maintained the structure of the existing bonus plan for 2010-11

- A mixture of corporate measures and personal targets will continue to determine bonus payments
- The corporate measures selected will be consistent with and complement the budget and strategic plan for the year NAV performance will have the largest weighting amongst the corporate measures in 2010-11 Other measures will include dividend growth, gearing levels, marshalling activity and return on capital
- Notwithstanding performance against individual measures, the Committee will retain an overriding discretion to ensure that overall bonus payouts reflect its view of corporate performance during the year
- The maximum bonus potential will remain at 125% of salary with executive directors being required to invest at least one third of any bonus received in Company shares
- A new feature for the bonus plan in 2010-11 is that all bonuses paid will be subject to potential claw-back at the Committee's discretion for a period of four years following the end of the bonus year in the event that a later restatement of accounts occurs or there is other discovered misconduct which, if known at the time, would have meant that a lower or nil bonus would have been paid

Performance Share Plan ("PSP")

Prior year awards

Awards granted to executive directors in 2008 over shares worth 150% of salary were subject to a NAV growth target and a TSR multiplier As the minimum NAV growth target has not been met, the Remuneration Committee has determined that these awards will lapse

Awards granted to executive directors in 2009 and 2010 over shares worth 125% of salary, half were subject to a NAV condition and half to a TSR condition both measured over a period of three financial years

- NAV condition — based on cumulative growth in NAV per share ("NAV growth") NAV growth of 5% (2009 award)/7 5% (2010 award) will earn 12 5% of the shares awarded and growth of 20% (2009 award)/30% (2010 award) will earn 50% of the shares awarded
- TSR condition — based on TSR relative to the FTSE350 Real Estate Index TSR equal to the Index over the three year performance period will earn 12 5% of the shares awarded and TSR of 120% of the Index will earn 50% of the shares awarded, with a straight-line correlation between these points

Tim Haywood resigned as Finance Director on 26th November 2010 and his share options have lapsed

2010-11 awards

In 2010-11, PSP awards to Bill Oliver and Steve Burke will be over shares worth 125% of salary To reflect his recent recruitment, the Remuneration Committee has agreed a slightly larger award over shares worth 150% of salary to Michael Dunn

Noting the concern of some investors and the potential overlap with the annual bonus plan, PSP awards in 2010-11 will not be subject to a NAV related performance measure Instead they will be subject wholly to TSR related measures measured over three financial years — half based on relative performance as in previous years and half based on absolute growth The Committee believes that this combination provides alignment with the interests of shareholders and complements the focus on operational performance measures in the annual bonus plan

- Absolute TSR performance TSR growth of 20% will earn 12 5% of the shares awarded and growth of 50% will earn 50% of the shares awarded
- Relative TSR performance TSR equal to the FTSE 350 Real Estate Investment & Services Index over the three year performance period will earn 12 5% of the shares awarded and TSR of 120% of the Index will earn 50% of the shares awarded

In calculating TSR, a three month average will be used at both ends of the performance period to ensure that the calculation is not impacted by potential volatility arising from day-to-day share price fluctuations

Notwithstanding TSR performance the Committee also has to be satisfied that two new underpin conditions have been met before permitting 2010-11 PSP awards to vest, namely

- The Committee needs to be satisfied that the extent of vesting under the TSR conditions is appropriate given the general financial performance of the Company over the performance period, and
- If no dividend has been paid on the last normal dividend date prior to the vesting date or if the Committee believes that no dividend will be paid in respect of the year in which the award vests, the award will not vest at that time and vesting will be delayed (subject to continued employment) until dividend payments are resumed

The Committee will review these performance conditions when deciding PSP grants in future years, in order to reflect changes in the outlook for the sector and the Company, and to ensure that awards remain challenging

Executive directors may also participate in the Company's savings-related share schemes on the same terms as all other employees

Corporate Governance Directors' Remuneration Report continued

PERFORMANCE GRAPH

The Company's total shareholder return is shown in the graph below against a broad equity market index Since the Company was a constituent of the FTSE 250 and FTSE Real Estate indices during the year, these are considered to be appropriate benchmarks for the graph

—— FTSE 350RE

Audited information*

EXECUTIVE SHARE OPTION SCHEMES(i)

Date of Grant	W A Oliver	S J Burke	T P Haywood	Exercise Price	Exercise Period
August 2004*	105,610	46,315	—	236p	Aug 2007 –Aug 2014
August 2005*	102,955	39,825	46,610	375p	Aug 2008 – Aug 2015
As at 30th November 2010	208,565	86,140	— (ii)		

(i) All share options have vested in full having met the performance conditions

(ii) T P Haywood resigned on 26th November 2010 and as a result his share options have lapsed

* The exercise prices and numbers of shares under option have been adjusted to reflect the equity issue in June 2009

PERFORMANCE SHARE PLAN

Directors' maximum entitlements, subject to the satisfaction of performance conditions, are as follows

Date of Grant	W A Oliver	S J Burke	T P Haywood	Exercise Period
12th February 2008*(i)	152,305	85,025	89,091	Feb 2011 –Feb 2018
24th July 2009	294,694	194,444	172,381	July 2012 –July 2019
22nd February 2010	282,154	186,170	165,046	Feb 2013 –Feb 2020
Total	729,153	465,639	— (ii)	

* The numbers of shares have been adjusted to reflect the equity issue in June 2009

(i) PSP awards granted in 2008 have lapsed performance conditions not having been met

(ii) T P Haywood resigned on 26th November 2010 and as a result his entitlement under the Performance Share Plan has lapsed

The share price on 22nd February 2010, the date of the latest grant, was 188p

SAVINGS RELATED SCHEMES

	Balance at 30th Nov 2009*	Exercised	Granted	Balance at 30th Nov 2009	Exercise Price*	Exercise Period
C C A Glossop	876	—	—	876	367p	Mar 2012
W A Oliver	6,941	—	—	6,941	224p	Oct 2014 –Mar 2015
T P Haywood	7,025	—	—	7,025**	224p–228p	Mar 2013 –Mar 2014
S J Burke	6,941	—	—	6,941	224p	Oct 2014 –Mar 2015

* The exercise prices and numbers of shares under option have been adjusted to reflect the equity issue in the year

** T P Haywood resigned on 26th November 2010 and as a result his option to purchase shares has lapsed

The share price as at 30th November 2010 was 135 4p The highest price during the year was 218 7p and the lowest price was 135 4p

Corporate Governance Directors' Remuneration Report continued

SERVICE CONTRACTS

All of the executive directors have service contracts of no fixed term, with notice periods of 12 months

The non-executive directors have Letters of Appointment with notice periods of three months

No director has any rights to compensation on loss of office (apart from payment in lieu of notice, where appropriate)

Unless specifically approved by the Board, executive directors are not permitted to hold external non-executive directorships

The dates of the executive directors' service contracts are as follows

W A Oliver	24th January 2000
S J Burke	1st January 2006

DIRECTORS' REMUNERATION

The remuneration of the directors for the year ended 30th November 2010 was as follows

	Salary/fees £'000	Annual bonus £'000	Benefits £'000	Total emoluments excluding pensions and pension contributions **2010** **£'000**	2009 £'000
Executive					
S J Burke	280	280	25	**585**	510
T P Haywood (to 26 11 10)	248	—	21	**269**	419
W A Oliver	424	424	33	**881**	823
Non-Executive					
C C A Glossop	125	—	13	**138**	144
S W Clarke	37	—	—	**37**	37
M E Francis (to 30 9 09)	—	—	—	—	38
R I Menzies-Gow	43	—	—	**43**	41
D P Rigg (to 26 3 10)	12	—	—	**12**	37
C E Roshier (to 3 4 09)	—	—	—	—	15
J H Salmon	46	—	—	**46**	46
L James	46	—	—	**46**	6
K Innes Ker	37	—	—	**37**	5
D Garman (from 19 4 10)	23	—	—	**23**	—
W M F C Shannon (from 1 11 10)	11	—	—	**11**	—
	1,332	704	92	**2,128**	2,121

All benefits for the executive directors (comprising mainly the provision of company car, fuel and health insurance) arise from employment with the Company, and do not form part of directors' final pensionable pay

The figures above represent emoluments earned during the relevant financial year Such emoluments are paid in the same financial year with the exception of performance related bonuses, which are paid in the year following that in which they are earned

Tim Haywood, who was appointed a Director in 2003, resigned on 26th November 2010 According to the terms of his contract of employment, he was obliged to give the Company twelve months' notice, but by mutual consent, he received a payment of £248,230 which comprised one year's basic salary There were no other payments in relation to the loss of his benefits and his entitlements under the Executive Share Options Scheme and Performance Share Plan and the option to purchase the shares under the SAYE ShareSave Scheme have also lapsed The amount paid has not been included in the table above

PENSIONS

The Company operates a pension scheme with both defined benefit and defined contribution sections, covering the majority of employees, including executive directors In relation to the defined benefit section, benefits are based on years of credited service and final pensionable pay The maximum pension generally payable under the scheme is two-thirds of final pensionable pay The defined benefit section of the scheme was closed to new members in 1999, and to future accrual in 2009

Membership of the defined contribution section is available to all permanent employees including executive directors joining the Company after 6th April 1999 Contributions are invested by an independent investment manager

S J Burke became a deferred member of the Defined Benefit Section on 1st September 2009

Contributions made on behalf of the directors amounted to

	2010 £'000	2009 £'000
W A Oliver	21	53
S J Burke	14	3
T P Haywood	12	31

With effect from 1st September 2009, Company contributions into the defined contribution section of the plan were reduced The Company contributions resumed at the full rate on 1st December 2010

Further information on the Company's pension scheme is shown in Note 18 of the financial statements

Approved by the Board and signed on its behalf by

L James
Chairman, Remuneration Committee
4th February 2011

Financial Statements

Directors' Responsibilities Statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations Company law requires the directors to prepare financial statements for each financial year Under that law the directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing the parent company financial statements, the directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and accounting estimates that are reasonable and prudent,
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

In preparing the Group financial statements, International Accounting Standard 1 requires that directors

- Properly select and apply accounting policies,
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- Make an assessment of the Company's ability to continue as a going concern

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Each of the persons who is a director at the date of approval of this annual report confirms that

- So far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- The director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the Annual General Meeting

Responsibility statement
We confirm that to the best of our knowledge

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and
- the management report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

By order of the Board

Bill Oliver
Chief Executive
4th February 2011

Michael Dunn
Group Finance Director

Independent Group Auditors' Report

to the Members of St Modwen Properties PLC

We have audited the Group financial statements of St Modwen Properties PLC for the year ended 30th November 2010 which comprise the Group Income Statement, the Group Balance Sheet, the Group Cash Flow Statement, the Group Statement of Comprehensive Income, the Group Statement of Changes in Equity and the related Notes 1 to 21 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the Group financial statements

- give a true and fair view of the state of the Group's affairs as at 30th November 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation

Separate opinion in relation to IFRSs as issued by the IASB

As explained in Note 1 to the Group financial statements, the Group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB)

In our opinion the Group financial statements comply with IFRSs as issued by the IASB

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following

Under the Companies Act 2006 we are required to report to you if, in our opinion

- the Group financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns,
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Under the Listing Rules we are required to review

- the directors' statement, contained within the Corporate Governance Statement, in relation to going concern, and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review

Other matter

We have reported separately on the parent company financial statements of St Modwen Properties PLC for the year ended 30th November 2010 and the information in the Directors' Remuneration Report that is described as being audited

Stephen Griggs

Stephen Griggs FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom
4th February 2011

Financial Statements

Group Income Statement

for the year ended 30th November 2010

	Notes	2010 £m	2009 £m
Revenue	1	**121 4**	113 7
Net rental income	1	**26 4**	26 1
Development profit/(loss)	1	**12 5**	(9 3)
Gains on disposal of investments/investment properties		**2 5**	2 2
Investment property revaluation gains/(losses)	8	**23 2**	(81 7)
Other net income	1	**3 1**	1 8
Profits/(losses) of joint ventures and associates (post-tax)	10	**7 4**	(22 9)
Administrative expenses	3	**(16 8)**	(13 9)
Profit/(loss) before interest and tax		**58 3**	(97 7)
Finance cost	4	**(24 0)**	(26 0)
Finance income	4	**3 2**	4 3
Profit/(loss) before tax		**37 5**	(119 4)
Tax credit	5	**0 8**	17 7
Profit/(loss) for the year		**38 3**	(101 7)
Attributable to			
Equity shareholders of the Company		**37 2**	(101 1)
Non-controlling interests		**1 1**	(0 6)
		38 3	(101 7)

	Notes	2010 pence	2009 pence
Basic and diluted profit/(loss) per share	6	**18 6**	(59 7)

Group Balance Sheet
as at 30th November 2010

	Notes	2010 £m	2009 £m
Non-current assets			
Investment property	8	**828 0**	762 9
Operating property, plant and equipment	9	**7 4**	7 9
Investments in joint ventures and associates	10	**49 4**	41 3
Trade and other receivables	11	**8 2**	5 2
		893 0	817 3
Current assets			
Inventories	12	**171 6**	192 7
Trade and other receivables	11	**45 3**	47 0
Cash and cash equivalents		**11 3**	4 8
		228 2	244 5
Current liabilities			
Trade and other payables	13	**(133 1)**	(139 2)
Borrowings	14	**—**	(0 4)
Tax payables	5	**(9 3)**	(7 7)
		(142.4)	(147 3)
Non-current liabilities			
Trade and other payables	13	**(215 1)**	(188 9)
Borrowings	14	**(326 2)**	(323 2)
Deferred tax	5	**(0 7)**	(1 4)
		(542 0)	(513 5)
Net assets		**436 8**	401 0
Capital and reserves			
Share capital	17	**20 0**	20 0
Share premium account		**102 8**	102 8
Capital redemption reserve		**0 3**	0 3
Retained earnings		**304 7**	269 6
Own shares		**(0 6)**	(0 4)
Shareholders' equity		**427 2**	392 3
Non-controlling interests		**9 6**	8 7
Total equity		**436 8**	401 0

These financial statements were approved by the Board of directors on 4th February 2011 and were signed on its behalf by Bill Oliver and Michael Dunn

