
ST. MODWEN HOMES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021



ST. MODWEN HOMES LIMITED

COMPANY INFORMATION

Directors	Robert Evans David Smith Rachel Kentleton
Registered number	09095920
Registered office	Two Devon Way Longbridge Birmingham B31 2TS
Independent auditors	KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH

ST. MODWEN HOMES LIMITED

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ST. MODWEN HOMES LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021

The directors present their strategic report for the period ended 31 December 2021.

PRINCIPAL ACTIVITY

The company acquires land and creates value through the planning and construction of residential sites. Revenue is generated through the sale of new homes, the sale of land and revenue from part-exchanges.

KEY PERFORMANCE INDICATORS

The financial and non-financial key performance indicators used to assess the financial performance and financial position of the company are as follows:

	31 December 2021 £	30 November 2020 £
Turnover (£'000)	338,869	263,367
Profit before tax (£'000)	41,584	26,279
Net assets (£'000)	138,394	104,208
Number of units sold*	1,209	931
HBF rating (star)	5	5

*inclusive of units sold as products and services transferred over time, following the adoption of IFRS 15

FINANCIAL REVIEW

The company traded well throughout the 13 month financial period and reported turnover of £339m, £76m higher than the 12 month financial period for 2020. Pre-tax profits increased to £41.6m, an increase of £15.3m compared to 2020 which was due to an increase in the number of units sold and an extra month in the current financial period. Net assets increased as a result of the purchase of land and continued construction activity across a larger number of sites.

BUSINESS REVIEW

The company acquired land during the period at Uxbridge, Coalville and Ditton. Development on these sites is due to start during 2022.

1,209 units were sold in the period, an increase on 2020 which is due to fewer houses being sold in spring 2020 because of the UK lockdown related to Covid-19. 2021 sales were from, on average, 21 active sales sites throughout the period which is in line with 2020.

FUTURE DEVELOPMENTS

The future strategy of the company is to continue with residential property development both using the pipeline of land from St. Modwen Properties Limited and bidding for land on the open market. The company's landbank comprises of around 6,000 plots and based on recent levels of housebuilding and forecast growth projections, the pipeline equates to at least 4 years' worth of activity for St. Modwen Homes. We expect to deliver approximately 1,300 units in 2022, an increase from 2021.

ST. MODWEN HOMES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2021

PRINCIPAL RISKS AND UNCERTAINTIES

The company's financial and operational performance is subject to several principal risks, which are set out below. These risks apply to both the company and the St. Modwen Properties Limited Group where they are centrally managed and mitigated.

Downturn in market and economic conditions

While we have seen Covid-19 impact the company in 2021 due to enforced lockdowns and the residual impact on the economy, our performance has been positive with our portfolio remaining resilient, and demand for newhomes has been high.

The development programme for residential homes continues to have a short development lead time which enables the company to respond nimbly to changing market conditions. Inherently this risk, given Covid-19 and associated economic uncertainties, remains high.

Political

National, international and local political uncertainties affect the company. Government changes in stamp duty and Help to Buy continue to support demand for housing mitigating some of the risks associated with residential housebuilding.

The company continues to maintain strong local relationships with respect to local planning. The risks associated with political uncertainty, and any changes to Government support for housebuilding, continue to be assessed and addressed.

Social and technological change

The company recognises that the pace of social and technological change continues, affecting demand and location of residential homes, along with our response to changes in associated risks, such as cyber risks and other business events such as Covid-19 in our use of technology.

In addition, the way the company does business and interacts with customers and suppliers is increasingly subject to automation along with technological and working environment changes.

Product and service delivery

The company has significant experience in regeneration, remediation and the development of assets. All developments are subject to financial appraisals and selection of contractors and material purchases are subject to robust procurement processes, including competitive tenders to secure value in meeting financial goals.

Development delivery and cost forecasts are regularly reviewed by the Executive Committee and the Board of St. Modwen Properties Limited.

Customer and supply chain management

The company continues to seek and work with trusted contractors, sub-contractors and other third parties in partnership, developing a pool nationally and locally to reduce the risk of over-reliance on any one supplier within the supply chain. Steps continue to be taken to develop relationships with customers and enhance the customer journey.

