St. Modwen Properties Limited

company no. 00349201

Financial statements for the period 1 December 2020 to 31 December 2021

CONTENTS

DIRECTORS AND AUDITOR

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STRATEGIC REPORT

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

Review of the business

The principal activities of the Group (comprising of St. Modwen Properties Limited and its subsidiaries, together the 'Group') are the development of logistic assets via the St. Modwen Logistics business and residential housebuilding via the St. Modwen Homes business. St. Modwen Logistics designs, builds, owns and manages high-quality logistics assets. The developments are concentrated around areas of major infrastructure and St. Modwen has one of the UK's largest logistics development pipelines. St. Modwen Homes combines excellent product design and quality with an affordable price range. The ongoing focus on customer service means that St. Modwen Homes is consistently ranked as one of the highest rated housebuilders in the UK for net promoter score and NHBC Customer recommend.

St. Modwen focuses on these two sectors that have structural long-term growth; in logistics driven by e-commerce and supply chain needs; and in residential, master development and building good value and quality homes in strong UK regions.

Responsible business
To sustain success, the Group recognises that financial performance must be delivered in tandem with a positive impact on society and the environment. The aim during the financial period was to continue to improve the sustainability of business operations. In 2020, the prior financial year, the Group launched a number of responsible business ambitions in core areas such as net carbon reduction (St. Modwen has aims to become operationally net zero carbon by 2025), biodiversity and sustainable environments, responsible operating practices, health and wellbeing, education and future skills and diversity and inclusion.

For more information on the Group's responsible business ambitions/strategy please see https://www.stmodwen.co.uk/delivering-responsibly/.

Business activity in the period
2020/21 was a successful period for St. Modwen, in which it made further progress in growing its two focused sectors, logistics and housebuilding, both of which continue to benefit from strong structural demand.

Group ownership
In August 2021, the Group was acquired by an all-cash offer implemented by way of a scheme of arrangement by Brighton Bidco Ltd, a company indirectly owned by investment funds advised by Blackstone (the acquisition). St. Modwen then ceased to be a listed entity and the composition of its Board changed.

Further to the acquisition, the accounting reference date of the Company and where appropriate, the Group's subsidiaries and other related entities, was changed from 30 November to 31 December. The reporting period presented in this report covers the period 1 December 2020 to 31 December 2021. The comparative information presented in this report and financial statements for the current period therefore is not entirely comparable to the disclosures for the previous reporting year ended 30 November 2020.

Following the acquisition, St. Modwen is well-placed to continue the growth in the logistics and residential sectors. Key highlights in the period include:

- *St. Modwen Logistics*
    - Completed 1.4m sq ft of new logistics developments.
    - Collected 98% of rental income due, in line with 2020 (98%).
    - On track to further accelerate the rate of development in the coming years.

- *St. Modwen Homes*
    - Sold 1,209 units, up 28% from 2020 (948), and up 26% excluding the additional month of trading in 2021.
    - Maintained 5-star housebuilder status with HBF customer recommend score of 95% (2020: 96%), and continued strong net promoter score of 67 (2020: 74).
    - Strong pipeline of plots to support future growth plans.

- *Strategic Land & Regeneration*
    - Continued our strategy of reducing the size of the Strategic Land & Regeneration portfolio through the sale of land and non-core assets.
    - Secured five development agreements for future residential and commercial development.

For further details on the business units' activities please see the websites https://stmodwenhomes.co.uk/, https://stmodwenlogistics.co.uk/ and https://www.stmodwen.co.uk/.

<u>Financial performance review</u>

In 2020/2021 the Group continued to build on the positive momentum from the second half of 2020. Overall, net profit of £131.m in 2021 was significantly ahead of 2020 (£120.8m loss). Revenue of £428.8m was up 25.3% from £342.1m in 2020, principally driven by the growth in St. Modwen Homes. Investment property revaluation gains of £155.5m compared with a loss of £104.1m in 2020, driven by Logistics developments, market valuation movements and the impact of reductions in residential land values in the prior year. This additional profit was partly offset by an increase in operating costs to £86.3m (2020: £43.2m), largely as a result of one-off items associated with the acquisition of St. Modwen Properties by Brighton Bidco Ltd.

As at 31 December 2021 the Group has delivered a strong financial position, with net assets of £1,461.9m, up 53% from £954.1m in 2020.The value of investment property increased to £1,135.5m (2020: £852.8m). The Group has also seen a significant change in its borrowings position. During August 2021 following the acquisition by Blackstone Inc, the Group repaid in full all its external borrowings and subsequently is now funded by shareholder loans from the immediate parent company of the Group, Brighton Bidco Ltd. Having refinanced, the Group completed a conversion to equity for £377m and is further supported by a strong cash position of £84.9m (2020: £32.2m).

Key performance metrics

The directors use the following key performance metrics at Group level to set targets and measure business performance:

	2021	2020	% change
St. Modwen Logistics			
New developments completed (m sq ft)	1.4	0.9	+55.6%
Standing portfolio (m sq ft)	8.9	7.5	+18.7%
Future pipeline with planning consent (m sq ft)	6.2	7.6	-18.4%
St. Modwen Homes			
Total units sold	1,209	948	+27.5%
NHBC customer recommend (%)	95	96	1-ppt

Principal risks and uncertainties

The identification and management of risks is central to the way in which St. Modwen operates within its core markets. Senior management continually assesses the broad and diverse range of risks. Emerging risks are also identified and embedded as part of the risk management system and processes.

Risk management framework
The Group operates a robust process for identifying and managing risk in line with the Risk Management Policy and Framework that has remained in operation throughout the Company's transition from public to private ownership. The responsibility for risk is devolved to and embodied in the responsibilities of the Group's Executive Committee, along with Business Unit and Functional leads who formally assess risk in advance of each Risk Assurance and Compliance Committee (RACC) meeting, as well as part of their day-to-day management. As detailed within St. Modwen's policies and lived through its culture, all employees have a responsibility for the ongoing identification and management of risk and for the identification of emerging risks. Risk registers are maintained at strategic, business unit, functional and project level. The principal and emerging risks are regularly considered by the Executive Committee and assessed as part of on-going risk management discussions.

Future developments
The ownership transition within 2021 has only strengthened the focus on risk management within St. Modwen, as the Group looks to ensure the structural changes benefit employees, customers and wider stakeholders. The Group's principal and strategic risks were assessed and revised in the later part of 2020, and have remained consistent with the risks and challenges faced throughout 2021, and anticipated in 2022. Risk has been formally assessed as part of the transition and the structural processes that the business has previously relied upon remain appropriate.

There are a number of potential risks and uncertainties which could significantly impact the Group's objectives, reputation, and/or financial strength. These risks include, but are not limited to:

Principal risk	Risk description	Risk trend	Risk mitigations
Market Cyclicity	Market uncertainty leading to a reduction in demand or deferral of decisions by occupiers and customers impacting property values and margins and the ability to buy, develop, manage and sell assets at the appropriate time in the property cycle.	Static	• Strategy refresh and business alignment towards sectors with strong structural growth • Monitoring of economic and business KPIs • Commercial initiatives and targets are identified to recover profitability and accelerate sales and leasing through innovative action • Active market reviews with strategic acquisitions and disposals • Active members of local business and community groups as well as industry and professional bodies
Catastrophic Business Event	A critical emergency, including pandemic disease, cybercrime or power shortage could severely disrupt global markets (including property and finance) and cause significant damage to our portfolio, external demand, operations and our people.	Static	• Comprehensive Group and Site Business Continuity Plans, including Covid-19 response plans, crisis management plans and IT Disaster Recovery plans regularly tested. Plans have further been enhanced following further government guidance in relation to Omicron, which has seen this risk increase • Review of Cyber risk controls • Information and Data Security Management including network resilience and penetration testing • Supplier relationship management and dialogue with our supply chain partners • Continued monitoring of review of post Brexit / Covid-19 impact on contractors and subcontractors • Maintenance of a rolling six-month supply of key materials inventories
People and Talent	Inability to attract, retain, and develop the right people and skills required to achieve the business objectives in a culture and environment where employees can thrive.	Increased	• People plan includes recruitment, retention and talent management strategies and we continue to work towards the National Equality Standard by 2025 promoting Diversity and inclusion • Continued review and recruitment to key positions and areas of skill needed • We have developed our people using competencies and appraisals aligned to learning and development solutions including Leadership and People Management Programmes • Embedded Health and Wellbeing strategy and support as part of Responsible Business • On-going Mental Health training and support including mental health first aiders, and regular wellbeing communications • Continue to embed agile working to promote flexibility and reduce stress • On-going communication to support the ownership transition

Principal risk	Risk description	Risk trend	Risk mitigations
Climate Change and Environment	Failure to properly identify and mitigate risks from climate change, leading to a negative impact on our reputation, disruption in our operations and potentially stranded assets.	**Static**	• Responsible Business Framework and plans embedded within each business unit • Annual environmental risk assessments and audit • Environmental management and contamination remediation plans • Warranties for professional and remediation contractors
Development	Our Development Strategy is designed to address key risks that could adversely impact underlying income and performance including letting exposure, WIP exposure, construction timing and costs, major contractor failure and adverse planning judgements.	**Static**	• Robust monitoring processes in place in relation to the progression of land and development pipelines • Flexible development pipeline and diverse product mix • On-going supplier relationships which we have relied upon throughout a period of uncertainty • Supplier due diligence and financial health monitoring, which has been robust throughout the pandemic • Maintenance and review of key materials inventory consistently assessed throughout the pandemic where our supply chains have been challenged • Balancing speculative development vs. Build to Suit
Customers	The need to balance customer expectations to ensure demand is met, underpinned by effective relationships with both customers and occupiers. This includes the elevated customer expectations in relation to sustainability and increased green space post pandemic.	**Static**	• Dedicated Asset Managers continuing to assess and support logistics assets • Improved e-commerce offerings and product innovation enables improvement in customer offerings and enhance the customer journey • Increased customer diversity as logistics portfolio grows • Customer feedback
Political, Legal, Regulatory and Compliance	The Group must anticipate significant political, legal, tax or other regulatory changes including planning changes at national or local level. As strategy is assessed and governance structures aligned, the Group must be aware of the associated tax risks.	**Static**	• Dedicated Health & Safety (H&S) Function, Risk Register and Committee with H&S KPIs monitored, reported, and actioned and H&S Training • Dedicated Tax Function and Tax Risk Register with support from PwC • Standard Terms and Conditions and robust process for approving deviation from these • In-house and outsourced legal support with material Litigation and Contingent Liability Registers
Portfolio and Capital Investment Strategy	Financing strategy must support the portfolio strategy and there are inherent risks in relation to investment, access to capital, and covenant compliance, in meeting investment and operational requirements.	**Static**	• Investment in 2021 is aligned to our growth fundamentals and our strategic direction in relation to Homes and Logistics • Weekly and fortnightly management calls assessing covenant compliance and cashflow forecasting • Ongoing portfolio review, in alignment with an acquisition and divestment programme • New reporting and monitoring structures embedded

Employees and culture

The Group's performance depends heavily on its employees. St. Modwen wants to be an employer of choice, where employees experience an inspiring place to work and where they can contribute, be recognised, be themselves and grow. St. Modwen recognises that everyone is an individual and seeks to embrace differences in the way people work and go about their lives. The overarching ambition is to achieve the UK National Equality Standard by 2025. As part of the Group's approach to responsible business and diversity in 2021, 95% of line managers completed diversity and inclusion awareness training with diversity and inclusion now considered at every stage of recruitment and succession planning. The Group's Women in Leadership and diversity and inclusion mentoring programmes were also run in the period. Group progress towards targets set to be reached by 2025 in the financial year continued and include a senior male/female ratio target of 50%/50% (actual at end of year 2021 60%/40%) and 14% ethnic minority employee target (actual at end of year 8%).