Bill Oliver
Chief Executive

Michael Dunn
Group Finance Director

Financial Statements

Group Cash Flow Statement

for the year ended 30th November 2010

	Notes	2010 £m	2009 £m
Operating activities			
Profit/(loss) before interest and tax		**58 3**	(97 7)
Gains on investment property disposals		**(2 5)**	(2 2)
Share of (profits)/losses of joint ventures and associates (post-tax)	10	**(7 4)**	22 9
Investment property revaluation (gains)/losses	8	**(23 2)**	81 7
Depreciation	9	**0 7**	1 0
Impairment losses on inventories	12	**6 1**	14 2
(Increase)/decrease in inventories		**(1 6)**	6 5
(Increase)/decrease in trade and other receivables		**(12 5)**	0 6
Increase/(decrease) in trade and other payables		**29 0**	(13 5)
Share options and share awards		**(0 2)**	(0 3)
Pension funding		**—**	(0 8)
Tax received	5 (c)	**1 7**	3 2
Net cash inflow from operating activities		**48 4**	15 6
Investing activities			
Investment property disposals		**27 5**	31 3
Investment property additions		**(49 0)**	(28 0)
Property, plant and equipment additions		**(0 3)**	(1 5)
Cash and cash equivalents acquired with subsidiary		**—**	0 4
Interest received		**0 6**	1 4
Net cash (outflow)/inflow from investing activities		**(21 2)**	3 6
Financing activities			
Dividends paid	7	**(2 0)**	—
Dividends paid to non-controlling interests		**(0 2)**	(0 2)
Interest paid		**(21 1)**	(17 9)
Net proceeds on issue of share capital		**—**	101 6
New borrowings drawn		**33 1**	44 2
Repayment of borrowings		**(30 5)**	(154 8)
Net cash outflow from financing activities		**(20 7)**	(27 1)
Increase/(decrease) in cash and cash equivalents		**6 5**	(7 9)
Cash and cash equivalents at start of year		**4 8**	12 7
Cash and cash equivalents at end of year		**11 3**	4 8

Group Statement of Comprehensive Income
for the year ended 30th November 2010

	Notes	2010 £m	2009 £m
Profit/(loss) for the year		**38 3**	(101 7)
Pension fund			
— actuarial losses	18	**(0 1)**	(0 8)
— deferred tax thereon	18	**—**	0 2
Total comprehensive income for the year		**38 2**	(102 3)
Attributable to			
— Equity shareholders of the Company		**37 1**	(101 7)
— Non-controlling interests		**1 1**	(0 6)
Total comprehensive income for the year		**38 2**	(102 3)

Group Statement of Changes in Equity
for the two years ended 30th November 2010

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Own shares £m	Shareholders' equity £m	Non-controlling interest £m	Total equity £m
At 30th November 2008	12 1	9 1	0 3	371 3	(0 1)	392 7	9 5	402 2
Loss for the year attributable to shareholders	—	—	—	(101 1)	—	(101 1)	(0 6)	(101 7)
Pension fund actuarial losses (Note 18)	—	—	—	(0 6)	—	(0 6)	—	(0 6)
Total comprehensive income	—	—	—	(101 7)	—	(101 7)	(0 6)	(102 3)
Net shares acquired	—	—	—	—	(0 3)	(0 3)	—	(0 3)
Dividends paid	—	—	—	—	—	—	(0 2)	(0 2)
Issue of share capital	7 9	93 7	—	—	—	101 6	—	101 6
At 30th November 2009	**20.0**	**102 8**	**0.3**	**269 6**	**(0.4)**	**392 3**	**8 7**	**401 0**
Profit for the year attributable to shareholders	**—**	**—**	**—**	**37 2**	**—**	**37 2**	**1 1**	**38 3**
Pension fund actuarial losses (Note 18)	—	—	—	**(0 1)**	—	**(0 1)**	—	**(0.1)**
Total comprehensive income	—	—	—	**37 1**	—	**37 1**	**1 1**	**38 2**
Net shares acquired	—	—	—	—	**(0 2)**	**(0 2)**	—	**(0.2)**
Dividends paid	—	—	—	**(2 0)**	**—**	**(2 0)**	**(0 2)**	**(2 2)**
At 30th November 2010	**20 0**	**102 8**	**0.3**	**304 7**	**(0 6)**	**427 2**	**9 6**	**436 8**

Own shares represent the cost of 259,414 (2009 273,330) shares held by the Employee Benefit Trust The open market value of the shares held at 30th November 2010 was £351,246 (2009 £580,280)

Financial Statements

Accounting Policies

for the year ended 30th November 2010

Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as they apply to the Group for the year ended 30th November 2010, applied in accordance with the provisions of the Companies Act 2006

The financial statements have been prepared on the historical cost basis except for the revaluation of certain properties, derivative financial instruments and the defined benefit section of the Group's pension scheme

The Group's functional currency is pounds sterling and its IFRS accounting policies are set out below

Basis of consolidation

The Group financial statements consolidate the financial statements of St Modwen Properties PLC and the entities it controls Control comprises the power to govern the financial and operating policies of the investee and is achieved through direct or indirect ownership of voting rights or by contractual agreement A list of the principal entities controlled is given in Note (F) of the Company's financial statements

VSM Estates (Holdings) Limited is 50% owned by St Modwen Properties PLC, however, under the funding agreement the Group obtains the majority of the benefits of the entity and also retains the majority of the residual risks This entity is therefore consolidated in accordance with SIC 12 "Consolidation — Special Purpose Entities"

All entities are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases All intra-Group transactions, balances, income and expense are eliminated on consolidation

Non-controlling interests represent the portion of profit or loss and net assets that are not held by the Group and are presented separately within equity in the Group balance sheet

Interests in joint ventures

The Group recognises its interest in joint ventures using the equity method of accounting Under the equity method, the interest in the joint venture is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of its net assets, less distributions received, less any impairment in value of individual investments The income statement reflects the Group's share of the jointly controlled entities' results after interest and tax

Financial statements of jointly controlled entities are prepared for the same reporting period as the Group Where necessary, adjustments are made to bring the accounting policies used into line with those of the Group

The Group statement of comprehensive income reflects the Group's share of any income and expense recognised by the jointly controlled entities outside the income statement

Interests in associates

The Group's interests in its associates, being those entities over which it has significant influence and which are neither subsidiaries nor joint ventures, are accounted for using the equity method of accounting, as described above

Properties

Investment properties

Investment properties, being freehold and leasehold properties held to earn rental income, for capital appreciation and/or for undetermined future use, are carried at fair value following initial recognition at the present value of the consideration payable To establish fair value, investment properties are independently valued on the basis of market value Any surplus or deficit arising is recognised in the income statement for the period

Once classified as an investment property, a property remains in this category until development with a view to sale commences, at which point the asset is transferred to inventories at current valuation

Where an investment property is being redeveloped for continued use as an investment property, the property remains within investment property and any movement in valuation is recognised in the income statement

Investment property disposals are recognised on completion Profits and losses arising are recognised through the income statement and the profit on disposal is determined as the difference between the sales proceeds and the carrying amount of the asset

Investment properties are not depreciated

Inventories

Inventories principally comprise properties held for sale, properties under construction and land under option All inventories are carried at the lower of cost and net realisable value

Cost comprises land, direct materials and, where applicable, direct labour costs that have been incurred in bringing the inventories to their present location and condition When inventory includes a transfer from investment properties, cost is recorded as the book value at the date of transfer Net realisable value represents the estimated selling price less any further costs expected to be incurred to completion and disposal

Operating property, plant and equipment
Operating property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses Such cost includes costs directly attributable to making the asset capable of operating as intended

Depreciation is provided on all operating property, plant and equipment at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life as follows

Leasehold operating properties	— over the shorter of the lease term and 25 years
Plant, machinery and equipment	— over 2 to 5 years

Leases
The Group as lessee
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee All other leases are classified as operating leases

Non-property assets held under finance leases are capitalised at the inception of the lease with a corresponding liability being recognised for the fair value of the leased asset or, if lower, the present value of the minimum lease payments Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability Non-property assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term

Freehold interests in leasehold investment properties are accounted for as finance leases with the present value of guaranteed minimum ground rents included within the carrying value of the property and within long-term liabilities On payment of a guaranteed ground rent, virtually all of the cost is charged to the income statement, as interest payable, and the balance reduces the liability

Rentals payable under operating leases are charged in the income statement on a straight-line basis over the lease term

The Group as lessor
Rental income from operating leases is recognised in the income statement on a straight-line basis over the lease term

Income taxes
Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date

The tax currently payable is based on the taxable result for the year The taxable result differs from the result as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, using the rates of tax expected to apply based on legislation enacted or substantively enacted at the balance sheet date, with the following exceptions

- in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future, and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws substantively enacted at the balance sheet date Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same authority and the Group intends to settle its current tax assets and liabilities on a net basis

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity Otherwise, income tax is recognised in the income statement

Pensions
The Group operates a pension scheme with both defined benefit and defined contribution sections The defined benefit section is closed to new members and, from 1st September 2009, to future accrual

Financial Statements

Accounting Policies continued
for the year ended 30th November 2010

The cost of providing benefits under the defined benefit section is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice Past service costs are recognised in the income statement immediately if the benefits have vested

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year The difference between the expected return on plan assets and the interest cost is recognised in the income statement as other finance income or expense

Actuarial gains and losses are recognised in full in the statement of comprehensive income in the year in which they occur The defined benefit pension asset or liability in the balance sheet comprises the present value of the defined benefit obligation, less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly

When a pension asset (net surplus) arises and the directors consider it is controlled by the Company such that future economic benefits will be available to the Company, it is carried forward in accordance with the requirements of IFRIC14

Contributions to defined contribution schemes are recognised in the income statement in the year in which they become payable

Own shares
St Modwen Properties PLC shares held by the Group are classified in shareholders' equity and are recognised at cost

Dividends
Dividends declared after the balance sheet date are not recognised as liabilities at the balance sheet date

Revenue recognition
Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty The following criteria must also be met before revenue is recognised

Sale of property
Revenue arising from the sale of property is recognised on legal completion of the sale Where revenue is earned for development of property assets not owned, this is recognised when the Group has substantially fulfilled its obligations in respect of the transaction

Construction contracts
Revenue arising from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts (see below)

Rental income
Rental income arising from investment properties is accounted for on a straight-line basis over the lease term

Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to that asset's net carrying amount

Dividend income
Dividend income from joint ventures is recognised when the shareholders' rights to receive payment have been established

Construction contracts
Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date The extent to which the contract is complete is determined by the total costs incurred to date as a percentage of the total anticipated costs for the entire contract Variations in contract work, claims and incentive payments are included only to the extent they have been agreed with the purchaser

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred where it is probable they will be recoverable Contract costs are recognised as expenses in the period in which they are incurred

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately

Government grants
Government grants relating to property are treated as deferred income and released to profit or loss over the expected useful life of the assets concerned

Share-based payments
When employee share options are exercised the employee has the choice whether to have the liability settled by way of cash or the retention of shares As it has been the Company's experience to satisfy the majority of share options in cash, and new shares are not issued to satisfy employee share option plans, the Group accounts for its share option schemes as cash-settled The cost of cash-settled transactions is measured at fair value using an appropriate option pricing model and amortised through the income statement over the vesting period The liability is remeasured at each balance sheet date Revisions to the fair value of the accrued liability after the end of the vesting period are recorded in the income statement of the year in which they occur

Financial instruments
Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for any amounts it may have to pay If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled, or they expire

Trade and other receivables
Trade receivables are recognised and carried at the lower of their original invoiced value and recoverable amount Provision is made when there is evidence that the Group will not be able to recover balances in full Balances are written off when the probability of recovery is assessed as being remote

Cash and cash equivalents
Cash and cash equivalents comprises cash balances and short-term deposits with banks

Trade and other payables
Trade and other payables on deferred payment terms are initially recorded by discounting the nominal amount payable to net present value The discount to nominal value is amortised over the period of the deferred arrangement and charged to finance costs

Interest bearing loans and borrowings
All loans and borrowings are initially recognised at fair value less directly attributable transaction costs After initial recognition, loans and borrowings are measured at amortised cost

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised in finance income or finance expense as appropriate

The effective interest rate method is used to charge interest to the income statement

Derivative financial instruments and hedging
The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations Such instruments are initially recognised at fair value on the date on which a contract is entered into and are subsequently remeasured at fair value The Group has determined that the derivative financial instruments in use do not qualify for hedge accounting and, consequently, any gains or losses arising from changes in the fair value of derivatives are taken to the income statement

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities Equity instruments issued by the Group are recorded at the proceeds received less direct issue costs

Use of estimates and judgements
To be able to prepare accounts according to generally accepted accounting principles, management must make estimates and assumptions that affect the asset and liability items and revenue and expense amounts recorded in the financial accounts These estimates are based on the Group's systems of internal control, historical experience and the advice of external experts (including qualified professional valuers and actuaries) together with various other assumptions that management and the Board of directors believe are reasonable under the circumstances The results of these considerations form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources

The areas requiring the use of estimates and critical judgements that may significantly impact the Group's earnings and financial position are

Going concern The financial statements have been prepared on a going concern basis This is discussed in the Business Review, under the heading 'Financial Structure' and adoption of the going concern assumption is confirmed on page 36

Valuation of investment properties Management has used the valuation performed by its independent valuers as the fair value of its investment properties The valuation is performed according to RICS rules, using appropriate levels of professional judgement for the prevailing market conditions

Financial Statements

Accounting Policies continued

for the year ended 30th November 2010

Use of estimates and judgements continued

Net realisable value of inventories The Group has ongoing procedures for assessing the carrying value of inventories and identifying where this is in excess of net realisable value Management's assessment of any resulting provision requirement, is where applicable, supported by independent information supplied by the external valuers The estimates and judgements used were based on information available at, and pertaining to, 30th November 2010 Any subsequent adverse changes in market conditions may result in additional provisions being required

Estimation of remediation and other costs to complete for both development and investment properties In making an assessment of these costs there is inherent uncertainty and the Group has developed systems of internal control to assess and review carrying values and the appropriateness of estimates made Any changes to these estimates may impact the carrying values of investment properties and/or inventories

The calculation of deferred tax assets and liabilities together with assessment of the recoverability of future tax losses The recoverability of tax losses has been assessed and the accounts reflect the extent to which management believe recovery is likely against latent gains and future profits anticipated to be realised on the Group's property portfolio

Calculation of the net present value of pension scheme liabilities In calculating this liability it is necessary for actuarial assumptions to be made, including discount and mortality rates and the long-term rate of return upon scheme assets The Group engages a qualified actuary to assist with determining the assumptions to be made and evaluating these liabilities

Adoption of New and Revised Standards

Standards affecting the financial statements

In the current year the following new and revised standards and interpretations have been adopted and have affected the amounts reported on the disclosures in these financial statements

IAS1 (revised) Presentation of Financial Statements

IAS1 (revised) requires the production of a statement of comprehensive income setting out all items of income and expense relating to non-owner changes in equity There is a choice between presenting comprehensive income in one statement or in two statements comprising an income statement and a separate statement of comprehensive income The Group has elected to present comprehensive income in two statements In addition, IAS1 (revised) requires the statement of changes in shareholders' equity to be presented as a primary statement The other revisions to IAS1 have not had a significant impact on the presentation of the Group's financial information

IFRS8 Operating Segments

IFRS8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, which in the case of the Group is the Board, to allocate resources to the segments and to assess their performance and is effective in the EU for accounting periods beginning on or after 1st January 2009 In contrast, the predecessor Standard (IAS14 'Segment Reporting') required the Group to identify two sets of segments (business and geographical), using a risk and rewards approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments The Group's operating segments, whilst unchanged, are reported in accordance with IFRS8

IAS23 (revised) Borrowing Costs

IAS23 (revised) requires the capitalisation of borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use) as part of the cost of the asset The amendment removes the option of immediately expensing borrowing costs subject to an exemption for inventories manufactured in large numbers on a repetitive basis

The Group has evaluated its business processes and where developments are considered to fall under the requirements of IAS23 (revised) costs are capitalised No interest was capitalised in the year ended 30th November 2010