Management of the portfolio and future pipeline

The management of the portfolio and pipeline is key to our success. Our strategies for 2022 onwards must be assessed and aligned to market conditions and economic considerations, with upside and downside scenario analysis informing prudent, risk-based decision making.

Environment management

In line with our experience of regeneration and risk appetite, the company accepts a degree of environmental risk where opportunities for higher returns exist. The inherent risks are minimised or passed on wherever possible and the residual risk remains acceptably low. The company continues to undertake annual environmental audits of our portfolio to ensure visibility and management of environmental issues such as

ST. MODWEN HOMES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2021

climate change effectively. Actions arising from these audits are monitored through to implementation.

Financial

During August 2021 following the acquisition of the St. Modwen group by Blackstone Inc., the Group repaid in full its external borrowings and subsequently is now funded by shareholder loans. This provides the company with the headroom and flexibility to respond to changes in the economic environment and development plans.

The Group banking relationships remain strong, appropriate facilities are in place and the Group continue to focus on the management of operational costs.

Management of Health & Safety

The nature of our operations means that ensuring effective health and safety arrangements remains a priority as the company has no appetite for health and safety risk exposure. Health and safety is discussed at meetings of the Board Group Safety, Health and Environment (SHE) Committee and the Board of St. Modwen Properties Limited.

FINANCIAL RISK MANAGEMENT

Both the company and St. Modwen Properties Limited, on behalf of itself and its subsidiaries, manage financial risks that affect the company.

The company's operations and financing arrangements expose it to financial risks that are discussed below.

Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its liabilities as they fall due. The company relies upon the banking facilities of the Group parented by St. Modwen Properties Limited, which manages its liquidity risk by continuously monitoring forecast and actual cash flows, matching the maturity profiles of financial assets and liabilities using fixed rate bilateral facilities, overdrafts and cash with a range of maturity dates to ensure continuity of funding.

Credit risk

Credit risk is the risk of financial loss where counterparties are not able to meet their obligations as they fall due. The company is exposed to credit risk on its financial assets, namely its trade and other receivables. The company's debtors primarily relate to the "Help to Buy" scheme so there is minimal credit risk that could cause a material impact on the financial performance of the company.

ST. MODWEN HOMES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2021

Section 172 statement

The Directors are committed to compliance with reporting regulations and are pleased to provide a statement that supports Section 172(1) of the Companies Act 2006.

This requires that the Directors promote the success of the Company for the benefit of the members as a whole, having regard to the interests of stakeholders in their decision making. In particular, we are required to make a statement describing how the directors have had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 when performing their duties under section 172.

St. Modwen Homes Limited is a wholly owned subsidiary company of St. Modwen Properties Limited. Decisions and policies affecting Group employees, environmental considerations, wider stakeholders and key areas of business conduct and culture are largely taken at Group level and details can be found in the St. Modwen Properties Limited financial statements for the period ended 31 December 2021. This includes its S.172 statement on pages 10-11, available at www.stmodwen.co.uk. As is normal for large companies, we delegate authority for day-to-day management of the Company to senior management, overseeing execution of the business strategy, financial and operational performance related matters and related policies that are specific to that of St. Modwen Homes Limited.

Set out below are some details of how St. Modwen Homes Limited has had due regard to the matters set out in Section 172(1):

The likely consequences of any decision in the long term and the desirability of the company to maintain a reputation for high standards of business conduct

The strategy of the Group applies to the Company, as a member of the Group, and shapes the Company's business operations and activities. St. Modwen is a logistics and residential developer with a strong track record of delivery. In relation to housebuilding, our purpose of 'Changing Places. Creating Better Futures' underpins all of our activities. We consider the social and human impact of our work, turning spaces into places that allow people, communities and businesses to thrive. Many policies and practices are applied throughout the Group via management teams and a common corporate governance framework. One of the Company's key values is doing the right thing. To ensure the highest level of compliance with all applicable legal and regulatory requirements the Company operates within the parameters of Group policies such as the anti-bribery policy and gifts and hospitality policy as well as adopting measures to prevent Modern Slavery in its business activities.

As a subsidiary of St. Modwen Properties Limited, the Company holds the same values and principles, which underpin all of its operations. By considering these alongside set strategic priorities for residential development and a governance framework, we aim to make reasoned and cogent decisions.