The primary underlying cause of the gender pay gap remains, as in previous years, the smaller number of senior women employed, however positively the Group is reporting a reduction the mean pay gap and a decrease in the median pay gap. Please see St. Modwen's Gender Pay Gap report for the year ended April 2021 for further details. Further details on employees can also be found on page 10 of the Section 172 statement.

Safety

Safety remains the Group's key priority and in relation to the Covid-19 pandemic, the Group has remained aligned to Government policy and recommendations.

The AFR (accident frequency rate) across the Group's activities for 2021 was 0.07 with 4 reportable accidents occurring in the period with over 5 million hours worked (for the 12 month period ended 30 November 2020:0.06). None of these accidents in the reporting period resulted in life changing injuries. The main trends from incidents reported have included service strikes, security incidents and slips trips and falls type injuries and more focus has been placed around the management of these risk areas in each Business Unit.

The approach and key achievements in 2021 in relation to operational health and safety include the following:

- Achieving the ISO 45001 standard for Health and safety, demonstrating that standards and procedures meet an internationally recognised standard.
- Achieving ROSPA Gold awards in each business unit; St. Modwen Logistics, St. Modwen Homes and Strategic Land & Regeneration for the second year running.
- A review of the Health & Safety Committee's terms of reference and purpose putting clearer focus on operational risk, learning from incidents, improving the health & safety culture and ongoing engagement with employees and contractors around safety both on sites and in offices.
- A group wide review of Health & Safety maturity (supported by DuPont H&S solutions) to undertake a root and branch review of Health and safety across the Group. Supplemented by an employee perception survey (71% of employees took part), a series of sites visits to review operations and culture in practice, interviews with senior leaders and a review of Health and Safety management systems. The turnout of the assessment to provide a series of recommendations that will form an action plan for improvement on a rolling 3 year plan.
- The Group's Executive Committee in the year has undertaken visits to key sites and developments. The visits provided opportunities to discuss any issues or concerns with teams and fed back to the Board and wider business.

Section 172 Statement

In accordance with the requirements of the Companies (Miscellaneous Reporting) Regulations 2018, the Board is pleased to provide a statement describing how the directors discharged their duties and had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006.

Whilst the day-to-day management of the company/group is delegated to the CEO, who along with the Executive Committee oversee the execution of the strategy and operations of the business, the Board is kept fully apprised of material issues and this includes regular updates on matters affecting stakeholders.

Long-term decisions: The Board fully recognises that major decisions will have a significant impact on the business and the long-term success of the Group. During the year, this understanding was particularly acute in its discussion throughout the process of receiving a cash offer from Blackstone and making the recommendation to accept the proposed offer to shareholders. The Board completed a session on director duties training to refresh their understanding to ensure that they took account of all key factors before making its recommendation.

Stakeholders and Board engagement

Employees: The Group employs over 700 people, they not only deliver the strategy but embody the brand and live out St. Modwen's purpose.
Board engagement and influence on decision making
The Board places great emphasis on employees as part of decision-making and has taken the opportunity to seek direct feedback in order to supplement their understanding of the business. Regular management meetings are held to inform senior staff about matters affecting them as employees, at which their feedback is sought. The CEO and CFO as members of the Executive Committee consider employee matters and relay up to the Board. The Group HR Director (also a member of the Executive Committee) attends Board meetings as required. Initiatives during the year to further increase the level of communication with employees, taking into consideration the changing nature of how employees work, included online town hall/all hands meetings led by the CEO, weekly e-newsletters on wellbeing and general news and updates including technical 'teach-in's' from across the business. Throughout the pandemic employee feedback was sought through employee pulse surveys, focus groups, and a health and wellbeing survey.
Customers and Supply Chain: Customers comprise everyone that uses or buys the properties St. Modwen develops and the services it delivers. They have a choice, and we want them to choose St. Modwen. The supply chain is an extension of St. Modwen and helps it to deliver the products and services.
Board engagement and influence on decision making
The Board knows that customers together with the health and success of our supply chain are critical to future success. They receive regular updates in connection with these key stakeholders and support company initiatives to improve these relationships. Customer feedback reports and site visits were undertaken, including to one of the carbon-neutral Passivhauses in development to help to gain an insight into the latest progress and plans for sites. A St. Modwen Homes presentation on a new customer relationship management system was also given, with the Homes business utilising technology to 'join' up the full customer experience. The Group aims to maintain a resilient supply chain, with trusted and verified suppliers that share its values and standards. St. Modwen Logistics launched its first Supply Chain Forum, to welcome and recognise key supply chain partners who work across developments. Forging strong relationships with supply chain partners is key to fulfilling the Responsible Business ambitions.

Investment Community: The investment community includes organisations that own shares or hold debt in the business or may be interested in doing so in the future.
The Executive team has continued to work hard to develop good working relationships and communication over the period with our shareholder and lenders.
Regulators: Regulators set laws that define or guide the conduct of people and organisations, such as the Health and Safety Executive.
Board engagement and influence on decision making
The Board received regular updates on any relevant changes in regulation and legislation in connection with the construction industry, housebuilding and health & Safety as well as compliance related changes. Also see section on Policymakers on page 12 for examples of engagement with key bodies.
Communities and environment: None of the Group's activities are carried out in isolation; St. Modwen operates within communities, with a diverse range of people, businesses and other organisations and is mindful of the environments within which people live and work.
Board engagement and influence on decision making
The Board considered all major projects and initiatives and received regular updates on progress. The business supports and hosts a variety of activities to encourage community cohesion in line with the purpose 'Changing places. Creating better futures.' The impact the business can have on both the community and environment is a key consideration, not least because it shapes how St. Modwen can successfully deliver on its purpose. As part of the Responsible Business ambition to achieve operational net zero carbon by 2025 and fully net zero carbon by 2040, St. Modwen made a commitment to join the Business Ambition for 1.5°C. For more information on objectives/ambitions such as this, and examples of activities and approaches in action please visit www.stmodwen.co.uk.
Partners: Partners are the organisations St. Modwen forges relationships with to ensure it can deliver on its activities, from joint ventures to local authorities.
Board engagement and influence on decision making
During the year the Board was provided with a presentation which set out events planned for the year to engage with key partners. As part of the plan, the business units held national and regional meetings with agent networks to identify key opportunities. Representatives from a key partner Homes England, met with the Board to offer insight into the industry and offered their thoughts on the future plans of the Group. Other examples include partnerships with The Ahead Partnership relating to careers based activities alongside schools and colleges and Women into Construction, whereby two participants were successfully received into the Apprenticeship Programme. St. Modwen Logistics undertook a new approach at their agent launch events, making a donation on behalf of every attendee to events at Tamworth, Gatwick, Basingstoke, Newport and Gloucester. Please see https://www.stmodwen.co.uk/delivering-responsibly/ for more.

Policymakers: Policymakers set rules and guidance that govern how St. Modwen operates. They can significantly influence the operating landscape so it is key to anticipate and understand relevant policies and political changes.
Board engagement and influence on decision making
Senior management engages with key policymakers and provides the Board with updates at Board meetings. Regular engagement with industry and governmental bodies such as the Home Builders Federation (HBF) and the Department for Levelling Up, Housing and communities (DLUHC), as well as local authorities in regards to planning reform. St. Modwen also actively participates in white papers and consultations including the Lords Built Environment Committee Group consultation in September 2021 in relation to UK housing demand and to changes to Part L of the Building Regulations.

Senior management's successful approach to considering stakeholders will continue into 2022 and remains a key feature of ongoing Board and business management decisions.

DIRECTORS' REPORT

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

Information incorporated by reference
Information that is relevant to this report, and which is incorporated by reference, including information required in accordance with the UK Companies Act 2006, can be located on the following page(s):

Information	Reported in	Pages
Engagement with suppliers, customers and others	Strategic Report	10-12
Employee engagement	Strategic Report	9 and 10
Financial instruments	Financial Statements	51
Results and dividends	Strategic Report	5,6 and 13

Directors
The following served as directors during the period ended 31 December 2021.

On 6 August 2021, at the date of the acquisition, the following directors resigned:
- Ian Bull
- Simon Clarke
- Danuta Gray
- Jenefer Greenwood
- Jamie Hopkins
- Alison Nimmo (appointed on 1 February 2021)
- Sarah Whitney

Rob Hudson (resigned on 30 July 2021, just prior to the acquisition)

On 6 August 2021, at the date of the acquisition, the following directors were appointed
- Rachel Kentleton
- Peter Krause
- Nick Porter
- Adam Shah

Sarwjit Sambhi (served as a director for the full period, having been appointed on 2 November 2020)

Shares and Group acquisition
On 6 August 2021, Brighton Bidco Ltd, a company owned by funds managed by Blackstone, acquired the entire issued ordinary share capital of St. Modwen Properties Limited (formerly St. Modwen Properties PLC) and the Company de-listed from the London Stock Exchange. On 29 September 2021 the capital of the Company was reduced to 1 ordinary share of £0.10. The Group also changed the end of its reporting period and presents its current financial statements for a longer period of 13 months ending 31 December 2021, in order to align with its ultimate controlling party year end.