IFRS2 (revised) Share-based payments

The amendment to IFRS2 requires non-vesting conditions to be taken into account in the estimate of the fair value of the equity instruments The adoption of the amendment has no impact on the Group's financial statements

IFRS7 (amended) Improving disclosures about financial instruments

IFRS7 (amended) requires disclosure of fair value measurement by level of a fair value measurement hierarchy The required disclosures are in Note 16 to the financial statements

Standards adopted not affecting the financial statements
In addition the following standards and interpretations have been adopted but have had no impact on the amounts reported or the disclosures in the financial statements

IAS27 (revised 2008) Consolidated and Separate financial statements
IAS32 (amended)/IAS1 (amended) Puttable Financial Instruments and Obligations Arising on Liquidation
IAS39 Eligible Hedged Items
IFRS1 (amended)/IAS27 (amended) Cost of a Subsidiary, Jointly Controlled Entity or Associate Payment Transactions
IFRS3 (revised) Business Combinations
IFRIC9 (amended)/IAS39 Embedded Derivatives
IFRIC15 Agreements for the Construction of Real Estate
IFRIC17 Distributions of Non-Cash Assets to Owners
IFRIC18 Transfer of Assets from Customers

Impact of standards and interpretations in issue but not yet effective
At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue and endorsed by the EU but not yet effective

IAS24 (revised 2009) Related Party Disclosures
IAS32 (amended 2009) Classification of Rights Issues
IFRS1 (amended 2009) Additional Exemptions for First-time Adopters
IFRS1 (amended 2010) Limited Exemption from Comparative IFRS7 Disclosures for First-time Adopters
IFRS2 (amended 2009) Group Cash-settled Share-based Payment Transactions
IFRIC14 (amended 2009) Prepayments of a Minimum Funding Requirement
IFRIC19 Extinguishing Financial Liabilities with Equity Instruments

In addition, Improvements to IFRSs, issued in April 2009, is the most recent tranche of the Improvements to IFRS project endorsed by the EU and has a number of minor amendments to existing IAS and IFRS which have not yet been implemented

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group

Financial Statements

Notes to the Accounts

for the year ended 30th November 2010

1. REVENUE AND GROSS PROFIT

	2010 Rental £m	2010 Development £m	2010 Other £m	2010 Total £m
Revenue	**35 1**	**79 9**	**6 4**	**121 4**
Cost of sales	**(8 7)**	**(67 4)**	**(3 3)**	**(79 4)**
Gross profit	**26 4**	**12 5**	**3 1**	**42 0**

	2009 Rental £m	2009 Development £m	2009 Other £m	2009 Total £m
Revenue	34 3	74 5	4 9	113 7
Cost of sales	(8 2)	(83 8)	(3 1)	(95 1)
Gross profit /(loss)	26 1	(9 3)	1 8	18 6

The Group operates exclusively in the UK and all of its revenues derive from its portfolio of properties which the Group manages as one business Therefore, the financial statements and related notes represent the results and financial position of the Group's sole business segment

The Group's total revenue for 2010 was £129 1m (2009 £122 7m) and in addition to the amounts above included service charge income of £6 9m (2009 £6 1m), for which there was an equivalent expense, and interest income of £0 8m (2009 £2 9m)

Cost of sales in respect of rental income as disclosed above comprise direct operating expenses (including repairs and maintenance) related to the investment property portfolio and include £0 2m (2009 £0 2m) in respect of properties that did not generate any rental income

During the year the following amounts were recognised (as part of development revenue and cost of sales) in respect of construction contracts

	2010 £m	2009 £m
Revenue	**63 8**	27 7
Cost of sales	**(50 8)**	(25 3)
Gross profit	**13 0**	2 4

Amounts recoverable on contracts as disclosed in Note 11 comprise £11 6m (2009 £0 9m) of contract revenue recognised and £1 2m (2009 £1 4m) of retentions

Amounts due to customers of £nil (2009 £nil) were included in trade and other payables in respect of contracts in progress at the balance sheet date

2. NON-STATUTORY INFORMATION

a Trading profit

The non-statutory measure of trading profit, which includes the Group's share of joint ventures and associates, has been calculated as set out below

	Notes	2010 Group £m	2010 Joint ventures and associates £m	2010 Total £m	2009 Group £m	2009 Joint ventures and associates £m	2009 Total £m
Net rental income		**26 4**	**7 3**	**33 7**	26 1	7 4	33 5
Development profit	(1)	**18 6**	**0 3**	**18 9**	4 9	0 6	5 5
Gains/(losses) on disposal of investments/investment properties		**2 5**	**0 5**	**3 0**	2 2	(0 1)	2 1
Other income		**3 1**	**—**	**3 1**	1 8	—	1 8
Administrative expenses		**(16 8)**	**(0 3)**	**(17 1)**	(13 9)	(0 2)	(14 1)
Finance costs	(2)	**(20 0)**	**(4 8)**	**(24 8)**	(17 5)	(3 4)	(20 9)
Finance income	(3)	**0 6**	**—**	**0 6**	0 3	0 2	0 5
Trading profit		**14 4**	**3 0**	**17 4**	3 9	4 5	8 4

(1) Stated before the deduction of net realisable value provisions of Group £6 1m (2009 £14 2m), Joint ventures and associates £0 3m (2009 £1 6m)

(2) Stated before mark-to-market of derivatives and other non-cash items of Group £4 0m (2009 £8 5m), Joint ventures and associates £0 8m (2009 £1 8m)

(3) Stated before mark-to-market of derivatives and other non-cash items of Group £2 6m (2009 £4 0m), Joint ventures and associates £nil (2009 £nil)

2 NON-STATUTORY INFORMATION CONTINUED

b Property valuation gains/(losses)

Property valuations, including the Group's share of joint ventures and associates, have been calculated as set out below

	2010 Group £m	2010 Joint Ventures and Associates £m	2010 Total £m	2009 Group £m	2009 Joint Ventures and Associates £m	2009 Total £m
Investment property revaluation gains/(losses)	**23.2**	**6 2**	**29 4**	(81 7)	(24 8)	(106 5)
Net realisable value provisions	**(6 1)**	**(0 3)**	**(6 4)**	(14 2)	(1 6)	(15 8)
Property valuation gains/(losses)	**17 1**	**5 9**	**23 0**	(95 9)	(26 4)	(122 3)

c Movement in net debt

	2010 £m	2009 £m
Movement in cash and cash equivalents	**6 5**	(7 9)
Borrowings drawn	**(33 1)**	(44 2)
Repayment of borrowings	**30 5**	154 8
Movement in net debt	**3 9**	102 7

d Trading cash flow

Trading cash flows are derived from the Group cash flow statement as set out below

2010	Operating activities £m	Investing activities £m	Financing activities £m	Total £m
Net rent	**26 4**	—	—	**26 4**
Property disposals	**65 4**	**27 5**	—	**92 9**
Property acquisitions	**(6 4)**	**(24.1)**	—	**(30 5)**
Property expenditure	**(54 9)**	**(25 2)**	—	**(80 1)**
Working capital and other movements	**33 9**	—	—	**33 9**
Overheads, interest and tax	**(16 0)**	**0 6**	**(21 1)**	**(36 5)**
Trading cash flow	**48.4**	**(21 2)**	**(21 1)**	**6 1**
Non-trading cash flows	—	—	**0 4**	**0 4**
Movement in cash and cash equivalents	**48.4**	**(21 2)**	**(20 7)**	**6 5**

2009	Operating activities £m	Investing activities £m	Financing activities £m	Total £m
Net rent	26 1	—	—	26 1
Property disposals	69 6	31 3	—	100 9
Property acquisitions	—	(12 9)	—	(12 9)
Property expenditure	(63 1)	(16 6)	—	(79 7)
Working capital and other movements	(6 5)	0 2	—	(6 3)
Overheads, interest and tax	(10 5)	1 4	(17 9)	(27 0)
Trading cash flow	15 6	3 4	(17 9)	1 1
Non-trading cash flows	—	0 2	(9 2)	(9 0)
Movement in cash and cash equivalents	15 6	3 6	(27 1)	(7 9)

e Net assets per share

	Total equity 2010	Total equity 2009	Shareholders' Equity 2010	Shareholders' Equity 2009
Net assets (£m)	**436 8**	401 0	**427 2**	392 3
Shares in issue (number)	**200,360,931**	200,360,931	**200,360,931**	200,360,931
Net assets per share (pence)	**218 0**	200 1	**213 2**	195 8
Percentage increase	**8 9%**		**8 9%**	

Financial Statements

Notes to the Accounts continued
for the year ended 30th November 2010

3 OTHER INCOME STATEMENT DISCLOSURES

a Administrative expenses

Administrative expenses have been arrived at after charging

	2010 £m	2009 £m
Depreciation	**0.7**	1 0
Operating lease costs	**1 0**	1 1

b Auditors' remuneration

The analysis of auditors' remuneration is as follows

	2010 £'000	2009 £'000
Fees payable for the audit of the Company's annual accounts	**112**	107
The audit of subsidiary companies and joint ventures pursuant to legislation	**112**	112
Total audit fees	**224**	219
Other services pursuant to legislation	**51**	309
Tax services	**460**	284
Total non-audit fees	**511**	593
Total fees	**735**	812

The above amounts include all amounts charged in respect of joint venture undertakings Other services pursuant to legislation for 2009 included £259,000 in relation to the Firm Placing and Placing and Open Offer

c Employees

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

	2010 Number	2009 Number
Property	**125**	127
Leisure and other activities	**64**	61
Administration	**39**	40
	228	228

The total payroll costs of these employees were

	2010 £m	2009 £m
Wages and salaries	**9 9**	9 1
Social security costs	**1.2**	1 1
Pension costs	**0.3**	0 7
	11 4	10 9

Details of the directors' remuneration is given in the directors' remuneration report

3. OTHER INCOME STATEMENT DISCLOSURES CONTINUED

d. Share-based payments

The Group has a save as you earn share option scheme open to all employees Employees must remain in service for a period of five years from the date of grant before exercising their options The option period ends six months following the end of the vesting period The Group also has an executive share option scheme and performance share plan (PSP), full details of which are given in the directors' remuneration report

The following table illustrates the movements in share options during the year As the PSP includes the grant of options at £nil exercise price, the weighted average prices below are calculated including and excluding the options under this plan

	2010			2009		
		Weighted average price			Weighted average price	
	Number of options	**All options £**	**Excluding PSP £**	Number of options	All options £	Excluding PSP £
Outstanding at start of year	**6,459,991**	**2.00**	**2 46**	4,920,691	2 88	3 17
Re-basing of options following issue of share capital	—	—	—	716,635	(0 39)	(0 44)
Granted	**2,603,001**	**1 46**	**1 78**	2,815,046	1 42	1 86
Forfeited	**(29,143)**	**(2 99)**	**(2 99)**	(535,265)	(3 28)	(3 28)
Lapsed	**(2,548,328)**	**(2 30)**	**(2 92)**	(513,700)	(4 78)	(4 78)
Exercised	**(25,960)**	**(1 25)**	**(1 25)**	(943,416)	(1 08)	(1 08)
Outstanding at end of year	**6,459,561**	**1 66**	**2 01**	6,459,991	2 00	2 46
Exercisable at year end	**1,068,363**	**2 77**	**2 77**	1,144,467	2 70	2 70

Share options are priced using a Black-Scholes valuation model The fair values calculated and the assumptions used are as follows

	(Credit)/charge to income statement £m	Risk-free interest rate %	Expected volatility %	Dividend yield %	Share price £*
As at 30th November 2010	**(0 2)**	**0 7-2 4**	**54.4-67 5**	**1 8**	**1 65**
As at 30th November 2009	0 6	0 1-2 2	0 1-80 2	—	2 28

* Based on 90 day moving average

The fair value of the balance sheet liability in respect of share options outstanding at the year end was £1 8m (2009 £1 8m) and included £1 1m (2009 £0 9m) in respect of options that had vested at the year end

In arriving at fair value it has been assumed that, when vested, shares options are exercised in accordance with historical trends Expected volatility was determined by reference to the historical volatility of the Group's share price over a period consistent with the expected life of the options

The weighted average share price at the date of exercise was £1 94 (2009 £2 25) The executive share options outstanding at the year end had a range of exercise prices between 97p and 410p (2009 97p and 456p) with PSP options exercisable at £nil (2009 £nil) Outstanding options had a weighted average maximum remaining contractual life of 8 1 years (2009 6 5 years)

Financial Statements

Notes to the Accounts continued

for the year ended 30th November 2010

4 FINANCE COST AND FINANCE INCOME

	2010 £m	2009 £m
Interest payable on borrowings	**(19 8)**	(17 3)
Amortisation of loan arrangement fees	**(1 0)**	(0 7)
Amortisation of discount on deferred payment arrangements	**(1 6)**	(1 7)
Head rents treated as finance leases	**(0 2)**	(0 2)
Movement in fair value of interest rate derivatives	**—**	(4 7)
Interest on pension scheme liabilities (Note 18)	**(1 4)**	(1 4)
Total finance cost	**(24 0)**	(26 0)

The finance cost on interest rate derivatives derives from financial liabilities held at fair value through profit or loss All other finance costs derive from financial liabilities measured at amortised cost

	2010 £m	2009 £m
Interest receivable on cash deposits	**0 6**	1 4
Credit in respect of discount on deferred receivables	**0 2**	1 5
Movement in fair value of interest rate derivatives	**0 9**	—
Expected return on pension scheme assets (Note 18)	**1 5**	1 4
Total finance income	**3 2**	4 3

5 TAXATION

a Tax on profit/(loss) on ordinary activities

	2010 £m	2009 £m
Tax (credit)/charge in the income statement		
Corporation tax		
Current year tax	**—**	—
Adjustments in respect of previous years	**(0 1)**	(1 2)
	(0 1)	(1 2)
Deferred tax		
Reversal of temporary differences	**(1 0)**	4 1
Impact of current year revaluations and indexation	**(1 9)**	(17 9)
Impact of tax losses	**1 7**	(2 1)
Adjustments in respect of previous years	**0 5**	(0 6)
	(0 7)	(16 5)
Total tax credit in the income statement	**(0 8)**	(17 7)
Tax relating to items charged to equity		
Deferred tax		
Actuarial losses on pension schemes	**—**	(0 2)
Tax credit in the statement of comprehensive income	**—**	(0 2)

5. TAXATION CONTINUED

b Reconciliation of effective tax rate

	2010 £m	2009 £m
Profit/(loss) before tax	**37.5**	(119 4)
Less Joint ventures and associates	**(7.4)**	22 9
Pre-tax profit/(loss) attributable to the Group	**30 1**	(96 5)
Corporation tax at 28% (2009 28%)	**8 4**	(27 0)
Permanent differences	**(0 6)**	(0 3)
Short-term timing differences	**(0 9)**	—
Impact of current year revaluations and indexation	**(9 1)**	5 0
Difference between chargeable gains and accounting profit	**6 9**	(1 2)
Utilisation of tax losses not previously recognised	**(5 9)**	—
Deferred tax asset not recognised	—	7 6
Current year credit	**(1 2)**	(15 9)
Adjustments in respect of previous years	**0 4**	(1 8)
	(0 8)	(17 7)
Effective rate of tax	**(3%)**	18%