Interests of employees

St. Modwen Homes Limited provides resources and frameworks for employees employed under the Group that specifically work on St. Modwen Homes projects. These employees are provided with targeted support in their training and development to enhance their knowledge and skills and further their careers. There is also a clear competency framework to ensure health and safety training and support is easily accessible and relevant to their roles. Management is also committed to encouraging and supporting careers via apprenticeships and building relationships with colleges to provide work placements and enable young people entry to the housebuilding sector.

Promoting the success of the Company

By monitoring and considering trends relevant to the residential property industry, we know and understand what attracts our house-buying customers; thoughtful design and innovation, customer care and a commitment to first-time buyers underpins the Company's approach.

With regards to commercial contracts, decisions align to Group core values and strategy, the financial case, and our approach to risk management, which included the internal control framework and risk evaluations (climate risk also included). Further details on our risk management can be found on pages 6-8 of St. Modwen Properties Limited's financial statements for the period ended 31 December 2021.

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2021

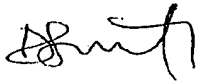
The need to foster the Company's business relationships with suppliers, customers and others

Understanding and engaging with our stakeholders is key. Management places significant focus on stakeholder considerations throughout decision making. We aim to know our customers and partners and take stakeholder feedback into consideration when making decisions. Ongoing focus on customer service and satisfaction means St. Modwen Homes ranked as one of the highest housebuilders in the UK for net promoter score and NHBC customer recommendations.

To ensure business continuity we maintain a resilient supply chain, with trusted and verified suppliers via a supplier selection process and in the period developed a supply chain charter applicable group-wide. With responsible operating practices we maintain good relationships, for example through prompt payment practices and terms and a focus on safety for our partners, customers and the group's employees; our responsible business approach is to positively impact working practices.

In accordance with requirements, this section 172(1) statement will be published on St. Modwen Homes' website www.stmodwenhomes.co.uk.

This report was approved by the board on 29 September 2022 and signed on its behalf.



David Smith
Director

ST. MODWEN HOMES LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the period ended 31 December 2021.

Results and dividends

The profit for the period, after taxation, amounted to £34,185,499 (2020 - £20,978,579).

No dividends will be distributed for the period ended 31 December 2021 (2020: £nil).

Directors

The directors who served during the period were:

Robert Evans
David Smith
Rachel Kentleton (appointed 13 September 2021)
Robert Hudson (resigned 30 July 2021)

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

ST. MODWEN HOMES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2021

Going concern

Following the signing of these financial statements, the Company may be sold. The directors acknowledge that this potential change in ownership creates a material uncertainty as to the Company's future plans and any possible acquirer's intention and ability to provide financial support as required. However, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts (based on the current ownership) in order to assess going concern which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due during the going concern assessment period.

Whilst the intentions of any potential acquirer of the company are currently unknown the directors are not aware of any plans for the Company to cease operations including via a transfer of trade and assets following a sale or that the potential acquirer would not intend, or be able to, provide sufficient appropriate financial support should the Company require it.

Consequently, the directors believe it is reasonable to conclude that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least one year from the date of approval of the financial statements regardless of ownership. Therefore it remains appropriate that the aforementioned financial statements have been prepared on a going concern basis. However, the circumstances above indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, that the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

Following the period end, the directors have agreed to actively market the company with a view to the company's parent selling the shares in the company and its associated business as a going concern to a third party.

As part of this the directors have decided that a certain property will not be part of any proposed sale and will be transferred back to St. Modwen Developments Limited. As such, post period end, the company recognised a loss on disposal of £29.9m.

Auditors

KPMG LLP, our appointed auditor, have conducted the audit for the period ended 31 December 2021 and have expressed a willingness to remain in office. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed reappointed as auditor in the absence of an Annual General Meeting

ST. MODWEN HOMES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2021**

This report was approved by the board on 29 September 2022 and signed on its behalf.