Dividends
During the period the Company paid dividends totalling £8,667,614.94 (2020: £2,444,594.27).

Indemnities and insurance
The Company has granted indemnities to each of its directors and the Company Secretary to the extent permitted by law in respect of costs of defending claims against them and third-party liabilities. These provisions, deemed to be qualifying third-party indemnity provisions pursuant to section 234 of the Act, were in force during the period ended 31 December 2021 and remain in force as at the date of this report. The Company also maintains directors' and officers' liability insurance which gives appropriate cover for any legal action taken against its directors.

Employee, supplier, and customer engagement
St. Modwen is committed to regular communication and consultation with its employees and encourages employee understanding of, and involvement in, its performance. News concerning St. Modwen, its activities and performance is published on the Company's intranet. Further information on how the Company engages with its employees can be found on pages 9 and 10.

Employment of disabled persons
It is the policy of the Company to give full and fair consideration to applications for employment received from disabled persons, having regard to their aptitudes and abilities. The policy includes, where practicable, the continued employment of those who may become disabled during their employment with the Company and the provision of appropriate training. St. Modwen provides the same opportunities for training, career development and promotion for disabled as for other employees.

Greenhouse gas emissions and Streamlined Energy and Carbon Reporting (SECR)
The disclosures required by law relating to the Group's greenhouse gas emissions (GHG) and Streamlined Energy and Carbon Reporting (SECR) requirements are set out below. GHG emissions from those sources for which the Company is deemed to be directly responsible are monitored for reporting purposes, namely:

- gas and electricity purchased for consumption at properties under the Company's operational control for its own use (such as head office, certain regional offices, St. Modwen Homes' sales offices, landlord areas of tenanted properties, including for the purposes of transport);
- gas and electricity consumed at properties which are let to tenants, but which is recharged by way of a service charge;
- petrol and diesel used in Company cars and vans, and for onsite transport and business travel;
- petrol and diesel used for business travel in personal cars (excluding commuting); and
- diesel fuels used at sites (generators, construction equipment e.g., forklifts).

Carbon reduction actions taken in the year
During 2021 the Group switched to 100% REGO backed electricity supply for all business activities across the portfolio. We now also purchase green gas for the St. Modwen Homes show homes and use solar-generators or renewable electricity for site cabins. We have engaged with Green Fleet to produce a new car policy which will see the transition to a 90% electric, 10% hybrid fleet for company cars. The Group has also launched a sustainable material exchange programme to reduce the embodied carbon intensity of activities.

In 2020 we set a net zero carbon ambition, to be operationally net zero carbon by 2025 and fully net zero carbon by 2040, and have undertaken detailed modelling to understand the footprints over time and have created net zero carbon delivery roadmaps. The 2022 action plans include setting Science Based Targets (SBTi) and updating the transition pathways with improved data and business growth. There will be a focus on reducing diesel and gas consumption to reduce the operational footprint and initiation of an energy efficiency study of retained/bought St. Modwen Logistics properties.

Energy efficiency action taken in the year
The business strategy aligns with improving energy efficiency across the portfolio as we have been actively improving the performance of new builds. We have also continued to install smart meters in all properties that currently don't have one to facilitate more detailed data capture and analysis of efficiency improvement opportunities.

All new St. Modwen Logistics units are constructed in alignment with new codes to minimise the energy needs of future customers, and to provide opportunities for energy production. St. Modwen Logistics have also committed to achieving BREEAM Excellent awards for all new units and are installing PV on all new units over 100,000 sq ft to facilitate net zero carbon offices for customers.

For more information on the Responsible Business ambitions see www.stmodwen.co.uk/delivering-responsibly/.

1 December 2020 – 31 December 2021 (13 month period)

	2020/21 kWh	2020/21 CO_2e emissions	2019/20 kWh	2019/20 CO_2e emissions	2018/19 kWh	2018/19 CO_2e emissions
Scope 1:						
Purchased gas	**5,541,060**	**1,047.8**	6,664,372	1,225.4	11,761,360	2,162.3
Diesel use at site	**7,058,634**	**1,928.3**	6,701,218	1,830.1	6,846,251	1,781.6
Company cars	**429,206**	**106.2**	1,066,569	268.2	1,327,703	346.5
Other vehicles	**571,432**	**155.4**	420,141	107.4	315,211	86.1
Total Scope 1:	**13,600,332**	**3,237.7**	14,852,299	3,431.1	20,250,525	4,376.4
Scope 2:						
Purchased Electricity	**14,164,891**	**2,981.5**	15,435,052	3,598.4	14,369,113	3,672.7
Total Scope 2:	**14,164,891**	**2,981.5**	15,435,052	3,598.4	14,369,113	3,672.7
Total Scope 1 & 2	**27,765,223**	**6,219.2**	30,287,352	7,029.5	34,619,638	8,049.2
Scope 3: [1]						
Vehicle business travel	**918,806**	**230.4**	-	-	-	-
Total Scope 3:	**918,806**	**230.4**	-	-	-	-
Total Scope 1, 2 & 3	**28,684,029**	**6,449.5**	-	-	-	-
Market-based emissions						
Scope 1 market-based emissions [2]	**13,255,428**	**3,169.8**	14,850,299	3,431.1	20,250,525	4,376.4
Scope 2 market-based emissions [3]	**123,915**	**26.0**	8,453,156	1,970.7	14,369,113	3,672.7
Total Scope 1 & 2 market-based emissions	**13,379,343**	**3,195.8**	23,305,455	5,401.8	34,619,638	8,049.2
Total Scope 1 & 2 (market-based) and Scope 3 emissions	**14,298,149**	**3,426.2**	-	-	-	-
Intensity Ratios						
Property portfolio value (£m)		**1,688.0**		1,371.2		1,484.6
tCO_2e emissions /£m property portfolio [4]		**3.68**		5.1		5.4
tCO_2e market-based emissions /£m property portfolio [5]		**1.89**		3.9		5.4
tCO_2e emissions /£m property portfolio [6]		**3.82**				
tCO_2e market-based emissions /£m property portfolio [7]		**2.03**				

- Reported as a result of the Company transitioning to a large unquoted company after delisting. Emissions from fuel used in personal/hire cars on business use from 1 December 2020 to 31 December 2021. Reported emissions do not include any other categories of emissions associated with Scope 3.
- Scope 1 market-based emissions are reported for 2021 to identify a proportion of green gas purchased for St. Modwen Homes show homes whereby 6% of gas *consumption is from renewable sources and remaining gas consumption is offset.*
- Market-based emissions have been reported for 2021, 2020 and 2019. A zero-emission factor where there are renewable contracts in place has been used.
- Equivalent Scope 1 and Scope 2 CO2 per £m of property portfolio held by the Group.
- Equivalent Scope 1 and Scope 2 market-based CO2 per £m of property portfolio held by the Group.
- Equivalent Scope 1, Scope 2 and Scope 3 CO2 per £m of property portfolio held by the Group.
- Equivalent Scope 1 and Scope 2 market-based, and Scope 3 CO2 per £m of property portfolio held by the Group.

Methodology

Emissions have been calculated using the requirements of the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and the measurement of emissions is based on the 'UK Government GHG Conversion Factors for Company Reporting' (June 2021) as issued by the Department for Business, Energy & Industrial Strategy and the Department for Environment, Food & Rural Affairs. The UK Government's GHG Conversion Factors for Company Reporting 2019, 2020 and 2021 have been used within the reporting methodology. The required SECR reporting guidance and conversion of litres for fuel types into kWh has been used.

Organisation boundary and responsibility

The Group does not have responsibility for GHG emissions that are beyond the boundary of the Group's operational control. In arriving at a definition of what is defined as within the Group's operational control, we have excluded from scope 1 and scope 2 any gas and electricity which is consumed by tenants and is directly recharged by way of submetering. Any tenant consumption of gas and electricity which is not directly recharged in this manner is included in the scope 1 and scope 2 data above.

Financial instruments

Information about the use of financial instruments by the Company is provided in note 16 to the financial statements.

Political donations

In accordance with the Company's policy, no political donations were made, and no political expenditure was incurred during the year.

Branches
The Group does not operate any overseas branches.

Important events since 31 December 2021
A claim against the Company and one of its subsidiaries in relation to a building that the Group developed and subsequently sold a number of years ago and in which various problems are said to have arisen was settled in full between 31 December 2021 and the date of signing the financial statements. The settlement was for a materially lower amount than had previously been provided and therefore the provision at 31 December 2021 has been reduced to reflect this settlement. Further details are provided in note 14 to the Group financial statements.

The Directors' report, prepared in accordance with the requirements of the Act and comprising pages 13 to 16, was approved by the Board and signed on its behalf by

Rachel Kentleton
Director
16 March 2022

St. Modwen Properties Limited
Company No: 00349201

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent company 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 group and parent company and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- *make judgements and estimates that are reasonable, relevant, reliable and prudent;*
- for the group financial statements, state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent 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 group or the parent 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities.

Each of the directors in office as at the date of this report considers the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. Each of the directors in office at the date this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent Auditor

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.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Act.

Signed on behalf of the Board by:

Sarwjit Sambhi
Director
16 March 2022

Rachel Kentleton
Director

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

Opinion
We have audited the financial statements of St. Modwen Properties Limited ("the company") for the period ended 31 December 2021 which comprise the group income statement, group statement of comprehensive income, group balance sheet, group statement of changes in equity, group cash flow statement, company balance sheet, company statement of changes in equity, and related notes, including the group and company accounting policies.

In our opinion:

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

Going concern
The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

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 Group'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; and
- 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, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries. 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 adjust revenue recognition fraudulently.

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

We also performed procedures including:

- identifying journal entries to test for all full scope components 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; and
- testing a sample of data such as forecast sales prices, forecast costs and areas included in the Homes site appraisals back to supporting evidence as well as performing additional testing on a sample of housebuilding sites which met our high risk criteria.

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 Group 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 Group is subject to many other laws and regulations where the consequences of non-compliance 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 Group'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 year 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 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 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 17, 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 group and parent 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 group or the parent 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.