The post-tax results of joint ventures and associates are stated after a tax charge of £0 7m (2009 £0 8m credit) The effective tax rate for the Group including joint ventures and associates is a credit of 0 5% (2009 15 4%)

The Finance (No 2) Act 2010 was enacted on 21st July 2010 which reduced the main rate of corporation tax to 27% from 1st April 2011 Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1st April 2014 This has not been enacted at the balance sheet date and, therefore, is not included in these financial statements

The proposed reductions of the main rate of corporation tax by 1% per year to 24% by 1st April 2014 are expected to be enacted separately each year If the deferred tax assets and liabilities of the Group were all to reverse after 2014, the effect of the changes from 27% to 24% would be to reduce the net deferred tax liability by £0 1m

c Balance sheet

	2010		2009	
	Corporation tax £m	**Deferred tax £m**	Corporation tax £m	Deferred tax £m
Balance at start of the year	**7 7**	**1 4**	5 7	18 1
Credit to the income statement	**(0 1)**	**(0 7)**	(1 2)	(16 5)
Credit directly to equity	—	—	—	(0 2)
Net refund	**1 7**	—	3 2	—
Balance at end of the year	**9 3**	**0 7**	7 7	1 4

An analysis of the deferred tax provided by the Group is given below

	2010			2009		
	Asset £m	**Liability £m**	**Net £m**	Asset £m	Liability £m	Net £m
Property revaluations	—	**4 1**	**4 1**	—	13 3	13 3
Capital allowances	—	**4 7**	**4 7**	—	4 7	4 7
Appropriations to trading stock	—	**0 6**	**0 6**	—	0 8	0 8
Unutilised tax losses	**(5 3)**	—	**(5 3)**	(13 2)	—	(13 2)
Other temporary differences	**(3 4)**	—	**(3 4)**	(4 2)	—	(4 2)
	(8 7)	9.4	**0 7**	(17 4)	18 8	1 4

Financial Statements

Notes to the Accounts continued
for the year ended 30th November 2010

5. TAXATION CONTINUED
At the balance sheet date, the Group has
— unused tax losses in relation to 2010 and prior years of £6 6m (2009 £17 5m), of which £5 3m (2009 £9 9m) has been recognised as a deferred tax asset, and
— deductions of £nil (2009 £3 3m) that will be available in subsidiary companies in future periods and have been recognised in full as a deferred tax asset

A deferred tax asset has been recognised on the basis that the losses or deductions will shelter the latent gains anticipated to be realised on the Group's property portfolio including those reflected in the deferred tax liability for property revaluations and future trading losses

A deferred tax asset of £1 3m (2009 £7 6m) has not been recognised in respect of current and prior year tax losses as it is not considered certain that there will be taxable profits available in the short-term against which these can be offset

d Factors that may affect future tax charges
Based on current capital investment plans, the Group expects to be able to continue to claim capital allowances in excess of depreciation in future years

The benefits of any tax planning are not recognised by the Group until the outcome is reasonably certain

6. EARNINGS PER SHARE
The calculation of basic and diluted earnings per share is set out below

	2010 Number of shares	2009 Number of shares*
Weighted number of shares in issue	**200,098,045**	169,276,058
Weighted number of dilutive shares	**346,115**	—
	200,444,160	169,276,058

	2010 £m	2009 £m
Profit/(loss) attributable to equity shareholders (basic and diluted)	**37 2**	(101 1)

	2010 pence	2009 pence
Basic and diluted profit/(loss) per share	**18 6**	(59 7)

Shares held by the Employee Benefit Trust are excluded from the above calculations

The Group's share options are accounted for as cash-settled share-based payments In calculating diluted earnings per share, earnings have been adjusted for changes which would have resulted from share options being classified as equity-settled Where applicable, the number of shares included in the calculation has also been adjusted accordingly

* In 2009 the Group undertook a Firm Placing and Placing and Open Offer resulting in the issue of 79 586 977 shares on 8th June 2009 The number of shares in issue used in the above calculation for 2009 reflects the lower number of shares in issue through to the date of the Firm Placing and Placing and Open Offer

7 DIVIDENDS
Dividends paid during the year were in respect of the interim dividend for 2010 The proposed final dividend is subject to approval at the Annual General Meeting and has not been included as a liability in these financial statements

	2010		2009	
	p per share	**£m**	p per share	£m
Paid				
Final dividend in respect of previous year	—	—	—	—
Interim dividend in respect of current year	**1 0**	**2 0**	—	—
Total	**1 0**	**2 0**	—	—
Proposed				
Current year final dividend	**2 0**	**4 0**	—	—

The Employee Benefit Trust waives its entitlement to dividends

8 INVESTMENT PROPERTY

	Freehold investment properties £m	Leasehold investment properties £m	Total £m
Fair value			
At 30th November 2008	467 1	347 2	814 3
Additions — new properties	15 2	—	15 2
Other additions	13 8	6 0	19 8
Net transfers from/(to) inventories (Note 12)	15 4	(0 7)	14 7
Disposals	(10 0)	(9 4)	(19 4)
Deficit on revaluation	(45 6)	(36 1)	(81 7)
At 30th November 2009	455 9	307 0	762 9
Additions — new properties	23 8	—	23 8
Other additions	9 8	15 4	25 2
Net transfers from inventories (Note 12)	13 0	0 8	13 8
Transfer on acquisition of residual freehold	3 3	(3 3)	—
Disposals	(8 9)	(12 0)	(20 9)
Gain on revaluation	10 4	12 8	23 2
At 30th November 2010	**507 3**	**320 7**	**828 0**

Investment properties were valued at 30th November 2010 and 2009 by King Sturge LLP, Chartered Surveyors, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors, on the basis of market value King Sturge LLP are professionally qualified independent external valuers and have recent experience in the relevant location and category of the properties being valued

The historical cost of investment properties at 30th November 2010 was £754 9m (2009 £717 7m)

As at 30th November 2010, £709 4m (2009 £669 2m) of investment property was pledged as security for the Group's loan facilities

Included within leasehold investment properties are £3 9m (2009 £3 9m) of assets held under finance leases

9 OPERATING PROPERTY, PLANT AND EQUIPMENT

	Operating properties £m	Operating plant and equipment £m	Total £m
Cost			
At 30th November 2008	2 6	5 0	7 6
Additions	4 4	0 4	4 8
Disposals	(0 1)	(0 6)	(0 7)
At 30th November 2009	6 9	4 8	11 7
Additions	—	0 3	0 3
Disposals	—	(0 3)	(0 3)
At 30th November 2010	**6 9**	**4 8**	**11 7**
Depreciation			
At 30th November 2008	0 4	2 9	3 3
Charge for the year	0 1	0 9	1 0
Disposals	—	(0 5)	(0 5)
At 30th November 2009	0 5	3 3	3 8
Charge for the year	0 1	0 6	0 7
Disposals	—	(0 2)	(0 2)
At 30th November 2010	**0 6**	**3 7**	**4 3**
Net book value			
At 30th November 2008	2 2	2 1	4 3
At 30th November 2009	6 4	1 5	7 9
At 30th November 2010	**6 3**	**1 1**	**7 4**

Financial Statements

Notes to the Accounts continued

for the year ended 30th November 2010

9 OPERATING PROPERTY, PLANT AND EQUIPMENT CONTINUED

Tenure of operating properties

	2010 £m	2009 £m
Freehold	3 6	3 6
Leasehold	2 7	2 8
	6 3	6 4

10 JOINT VENTURES AND ASSOCIATES

The Group's share of the trading results for the year of its joint ventures and associates is

	2010 Key Property Investments Limited £m	2010 Other joint ventures and associates £m	2010 Total £m	2009 Key Property Investments Limited £m	2009 Other joint ventures and associates £m	2009 Total £m
Income statements						
Revenue	14 4	4 4	18 8	25 9	1 2	27 1
Net rental income	6 6	0 7	7 3	7 2	0 2	7 4
Development profit/(loss)	—	—	—	(1 0)	—	(1 0)
Gains/(losses) on disposals of investment properties	0 4	0 1	0 5	(0 1)	—	(0 1)
Investment property revaluation gains/(losses)	6 2	—	6 2	(24 4)	(0 4)	(24 8)
Administrative expenses	(0 2)	(0 1)	(0 3)	(0 1)	(0 1)	(0 2)
Profit/(loss) before interest and tax	13 0	0 7	13 7	(18 4)	(0 3)	(18 7)
Finance cost	(4.4)	(1 2)	(5 6)	(4 5)	(0 7)	(5 2)
Finance income	—	—	—	0 2	—	0 2
Profit/(loss) before tax	8 6	(0 5)	8 1	(22 7)	(1 0)	(23 7)
Taxation	(0 3)	(0 4)	(0 7)	0 6	0 2	0 8
Profit/(loss) for the year	8 3	(0 9)	7 4	(22 1)	(0 8)	(22 9)

Included in other joint ventures and associates above are profits from associated companies of £0 3m (2009 £0 2m losses)

The Group's share of the balance sheet of its joint ventures and associates is

	2010 Key Property Investments Limited £m	2010 Other joint ventures and associates £m	2010 Total £m	2009 Key Property Investments Limited £m	2009 Other joint ventures and associates £m	2009 Total £m
Balance Sheets						
Non-current assets	119 5	20 8	140 3	116 7	15 9	132 6
Current assets	11 7	14 5	26 2	13 6	18 9	32 5
Current liabilities	(11 9)	(10 1)	(22 0)	(12 0)	(6 4)	(18 4)
Non-current liabilities	(74 9)	(20 2)	(95 1)	(82 2)	(23 2)	(105 4)
Net assets	44 4	5 0	49 4	36 1	5 2	41 3
Equity at start of year	36 1	5 2	41 3	58 2	6 0	64 2
Transfer from joint venture to subsidiary undertaking	—	0 7	0 7	—	—	—
Profit/(loss) for the year	8 3	(0 9)	7 4	(22 1)	(0 8)	(22 9)
Equity at end of year	44.4	5 0	49 4	36 1	5 2	41 3

Included in other joint ventures and associates above are net assets of £2 7m (2009 £2 4m) in relation to associated companies These net assets comprise total assets of £3 9m (2009 £3 6m) and total liabilities of £1 2m (2009 £1 2m)

10 JOINT VENTURES AND ASSOCIATES CONTINUED

Joint venture companies and associates comprise

Name	Status	Interest	Activity
Key Property Investments Limited	Joint venture	50%	Property investment and development
Barton Business Park Limited	Joint venture	50%	Property development
Sowcrest Limited	Joint venture	50%	Property investment and development
Holaw (462) Limited	Joint venture	50%	Property investment
Skypark Development Partnership LLP	Joint venture	50%	Property development
Chertsey Road Properties Limited	Joint venture	50%	Property investment
St Modwen Hungerford Limited	Joint venture	50%	Property development
Coed Darcy Limited	Associate	49%	Property investment and development
Baglan Bay Company Limited	Associate	25%	Property management

Many of the joint ventures and associates contain change of control provisions, as is common for such arrangements

On 1st June 2010 the Group increased its shareholding in Shaw Park Developments Limited to 100% No goodwill arose on increasing the stake of the Group in the entity, which is now accounted for as a subsidiary

11 TRADE AND OTHER RECEIVABLES

	2010 £m	2009 £m
Non-current		
Other debtors	**8 2**	5 2
Current		
Trade receivables	**2 3**	6 7
Prepayments and accrued income	**7 3**	7 9
Other debtors	**10 2**	24 4
Amounts recoverable on contracts	**12 8**	2 3
Amounts due from joint ventures	**12 7**	5 7
	45 3	47 0

IFRS7 disclosures in respect of financial assets included above are provided in Note 16

12. INVENTORIES

	2010 £m	2009 £m
Properties held for sale	**37 6**	55 2
Properties under construction	**112 6**	115 3
Land under option	**21 4**	22 2
	171 6	192 7

The movement in inventories during the two years ended 30th November 2010 is as follows

	£m
At 30th November 2008	228 1
Additions	63 1
Net transfers to investment property (Note 8)	(14 7)
Disposals (transferred to development cost of sales) (Note 1)	(83 8)
At 30th November 2009	192 7
Additions	60 1
Net transfers to investment property (Note 8)	(13 8)
Disposals (transferred to development cost of sales) (Note 1)	(67 4)
At 30th November 2010	**171 6**

The directors consider all inventories to be current in nature The operational cycle is such that a proportion of inventories will not be realised within 12 months It is not possible to determine with accuracy when specific inventory will be realised as this will be subject to a number of issues including the strength of the property market

Included within disposals of inventories are net realisable value provisions made during the year of £6 1m (2009 £14 2m)

As at 30th November 2010, £48 3m (2009 £67 8m) of inventory was pledged as security for the Group's loan facilities

Financial Statements

Notes to the Accounts continued

for the year ended 30th November 2010

13 TRADE AND OTHER PAYABLES

	2010 £m	2009 £m
Current		
Trade payables	**15 7**	15 0
Amounts due to joint ventures	**4 1**	3 5
Other payables and accrued expenses	**76 4**	70 1
Provision for share options	**0 2**	0 9
Other payables on deferred terms	**18 4**	30 4
Derivative financial instruments	**18 3**	19 3
	133 1	139 2
Non-current		
Other payables and accrued expenses	**46 4**	21 5
Provision for share options	**1 6**	0 9
Other payables on deferred terms	**163 2**	162 6
Finance lease liabilities (head rents)	**3 9**	3 9
	215 1	188 9

IFRS7 disclosures in respect of financial liabilities included above are provided in Note 16

The payment terms of the other payables on deferred terms are subject to contractual commitments In the normal course of events the payments will be made in line with either the disposal of investment properties held on the balance sheet, or the commencement of development Net cash outflows on the settlement of the deferred consideration will therefore be limited

14 BORROWINGS

	2010 £m	2009 £m
Current		
Floating rate unsecured loan notes	**—**	0 4
	—	0 4
Non-current		
Bank loans repayable between one and two years	**107 9**	55 9
Bank loans repayable between two and five years	**218 3**	267 3
	326 2	323 2

Each bank has their borrowings secured by a fixed charge over a discrete portfolio of certain of the Group's property assets

14. BORROWINGS CONTINUED

Maturity profile of committed bank facilities

The majority of the Group's bank debt is provided by bilateral revolving credit facilities, providing the flexibility to draw and repay loans as required The maturity profile of the Group's committed facilities is set out below

2010

	Floating rate borrowings			Interest rate swaps			
	Drawn	Undrawn	Total	Earliest termination		Latest termination	
	£m	£m	£m	£m	%*	£m	%*
Less than one year†	—	5 0	5 0	80 0	4 79	60 0	4 83
One to two years	107 9	56 1	164 0	90 0	5 43	80 0	5 54
Two to three years	30 0	40 0	70 0	10 0	4 81	20 0	4 65
Three to four years	89 7	35 3	125 0	10 0	4 80	—	—
Four to five years	98 6	56 4	155 0	40.0	2 69	40 0	2 69
More than five years	—	—	—	30 0	4 32	60 0	4 51
Total	326 2	192 8	519 0	260 0	4 63	260 0	4 63