David Smith
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST MODWEN HOMES LIMITED

Opinion

We have audited the financial statements of St Modwen Homes Limited ("the Company") for the 13 month period ended 31 December 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the 13 month period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2.2 to the financial statements which indicates there is uncertainty in relation to the future plans for this company pending a potential change in the ownership structure, along with uncertainty over any acquiring company's intention and ability to provide support as and when necessary as this support has not been given contractually. These events and conditions constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Going concern

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Our conclusion based on our financial statements audit work: we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in

particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as housebuilding forecast revenue and costs, which influence the recognition of housebuilding cost of sales. On this audit we do not believe there is a fraud risk related to revenue recognition because there are limited incentives, rationalizations and/or opportunities to fraudulently adjust revenue recognition.

We also identified a fraud risk related to inappropriate recognition of housebuilding cost of sales as a result of inaccurate revenue and cost forecasts in response to possible pressures to meet profit targets.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of noncompliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, UK planning and building and fire safety regulations and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible

for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Gordon Docherty (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

29 September 2022

ST. MODWEN HOMES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2021

	Note	13 month period ended 31 December 2021 £	year ended 30 November 2020 £
Turnover	3	338,869,222	263,366,972
Cost of sales		(279,883,692)	(223,849,538)
Gross profit		58,985,530	39,517,434
Administrative expenses		(17,574,727)	(13,432,943)
Other operating income	4	164,290	179,797
Operating profit	5	41,575,093	26,264,288
Interest receivable and similar income		8,696	14,957
Profit before tax		41,583,789	26,279,245
Tax on profit	7	(7,398,290)	(5,300,666)
Profit for the financial period		34,185,499	20,978,579

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 17 to 29 form part of these financial statements.

ST. MODWEN HOMES LIMITED
REGISTERED NUMBER: 09095920

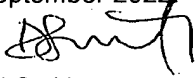
BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	31 December 2021 £	30 November 2020 £
Fixed assets			
Intangible assets	8	1,813,378	522,834
Current assets			
Stocks	9	446,476,867	392,278,635
Debtors	10	34,362,307	35,390,251
Cash at bank and in hand		32,762,967	3,837,034
		<u>513,602,141</u>	<u>431,505,920</u>
Creditors: amounts falling due within one year	11	(364,719,058)	(324,726,207)
Net current assets		<u>148,883,083</u>	<u>106,779,713</u>
Total assets less current liabilities		<u>150,696,461</u>	<u>107,302,547</u>
Creditors: amounts falling due after more than one year	12	(11,209,866)	(800,000)
		<u>139,486,595</u>	<u>106,502,547</u>
Provisions for liabilities			
Deferred taxation	13	(1,092,680)	(1,294,131)
Other provisions	14	-	(1,000,000)
		<u>(1,092,680)</u>	<u>(2,294,131)</u>
Net assets		<u><u>138,393,915</u></u>	<u><u>104,208,416</u></u>
Capital and reserves			
Called up share capital	15	2	2
Profit and loss account		138,393,913	104,208,414
		<u><u>138,393,915</u></u>	<u><u>104,208,416</u></u>

ST. MODWEN HOMES LIMITED
REGISTERED NUMBER: 09095920

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2022.



David Smith
Director

The notes on pages 17 to 29 form part of these financial statements.

ST. MODWEN HOMES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021

	Called up share capital £	Profit and loss account £	Total equity £
At 1 December 2019	2	83,229,835	83,229,837
Changes in equity			
Profit for the year	-	20,978,579	20,978,579
At 1 December 2020	2	104,208,414	104,208,416
Changes in equity			
Profit for the period	-	34,185,499	34,185,499
At 31 December 2021	2	138,393,913	138,393,915

The notes on pages 17 to 29 form part of these financial statements.

ST. MODWEN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

1. Statutory information

St. Modwen Homes Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101"). The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company has taken advantage of the disclosure exemptions included within paragraph 8 of FRS 101. The main impact of these disclosure exemptions is that these financial statements do not include a cash flow statement, financial instruments, fair value and related party disclosures, disclosures regarding compensation of Key Management Personnel or comparative information in respect of certain assets. Where required, equivalent disclosures are given in the consolidated financial statements of St. Modwen Properties Limited. The accounting policies below have, unless stated otherwise, been consistently applied across all periods presented within these financial statements.

2.2 Going concern

Following the signing of these financial statements, the Company may be sold. The directors acknowledge that this potential change in ownership creates a material uncertainty as to the Company's future plans and any possible acquirer's intention and ability to provide financial support as required. However, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts (based on the current ownership) in order to assess going concern which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due during the going concern assessment period.