W. Meredith

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

16 March 2022

GROUP INCOME STATEMENT
for the period ended 31 December 2021

	Notes	13 months ended 31 Dec 2021 £m	Year ended 30 Nov 2020 £m
Revenue	1	**428.8**	342.1
Costs (including £20.5m (2020: £nil) of exceptional provision release (note 2a))	1	**(313.6)**	(291.8)
Investment property disposal gains/(losses)		**3.9**	(3.9)
Investment property revaluation gains/(losses)	6	**155.5**	(104.1)
Owner-occupied property revaluation losses	7	**(2.2)**	–
Net profit/(loss) of joint ventures and associates (post-tax)	8	**8.8**	(25.7)
Administrative expenses (including £30.4m (2020: £nil) of exceptional costs (note 2a))	2	**(86.3)**	(43.2)
Profit/(loss) before interest and tax		**194.9**	(126.6)
Finance costs	3	**(14.8)**	(14.8)
Finance income	3	**3.9**	2.0
Profit/(loss) before tax		**184.0**	(139.4)
Taxation	4	**(52.9)**	18.6
Profit/(loss) for the period		**131.1**	(120.8)
Attributable to:			
Owners of the Company		**128.1**	(121.6)
Non-controlling interests		**3.0**	0.8
Profit/(loss) for the period		**131.1**	(120.8)

GROUP STATEMENT OF COMPREHENSIVE INCOME
for the period ended 31 December 2021

	13 months ended 31 Dec 2021 £m	Year ended 30 Nov 2020 £m
Profit/(loss) for the period	**131.1**	(120.8)
Items that will not be reclassified to profit and loss:		
Pension fund actuarial gains	**0.3**	0.1
Total comprehensive income/(expense) for the period	**131.4**	(120.7)
Attributable to:		
Owners of the Company	**128.4**	(121.5)
Non-controlling interests	**3.0**	0.8
Total comprehensive income/(expense) for the period	**131.4**	(120.7)

GROUP BALANCE SHEET
as at 31 December 2021

	Notes	31 Dec 2021 £m	30 Nov 2020 £m
Non-current assets			
Investment properties	6	1,135.5	852.8
Property, plant and equipment and intangibles	7	21.8	23.9
Investments in joint ventures and associates	8	68.3	60.9
Trade and other receivables	9	27.0	15.7
		1,252.6	953.3
Current assets			
Inventories	10	454.6	393.9
Assets held for sale	11	11.4	42.4
Trade and other receivables	9	97.7	75.6
Current tax assets	4	1.1	3.4
Cash and cash equivalents		84.9	32.2
		649.7	547.5
Current liabilities			
Trade and other payables	12	(185.9)	(152.4)
Derivative financial instruments	16	–	(0.1)
Borrowings and lease liabilities	13	(129.4)	(1.2)
Provisions	14	(6.0)	(35.9)
		(321.3)	(189.6)
Non-current liabilities			
Trade and other payables	12	(24.9)	(14.2)
Derivative financial instruments	16	–	(4.7)
Borrowings and lease liabilities	13	(30.8)	(327.1)
Deferred tax	4	(63.4)	(11.1)
		(119.1)	(357.1)
Net assets		1,461.9	954.1
Capital and reserves			
Share capital	17	–	22.3
Share premium account	17	–	102.8
Retained earnings		1,409.0	777.1
Share incentive reserve		–	2.7
Own shares		–	(0.7)
Other reserves		46.2	46.2
Equity attributable to owners of the Company		1,455.2	950.4
Non-controlling interests		6.7	3.7
Total equity		1,461.9	954.1

These financial statements were approved by the Board and authorised for issue on 16 March 2022.

Sarwjit Sambhi
Director

Rachel Kentleton
Director

Company Number: 00349201

GROUP STATEMENT OF CHANGES IN EQUITY

for the period ended 31 December 2021

	Share capital £m	Share premium account £m	Retained earnings £m	Share incentive reserve £m	Own shares £m	Other reserves £m	Equity attributable to owners of the Company £m	Non-controlling interests £m	Total equity £m
Equity at 1 December 2019	22.2	102.8	901.4	3.9	(0.8)	46.2	1,075.7	4.7	1,080.4
Loss for the year	–	–	(121.6)	–	–	–	(121.6)	0.8	(120.8)
Pension fund actuarial gains (note 18)	–	–	0.1	–	–	–	0.1	–	0.1
Total comprehensive expense for the year	–	–	(121.5)	–	–	–	(121.5)	0.8	(120.7)
Equity issue (note 17)	0.1	–	–	–	(0.1)	–	–	–	–
Deferred tax on share-based payments	–	–	–	(0.2)	–	–	(0.2)	–	(0.2)
Settlement of share-based payments	–	–	(0.4)	(1.0)	0.2	–	(1.2)	–	(1.2)
Dividends paid (note 5)	–	–	(2.4)	–	–	–	(2.4)	(1.8)	(4.2)
Equity at 30 November 2020	**22.3**	**102.8**	**777.1**	**2.7**	**(0.7)**	**46.2**	**950.4**	**3.7**	**954.1**
Profit for the period	–	–	**128.1**	–	–	–	**128.1**	**3.0**	**131.1**
Pension fund actuarial gains (note 18)	–	–	**0.3**	–	–	–	**0.3**	–	**0.3**
Total comprehensive income for the period	–	–	**128.4**	–	–	–	**128.4**	**3.0**	**131.4**
Equity issue (note 17)	**0.2**	**377.5**	–	–	**(0.2)**	–	**377.5**	–	**377.5**
Transfer to distributable reserves (note 17)	**(22.5)**	**(480.3)**	**502.8**	–	–	–	–	–	–
Share-based payments expense	–	–	–	**6.5**	–	–	**6.5**	–	**6.5**
Settlement of share-based payments	–	–	**9.4**	**(9.2)**	**0.9**	–	**1.1**	–	**1.1**
Dividends paid (note 5)	–	–	**(8.7)**	–	–	–	**(8.7)**	–	**(8.7)**
Equity at 31 December 2021	–	–	**1,409.0**	–	–	**46.2**	**1,455.2**	**6.7**	**1,461.9**

Own shares represent the cost of nil (2020: 210,434) shares held by The St. Modwen Properties PLC Employee Share Trust. The open market value of the shares held at 31 December 2021 was £nil (2020: £1.0m).

The other reserves comprise a capital redemption reserve of £0.3m (2020: £0.3m) and the balance of net proceeds in excess of the nominal value of shares arising from a cash box equity placing in 2013 of £45.9m (2020: £45.9m).

GROUP CASH FLOW STATEMENT
for the period ended 31 December 2021

	Notes	13 months ended 31 Dec 2021 £m	Year ended 30 Nov 2020 £m
Operating activities			
Profit/(loss) before interest and tax		**194.9**	(126.6)
Net profit/(loss) of joint ventures and associates (post-tax)	8	**(8.8)**	25.7
Investment property disposal gains/(losses)	1	**(3.9)**	3.9
Investment property revaluation gains/(losses)	6	**(155.5)**	104.1
Owner-occupied property revaluation losses	7	**2.2**	–
Depreciation, amortisation and impairment	7	**7.2**	6.6
Increase in net realisable value provisions	10	**4.8**	5.8
(Increase)/decrease in inventories		**(11.7)**	33.6
Increase in trade and other receivables		**(35.4)**	(10.2)
Increase in trade and other payables		**17.6**	12.9
(Decrease)/increase in provisions		**(29.9)**	11.4
Pensions		**0.4**	0.2
Settlement less expense of share-based payments		**7.6**	(1.2)
Tax received	4	**1.7**	0.7
Net cash (outflow)/inflow from operating activities		**(8.8)**	66.9
Investing activities			
Proceeds from investment property disposals		**68.9**	85.5
Investment property additions		**(186.9)**	(115.1)
Interest received		**1.3**	1.4
Cash and cash equivalents acquired in a business combination		**–**	1.5
Capital injection into joint ventures and associates		**(0.5)**	(1.0)
Property, plant and equipment and intangibles additions	7	**(5.5)**	(3.8)
Dividends received from joint ventures and associates	8	**1.9**	2.3
Net cash outflow from investing activities		**(120.8)**	(29.2)
Financing activities			
Dividends paid		**(8.7)**	(2.4)
Dividends paid to non-controlling interests		**–**	(1.8)
Interest paid		**(11.1)**	(14.4)
Repayment of principal portion of lease liabilities		**(0.6)**	(1.0)
Refinancing outflows		**(4.4)**	(1.1)
Borrowings drawn		**657.1**	196.0
Repayment of borrowings		**(450.0)**	(229.0)
Net cash inflow/(outflow) from financing activities		**182.3**	(53.7)
Increase/(decrease) in cash and cash equivalents		**52.7**	(16.0)
Cash and cash equivalents at start of period		**32.2**	48.2
Cash and cash equivalents at end of period		**84.9**	32.2

GROUP ACCOUNTING POLICIES
for the period ended 31 December 2021

Basis of preparation
The Group's financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

On 6 August 2021, Brighton Bidco Ltd acquired the entire issued ordinary share capital of St Modwen Properties Limited. As a result, the Group has altered its accounting reference date to align with the year end of its ultimate controlling party and therefore presents its current financial statements for a long period of 13 months ended 31 December 2021. The comparative information presented in these financial statements for the current period is therefore not entirely comparable to the disclosures for the previous reporting year ended 30 November 2020. References to 2020 as a comparative are as at, or for the year ended 30 November 2020.

The Company's functional currency (together with that of all of its subsidiaries) and the presentation currency for the Group is pounds sterling and its principal IFRS accounting policies are set out below.

The Group has adopted the below amendments in the period ended 31 December 2021, which have had no material impact on the Group financial statements.
• Amendments to IFRS 9, IAS 39 and IFRS 7 *Interest Rate Benchmark Reform*

Going concern
The directors are required to assess the Group's ability to continue as a going concern for a period of at least 12 months from the date of signing of the Group financial statements. The Group's going concern assessment considers the Group's principal risks and is dependent on a number of factors, including financial performance and continued access to borrowing facilities from the Group's immediate parent undertaking. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report.