2009

	Floating rate borrowings			Interest rate swaps			
	Drawn	Undrawn	Total	Earliest termination		Latest termination	
	£m	£m	£m	£m	%*	£m	%*
Less than one year†	0 4	5 0	5 4	110 0	5 36	—	—
One to two years	55 9	34 1	90 0	130 0	4 67	80 0	4 70
Two to three years	162 4	91 6	254 0	—	—	80 0	5 54
Three to four years	28 0	42 0	70 0	—	—	40 0	4 56
Four to five years	76 9	23 1	100 0	—	—	—	—
More than five years	—	—	—	—	—	40 0	4 87
Total	323 6	195 8	519 4	240 0	4 99	240 0	4 99

* Weighted average interest rate

† In addition to the principal amounts included above £3 7m (2009 £3 7m) of interest payable was committed at the year end These amounts all fall due within three months of the year end

Certain of the interest rate swaps are extendable at the bank's option, therefore, the tables above show the dates of normal termination and extended termination

£22 6m (2009 £23 1m) of the undrawn committed bank facilities are ring fenced for VSM Estates (Holdings) Limited

The average rate of interest payable, before taking into account the effects of hedging, on borrowings outstanding during the year was 2 8% (2009 2 9%) At 30th November 2010 the weighted average facility maturity of the bank debt was 3 years (2009 3 years)

Interest rate profile

The interest rate profile of the Group's borrowings after taking into account the effects of hedging is

	Total £m	Floating Rate debt £m	Fixed Rate debt £m	Weighted average fixed interest rate (%)	Weighted maturity of derivatives (years)*
At 30th November 2010	**326 2**	**66 2**	**260 0**	**4 63**	**3 37**
At 30th November 2009	323 6	83 6	240 0	4 99	1 09

* Based on earliest termination dates

The Group's derivative financial instruments, which are classified as fair value through profit or loss, consist of sterling denominated interest swaps from floating rate to fixed rate and range from 2 46% to 5 97% (2009 4 32% to 5 97%) In addition the Group has a cap at 7 5% on a further £11m (2009 £55m) of floating rate debt Details of the change in fair value of derivatives charged to the income statement are disclosed in Note 4

Financial Statements

Notes to the Accounts continued
for the year ended 30th November 2010

15 LEASING

Operating lease commitments where the Group is the lessee

The Group leases certain of its premises, motor vehicles and office equipment under operating leases Future aggregate minimum lease rentals payable under non-cancellable operating leases are as follows

	2010 £m	2009 £m
In one year or less	**0 7**	1 3
Between one and five years	**2 9**	2 6
In five years or more	**1 0**	1 5
	4 6	5 4

Operating leases where the Group is the lessor

The Group leases out its investment properties under operating leases The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows

	2010 £m	2009 £m
In one year or less	**27 5**	27 2
Between one and five years	**71 1**	71 1
In five years or more	**193 7**	178 6
	292 3	276 9

Contingent rents, calculated as a percentage of turnover for a limited number of tenants, of £0 4m (2009 £0 3m) were recognised during the year

Obligations under finance leases

Finance lease liabilities payable in respect of certain leasehold investment properties are as follows

	2010		
	Minimum lease payments £m	Interest £m	Principal £m
Less than one year	**0 2**	**0 2**	—
Between one and five years	**0 9**	**0 9**	—
More than five years	**67 5**	**63 6**	**3 9**
	68 6	**64 7**	**3 9**

	2009		
	Minimum lease payments £m	Interest £m	Principal £m
Less than one year	0 2	0 2	—
Between one and five years	0 9	0 9	—
More than five years	67 7	63 8	3 9
	68 8	64 9	3 9

Finance leases are for periods of up to 999 years from inception and a discount rate of 6 0% (2009 6 0%) has been used to derive the fair value of the principal amount outstanding All lease obligations are denominated in sterling

16. FINANCIAL INSTRUMENTS

Categories and classes of financial assets and liabilities

Financial assets		2010 £m	2009 £m
Loans and receivables			
Cash and cash equivalents	a	**11 3**	4 8
Trade and other receivables	a	**25 8**	36 4
		37 1	41 2

Financial liabilities		2010 £m	2009 £m
Derivative financial instruments held at fair value through profit or loss	b	**18 3**	19 3
Amortised cost			
Bank loans and overdrafts	a	**326 2**	323 6
Trade and other payables	a	**90 3**	62 2
Other payables on deferred terms	a	**181 6**	193 0
Finance lease liabilities (head rents)	a	**3 9**	3 9
		620 3	602 0

Trade and other receivables above comprise other debtors, trade receivables and amounts due from joint ventures as disclosed in Note 11, for current and non-current amounts, after deduction of £7 6m (2009 £7 9m) of non-financial assets

Trade and other payables above comprise trade payables, amounts due to joint ventures and other payables and accrued expenses as disclosed in Note 13, for current and non-current amounts, after deduction of £52 3m (2009 £47 9m) of non-financial liabilities

a) The directors consider that the carrying amount recorded in the financial statements approximates their fair value
b) Derivative financial instruments are carried at fair value The fair value is calculated using quoted market prices relevant for the term and instrument

Fair value hierarchy of financial assets and liabilities

Financial assets and financial liabilities that are measured subsequent to initial recognition at fair value, are required to be grouped into Levels 1 to 3 based on the degree to which the fair value is observable

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets,
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i e as prices) or indirectly (i e derived from prices), and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable market data (unobservable inputs)

Derivative financial instruments held at fair value through profit or loss are the only financial instruments held by the Group at fair value The net liability of £18 3m recognised as at 30th November 2010 (2009 £19 3m) is categorised as a Level 2 fair value measurement

Capital risk

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern whilst maximising the return to shareholders through the optimisation of the debt and equity balance The capital structure of the Company consists of debt (as disclosed in Note 14), cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings as disclosed in the Group statement of changes in equity

Financial Statements

Notes to the Accounts continued
for the year ended 30th November 2010

16 FINANCIAL INSTRUMENTS CONTINUED

Market risk

Market risk is the potential adverse change in Group income or the Group net worth arising from movements in interest rates or other market prices Interest rate risk is the Group's principal market risk and is considered below

Interest rate risk management The Group is exposed to interest rate risk as it borrows funds at variable interest rates The Group uses a combination of variable rate borrowings and interest rate swaps to manage the risk

Interest rate sensitivity The following table details the Group's sensitivity, after tax, to a 1% change in interest rates based on year end levels of debt

1% increase in interest rates	2010 £m	2009 £m
Interest on borrowings	**(2 3)**	(2 3)
Effect of interest rate swaps	**1 9**	1 7
	(0 4)	(0 6)

1% decrease in interest rates	2010 £m	2009 £m
Interest on borrowings	**2 3**	2 3
Effect of interest rate swaps	**(1 9)**	(1 7)
	0 4	0 6

Credit risk

Credit risk is the risk of financial loss where counterparties are not able to meet their obligations as they fall due

The credit risk on the Group's liquid funds and derivative financial instruments is limited because the counterparties are banks with high (generally AA) credit ratings Bank deposits are only placed with banks in accordance with Group policy that specifies minimum credit rating and maximum exposure Credit risk on derivatives is closely monitored

Trade and other receivables consist of amounts due from a large number of parties spread across geographical areas The Group does not have any significant concentrations of credit risk as the tenant base is large and diverse with the largest individual tenant accounting for £1 5m (2009 £2 2m) of gross rental income

The carrying amount of financial assets, as detailed above, represents the Group's maximum exposure to credit risk at the reporting date

Included within trade and other receivables is £0 7m (2009 £1 0m) which is provided against as it represents estimated irrecoverable amounts This allowance has been determined by a review of all significant balances that are past due considering the reason for non-payment and the creditworthiness of the counterparty A reconciliation of the changes in this account during the year is provided below

Movement in the allowance for doubtful debts	2010 £m	2009 £m
At start of year	**1 0**	0 7
Impairment losses recognised	**0 6**	0 7
Amounts written off as irrecoverable	**(0 5)**	(0 2)
Impairment losses reversed	**(0 4)**	(0 2)
At end of year	**0 7**	1 0

Trade and other receivables include £0 6m (2009 £2 4m) which are past due as at 30th November 2010 for which no provision has been made because the amounts are considered recoverable The following table provides an ageing analysis of these balances

Number of days past due but not impaired	2010 £m	2009 £m
1–30 days	**0 3**	1 1
31–60 days	**—**	0 2
60 days +	**0 3**	1 1
	0 6	2 4

16 FINANCIAL INSTRUMENTS CONTINUED

Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources available to meet its obligations as they fall due The Group manages liquidity risk by continuously monitoring forecast and actual cash flows, matching the maturity profiles of financial assets and liabilities and through the use of bilateral facilities, overdrafts and cash with a range of maturity dates to ensure continuity of funding

The economic climate, although improved, continues to provide a difficult backdrop to the Group's operations As such, the focus continues to be on managing cash flows and forward commitments, whilst continuing to marshal sites through the planning and remediation process and undertaking development on largely pre-let or pre-sold opportunities

The maturity profile of the anticipated future cash flows for bank loans and overdrafts is shown in Note 14 The maturity profile for the Group's other non-derivative financial liabilities, on an undiscounted basis is as follows

2010	**Less than one month £m**	**1–3 months £m**	**3 months to 1 year £m**	**1–5 years £m**	**More than 5 years £m**	**Total £m**
Trade and other payables	**18.3**	**8 8**	**13 3**	**47 3**	**67 7**	**155 4**
Other payables on deferred terms	—	**10 0**	**8 4**	**162 6**	**5 0**	**186 0**
	18 3	**18 8**	**21 7**	**209 9**	**72 7**	**341 4**

2009	Less than one month £m	1–3 months £m	3 months to 1 year £m	1–5 years £m	More than 5 years £m	Total £m
Trade and other payables	16 5	11 6	12 6	22 4	67 7	130 8
Other payables on deferred terms	—	11 9	19 0	164 9	7 7	203 5
	16 5	23 5	31 6	187 3	75 4	334 3

The Group's approach to cash flow, financing and bank covenants is discussed further in the financial review section of the business review on page 18

17. SHARE CAPITAL

	Ordinary 10p shares No	£m
Authorised		
Equity share capital		
At start and end of year	250,000,000	25 0
Allotted and fully paid		
Equity share capital		
At start and end of year	200,360,931	20 0

See Note 3d for details of outstanding options to acquire ordinary shares

Financial Statements

Notes to the Accounts continued

for the year ended 30th November 2010

18 PENSIONS

The Group operates a pension scheme with both defined benefit and defined contribution sections The defined benefit section is closed to new members and, from 1st September 2009, is also closed to future accrual The income statement includes

— a charge of £0 1m (2009 £0 5m credit) for the defined benefit section, incorporating a curtailment gain of £nil (2009 £0 7m), and
— a charge of £0 1m (2009 £0 4m) for the defined contribution section

The last formal actuarial valuation of the scheme was at 5th April 2008, when the market value of the net assets of the scheme was £32 9m, a funding level of 104% The valuation was performed using the 'Projected Unit Credit Method' under IAS19 The main actuarial assumptions were

Investment rate of return	pre-retirement	6 3% p a
	post-retirement	4 8% p a
Increase in earnings*		6 6% p a
Increase in pensions		3 6% p a

* Capped to 5 6% for certain members

The actuarial valuation of the defined benefit section, a final salary scheme, was updated to 30th November 2010 on an IAS basis by a qualified independent actuary The major assumptions used by the actuary were

	2010	2009	2008
Rate of increase in salaries *	**—**	—	4 8%
Rate of increase in deferred pensions	**2 8%**	3 6%	2 8%
Rate of increase in pensions in payment			
Pre 6th April 1997 benefits	**3 0%**	3 0%	2 8%
Post 5th April 1997 benefits	**3 5%**	3 6%	2 8%
Discount rate	**5 5%**	5 5%	6 2%
Inflation assumption	**2 8%**	3 6%	2 8%

* Following the closure of the defined benefit section to future accrual the assumption regarding the rate of increase in salaries is no longer applicable as retirement benefits will be based on salaries at 31st August 2009 Benefits earned up to the point of the scheme closure will be protected and will be increased in line with inflation subject to a maximum of 5% per annum From 2010 the basis of the inflation assumption has been amended, in line with market practice from the Retail Price Index to the Consumer Price Index.

The mortality rates adopted are from the PA92 year of birth and medium cohort tables (which assume that, for example, male members who are currently retired are expected to draw their pensions for 26 8 years and non retired members for 27 7 years, based on the normal retirement age of 60)

The Group expects to make contributions of £0 2m to the defined benefit section of the scheme in 2011 and in future years

The fair values of assets in the defined benefit section of the scheme and the expected rates of return, based on market expectations, were

	2010		2009		2008	
	%	**£m**	%	£m	%	£m
Equities	**5 7**	**10 3**	5 6	17 0	5 9	13 3
Bonds	**5 5**	**7 6**	5 4	1 4	7 2	0 5
Property	**5 7**	**8 5**	5 6	8 4	5 9	9 9
Cash and other assets	**4 2**	**0 8**	4 1	0 3	4 4	1 2
		27.2		27 1		24 9
Actuarial value of liabilities		**(24 7)**		(26 9)		(23 6)
Unrecognised surplus		**(2 5)**		(0 2)		(1 3)
Surplus in the scheme		—		—		—
Related deferred tax liability		—		—		—
Fair value of pension asset net of deferred tax		—		—		—

The cumulative amount of actuarial gains and losses (before unrecognised surplus of £2 5m) recorded in the Group statement of recognised income and expense is a gain of £0 2m (2009 £2 0m loss)

18 PENSIONS CONTINUED

Analysis of the amount (charged)/credited to operating profit

	2010 £m	2009 £m	2008 £m
Current service cost	**(0 2)**	(0 2)	(0 4)
Curtailment gain	**—**	0 7	—
Total operating (charge)/credit	**(0 2)**	0 5	(0 4)

Analysis of the amount credited/(charged) to finance costs and income

	2010 £m	2009 £m	2008 £m
Expected return on pension scheme assets	**1 5**	1 4	2 0
Interest on pension scheme liabilities	**(1 4)**	(1 4)	(1 6)
	0 1	—	0 4

The actual return on pension scheme assets was a gain of £2 4m (2009 £3 2m) The expected return on pension scheme assets was calculated assuming cash and gilts will make returns in line with the yield on the 20 year gilt index and that equities and properties will return 1 5% above this Corporate bonds have been assumed to return in line with the yield on the iboxx over 15 year corporate bond index

Analysis of the amount recognised in the Group statement of comprehensive income

	2010 £m	2009 £m	2008 £m
Difference between expected and actual return on assets	**0 9**	1 8	(8 9)
Experience gains and losses arising on fair value of scheme liabilities	**(0 7)**	3 7	(3 8)
Effects of changes in the demographic and financial assumptions underlying the fair value of the scheme liabilities	**2 0**	(7 4)	7 6
Change in unrecognised surplus	**(2 3)**	1 1	4 7
Total actuarial loss	**(0 1)**	(0 8)	(0 4)