Whilst the intentions of any potential acquiror of the company are currently unknown the directors are not aware of any plans for the Company to cease operations including via a transfer of trade and assets following a sale or that the potential acquirer would not intend, or be able to, provide sufficient appropriate financial support should the Company require it.

Consequently, the directors believe it is reasonable to conclude that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least one year from the date of approval of the financial statements regardless of ownership. Therefore it remains appropriate that the aforementioned financial statements have been prepared on a going concern basis. However, the circumstances above indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, that the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.3 Turnover

Turnover is recognised when performance obligations are satisfied by transferring a promised good or service to a customer. Turnover is measured at the fair value of the consideration received excluding discounts, VAT and other sales taxes or duty. Any non-cash consideration is measured at fair value and any deferred consideration is measured at present value, unless the deferral is for a period of one year or less, in which case no adjustment is made to the consideration.

2.4 Sale of property held in inventory

Revenue is recognised on legal completion of the sale of the property. Such disposals are typically for a fixed cash consideration received on completion, although part of this consideration may be on deferred terms or, in the case of housebuilding, in the form of a part-exchange property that is measured at fair value.

2.5 Construction contracts

This includes housebuilding contract income and pre-sold property construction contract income where the Group is providing construction services, resulting in a completed developed property, on land that is not controlled by the Group during the development.

Revenue is recognised over time, with reference to the stage of completion of the contract. The stage of completion is determined using input methods that reflect the development work certified as a proportion of the total expected development cost as the amount of costs incurred is considered proportionate to the satisfaction of the performance obligation. These contracts are typically for a fixed cash consideration received in stage payments over the duration of the contract that broadly, but not exactly, match the satisfaction of the performance obligation over time.

2.6 Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

2.7 Trade and other debtors

Trade and other debtors are initially recognised at fair value and subsequently carried at amortised cost less any allowance for expected credit losses. The expected credit losses on trade and other debtors are estimated using a provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the individual debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Balances are written off when the probability of recovery is assessed as being remote.

2.8 Cash and cash equivalents

Cash and cash equivalents comprises cash balances and short-term deposits with banks with initial maturity less than three months.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.9 Trade and other creditors

Trade and other creditors are initially recognised at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method. Where payment is on deferred terms the liability is 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.

2.10 Stocks

All stocks are carried at the lower of cost and realisable value.

Cost comprises land, direct material and, where applicable, direct labour costs that have been incurred in bringing the stocks to their present location and condition. Net realisable value represents the estimated selling price less any further costs expected to be incurred to completion and disposal.

2.11 Taxation

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. Full payment is made for transfer pricing adjustments and group relief surrendered between group undertakings.

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.

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.

2.12 Key sources of estimation uncertainty

In the application of the company's accounting policies outlined above, the directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and so actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.13 Net realisable value of inventories

In order to determine the profit that the Company is able to recognise on its developments in any given year, the Company has to allocate land and site-wide development costs between units sold in the current year and those to be sold in future years, which has an impact on the carrying value of inventories. The Company has ongoing procedures for assessing the carrying value of inventories and identifying where this is in excess of net realisable value with reference to estimates of costs to complete and remaining revenues. The assumptions and estimates for both revenue and costs are based on conditions existing at the balance sheet date, with reference to recent experience on similar properties and site-specific knowledge. Any subsequent adverse changes in market conditions may result in additional provisions being required. Furthermore, the Company is required to make estimates in accounting for housebuilding development costs and margin. These estimates may depend upon the outcome of future events and may need to be revised as circumstances change. The sensitivity of the carrying amount of inventories to the assumptions and estimates used is disclosed in note 8 to the Company financial statements.

2.14 Carrying value of the provision

Note 14 sets out detail of a provision recognised in the period. There are a number of possible outcomes and the carrying value of the provision is sensitive to changes in assumptions or estimates that underpin these possible outcomes.