The Group has access to total borrowing facilities from the Group's immediate parent undertaking of £725m, of which £125m matures in November 2022 (with options under the control of the Group to extend for a further two years to 2024) and £600m matures in 2031. The £125m facility was fully drawn and £26m was drawn under the £600m facility at 31 December 2021. In order to make drawdowns under the £600m facility, approval is required from the Group's immediate parent undertaking and the directors have a reasonable expectation that this approval will be provided to support the growth plans of the Group and that such approval would not be unreasonably withheld if required for the Group to remain as a going concern. The directors have received a letter from Brighton Master Topco S.à.r.l., the Group's indirect parent undertaking, confirming their intent and ability to provide financial support to the Group in the form of facilitating and authorising further drawdowns under the £600m facility as requested by the Group up to a level that would allow the Group to continue to meet its financial liabilities as they fall due under the directors' severe but plausible downside scenario, until and including at least 30 September 2023. Brighton Master Topco S.à.r.l. has received a similar letter from its indirect parent undertakings, Blackstone Real Estate Partners (Offshore) IX-SH L.P. and Blackstone Real Estate Partners Europe VI (AIV-SH) SCSp. As is the case for any entity placing reliance on other related entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The detailed review of the going concern assumption included an assessment of future funding requirements based on cash flow forecasts, valuation projections and the ability of the Group to meet its liabilities as they fall due, all over a period extending for at least 12 months from the date of signing the Group financial statements. The directors are satisfied that the forecasts and projections are based on realistic assumptions, considering a range of potential future financial performance outcomes, and that the sensitivities applied to current trading expectations to determine the severe but plausible downside scenario are appropriate and consider the potential ongoing impacts of Covid-19.

The cash flow forecasts prepared include an expectation that trading continues in line with the current performance and that the investment property, land and housing markets remain stable at the levels experienced at the end of 2021. The *severe but plausible downside scenario modelled adopted the following key assumptions which took into consideration the* possibility of further lockdowns:
• a fall in house prices up to 15% over the forecast period;
• a reduction in the house sales rate by circa 40%;
• a reduction in the collection of gross rental income of circa 20%;
• no further asset disposals;
• reductions in capital expenditure; and
• reductions in discretionary spend, bonuses and other administrative expenses.

The review shows that the Group maintains significant borrowing headroom and continues to meet all obligations as they fall due under the severe but plausible downside scenario adopted. Therefore, the directors are satisfied that the Group will have sufficient ongoing facilities available throughout the forecast period used to assess the going concern assumption.

Based on their assessment, the directors believe the Group has adequate available resources to fund its operations for the foreseeable future, and not less than 12 months from the date of signing of these Group financial statements, and so determine that it remains appropriate for the Group financial statements to be prepared on a going concern basis.

Basis of consolidation
The Group's financial statements consolidate the financial statements of St. Modwen Properties Limited and the entities it controls. Control comprises exposure, or rights, to variable returns, the power to direct the relevant activities of the investee and the investor's ability to use its power over the investee to affect the returns. This is achieved through direct or indirect ownership of voting rights or by contractual agreement. A list of the entities controlled is given in note B to the Company financial statements.

All entities are consolidated from the date on which the Company 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 arrangements
Arrangements under which the Group has contractually agreed to share control with another party or parties are assessed to determine whether they represent joint ventures or joint operations. Joint arrangements are classified as joint ventures where the parties have rights to the net assets of the arrangement. Should the parties have rights to each of the assets and obligations for each of the liabilities relating to the arrangement they would instead be classified as joint operations. Currently, all arrangements where the Group has contractually agreed to share control have been determined to be joint ventures.

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

Financial statements of joint ventures 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 joint venture entities outside the Group 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 arrangements, are accounted for using the equity method of accounting, as described above.

Properties
Investment properties
Investment properties, being freehold and leasehold properties, or land under option, 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, including transaction costs. To establish fair value, investment properties are independently valued on the basis of market value. Any surplus or deficit arising is recognised in the Group income statement. Investment properties are not depreciated.

Once classified as an investment property, a property remains in this category until either:
• development with a view to sale commences, at which point the asset is transferred to inventories;
• the property meets the definition of an asset held for sale, at which point the asset is transferred to assets held for sale; or
• the property is occupied by the Group for administrative purposes, at which point the asset is transferred to owner-occupied property.

All such transfers are made at the property's current valuation and subsequently measured in accordance with the applicable accounting policy for their new categorisation.

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 Group income statement. Capital additions, including capitalised interest on qualifying assets and labour costs where applicable, that is directly attributable to the redevelopment or refurbishment of investment property, up to the point of it being completed for its intended use, is included in the carrying value of the property.

Investment property disposals are recognised on completion. Profits and losses arising are recognised through the Group income statement and the profit or loss on disposal is determined as the difference between the sales proceeds and the carrying amount of the asset, after the deduction of any selling costs.

Assets held for sale
Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell and are presented as current assets within the Group balance sheet.

Inventories
Inventories principally comprise properties previously developed and held for sale, properties under construction with a view to sale and land under option with a view to future sale. All inventories are carried at the lower of cost and net realisable value.

Cost comprises land, direct materials and, where applicable, capitalised interest on qualifying assets and 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. Inventory is transferred to investment properties only when the asset meets the definition of an investment property and there is evidence of a change in use, for example, the inception of an operating lease.

Revenue recognition
The accounting policies for revenue, set out below, reflect the Group's application of IFRS 15 *Revenue from Contracts with Customers* on its different revenue streams. In each case below, revenue is recognised at the transaction price, which is the amount of consideration that the Group expects to be entitled to, excluding VAT and other sales taxes or duties. 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. Revenue is recognised when performance obligations are satisfied by transferring a promised good or service to a customer. The specific performance obligations identified for each of the Group's significant revenue streams (other than rental income, which is accounted for under IFRS 16 *Leases*) are set out below.

Sale of property held in inventory
This includes the sale of property developed by St. Modwen Homes (disclosed within housebuilding developments), the sale of part-exchange properties within St. Modwen Homes (disclosed within other housebuilding activities), non-housebuilding inventory development income and the disposal of other property 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.

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 costs incurred at each reporting period as a proportion of the total expected cost to fulfil the agreement 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.

Development fee income
This is for income earned on development agreements with third parties, which can include income for costs incurred, fixed fees, fees earned at a fixed percentage of costs incurred and variable fees arising from profit sharing arrangements with third parties.

Revenue is recognised over time, with reference to the stage of completion of the agreement. The stage of completion is determined using input methods that reflect the costs incurred at each reporting period as a proportion of the total expected cost to fulfil the agreement as this cost is considered proportionate to the satisfaction of performance obligations. These agreements are typically for a variable consideration, comprising one or both of fee income at a fixed percentage of costs incurred and profit share arrangements for the residual amounts. Payments are often not received until the completion and disposal of individual phases and therefore contract assets arise in the early stages that reduce over time and may become contract liabilities if the disposal of these phases is accelerated. Variable consideration is estimated at each period end as the most-likely outcome, but only to the extent that it is highly probable that a significant reversal in the amount recognised will not subsequently occur.

Property, plant and equipment and intangibles
Operating property, plant and equipment
Operating property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the purchase price and 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;
• office fit out and equipment – over three to 10 years; and
• plant and equipment – over two to five years.

Owner-occupied property
Owner-occupied property is held at fair value following initial recognition at the present value of the consideration payable or the transfer value from investment properties. To establish fair value, owner-occupied property is independently valued on the basis of market value. Any surplus or deficit arising is recognised in the Group statement of comprehensive income within a separate revaluation reserve. Any deficits in excess of the balance within this revaluation reserve are recognised in the Group income statement.

Intangibles
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 all intangibles at rates calculated to write off the cost of each asset evenly over its expected useful life as follows:
• software – over the software licence term; and
• other intangibles – over two to five years.

Impairment
At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of any impairment loss. Recoverable amount is the higher of fair value less costs of disposal and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Group income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in the Group income statement.

Exceptional items
Exceptional items are defined as items of income or expenditure which, in the opinion of the directors:
- are considered material to the primary users of the financial statements (either by size or nature);
- require separate disclosure in the financial statements in accordance with IAS 1 *Presentation of Financial Statements*; and
- do not relate to standard activities of current properties and developments of the Group.

Exceptional items are disclosed separately in the Group income statement. Should any exceptional items be reversed in subsequent periods, they would also be presented as exceptional items.

Provisions
Provisions are recognised when the Group has a present obligation, either legal or constructive, as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset only if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Leases
The Group as lessee
At the commencement of a lease with a term in excess of 12 months, a right-of use asset is recognised at cost, comprising the initial measurement of the lease liability, adjusted for any lease payments made before the commencement date and any lease incentives, together with any initial direct costs incurred and an estimate of any retirement obligations. The right-of-use asset is recognised within operating property, plant and equipment and intangibles, except for interests in leasehold investment properties, where the asset is presented within investment properties.

A lease liability is also recognised, measured at the present value of the future lease payments, discounted using either the interest rate implicit in the lease or, if that is not readily determinable, the Group's incremental borrowing rate for such assets.

Subsequently, the right-of-use asset is depreciated over the shorter of the estimated useful life of the asset and the lease term, with the asset held at cost less accumulated depreciation and any accumulated impairment losses. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease where the Group is reasonably certain to exercise that option. The lease liability is subsequently increased by the unwinding of the discount and decreased by any payments made. For interests in leasehold investment properties, the right-of-use asset is not depreciated, but is revalued in accordance with the accounting policy for investment properties including an amount equal to the lease liability, such that the net of the amounts included within investment properties and lease liabilities is equal to the fair value of the long leasehold interest held.

The Group as lessor
Rental income from operating leases, adjusted for the impact of any cash incentives given to the lessee and to reflect any rent-free incentive periods, is recognised in the Group income statement on a straight-line basis over the lease term.

Borrowing costs
Interest is capitalised if it is directly attributable to the acquisition, construction or development of investment properties and inventories. Capitalisation commences when the activities to develop the property start and continues until the property is substantially ready for its intended use. Capitalised interest is calculated with reference to the weighted average interest rate of incremental borrowings.

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 period. The taxable result differs from the result as reported in the Group income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that will not be taxable or deductible. In particular, as a property group, the effective tax rate for the year reflects the benefit of certain investment gains not being taxable because of historical indexation, capital allowances, land remediation and other reliefs on certain property expenditure.

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 on an undiscounted basis, 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 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 or other comprehensive income if it relates to items that are credited or charged to equity or other comprehensive income. Otherwise, income tax is recognised in the Group income statement.

As a property group, tax and its treatment is often an integral part of transactions. The outcome of tax treatments are recognised by the Group to the extent that the outcome is reasonably certain. Where tax treatments have been challenged by HMRC, or management believe that there is a risk of such challenge, provision is made for the best estimate of potential exposure based on the information available at the balance sheet date and supported by the Group's tax advisors, where such exposure is considered more likely than not to occur.