Analysis of the movement in the fair value of the scheme liabilities

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Beginning of year	**26 9**	23 6	29 0	31 1	29 8
Movement in year					
Current service cost	**0 2**	0 2	0 4	0 5	0 5
Employee contributions	**—**	0 1	0 1	0 1	0 1
Interest cost	**1 4**	1 4	1 6	1 5	1 5
Actuarial gains and losses	**(1 3)**	3 7	(3 9)	(3 0)	—
Benefits paid	**(2 5)**	(1 4)	(3 6)	(1 2)	(0 8)
Curtailment gain	**—**	(0 7)	—	—	—
End of year	**24 7**	26 9	23 6	29 0	31 1

Financial Statements

Notes to the Accounts continued

for the year ended 30th November 2010

18 PENSIONS CONTINUED

Analysis of the movement in the fair value of the scheme assets

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Beginning of year	**27 1**	24 9	35 0	33 9	29 3
Movement in year					
Expected return on scheme assets	**1 5**	1 4	2 0	1 8	1 6
Contributions by employer	**0 2**	0 3	0 4	0 6	1 1
Employee contributions	—	0 1	0 1	0 1	0 1
Actuarial gains and losses	**0 9**	1 8	(9 0)	(0 2)	2 6
Benefits paid	**(2 5)**	(1 4)	(3 6)	(1 2)	(0 8)
End of year	**27 2**	27 1	24 9	35 0	33 9
Surplus in scheme at the year end	**2 5**	0 2	1 3	6 0	2 8
Unrecognised surplus	**(2 5)**	(0 2)	(1 3)	(6 0)	—
Net surplus	—	—	—	—	2 8

History of experience gains and losses

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Difference between expected and actual return on scheme assets					
Amount	**0 9**	1 8	(9 0)	(0 2)	2 6
Percentage of scheme assets	**3 3%**	6 6%	(35 7%)	(0 3%)	8 0%
Experience gains and losses on scheme liabilities					
Amount	**(0 7)**	3 7	(3 8)	(3 0)	(1 1)
Percentage of fair value of scheme liabilities	**2 8%**	(13 8%)	16 1%	10 3%	3 5%
Changes in assumptions underlying the fair value of scheme liabilities					
Amount	**2 0**	(7 4)	7 6	5 8	0 9
Percentage of fair value of scheme liabilities	**(8 1%)**	27 5%	(32 2%)	(20 0%)	(2 9%)
Change in unrecognised surplus	**(2 3)**	1 1	4 7	(6 0)	—
Total actuarial (loss)/gain recognised in the statement of recognised income and expense					
Amount	**(0 1)**	(0 8)	(0 4)	(3 3)	2 5
Percentage of present value of scheme liabilities	**(0 4%)**	(3 0%)	(1 7%)	(11 4%)	8 0%
Deferred taxation attributable to pension movements (Note 5)	—	0 2	0 1	0 9	(0 7)
Pension scheme movement for the year net of deferred tax	**(0 1)**	(0 6)	(0 3)	(2 4)	1 8

19. CAPITAL COMMITMENTS

At 30th November 2010 the Group had contracted capital expenditure of £18,159,000 (2009 £796,000) In addition the Group's share of the contracted capital expenditure of its joint venture undertakings was £596,000 (2009 £1,593,000) All capital commitments relate to investment properties

20. CONTINGENT LIABILITIES

The Group has a joint and several unlimited liability with Vinci PLC and the Ministry of Defence under guarantees in respect of the financial performance of VSM Estates (Holdings) Limited ("VSM") This is a guarantee in the ordinary course of business and would require the guarantors to step into VSM's place in the event of a default on Project MoDEL Completion of the project is not considered onerous as the forecast revenues exceed the anticipated costs and it is not expected that there would be any net outflow in this regard

The Group is also party to a joint and several guarantee to Fortis Bank in respect of the performance of Sowcrest Limited which is limited to £16 0m (2009 £18 4m)

21 RELATED PARTY TRANSACTIONS

Transactions between the Group and its non wholly owned subsidiaries, joint ventures and associates are all undertaken on an arms length basis and are detailed as follows

Key Property Investments Limited ('KPI')

During the year the Group provided management and construction services to KPI for which it received fees totalling £10 9m (2009 £6 5m) The balance due to the Group at year end was £0 6m (2009 £0 3m) No interest is charged on this balance

Holaw (462) Limited ('Holaw')

During the year Holaw repaid £nil of its loan (2009 £0 2m) The balance due to the Group at the year end was £0 3m (2009 £0 3m) No interest is charged on this balance

Barton Business Park Limited ('Barton')

During the year the Group borrowed an additional £0 5m from Barton (2009 £nil) The balance due to Barton at the year end was £3 9m (2009 £3 4m) No interest is charged on this balance

Sowcrest Limited ('Sowcrest')

During the year the Group provided management services to Sowcrest for which it received fees totalling £nil (2009 £0 2m)

In addition, during the year £7 3m was paid to Sowcrest (2009 £3 6m) leaving an amount due from Sowcrest at the year end of £11 3m (2009 £4 0m) Interest is chargeable on £8 5m (2009 £1 4m) of the amount outstanding at a fixed rate of 10% (2009 10%)

Skypark Development Partnership ('Skypark')

The balance due to the Group from Skypark at the year end was £0 6m (2009 £0 3m), of which £0 2m (2009 £0 2m) relates to loan notes issued to the Group in the year The remaining £0 4m (2009 £0 1m) relates to purchase ledger funding provided by the Group No interest is charged on these balances

Chertsey Road Properties Limited ('CRP')

During the year CRP repaid £0 2m of its loan (2009 borrowed £0 3m) The balance due to the Group at the year end was £0 1m (2009 £0 3m) No interest is charged on this balance

St Modwen Hungerford Limited ('Hungerford')

During the year the Group loaned £nil to Hungerford (2009 £0 6m) The balance due to the Group at the year end was £0 6m (2009 £0 6m) No interest is charged on this balance

Coed Darcy Limited ('CDL')

During the year CDL repaid £0 2m of its loan The balance due to the Group at the year end was £nil (2009 £0 2m) No interest is charged on this balance

Branston Properties Limited ('Branston')

During the year the Group entered into an option to acquire the entire issued share capital of Branston, a company in which the family of Simon Clarke has a financial interest, at market value The price paid for the option was £0 1m and exercise of this is contingent on certain planning milestones being achieved

St Modwen Pension Scheme

The Group occupies offices owned by the pension scheme with a value of £0 5m (2009 £0 5m) with an annual rental payable of £0 1m (2009 £0 1m) The balance due to the Group at the year end was £nil (2009 £0 5m)

Financial Statements

Notes to the Accounts continued

for the year ended 30th November 2010

21 RELATED PARTY TRANSACTIONS CONTINUED

Non-wholly owned subsidiaries

The Company provides administrative and management services and provides a central purchase ledger system to subsidiary companies In addition, the Company also operates a central treasury function which lends to and borrows from subsidiary undertakings as appropriate Management fees and interest charged/(credited) during the year and net balances due (to)/from subsidiaries in which the Company has a less than 90% interest were as follows

	Management fees		Interest		Balance	
	2010	2009	**2010**	2009	**2010**	2009
	£m	£m	**£m**	£m	**£m**	£m
Stoke-on-Trent Regeneration Limited	—	—	**(0 1)**	(0 1)	**(3 9)**	(7 4)
Stoke-on-Trent Regeneration (Investments) Limited	—	—	—	—	**(0 5)**	(0 3)
Uttoxeter Estates Limited	—	—	—	—	**(0 6)**	(0 2)
Widnes Regeneration Limited	—	—	—	0 1	**2 3**	3 0
Trentham Leisure Limited	—	0 2	**1 9**	1 2	**23 8**	22 4
Norton & Proffitt Developments Limited	—	—	—	—	**(0 2)**	(0 3)
VSM Estates (Holdings) Limited	**0 2**	0 2	—	—	**(9 9)**	(8 5)
	0 2	0 4	**1 8**	1 2	**11 0**	8 7

All amounts due to the Group are unsecured and will be settled in cash All amounts above are stated before provisions for doubtful debts of £nil (2009 £0 7m) No guarantees have been given or received from related parties

Key management personnel

The directors are considered to be the Group's key management personnel and their remuneration is disclosed in the directors' remuneration report

Company Balance Sheet
as at 30th November 2010

	Notes	2010 £m	2009 £m
Fixed assets			
Tangible fixed assets	(E)	**0 6**	0 7
Investments held as fixed assets	(F)	**328 5**	239 3
		329 1	240 0
Current asset			
Debtors	(G)	**473 6**	475 0
Cash at bank and in hand		**1 9**	0 2
Current liabilities			
Creditors amounts falling due within one year	(H)	**(149 4)**	(149 2)
Net current assets		**326 1**	326 0
Total assets less current liabilities		**655 2**	566 0
Creditors amounts falling due after more than one year	(H)	**(216 1)**	(192 2)
Net assets		**439 1**	373 8
Capital and reserves			
Called up share capital	(K)	**20 0**	20 0
Share premium account	(L)	**102 8**	102 8
Capital redemption reserve	(L)	**0 3**	0 3
Revaluation reserve	(L)	**254 6**	164 7
Profit and loss account	(L)	**62 0**	86 4
Own shares	(L)	**(0 6)**	(0 4)
Equity shareholders' funds		**439 1**	373 8

These financial statements were approved by the Board of directors on 4th February 2011 and were signed on its behalf by Bill Oliver and Michael Dunn

Bill Oliver
Chief Executive

Michael Dunn
Group Finance Director

Notes to the Company Accounts
for the year ended 30th November 2010

(A) ACCOUNTING POLICIES

Basis of preparation
The accounts and notes have been prepared in accordance with applicable UK GAAP on a going concern basis

Compliance with SSAP19 "Accounting for Investment Properties" requires departure from the Companies Act 2006 relating to depreciation and an explanation of the departure is given below

Accounting convention
The financial statements have been prepared under the historical cost convention except for the revaluation of certain properties, derivative financial instruments and the defined benefit section of the Company's pension scheme

Revenue recognition
Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance Revenue is measured at the fair value of the consideration received, excluding discounts and VAT

Rental income
Rental income arising from investment properties is accounted for on a straight-line basis over the lease term

Interest receivable
Interest receivable is recognised on an accruals basis

Tangible fixed assets
Tangible fixed assets, other than investment properties, are stated at cost less accumulated depreciation and accumulated impairment losses Such cost includes costs directly attributable to making the asset capable of operating as intended

Depreciation is provided on all plant, machinery and equipment at rates calculated to write off the cost less estimated residual value, based on prices prevailing at the balance sheet date, of each asset evenly over its expected useful life as follows

Plant, machinery and equipment — over 2 to 5 years

Depreciation is not provided on investment properties which are subject to annual revaluations

Long leasehold investment properties
In accordance with SSAP19, investment properties are revalued annually and the aggregate surplus or temporary deficit is transferred to the revaluation reserve Permanent diminutions are recognised through the profit and loss account No depreciation is provided in respect of investment properties

The Companies Act 2006 requires all properties to be depreciated However, this requirement conflicts with the generally accepted accounting principle set out in SSAP19 The directors consider that, because these properties are not held for consumption but for their investment potential, to depreciate them would not give a true and fair view and that it is necessary to adopt SSAP19 in order to give a true and fair view If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified

Investment in subsidiary, joint venture and associated companies
The investments in subsidiary, joint venture and associated companies are included in the Company's balance sheet at the Company's share of net asset value The valuation recognises the cost of acquisition and changes in the book values of the underlying net assets The surplus or deficit arising on revaluation is reflected in the Company's reserves

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or to receive more tax, with the following exceptions
- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets and gains on disposal of fixed assets that have been rolled over into replacement assets only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold, and
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

(A). ACCOUNTING POLICIES CONTINUED

Interest

Interest paid is charged to the profit and loss account on an accruals basis

Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount

Share-based payment

When employee share options are exercised the employee has the choice of whether to have the liability to them settled by way of cash or the retention of shares As it has been the Company's practice to satisfy the majority of share options in cash and new shares are not issued to satisfy employee share option plans the Company accounts for its share option schemes as cash-settled The cost of cash-settled transactions is measured at fair value using an appropriate option pricing model and amortised through the income statement over the vesting period The liability is remeasured at each balance sheet date Revisions to the fair value of the accrued liability after the end of the vesting period are recorded in the income statement of the year in which they occur

Pensions

The Company operates a pension scheme with both defined benefit and defined contribution sections The defined benefit section is closed to new members and, from 1st September 2009, to future accrual

The cost of providing benefits under the defined benefit section is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of the defined benefit obligation) and is based on actuarial advice Past service costs are recognised in the profit and loss account immediately if the benefits have vested

The interest element of the defined benefit cost represents the change in present value of scheme obligations The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year The difference between the expected return on plan assets and the interest cost is recognised in the profit and loss account as other finance income or expense

Actuarial gains and losses are recognised in full in the statement of total recognised gains and losses in the year in which they occur The defined benefit pension asset or liability in the balance sheet comprises the present value of the defined benefit obligation, less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly

Contributions to defined contribution schemes are recognised in the profit and loss account in the period in which they become payable

Derivative financial instruments and hedging

The Company uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations Such instruments are initially recognised at fair value on the date on which a contract is entered into and are subsequently remeasured at fair value The Company has determined that the derivative financial instruments in use do not qualify for hedge accounting and, consequently, any gains or losses arising from changes in the fair value of derivatives are taken to the profit and loss account

Full details of the Company's derivative financial instruments are given in Note 16 to the Group financial statements

Own shares

St Modwen Properties PLC shares held by the Company are classified in shareholders' equity and are recognised at cost

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs After initial recognition, loans and borrowings are measured at amortised cost

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and expense

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term

Cash flow statement

The Company has taken advantage of the exemption permitted by FRS1 not to present a cash flow statement

Financial Statements

Notes to the Company Accounts continued

for the year ended 30th November 2010

(B). PROFIT FOR THE FINANCIAL YEAR

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements The Company's loss for the year ended 30 November 2010 was £22 3m (2009 £17 8m loss)

(C) OPERATING EXPENSES

(i) Audit fees

The analysis of auditors' remuneration is as follows

	2010 **£'000**	2009 £'000
Fees paid to Deloitte LLP in respect of		
Fees payable for the audit of the Company's annual accounts	**112**	107
Total audit fees	**112**	107
Other services pursuant to legislation	**51**	305
Tax services	**210**	109
Total non-audit fees	**261**	414
Total fees	**373**	521

(ii) Employees

The average number of full-time employees (including executive directors) employed by the Company during the year were as follows

	2010 **Number**	2009 Number
Property	**125**	127
Leisure and other activities	**41**	38
Administration	**39**	40
	205	205

	2010 **£m**	2009 £m
Wages and salaries	**9 4**	8 1
Social security costs	**1 2**	1 0
Pension costs	**0 3**	0 7
	10 9	9 8

(D) DIVIDENDS

Dividends paid during the year were in respect of the interim dividend for 2010 The proposed final dividend is subject to approval at the Annual General Meeting and has not been included as a liability in these financial statements