ST. MODWEN HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

3. Turnover

An analysis of turnover by class of business is as follows:

	13 month period ended 31 December 2021 £	<i>year ended 30 November 2020 £</i>
Transferred at a point in time	296,266,263	221,267,759
Transferred over time	18,509,866	21,202,490
Non-housebuilding income	24,093,093	20,896,723
	<u>338,869,222</u>	<u>263,366,972</u>

	13 month period ended 31 December 2021 £	<i>year ended 30 November 2020 £</i>
United Kingdom	338,869,222	263,366,972
	<u>338,869,222</u>	<u>263,366,972</u>

4. Other operating income

	13 month period ended 31 December 2021 £	<i>year ended 30 November 2020 £</i>
Other operating income	164,290	179,797
	<u>164,290</u>	<u>179,797</u>

ST. MODWEN HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

5. Operating profit

Auditor remuneration was borne by the ultimate parent company, St. Modwen Properties Limited. No amount of this fee has been specifically attributed to the audit of the company (2020: £nil).

The company had no employees or staff costs for the current financial period or the prior financial year.

None of the directors received any remuneration paid by the company during the current financial period or the prior financial year. The remuneration of the directors is paid by other group undertakings and no part of their remuneration is specifically attributable to their services to this company.

6. Directors' remuneration

Directors' remuneration during the period was £509,400 (2020: £624,152).

Amounts receivable under long term incentive schemes were £382,778 (2020: amounts payable of £26,835).

Total directors remuneration was therefore £892,178 (2020: £597,318).

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £512,259 (2020: £349,801).

ST. MODWEN HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

7. Taxation

Analysis of tax charge

	13 month period ended 31 December 2021 £	<i>year ended 30 November 2020 £</i>
Corporation tax		
Current tax on profits for the period/year	7,599,741	6,461,835
	<u>7,599,741</u>	<u>6,461,835</u>
Total current tax	<u>7,599,741</u>	<u>6,461,835</u>
Deferred tax		
Temporary differences	(179,522)	(631,876)
Change in rate for provision of deferred tax	-	202,738
Adjustments in respect of prior years	(21,929)	(732,031)
Total deferred tax	<u>(201,451)</u>	<u>(1,161,169)</u>
Taxation on profit on ordinary activities	<u>7,398,290</u>	<u>5,300,666</u>

ST. MODWEN HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

7. Taxation (continued)

Reconciliation of total tax charge included in the Statement of Comprehensive Income

The tax assessed for the period/year is lower than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	13 month period ended 31 December 2021 £	<i>year ended 30 November 2020 £</i>
Profit on ordinary activities before tax	41,583,789	26,279,245
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	7,900,920	4,993,057
Effects of:		
Non-deductible or taxable expenses and credits	(380,000)	(190,000)
Adjustments in respect of prior years	-	294,871
Change in rate used for provision of deferred tax	-	202,738
Adjustments to tax charge in respect of prior periods	(122,630)	-
Total tax charge for the period/year	7,398,290	5,300,666

Factors that may affect future tax charges

On 23 September 2022 the Chancellor of the Exchequer announced that the corporation tax rate will remain at 19% from 1 April 2023, reversing a previously enacted measure to increase the rate to 25%. This reversal in the tax rate from 1 April 2023 has not been enacted or substantively enacted. The potential impact of this change on the deferred tax balances at 31 December 2021 is expected to be immaterial.

ST. MODWEN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

8. Intangible assets

	Development expenditure £
Cost	
At 1 December 2020	739,905
Additions	1,579,140
At 31 December 2021	<u>2,319,045</u>
Amortisation	
At 1 December 2020	217,071
Amortisation for the period	288,596
At 31 December 2021	<u>505,667</u>
Net book value	
At 31 December 2021	<u><u>1,813,378</u></u>
At 30 November 2020	<u><u>522,834</u></u>

Intangibles are stated at cost less accumulated amortisation and accumulated impairment losses. Such cost includes the purchase price and costs directly attributable to the asset. Amortisation is provided on the intangible at a rate calculated to write off the cost of the asset evenly over the software license term.

ST. MODWEN HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

9. Stocks

	31 December 2021 £	30 November 2020 £
Stocks	7,052,925	16,437,516
Work-in-progress	439,423,942	375,841,119
	<u>446,476,867</u>	<u>392,278,635</u>

Impairment of stocks to net realisable value of £381,740 (2020: £648,540) was recognised in cost of sales. There were no reversal of impairments in the current period or previous financial years.