Share-based payments
Share-based payments to employees are equity-settled and are measured at the fair value of the equity instruments at the grant date, using an appropriate option pricing model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share incentive reserve.

Business combinations
The acquisition method of accounting is used to account for business combinations. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred to the former owners and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and is adjusted to reflect the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred (adjusted to reflect the fair value of any pre-existing equity interest in the subsidiary) and the amount of any non-controlling interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the acquired subsidiary and the measurement of all amounts has been reviewed, the difference is recognised directly in the Group income statement as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, which is the rate that a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the Group income statement.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in the Group 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 1 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 defined benefit obligation) and is based on actuarial advice. Past service costs are recognised in the Group income statement on the earlier of:
• the date on which the plan amendment or curtailment occurs; or
• when the Company recognises related restructuring costs or termination benefits.

Net interest is calculated by applying a discount rate to the net defined benefit liability or asset and is recognised in the Group income statement as finance cost.

Actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on scheme assets (excluding interest) are recognised in full in the Group statement of comprehensive income in the period in which they occur. The defined benefit pension asset or liability in the Group balance sheet comprises the present value of the defined benefit obligation, less the fair value of plan assets out of which the obligations are to be settled directly.

When a pension asset (net surplus) arises from the above calculation, it is limited to the present value of any economic benefits that will be available to the Company in accordance with the requirements of IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*.

Contributions to defined contribution schemes are recognised in the Group income statement in the period in which they become payable.

Dividends
Dividends are recognised when declared and approved and dividends declared and approved after the balance sheet date are not recognised as liabilities at the balance sheet date.

Government grants
Government grants relating to property are treated as deferred income and released to the Group income statement over the expected useful life of the assets concerned.

Fair value hierarchy
Assets and 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).

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 expire.

Trade and other receivables
Trade and other receivables 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 receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the individual receivables, 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.

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

Trade and other payables
Trade and other payables are recorded at amortised cost. 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.

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 Group 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 re-measured 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 Group 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.

Critical judgements in applying the Group's accounting policies
In the application of the Group's accounting policies outlined above, the directors are required to make judgements relating to the carrying amounts of assets and liabilities that are not readily apparent from other sources. The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Complex transactions
Certain property transactions entered into by the Group involve an element of complexity and the need to exercise judgement to determine the most appropriate accounting policy. There were no new transactions entered into during the period ended 31 December 2021 that required a critical judgement that has a significant impact upon the financial statements, apart from those involving estimations.

Key sources of estimation uncertainty
In the application of the Group'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. Where sensitivities are provided in the notes to the Group financial statements, these are based on a reasonably possible range of outcomes within the next financial year, each of which having been considered with all other variables remaining constant.

Valuation of investment properties
Investment properties are held at fair value, which is determined by independent valuations undertaken by external valuation experts in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. These valuations are based on prevailing market conditions and evidence of transaction prices for similar properties together with assumptions including yields, estimated rental values, gross development values and the appropriateness of remediation expenditure and costs to complete. Market conditions and assumptions are expected to change over time and any increase in yields or costs to complete or any decreases in estimated rental values or gross development values in subsequent periods would result in a decrease in the fair value of investment properties. The determination of costs to complete also requires a number of assumptions and estimates to be made, which are informed by the use of third-party cost consultants but are subject to revisions over time, particularly on large remediation sites with complex ground conditions and uncertain infrastructure requirements. The Group adopts the valuation performed by its independent valuers as the fair value of its investment properties, following review by management. The sensitivity of the carrying amount of the liability to the assumptions and estimates used is disclosed in note 6 to the Group financial statements.

Carrying value of inventories
In order to determine the profit that the Group is able to recognise on its developments in any given year, the Group 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. As a significant portion of the Group's activities are undertaken through housebuilding, the Group is required to make estimates in accounting for housebuilding development costs and margin and the Group has ongoing procedures for assessing its 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. 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 10 to the Group financial statements.

Standards and interpretations not yet effective
At the date of approval of these financial statements, the following standards, amendments and interpretations which have not been adopted in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the UK):
- IFRS 17 *Insurance Contracts*
- Amendments to IAS 1 *Classification of Liabilities as Current or Non-Current*
- Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies*
- Amendments to IAS 8 *Definition of Accounting Estimates*
- Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to IAS 16 *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to IFRS 3 *References to the Conceptual Framework*
- Amendments to IFRS 17 *Insurance Contracts*
- Amendments to IFRSs *Annual Improvements to IFRSs 2018 – 2020 Cycle*

The directors are still assessing the impact that the adoption of the majority of these standards, amendments and interpretations will have on the financial statements of the Group in future periods. Adoption of these standards, amendments and interpretations is expected to have little or no impact on the reported results of the Group, although amended disclosures may be required.

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the period ended 31 December 2021

1. Revenue and costs
This note sets out the detail of revenue and costs by category of revenue under IFRS 15 *Revenue from Contracts with Customers.*

	13 months ended 31 Dec 2021		Year ended 30 Nov 2020	
	Revenue £m	Costs £m	Revenue £m	Costs £m
Rental income	**49.5**	**(8.5)**	38.9	(11.4)
Other rental activities	**4.7**	**(3.9)**	2.9	(2.0)
Rental	**54.2**	**(12.4)**	41.8	(13.4)
Housebuilding developments	**296.8**	**(239.5)**	233.1	(192.7)
Housebuilding construction contracts	**18.5**	**(14.9)**	19.8	(16.5)
Other housebuilding activities	**24.1**	**(24.3)**	20.9	(20.3)
Housebuilding	**339.4**	**(278.7)**	273.8	(229.5)
Development fee income	**28.0**	**(21.7)**	13.5	(11.6)
Pre-sold property construction contracts	**6.1**	**(9.8)**	11.5	(11.5)
Inventory and other disposals	**1.1**	**(1.8)**	1.4	(3.1)
Other developments[1]	**–**	**10.8**	0.1	(22.7)
Total	**428.8**	**(313.6)**	342.1	(291.8)

(1) Other developments includes net provision releases related to developments of £19.4m (2020: net provision increases of £13.2m) and a £nil (2020: £3.5m) charge for the costs of employees ordinarily undertaking development activities made redundant, placed on furlough or otherwise unable to undertake that activity due to Covid-19.

All revenues in the table above are derived from continuing operations exclusively in the UK.

The table below provides further detail of each of the revenue categories disclosed above, including a description of the revenue stream and the relevant accounting policy under which revenue is recognised for the category:

Disclosed revenue category	Accounting policy	Description
Rental income	Leases - the Group as lessor	Income from tenants at owned properties governed by lease agreements and recognised over the lease term
Other rental activities	N/A	Income generated from investment properties outside of a fixed tenancy agreement and recognised when earned
Housebuilding developments	Sale of property held in inventory	Sales of dwellings built by St. Modwen Homes to private and affordable customers and recognised on completion of the sale
Housebuilding construction contracts	Construction contracts	Revenue recognised over time by St. Modwen Homes on 'golden brick' contracts with registered providers
Other housebuilding activities	Sale of property held in inventory	Other revenue earned by St. Modwen Homes, including sales of part exchange properties or land
Development fee income	Development fee income	Revenue recognised over time on master developer agreements where the land is not owned by the Group
Pre-sold property construction contracts	Construction contracts	Revenue recognised over time on development work undertaken on a property previously owned by the Group
Inventory and other disposals	Sale of property held in inventory	Sales of non-housebuilding work in progress on which no recent development activity has been undertaken
Other developments	Sale of property held in inventory	Sales of non-housebuilding developments constructed as work in progress

All revenue streams, except rental income, totalling £379.3m (2020: £303.2m) are recognised in accordance with IFRS 15 Revenue from Contracts with Customers.

Included within revenue recognised during the year ended 31 December 2021 was £nil (2020: £0.5m) of revenue that was included as a contract liability at 30 November 2020 and £nil (2020: £0.2m) of revenue that related to performance obligations satisfied in previous years.

Included within revenue for the year ended 31 December 2021 is variable consideration within development fee income of £0.6m (2020: £0.8m). This arises due to profit sharing arrangements with third-party land owners on the residual land value of developments not controlled by the Group. None of this revenue has been constrained on the basis that the Group considers it highly probable that there will not be a significant reversal in subsequent periods of the amounts recognised.

Revenue of £201.1m (2020: £110.4m) is expected to be recognised in future years in respect of contracts commenced at 31 December 2021 on which revenue is recognised over time. Given the long-term nature of a number of these contracts and the number of variables that impact upon the timing of the satisfaction of performance obligations, it is not possible to accurately determine the future periods in which this revenue will be recognised.

A total of £0.8m (2020: £0.8m) of costs incurred to obtain or fulfil a contract were capitalised at 31 December 2021. This includes £nil (2020: £nil) of costs to obtain contracts with customers and £0.8m (2020: £0.8m) of pre-contract costs.

Cost of sales in respect of rental income comprises direct operating expenses (including repairs and maintenance) related to the investment property portfolio and totals £8.5m (2020: £11.4m), of which £0.1m (2020: £0.1m) is in respect of properties that did not generate any rental income.

2. Other income statement disclosures

a. Exceptional items

Included within costs is £20.5m (2020: £nil) in respect of the release of a provision in relation to a claim against the Group for a building that the Group developed and subsequently sold a number of years ago and in which various problems are said to have arisen. Subsequent to the period end, this matter has been settled in full, with significantly reduced future outflows to the Group crystallising as a result of the settlement. This is considered an adjusting post-balance sheet event, providing evidence of conditions existing at 31 December 2021 and therefore the excess provision has been released. As the creation of the original provision was presented as an exceptional item in the year ended 30 November 2019, its release in the period ended 31 December 2021 is also presented as exceptional.

Included within administrative expenses is £30.4m (2020: £nil) in respect of the costs incurred in relation to the acquisition of the Group by Brighton Bidco Ltd. These costs include fees payable to investment banks, lawyers and other advisors and amounts paid to employees as a consequence of the acquisition.

b. Auditor's remuneration

The table below sets out the fees payable to the Company's auditor and their associates for the following services:

	13 months ended 31 Dec 2021 £'000	Year ended 30 Nov 2020 £'000
The audit of the Company's annual report and financial statements	**258**	275
The audit of the Company's subsidiaries	**545**	400
Total audit fees[1]	**803**	675
The review of the Company's half-year report and condensed financial statements[2]	**100**	85
Total audit-related fees	**100**	85
Other assurance services	**50**	–
Total other fees	**50**	–
Total fees	**953**	760

(1) The audit fees for the year ended 30 November 2020 include an additional £60,000 that was agreed in respect of that year following the signing of the financial statements for the year ended 30 November 2020 and is therefore included in the administrative expenses for the period ended 31 December 2021.