	2010		2009	
	p per share	**£m**	p per share	£m
Paid				
Final dividend in respect of previous year	—	—	—	—
Interim dividend in respect of current year	**1.0**	**2 0**	—	—
Total	**1 0**	**2 0**	—	—
Proposed				
Current year final dividend	**2.0**	**4 0**	—	—

The Employee Benefit Trust waives its entitlement to dividends

(E) TANGIBLE FIXED ASSETS

	Long leasehold investment properties £m	Plant, machinery and equipment £m	Total £m
Cost or valuation			
At 30th November 2009	0 3	2 2	2 5
Additions	—	0 2	0 2
At 30th November 2010	**0 3**	**2 4**	**2 7**
Depreciation			
At 30th November 2009	—	1 8	1 8
Charge for the year	—	0 3	0 3
Disposals	—	—	—
At 30th November 2010	—	**2 1**	**2 1**
Net book value			
At 30th November 2010	**0 3**	**0 3**	**0 6**
At 30th November 2009	0 3	0 4	0 7

Investment properties were valued at 30th November 2010 and 2009 by King Sturge LLP, Chartered Surveyors, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors, on the basis of market value King Sturge LLP are professionally qualified independent external valuers and have recent experience in the relevant location and category of the properties being valued

Long leasehold investment properties are currently let under operating leases for the purpose of generating rental income

(F). INVESTMENTS HELD AS FIXED ASSETS

	Investment in subsidiary companies £m	Investment in joint ventures £m	Total £m
Valuation			
At 30th November 2009	192 4	46 9	239 3
Increase in entity holding from joint venture to subsidiary	(1 4)	0 7	(0 7)
Revaluation of investments	83 5	6 4	89 9
At 30th November 2010	**274 5**	**54 0**	**328 5**
Cost			
At 30th November 2010 and 30th November 2009	**76 2**	**26 5**	**102 7**

Financial Statements

Notes to the Company Accounts continued

for the year ended 30th November 2010

(F). INVESTMENTS HELD AS FIXED ASSETS CONTINUED

Subsidiary companies

At 30th November 2010 the principal subsidiaries, all of which were held directly by the Company, were as follows

	Proportion of ordinary shares held	Nature of principal business
Boughton Holdings	100%	Investment company
Chaucer Estates Limited	100%	Property investors
Leisure Living Limited	100%	Leisure operator
Redman Heenan Properties Limited	100%	Property investors
St Modwen Developments Limited	100%	Property developers
St Modwen Investments Limited	100%	Property investors
St Modwen Securities Limited	100%	Property developers
St Modwen Ventures Limited	100%	Property investors
St Modwen Properties Sarl	100%	Property investors
Stoke-on-Trent Regeneration Limited	81%	Property developers
Uttoxeter Estates Limited	81%	Property developers
Widnes Regeneration Limited	81%	Property developers
Trentham Leisure Limited	80%	Leisure operator
Norton & Proffitt Developments Limited	75%	Property developers
VSM Estates (Holdings) Limited	50%	Property developers

All principal subsidiaries are registered and operated in England and Wales

Joint ventures

At 30th November 2010 the principal joint ventures were

	Percentage shareholding	Nature of principal business
Key Property Investments Limited	50%	Property investment and development
Barton Business Park Limited	50%	Property development
Sowcrest Limited	50%	Property development
Holaw (462) Limited	50%	Property investment
Skypark Development Partnership LLP	50%	Property development
Chertsey Road Properties Limited	50%	Property investment
St Modwen Developments Hungerford Limited	50%	Property development

Many of the joint ventures contain change of control provisions, as is common for such arrangements

(G) DEBTORS

	2010 £m	2009 £m
Trade debtors	**0 1**	0 1
Amounts due from subsidiaries	**437 4**	446 9
Amounts due from joint venture and associated companies	**12 6**	5 0
Other debtors	**6 8**	7 8
Prepayments and accrued income	**3 1**	2 6
Corporation tax	**7 9**	6 5
Deferred tax asset (see Note (J))	**5 7**	6 1
	473 6	475 0

(H) CREDITORS

	2010 £m	2009 £m
Amounts falling due within one year		
Trade creditors	**1 4**	1 1
Amounts due to subsidiaries	**112 3**	117 0
Amounts due to joint venture and associated companies	**4 1**	3 5
Other tax and social security	**0 1**	1 1
Other creditors	**1 1**	2 5
Accruals and deferred income	**12 1**	4 7
Derivative financial instruments	**18 3**	19 3
	149 4	149 2

	2010 £m	2009 £m
Amounts falling due after more than one year		
Bank loans	**214 5**	190 1
Other creditors	—	1 2
Accruals and deferred income	**1 6**	0 9
	216 1	192 2

All bank borrowings are secured by a fixed charge over the property assets of the Company and its subsidiaries

(I). BORROWINGS

The maturity profile of the bank borrowings, all of which are wholly repayable within five years, is as follows

	2010 £m	2009 £m
One to two years	**40 0**	62 5
Two to five years	**174 5**	127 6
Total	**214 5**	190 1

(J) DEFERRED TAXATION

The amounts of deferred taxation provided and unprovided in the accounts are

	Provided		Unprovided	
	2010 £m	2009 £m	2010 £m	2009 £m
Capital allowances in excess of depreciation	—	0 1	—	—
Other timing differences	**(5 7)**	(6 2)	**0 8**	0 9
	(5 7)	(6 1)	**0 8**	0 9

Financial Statements

Notes to the Company Accounts continued

for the year ended 30th November 2010

(J) DEFERRED TAXATION CONTINUED

Reconciliation of movement on deferred tax asset included in debtors

	£m
Balance as at 30th November 2009	(6 1)
Profit and loss account	0 4
Balance as at 30th November 2010	**(5 7)**

Reconciliation of deferred tax liability included in pension scheme asset

	£m
Balance as at 30th November 2009	—
Profit and loss account	—
Statement of total recognised gains and losses	—
Balance as at 30th November 2010	**—**

(K) SHARE CAPITAL

	Ordinary 10p shares No	£m
Authorised		
Equity share capital		
At start and end of year	250,000,000	25 0
Allotted and fully paid		
Equity share capital		
At start and end of year	200,360,931	20 0

See Note 3d of the Group financial statements for details of outstanding options to acquire ordinary shares

(L) RESERVES

	Share premium account £m	Capital redemption reserve £m	Revaluation reserve £m	Profit & loss account £m	Own shares £m
At 30th November 2009	102 8	0 3	164 7	86 4	(0 4)
Revaluation of investments (Note F)	—	—	89 9	—	—
Retained loss for the year (Note B)	—	—	—	(22 3)	—
Net share additions	—	—	—	—	(0 2)
Dividends paid (Note D)	—	—	—	(2 0)	—
Actuarial loss on pension scheme (Note M)	—	—	—	(0 1)	—
At 30th November 2010	**102 8**	**0 3**	**254 6**	**62 0**	**(0 6)**

Own shares represent the cost of 259,414 (2009 273,330) shares held by the Employee Benefit Trust The open market value of the shares held at 30th November 2010 was £351,246 (2009 £580,280) In addition the Employee Benefit Trust has £0 1m (2009 £0 1m) of cash and £9 0m (2009 £10 3m) due from the Company that can only be used for the benefit of employees

(M). PENSIONS

The Company's pension schemes are the principal pension schemes of the Group and details are set out in Note 18 of the Group financial statements The directors are satisfied that this note, which contains the required IAS19 "Employee Benefits" disclosures for the Group, also covers the requirements of FRS17 "Retirement Benefits" for the Company

(N). OPERATING LEASE COMMITMENTS

Operating lease commitments where the Company is the lessee

Annual commitments under non-cancellable operating leases are as follows

	2010		2009	
	Land and buildings £m	**Other £m**	Land and buildings £m	Other £m
Operating leases which expire.				
In one year or less	—	**0 1**	—	0 1
Between one and five years	—	**0 3**	—	0 6
In more than five years	**0 5**	—	0 5	—
	0 5	**0 4**	0 5	0 7

(O) CONTINGENT LIABILITIES

The Company has a joint and several unlimited liability with Vinci PLC and the Ministry of Defence under guarantees in respect of the financial performance of VSM Estates (Holdings) Limited ("VSM") This is a guarantee in the ordinary course of business and would require the guarantors to step into VSM's place in the event of a default on Project MoDEL Completion of the project is not considered onerous as the forecast revenues exceed the anticipated costs and it is not expected that there would be any net outflow in this regard

The Company is also party to a joint and several guarantee to Fortis Bank in respect of the performance of Sowcrest Limited which is limited to £16 0m (2009 £18 4m)

Further, the Company guarantees the performance of its subsidiaries in the course of their usual commercial activities

Independent Company Auditors' Report

to the Members of St Modwen Properties PLC

We have audited the parent company financial statements of St Modwen Properties PLC for the year ended 30 November 2010 which comprise the Company Balance Sheet and the related Notes A to O The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements
In our opinion the parent company financial statements

- give a true and fair view of the state of the Company's affairs as at 30 November 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006
In our opinion

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Other matter
We have reported separately on the Group financial statements of St Modwen Properties PLC for the year ended 30 November 2010

Stephen Griggs

Stephen Griggs FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, UK
4th February 2011

Five Year Record

	2006 £m	2007 £m	2008 £m	2009 £m	**2010 £m**
Net rental income*	33 2	34 9	33 2	33 5	**33 7**
Property profits/(losses)*	44 6	54 5	9 7	(8 2)	**15 5**
Revaluation surplus/(deficit)*	55 6	62 8	(64 6)	(106 5)	**29 4**
Pre-tax profit/(loss)†	96 9	100 1	(73 1)	(119 4)	**37 5**
Earnings/(loss) per share (pence)	61 6	73 3	(37 3)‡	(59 7)	**18 6**
Dividends paid per share (pence)	10 2	11 7	3 9	—	**1 0**
Dividend cover (times)	6 0	6 3	(11 0)	—	**18 6**
Net assets per share (pence)§	245 3	284 1	251 4	200 1	**218 0**
Increase/(decrease) on prior year	15%	16%	(12%)	(20%)	**9%**
Net assets employed					
Investment properties	736 4	846 9	814 3	762 9	**828 0**
Investments	77 9	75 4	64 2	41 3	**49 4**
Inventories	65 9	209 3	228 1	192 7	**171 6**
Other net liabilities	(237 5)	(262 0)	(282 9)	(277 1)	**(297 3)**
Net borrowings	(252 9)	(401 9)	(421 5)	(318 8)	**(314 9)**
Net assets	389 8	467 7	402 2	401 0	**436 8**
Financed by					
Share capital	12 1	12 1	12 1	20 0	**20 0**
Reserves	373 7	446 8	380 7	372 7	**407 8**
Own shares	(0 8)	(0 7)	(0 1)	(0 4)	**(0 6)**
Minority interests	4 8	9 5	9 5	8 7	**9 6**
	389 8	467 7	402 2	401 0	**436 8**

* Including share of joint ventures
† Including post-tax profit of joint ventures
§ 2006 to 2008 restated for comparability purposes on the assumption that the 2009 Firm Placing and Placing and Open Offer had occurred on 1st December 2005

The figures above are all presented under IFRS

Financial Statements

Notice of Annual General Meeting

Notice is hereby given that the seventieth Annual General Meeting of St Modwen Properties PLC will be held at 12 noon on Tuesday 22nd March 2011 at the Marketing Suite, Innovation Centre, 1 Devon Way, Longbridge Technology Park, Birmingham, B31 2TS for the following purposes

Ordinary Business

1 To receive and adopt the report of the directors and the accounts for the year ended 30th November 2010

2 To declare a final dividend of 2p per share

3 To re-elect Steve Burke as a director

4 To re-elect Simon Clarke as a director

5 To re-elect Lady Katherine Innes Ker as a director

6 To re-elect Lesley James as a director

7 To re-elect Bill Oliver as a director

8 To re-elect John Salmon as a director

9 To elect Michael Dunn as a director

10 To elect David Garman as a director

11 To elect Bill Shannon as a director

12 To reappoint Deloitte LLP as Auditors of the Company to hold office until the conclusion of the next General Meeting at which accounts are laid and to authorise the directors to determine their remuneration

Special Business

To consider and, if thought fit, pass the following resolutions

13 Ordinary Resolution

That the Directors' remuneration report for the year ended 30th November 2010 be approved

14 Ordinary Resolution

That the authority to allot relevant securities and equity securities conferred on the directors by Article 7 2 of the Company's Articles of Association be and is hereby granted for the period ending on 22nd June 2012 or at the conclusion of the Annual General Meeting of the Company to be held after the date of the passing of this Resolution (whichever is the earlier) and for such period the Section 551 amount shall be £4,963,907

15 Special Resolution

That the power to allot relevant securities and equity securities conferred on the directors by Article 7 2 of the Company's Articles of Association be and is hereby granted for the period ending on 22nd June 2012 or at the conclusion of the Annual General Meeting of the Company to be held after the date of the passing of this Resolution (whichever is the earlier) and for such period the Section 561 amount shall be £1,001,805

16 Special Resolution

That, in accordance with Article 9 of its Articles of Association and Section 701 of the Companies Act 2006, the Company be and is hereby granted general and unconditional authority to make market purchases (as defined in Section 693 of the Companies Act 2006) 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 general authority conferred by this Resolution shall

(a) be limited to 20,036,093 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 five 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 on 22nd June 2012 or at the conclusion of the next Annual General Meeting of the Company to be held after the date of the passing of this Resolution (whichever is the earlier), 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

17 Special Resolution
To consider and, if thought fit, to pass the following as a special resolution

That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice

By order of the Board

R. Stokes

Reeta Stokes
Company Secretary
28th February 2011

Registered Office
Sir Stanley Clarke House
7, Ridgeway
Quinton Business Park
Birmingham B32 1AF

Explanatory notes to the Resolutions

1 Resolution 1 is to receive the Accounts and the Reports of the Directors and the Auditors for the year ended 30th November 2010

2 The performance of the Board as a whole, as well as the contribution made by the individual non-executive directors has been reviewed during the course of the year After considering this evaluation, the Board believes that the individuals continue to demonstrate commitment to their roles and that their respective skills complement each other to enhance the overall operation of the Board All of the directors offer themselves for re-election, proposed through separate resolutions 3 to 8 Biographical details of these directors can be found on pages 28 and 29

3 Under the Company's Articles of Association, any director appointed by the Board since the date of the last Annual General Meeting may only hold office until the next Annual General Meeting, at which time the director is required to stand for election by the shareholders Accordingly, David Garman, Bill Shannon and Michael Dunn, having been appointed on 19th April, 1st November and 1st December 2010 respectively, offer themselves for election, under resolutions 9 to 11 Their biographies are shown on pages 28 and 29

4 Resolution 12 is proposed to re-appoint Deloitte LLP as auditors to hold office until the next general meeting of the Company at which accounts are presented and to authorise the Directors to determine the level of the auditors' remuneration

5 Resolution 13 is to approve the Directors' Remuneration Report, which is included on pages 38 to 43 and provides details of the Group's remuneration policy for the directors and senior executives In accordance with sections 439 and 440 of the Companies Act 2006, the vote on this resolution is advisory and no director's remuneration is conditional upon the passing of this resolution