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.

The company considered the sensitivity analysis for the key source of estimation uncertainty (see note 2.13) with the resulting increase/(decrease) in the carrying value of inventories at 31 December 2021:

Change in house prices of 10.0% - increase in sensitivity - £nil
Change in house prices of 10.0% - (decrease) in sensitivity - £1.3m

10. Debtors

	31 December 2021 £	30 November 2020 £
Trade debtors	1,700,913	4,994,139
Amounts owed by group undertakings	4,740,471	4,740,469
Other tax and social security	7,966,301	4,005,091
Prepayments	12,854,047	14,776,944
Contract asset	7,100,575	6,873,608
	<u>34,362,307</u>	<u>35,390,251</u>

All amounts owed by group undertakings are interest free and repayable on demand.

ST. MODWEN HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

11. Creditors: Amounts falling due within one year

	31 December 2021 £	30 November 2020 £
Trade creditors	21,472,927	31,294,102
Amounts owed to group undertakings	292,364,504	265,262,882
Corporation tax	6,876,276	5,434,933
Other taxation and social security	335,036	-
Other creditors	23,234,169	5,007,389
Accruals and deferred income	20,436,146	17,726,901
	<u>364,719,058</u>	<u>324,726,207</u>

All amounts owed to group undertakings are interest free and repayable on demand.

12. Creditors: Amounts falling due after more than one year

	31 December 2021 £	30 November 2020 £
Amounts owed to group undertakings	-	800,000
Other creditors	11,209,866	-
	<u>11,209,866</u>	<u>800,000</u>

13. Deferred taxation

	2021 £	2020 £
At beginning of period/year	(1,294,131)	(2,455,300)
Charged to profit or loss	179,522	429,138
Adjustments in respect of prior years	21,929	732,031
At end of period/year	<u>(1,092,680)</u>	<u>(1,294,131)</u>

ST. MODWEN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

13. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	31 December 2021 £	30 November 2020 £
Appropriations to trading stock	(1,130,408)	(1,294,131)
Tax losses carried forward	37,728	-
	<u>(1,092,680)</u>	<u>(1,294,131)</u>

14. Provisions

	Other provision £
At 1 December 2020	1,000,000
Released	(750,000)
Utilised in period	(250,000)
At 31 December 2021	<u>-</u>

The provision related to a legal matter which was resolved during the period.

15. Share capital

	31 December 2021 £	30 November 2020 £
Authorised, allotted, called up and fully paid		
2 (2020 - 2) Ordinary shares of £1.00 each	<u>2</u>	<u>2</u>

ST. MODWEN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

16. Post balance sheet events

Following the period end, the directors have agreed to actively market the company with a view to the company's parent selling the shares in the company and its associated business as a going concern to a third party.

As part of this the directors have decided that a certain property will not be part of any proposed sale and will be transferred back to St. Modwen Developments Limited. As such, post period end, the company recognised a loss on disposal of £29.9m.

17. Ultimate controlling party

The company's immediate parent company is St. Modwen Properties Limited, a company registered in England and Wales. Copies of the group annual report and financial statements are available from the registered office of Two Devon Way, Longbridge, Birmingham, B31 2TS.

Following the acquisition of St. Modwen Properties Limited by Brighton Bidco Limited in August 2021, the ultimate parent undertaking of the Group is Blackstone Inc., a company incorporated in the state of Delaware, USA. Copies of the annual report and financial statements of Blackstone Inc. are available online at: <https://ir.blackstone.com/sec-filings-annual-letters/>.

These are the smallest and largest groups into which this company is consolidated.

18. Related party transactions

During the period the company purchased land at St. Andrew's Park, Uxbridge from VSM (Uxbridge 2) Limited, a company who St. Modwen Properties Limited have a 50% indirect holding in. An amount of deferred consideration payable was held on the balance sheet as at 31 December 2021 for £9,000,000. This amount is due in November 2022.

St. Leonards Avenue, Stafford, from Key Property Investments (Number Two) Limited, a company who St. Modwen Properties Limited have a 50% indirect holding in. An amount of deferred consideration payable was held on the balance sheet as at 30 November 2020 for £3,635,522 due to Key Property Investments (Number Two) Limited and this amount was repaid in September 2021.