(2) During the period ended 31 December 2021, a review of the half-year report and condensed financial statements was performed however due to the acquisition, there was no requirement for these to be published.

c. Employees
The monthly average number of full-time employees (including executive directors) employed by the Group during the period was as follows:

	13 months ended 31 Dec 2021 Number	Year ended 30 Nov 2020 Number
Property and administration	241	218
Housebuilding and associated administration	364	361
Leisure and other activities	49	45
Total employees	654	624

The total payroll costs of these employees were:

	13 months ended 31 Dec 2021 £m	Year ended 30 Nov 2020 £m
Wages and salaries	58.4	36.0
Social security costs	6.5	5.0
Pension costs	2.1	1.9
Total payroll costs	67.0	42.9

The remuneration of directors employed by the Group during the period was as follows:

	13 months ended 31 Dec 2021 £m	Year ended 30 Nov 2020 £m
Remuneration in respect of qualifying services	2.4	1.4
Short-term benefits and pension contributions	1.1	0.3
Total remuneration	3.5	1.7

Included in the above are the following amounts in respect of the highest paid director:

	13 months ended 31 Dec 2021 £m	Year ended 30 Nov 2020 £m
Aggregate emoluments	2.2	0.6
Accrued pension at the end of the period	–	0.1

d. Share-based payments
Prior to the acquisition of the Group, a number of share-based payment arrangements were in place, all of which ceased on or prior to the date of acquisition. Participants were able to exercise any outstanding share options at the date of acquisition at an exercise price equal to the offer price for the Group of £5.60 per share.

The Group operated a Save As You Earn share option scheme open to all employees. Employees must have ordinarily remained in service for a period of three or five years from the date of grant before exercising their options. The option periods ended six months following the end of the vesting period.

The Group also operated discretionary schemes for certain of its employees. Previously, this was through the Employee Share Option Plan (ESOP), whereby options were granted at a fixed price equal to the market price at the date of grant. During the year ended 30 November 2019, this was replaced by an employee Performance Share Plan (PSP) (executive directors and senior members of the management team had been granted awards under the PSP in place of the ESOP in previous years), whereby options were granted at a £nil exercise price with varying performance conditions attached. Employees must have ordinarily remained in service for a period of three years from the date of grant before exercising their ESOP or PSP awards. The option ended on the tenth anniversary of the date of grant.

The following table illustrates the movements in share options during the period. 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.

	13 months ended 31 Dec 2021			Year ended 30 Nov 2020		
		Weighted average price			Weighted average price	
		All options	Excluding PSP		All options	Excluding PSP
	Number of options	£	£	Number of options	£	£
Outstanding at start of period	**5,770,411**	**2.12**	**3.37**	5,628,793	2.57	3.52
Granted	**1,103,078**	**0.02**	**2.53**	1,749,519	1.29	2.53
Forfeited	**(3,024,465)**	**0.88**	**2.84**	(963,094)	3.11	3.67
Exercised	**(3,849,024)**	**2.48**	**3.55**	(644,807)	2.33	2.69
Outstanding at end of period	**–**	**–**	**–**	5,770,411	2.12	3.37
Exercisable at end of period	**–**	**–**	**–**	1,659,758	3.64	3.64

Share options were priced using a Black-Scholes-Merton valuation model. The aggregate of the fair values calculated and the assumptions used for share options granted during the period are as follows:

	Aggregate of fair values £m	Risk-free interest rate %	Expected volatility %	Dividend yield %	Share price(1) £
13 months ended 31 Dec 2021	**2.2**	**0.1**	**32.4**	**1.5**	**4.26**
Year ended 30 Nov 2020	1.2	(0.1)–0.6	20.9–31.5	1.4–2.4	3.22–5.25

(1) Based on the closing share price on the date of grant.

The charge to the Group income statement during the period in respect of share-based payments was £6.5m (2020: £nil).

The fair value of the share incentive reserve in respect of share options outstanding at the period end was £nil (2020: £2.7m) and included £nil (2020: £1.7m) in respect of options that had vested at the period end.

In arriving at fair value it had been assumed that, when vested, shares options were 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 £5.41 (2020: £4.32). Outstanding options at 30 November 2020 had a weighted average maximum remaining contractual life of 6.2 years.

3. Finance costs and finance income

	13 months ended 31 Dec 2021 £m	Year ended 30 Nov 2020 £m
Interest costs		
Interest payable on external borrowings	**3.1**	10.8
Interest payable on borrowings from parent company	**2.9**	–
Interest payable on lease liabilities	**0.5**	0.6
Interest on pension scheme liabilities	**0.4**	0.5
Interest costs	**6.9**	11.9
Other finance costs		
Amortisation of loan arrangement fees	**7.9**	1.2
Movement in fair value of derivative financial instruments	**–**	1.7
Other finance costs	**7.9**	2.9
Total finance costs	**14.8**	14.8

Interest of £5.7m (2020: £3.0m) was capitalised into investment properties and inventories during the period ended 31 December 2021.

	13 months ended 31 Dec 2021 £m	Year ended 30 Nov 2020 £m
Interest income		
Interest receivable	**1.3**	1.4
Interest income on pension scheme assets	**0.5**	0.6
Interest income	**1.8**	2.0
Other finance income		
Movement in fair value of derivative financial instruments	**2.1**	–
Other finance income	**2.1**	–
Total finance income	**3.9**	2.0

4. Taxation

a. Tax on profit/(loss) on ordinary activities

The tax charge/(credit) in the Group income statement is as follows:

	13 months ended 31 Dec 2021 £m	Year ended 30 Nov 2020 £m
Current tax		
Current year tax	**0.6**	–
Adjustments in respect of previous years	**–**	(4.1)
Total current tax	**0.6**	(4.1)
Deferred tax		
Impact of current year revaluations, indexation and disposals	**43.7**	(17.8)
Net recognition of tax losses	**(0.9)**	(2.4)
Other temporary differences	**1.7**	0.1
Change in rate used for provision of brought forward deferred tax	**7.9**	3.3
Adjustments in respect of previous years	**(0.1)**	2.3
Total deferred tax	**52.3**	(14.5)
Total tax charge/(credit) in the Group income statement	**52.9**	(18.6)

b. Reconciliation of effective tax rate

	13 months ended 31 Dec 2021 £m	Year ended 30 Nov 2020 £m
Profit/(loss) before tax	**184.0**	(139.4)
Net profit/(loss) of joint ventures and associates (post-tax)	**(8.8)**	25.7
Profit/(loss) before tax attributable to the Group	**175.2**	(113.7)
Corporation tax at 19.00% (2020: 19.00%)	**33.3**	(21.6)
Effect of non-deductible expenses and non-chargeable income	**3.6**	0.1
Impact of indexation on investment property	**–**	1.4
Change in rate used for provision of deferred tax	**16.1**	3.3
Current year charge/(credit)	**53.0**	(16.8)
Adjustments in respect of previous years	**(0.1)**	(1.8)
Tax charge/(credit) for the period	**52.9**	(18.6)
Effective rate of tax	**30.2%**	16.4%

Legislation enacted during the year ended 31 December 2021 included provisions which provided for an increase in the main rate of corporation tax from 19% to 25% with effect from 1 April 2023. Therefore, current tax has been provided at 19% and deferred tax has been provided at rates between 19% and 25%.

c. Balance sheet

	13 months ended 31 Dec 2021 Current tax £m	13 months ended 31 Dec 2021 Deferred tax £m	Year ended 30 Nov 2020 Current tax £m	Year ended 30 Nov 2020 Deferred tax £m
At start of period	(3.4)	11.1	–	25.6
Charged/(credited) to the Group income statement	0.6	52.3	(4.1)	(14.5)
Recognised within the Group statement of changes in equity	–	–	–	0.2
Acquired in a business combination	–	–	–	(0.2)
Net receipt	1.7	–	0.7	–
At end of period	(1.1)	63.4	(3.4)	11.1

The Group is in a current tax asset position at 31 December 2021 as a result of repayments due in respect previous years, predominantly due to losses generated and carried back.

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

	31 Dec 2021 Asset £m	31 Dec 2021 Liability £m	31 Dec 2021 Net £m	30 Nov 2020 Asset £m	30 Nov 2020 Liability £m	30 Nov 2020 Net £m
Property revaluations	–	60.7	60.7	–	9.8	9.8
Capital allowances	–	5.7	5.7	–	4.1	4.1
Appropriations to trading stock	–	1.2	1.2	–	1.1	1.1
Unutilised tax losses	(2.9)	–	(2.9)	(2.5)	–	(2.5)
Other temporary differences	(1.3)	–	(1.3)	(1.4)	–	(1.4)
Total deferred tax	(4.2)	67.6	63.4	(3.9)	15.0	11.1

At the balance sheet date, the Group has unused gross tax losses in relation to 2021 and prior years of £14.3m (2020: £14.7m). Deferred tax of £2.9m (2020: £2.5m) has been recognised in respect of these losses, with £nil (2020: £0.3m) remaining unrecognised as an asset due to an insufficient certainty over the availability of taxable profits in the short term against which these can be offset.

5. Dividends

Dividends paid during the year were in respect of the final dividend for 2020. No dividends are proposed in respect of 2021.

	13 months ended 31 Dec 2021 Pence per share	13 months ended 31 Dec 2021 £m	Year ended 30 Nov 2020 Pence per share	Year ended 30 Nov 2020 £m
Paid				
Final dividend in respect of previous year	3.9	8.7	–	–
Interim dividend in respect of current year	–	–	1.1	2.4
Total paid	3.9	8.7	1.1	2.4
Proposed				
Current year final dividend	–	–	3.9	8.7

The St. Modwen Properties PLC Employee Share Trust waived its entitlement to dividends.