6 The existing general authority of the directors to allot shares and the current disapplication of the statutory pre-emption rights granted at the Company's 2010 Annual General Meeting expire at the conclusion of the forthcoming Annual General Meeting

Article 7 2 of the Company's Articles of Association contains a general authority for the directors to allot shares in the Company for a period (not exceeding five years) ("the prescribed period") and up to a maximum aggregate nominal amount ("the Section 551 amount") approved by a Special or Ordinary Resolution of the Company Article 7 2 also empowers the directors during the prescribed period to allot shares for cash in connection with a rights issue and also to allot shares for cash in any other circumstances up to a maximum aggregate nominal amount approved by a Special Resolution of the Company ("the Section 561 amount")

Resolution 14, which will be proposed as an Ordinary Resolution, provides for the Section 551 amount to be £4,963,907 (being an amount equal to the authorised but unissued share capital of the Company at the date of this report and representing 25% of the Company's issued share capital at that date) The Board has no intention at present to exercise the authority to allot shares under this resolution

Resolution 15, which will be proposed as a Special Resolution, provides for the Section 561 amount to be £1,001,805 (representing 5% of the Company's issued share capital)

The prescribed period for which these powers and authorities are granted will expire at the conclusion of the Annual General Meeting to be held next year or on 22nd June 2012 if earlier, when the directors intend to seek renewal of the authorities

7 Resolution 16 is to renew the authority for the Company to purchase certain of its own shares for a further year The directors believe it is advantageous to have such authority but would only exercise it if it was believed to be in the best interests of shareholders At present, the Board has no intention to exercise the authority

Financial Statements

Notice of Annual General Meeting continued

8 Changes made to the 2006 Act by the Shareholders' Rights Regulations increase the notice period required for general meetings of the Company to 21 clear days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days Annual General Meetings ("AGM") will continue to be held on at least 21 clear days' notice

Before the Shareholders' Rights Regulations came into force on 3 August 2009, the Company was able to call general meetings other than AGMs on 14 clear days' notice without obtaining such shareholder approval In order to preserve this ability, Resolution 17 seeks such approval The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed

The following notes explain your general rights as a shareholder and your right to attend and vote at this AGM or to appoint someone else to vote on your behalf

a) A member entitled to attend and vote at this meeting may appoint a proxy to attend, speak and vote on his/her behalf A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares of the member A proxy need not be a member but must attend the meeting in person Proxy forms should be lodged with the registrar's office or submitted not later than 48 hours before the time for which the meeting is convened Completion of the appropriate proxy form does not prevent a member from attending and voting in person if he/she is entitled to do so and so wishes

b) To be valid, the Form of Proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be received by the Company's registrars before 12 noon on Sunday 20th March 2011, either in hard copy form by post, by courier or by hand to the Company's registrars, Equiniti Aspect House, Spencer Road, Lancing, BN99 6DA

c) Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights ("Nominated Person") may, under an agreement with the member who nominated him/her, have a right to be appointed, or have someone else appointed, as a proxy for the meeting If a Nominated Person does not have this right or does not wish to exercise it, he or she may have a right under such an agreement to give the member voting instructions

d) The statement of the rights of members in relation to the appointment of proxies in Note (a) does not apply to Nominated Persons

e) As at 25th February 2011 (being the last working day prior to the publication of this notice), the Company's issued share capital consisted of 200,360,931 shares, carrying one vote each, which represents the total voting rights in the Company as at that date

f) The following documents are available for inspection during normal business hours at the registered office of the Company on any business day and may also be inspected at the Marketing Suite, Innovation Centre, 1 Devon Way, Longbridge Technology Park, Birmingham, B31 2TS at least 15 minutes prior to the commencement of, and during the continuance of, the Annual General Meeting

(i) copies of the Directors' service contracts with the Company,

(ii) copies of the Non-Executive Directors' letters of appointment, and

(iii) a copy of the Company's Articles of Association

g) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those shareholders entered on the relevant register of members (the "Register") for certificated or uncertificated shares of the Company (as the case may be) at 6 p m on Sunday 20th March 2011 (the "Specified Time") will be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at the time Changes to entries on the Register after the Specified Time will be disregarded in determining the rights of any person to attend or vote at that meeting Should the meeting be adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting Should the meeting be adjourned for a longer period, then to be so entitled, members must be entered on the Register at the time which is 48 hours before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in the notice

h) Electronic proxy appointment through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the annual general meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual (available at www euroclear com/CREST) The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001

i) Representatives of shareholders that are corporations will have to produce evidence of their proper appointment when attending the AGM Please contact our Registrars if you need any further guidance on this

j) Every shareholder has the right to appoint some other person(s) of their choice, who need not be a shareholder as his proxy to exercise all or any of his rights, to attend, speak and vote on their behalf at the meeting If you wish to appoint a person other than the Chairman, please insert the name of your chosen proxy holder in the space provided If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if the proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account)

k) To appoint more than one proxy, (an) additional proxy form(s) may be obtained by contacting the Registrars' helpline on 0871 384 2198 or you may photocopy this form (calls to this number are charged at 8p per minute from a BT landline, other telephony provider costs may vary Overseas callers should dial +44 121 415 7047 Lines are open from 8 30am to 5 30pm Monday to Friday) Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy All forms must be signed and should be returned together in the same envelope

l) Shareholders who would prefer to register the appointment of their proxy electronically via the internet can do so through the Sharevote website, www sharevote co uk, using their personal Authentication Reference Number (this is the series of numbers printed under the headings Voting ID, Task ID and Shareholder Reference Number on the Proxy Form) Alternatively, shareholders who have already registered with Equiniti Registrars' online portfolio service, Shareview, can appoint their proxy electronically by logging on to their portfolio at www shareview co uk and clicking on the link to vote under their St Modwen Properties PLC holding details Full details and instructions on these electronic proxy facilities are given on the respective websites

You may not use any electronic address provided in either this Notice of General Meeting or any related documents (including the Proxy Form) to communicate with the Company for any purposes other than those expressly stated

m) Any shareholder attending the meeting has the right to ask questions The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered

n) A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found on the Company's website at www stmodwen co uk

Financial Statements

Glossary of Terms

Annualised net rents are gross rents as at a reporting date plus, where rent reviews are outstanding, any increases to estimated rental value (as determined by the Group's external valuers), less any ground rents payable under head leases

BREEAM — Building Research Establishment Environmental Assessment Method — an industry-wide system of standards to assess sustainable developments and measure the environmental impact of buildings

Capital allowances deferred tax provision — In accordance with IAS 12, full provision has been made for the deferred tax arising on the benefit of capital allowances claimed to date However, in the Group's experience, the liabilities in respect of capital allowances provided are unlikely to crystallise in practice and are therefore excluded when arriving at EPRA NAV

Compulsory purchase order (CPO) is the compulsory acquisition of land by a planning authority, undertaken in the public interest and with pre-defined timescales and compensation arrangements

CSR — Corporate social responsibility

EPRA is the European Public Real Estate Association — a body that has put forward recommendations for best practice for financial reporting by real estate companies

EPRA net asset value (EPRA NAV) is the balance sheet net assets, excluding fair value adjustments for debt and related derivatives, deferred taxation on revaluation and capital allowances

EPRA net assets per share is EPRA net assets divided by the diluted number of shares at the period end

Estimated rental value (ERV) is the Group's external valuers' opinion as to the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of the property

Equivalent yield is a weighted average of the initial yield and reversionary yield and represents the return a property will produce based on the timing of the income received

Gearing is the level of the Group's bank borrowing (excluding finance leases) expressed as a percentage of net assets

Hopper is the bank of property comprising all of the land under the Group's control, whether wholly owned or through joint ventures or development agreements

IFRS — International financial reporting standards

Initial yield is the annualised net rent expressed as a percentage of the valuation

Interest cover is profit before interest and tax (excluding non-cash items such as investment property revaluations) plus the realisation of previous years' revaluations, as a percentage of net interest (excluding non-cash items such as mark-to-market of interest rate swaps)

IPD is Investment Property Databank Ltd , a company that produces an independent benchmark of property returns

Market value is an opinion of the best price at which the sale of an interest in the property would complete unconditionally for cash consideration on the date of valuation (as determined by the Group's external valuers)

In accordance with usual practice, the Group's external valuers report valuations net, after the deduction of the prospective purchaser's costs, including stamp duty, agent and legal fees

Marshalling is the process of progressing projects through planning and development

Net rental income is the rental income receivable in the period after payment of ground rents and net property outgoings

Pre-sold projects are those projects where we are constructing buildings that have been specified by, and designed for, or adapted by, a specific client under a specific construction contract On such projects, profit is recognised using the stage completion method

Property profits includes profits made on sales of investment properties, properties held for sale and properties under construction

Rent roll is the gross rent plus rent reviews that have been agreed as at the reporting date

Section 106 agreements are legally binding agreements reached with local planning authorities under S106 of the Town and Country Planning Act 1990 They address the impact of proposed developments on the local community and often involve a financial contribution by the developer

Voids is the estimated rental value of vacant properties expressed as a percentage of the total estimated rental value of the portfolio, excluding development properties

Weighted average debt maturity — Each tranche of Group debt is multiplied by the remaining period to its maturity and the result is divided by total Group debt in issue at the period end

Weighted average interest rate is the Group loan interest and derivative costs per annum at the period end, divided by total Group debt in issue at the period end

Information for Shareholders

Financial Calendar

Annual General Meeting	22nd March 2011
Announcement of 2011 interim results	July 2011
Announcement of 2011 final results	February 2012

Ordinary shareholdings at 30th November 2010

	Shareholders		Shares	
	No	%	No (m)	%
By shareholder				
Directors and connected persons	26	0 39	53,403,706	26 65
Individuals	3,793	82 43	12,221,276	6 10
Insurance companies, nominees and pension funds	682	14 79	131,256,494	65 51
Other limited companies and corporate bodies	110	2 39	3,479,455	1 74

	Shareholders		Shares	
	No	%	No (m)	%
By shareholding				
Up to 500	1,118	24 25	278,013	0 14
501 to 1,000	825	17 89	638,071	0 32
1,001 to 5,000	1,671	36 24	3,873,975	1 93
5,001 to 10,000	420	9 11	3,029,388	1 51
10,001 to 50,000	356	7 72	7,532,349	3 76
50,001 to 100,000	68	1 47	4,983,697	2 49
100,001 to 500,000	85	1 84	19,741,993	9 85
500,001 to 1,000,000	22	0 48	16,494,417	8 23
1,000,001 and above	46	1 00	143,789,028	71 77

Registrars

The Registrars to the Company are Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DH
Shareholder enquiry line 0871 384 2198

The Registrars' website is www shareview co uk Registering on this website will enable you, amongst other features, to view your St Modwen Properties PLC shareholding online

Share dealing service

Equiniti offer a telephone and internet share dealing service which allows you to buy or sell St Modwen Properties PLC shares if you are a UK resident Details can be found on their website www shareview co uk/dealing This arrangement is available at any time during market trading hours and provides an easy and convenient facility to trade shares offering real time prices through a range of market makers Full terms and conditions for this service are available on the Shareview website To trade over the telephone, please call 08456 037037

Registered office
Sir Stanley Clarke House
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Company number
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Website
www stmodwen co uk

Joint Stockbrokers
JP Morgan Cazenove
Numis Securities

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Development Projects

NORTH WEST

NEWTON-LE-WILLOWS
– Vulcan Works

GLASGOW
– Pegasus Business Park
– Springburn

PRESTON
– Channel Way

BLACKBURN
– Evolution Park

SKELMERSDALE
– Town Centre

ECCLES
– Lankro Way

WIGAN
– Enterprise Park

MANCHESTER
– Wythenshawe
– Trafford Park
– Openshaw

LIVERPOOL
– East Lancs Road
– Great Homer Street

WIDNES
– Economic Development Zone
– Town Centre

WARRINGTON
– Trident Business Park

PRESCOT

CONNAH'S QUAY

ELLESMERE PORT

BURNLEY

YORKSHIRE & NORTH EAST

DARLINGTON
– Whessoe Road

SUNDERLAND

HULL
– Melton Park

DONCASTER
– Worcester Avenue
– Parkside

LINCOLN

NORTH STAFFORDSHIRE

STOKE-ON-TRENT
– Etruria Valley, Festival Park
– Trentham Lakes
– Fenton 25 & Berryhill
– Phoenix Park
– Blythe Vale Business Park
– Victoria Park
– Nile Street
– The Trentham Estate & Gardens

STONE
– Meaford Business Park

MIDLANDS

DERBY
– Hilton Depot

STAFFORD
– Lichfield Road
– St Leonard's

BURTON-UPON-TRENT
– Barton Business Park
– Branston
– Pirelli

WOLVERHAMPTON
– Goodyear

TELFORD
– Brockton Business Park
– Queensway Business Park

WALSALL
– St Matthew's Quarter
– Pelsall Road

BIRMINGHAM
– Washwood Heath
– Quinton Business Park

LONGBRIDGE

RUGBY
– Mill Road
– Newbold Road

WORCESTER
– Shrub Hill Industrial Estate
– Blackpole Trading Estate
– Great Western Business Park
– Gregorys Bank
– Taylors Lane

STRATFORD-UPON-AVON
– Long Marston

COVENTRY
– Whitley Business Park

CANNOCK
– Hednesford Town Centre
– Pye Green
– Watling Street

NOTTINGHAM
– Bestwood Business Park

SOUTH WEST & SOUTH WALES

GLOUCESTER
– Quedgeley Business Park

NEWPORT, GWENT
– Glan Llyn (Llanwern)
– Celtic Business Park

DURSLEY
– Littlecombe

AVONMOUTH, BRISTOL
– Access 18

TAUNTON
– Langford Mead
– Firepool

NEATH
– Coed Darcy

EXETER
– Skypark

PORT TALBOT
– Baglan Bay

WESTON-SUPER-MARE
– Westlands
– Locking Parklands

SWANSEA
– Transit (Swansea University)

CLEVEDON
– Clevedon Business Park

NORTHERN HOME COUNTIES

CRANFIELD
– Technology Park

BEDFORD
– Thurleigh Airfield
– Town Centre

ENFIELD
– Edmonton Green Town Centre

MILTON KEYNES
– Stratford Road

HATFIELD
– Town Centre

LETCHWORTH
– Letchworth Business Park

LUTON
– Guildford Street

HEMEL HEMPSTEAD
– Maxsted Park

LONDON & SOUTH EAST

MILL HILL
– Inglis Barracks

UXBRIDGE
– RAF Uxbridge

THURROCK
– South Ockendon

LONDON
– Elephant & Castle
– Leegate
– Wembley Central
– Hounslow

WOKING
– The Planets

BRIGHTON
– Woodingdean

FARNBOROUGH
– Town Centre

GUILDFORD
– Henley Industrial Estate

YALDING
– Syngenta

EASTLEIGH
– Campbell Road

POOLE
– Discovery Court

ESSEX
– South Ockendon

SURREY
– Copthorne

Resource Centre

Reports and Publications

St Modwen's reports and publications are available to view online or download from www stmodwen co uk

You can order St Modwen's printed publications, free of charge from

UK and Rest of World

Sir Stanley Clarke House
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