6. Investment properties

a. Fair value reconciliation

	13 months ended 31 Dec 2021 £m	Year ended 30 Nov 2020 £m
At start of period	**852.8**	958.1
Property acquisitions	**16.3**	4.3
Additions	**176.0**	114.7
Net transfers to inventories (note 10)	**(23.8)**	(1.9)
Net transfers to owner-occupied properties (note 7)	**(1.8)**	–
Net transfers to assets held for sale (note 11)	**(3.3)**	(42.4)
Disposals	**(44.2)**	(77.8)
Movement in lease incentives	**8.0**	1.9
Gains/(losses) on revaluation	**155.5**	(104.1)
At end of period	**1,135.5**	**852.8**

Investment properties were valued at 31 December 2021 and 30 November 2020 by Cushman & Wakefield, Chartered Surveyors, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors, on the basis of market value. Cushman & Wakefield are professionally qualified independent external valuers and had appropriate recent experience in the relevant location and category of the properties being valued.

As at 31 December 2021, £nil (2020: £15.3m) of investment property was pledged as security for the Group's loan facilities.

b. Fair value measurement and sensitivity

The split of investment properties according to the valuation techniques applied and their fair value hierarchies is set out below:

	Valuation technique	Fair value hierarchy	31 Dec 2021 £m	30 Nov 2020 £m
Income-producing assets	Investment method	Level 3	**960.4**	651.6
Development assets	Residual development method	Level 3	**44.8**	92.1
Other land assets	Comparable land value method	Level 3	**139.0**	148.7
Adjustment for lease liabilities (note 15)			**2.7**	2.8
Less assets presented as held for sale (note 11)			**(11.4)**	(42.4)
Investment properties			**1,135.5**	852.8

Income-producing assets

Income-producing assets have been valued using the investment method which involves applying a yield to rental income streams. Inputs include equivalent yields, current rent and estimated rental value (ERV). The resulting valuations are cross-checked against the resulting initial yields and, for certain assets, the land value underpin if the assets were to be redeveloped.

Equivalent yields and ERV are considered to be unobservable inputs. Details of the aggregate ERV and weighted average equivalent yields used for each category of income-producing assets are provided in the following table:

	31 Dec 2021			30 Nov 2020		
	Fair value £m	Aggregate ERV £m	Weighted average equivalent yield %	Fair value £m	Aggregate ERV £m	Weighted average equivalent yield %
Industrial and logistics	**848.6**	**49.6**	**5.0**	535.7	37.6	6.0
Retail	**81.7**	**11.5**	**11.9**	77.6	10.9	11.5
Other	**30.1**	**4.6**	**7.4**	38.3	3.6	7.2
Income-producing assets	**960.4**	**65.7**	**5.7**	651.6	52.1	6.8

The Group's portfolio has a wide spread of yields as it includes assets that are at various stages of the property lifecycle. Income-producing assets have historically been acquired at high yields where the Group has the opportunity to add significant value. As assets are enhanced and development activity is undertaken, improved and new assets are created and valued at lower yields.

All other factors being equal, a higher equivalent yield would lead to a decrease in the valuation of an asset and an increase in the current or estimated future rental stream would have the effect of increasing the capital value, and vice versa. However, there are inter-relationships between the unobservable inputs which are partially determined by market conditions, which would impact on these changes.

The table below sets out a sensitivity analysis for each of the key sources of estimation uncertainty with the resulting increase/(decrease) in the fair value of income-producing assets at 31 December 2021:

	Increase in sensitivity £m	Decrease in sensitivity £m
Change in estimated rental value of 5.0%	48.0	(48.0)
Change in net equivalent yields of 50 basis points	(82.7)	87.3

Development assets
Development assets are valued using the residual appraisal development method. To derive the value of land, the valuers estimate the gross development value of completed commercial or residential units on a site from which deductions will be made for build costs, remediation and infrastructure costs (the determination of which are informed by third-party cost consultants), finance costs and an appropriate profit margin.

Sales prices, build costs and profit margins are considered to be unobservable inputs and details of the ranges used are provided in the following table:

	31 Dec 2021			
	Fair value £m	Sales price per sq ft £	Build cost per sq ft £	Profit margin %
Commercial	8.9	186	78	13.9
Residential	35.9	191–230	96–97	20.0
Development assets	44.8			

	30 Nov 2020			
	Fair value £m	Sales price per sq ft £	Build cost per sq ft £	Profit margin %
Commercial	18.1	166–674	56–232	13.8–15.0
Residential	74.0	188–252	92–93	22.0
Development assets	92.1			

All other factors being equal, a higher sales price would lead to an increase in the valuation of an asset, a higher profit margin would lead to a decrease in the valuation of an asset, and a decrease in the build costs would have the effect of increasing the capital value, and vice versa. However, there are inter-relationships between the unobservable inputs which are partially determined by market conditions, which would impact on these changes.

The table below sets out a sensitivity analysis for each of the key sources of estimation uncertainty with the resulting increase/(decrease) in the fair value of development assets at 31 December 2021:

	Increase in sensitivity £m	Decrease in sensitivity £m
Change in sales price of 10.0%	84.1	(84.1)
Change in build costs of 5.0%	(21.0)	21.0
Change in infrastructure costs to complete of 25.0%	(38.8)	38.9

Other land assets

Other land assets are valued using the comparable land value method, which comprises a land value per acre less costs to remediate and service the land. Land value per acre is considered to be an unobservable input and details of the ranges used are detailed in the following table:

	31 Dec 2021		30 Nov 2020	
	Fair value £m	Land value per acre[1] £'000	Fair value £m	Land value per acre[1] £'000
Commercial	**126.6**	**3–1,064**	135.1	5–673
Residential	**12.4**	**7–801**	13.6	73–614
Other land assets	**139.0**		148.7	

(1) Excluding ransom strips and substantially complete assets

All other things being equal, a higher value per acre would lead to an increase in the valuation of an asset and vice versa.

The table below sets out a sensitivity analysis for the key source of estimation uncertainty with the resulting increase/(decrease) in the fair value of other land assets at 31 December 2021:

	Increase in sensitivity £m	Decrease in sensitivity £m
Change in land value per acre of 10.0%	**13.0**	**(13.0)**

7. Property, plant and equipment and intangibles

	Operating properties £m	Owner-occupied properties £m	Plant and equipment £m	Right-of-use assets £m	Intangibles £m	Total £m
Cost or value						
At 1 December 2019	4.8	7.0	13.2	6.8	7.0	38.8
Recognised on adoption of IFRS 16 *Leases*	–	–	0.9	0.4	2.5	3.8
Additions	–	–	–	–	–	–
Disposals	–	–	–	(0.6)	–	(0.6)
At 30 November 2020	**4.8**	**7.0**	**14.1**	**6.6**	**9.5**	**42.0**
Additions	**–**	**2.2**	**1.2**	**0.9**	**3.4**	**7.7**
Transfers from investment properties (note 6)	**–**	**1.8**	**–**	**–**	**–**	**1.8**
Disposals	**–**	**–**	**(2.9)**	**(0.8)**	**–**	**(3.7)**
Revaluations	**–**	**(2.2)**	**–**	**–**	**–**	**(2.2)**
At 31 December 2021	**4.8**	**8.8**	**12.4**	**6.7**	**12.9**	**45.6**
Depreciation and amortisation						
At 1 December 2019	1.5	–	7.0	1.5	2.1	12.1
Charge for the year	0.1	–	1.4	1.4	1.1	4.0
Impairment	–	–	–	–	2.6	2.6
Disposals	–	–	–	(0.6)	–	(0.6)
At 30 November 2020	**1.6**	–	**8.4**	**2.3**	**5.8**	**18.1**
Charge for the period	**–**	–	**1.2**	**1.5**	**1.6**	**4.3**
Impairment	**2.9**	**–**	**–**	**–**	**–**	**2.9**
Disposals	**–**	–	**(0.7)**	**(0.8)**	–	**(1.5)**
At 31 December 2021	**4.5**	**–**	**8.9**	**3.0**	**7.4**	**23.8**
Net book value						
At 1 December 2019	3.3	7.0	6.2	5.3	4.9	26.7
At 30 November 2020	3.2	7.0	5.7	4.3	3.7	23.9
At 31 December 2021	**0.3**	**8.8**	**3.5**	**3.7**	**5.5**	**21.8**

8. Joint ventures and associates

a. Details of material joint ventures

The Group has the following two material joint venture companies, for which information is provided separately in this note:

Name	Interest	Activity
Key Property Investments Limited	50%	Property investment and development
VSM (NCGM) Limited	50%	Property investment and development

The remainder of the Group's joint ventures and associates are listed in note B to the Company financial statements and included in aggregate below.

The movement in the carrying value of the Group's investments in joint ventures and associates is as follows:

	Key Property Investments Limited £m	VSM (NCGM) Limited £m	Other joint ventures and associates £m	Total £m
At start of period	43.6	7.6	9.7	60.9
Profit and total comprehensive income for the period	7.1	4.1	(2.4)	8.8
Increase in investment	–	–	0.5	0.5
Dividends paid	–	–	(1.9)	(1.9)
At end of period	50.7	11.7	5.9	68.3

The following disclosures are required by IFRS 12 *Disclosure of Interests in Other Entities* in respect of the gross financial information for the Group's material joint ventures:

	13 months ended 31 Dec 2021		Year ended 30 Nov 2020	
	Key Property Investments Limited £m	VSM (NCGM) Limited £m	Key Property Investments Limited £m	VSM (NCGM) Limited £m
Revenue	7.0	–	7.0	0.6
Profit/(loss) and total comprehensive income/(expense) for the period	14.2	8.2	(10.8)	(24.3)
Non-current assets	107.7	63.5	92.5	56.3
Current assets	8.1	86.8	10.6	108.3
Current liabilities	(11.2)	(0.3)	(13.1)	(0.8)
Non-current liabilities	(3.1)	(126.5)	(2.8)	(148.6)
Net assets	101.5	23.5	87.2	15.2

In respect of Key Property Investments Limited, included within the amounts above are cash and cash equivalents of £3.9m (2020: £1.1m), interest expense of £0.3m (2020: £0.3m) and a tax credit of £0.1m (2020: £0.3m).

In respect of VSM (NCGM) Limited, included within the amounts above are cash and cash equivalents of £33.1m (2020: £9.5m), interest income of £2.0m (2020: £2.0m) and a tax charge/(credit) of £1.3m (2020: £4.9m).

b. New Covent Garden Market

The contractual arrangement between VSM (NCGM) Limited (the Group's 50:50 joint venture with Vinci in respect of New Covent Garden Market) and the Covent Garden Market Authority (CGMA) involves VSM (NCGM) Limited committing to procure a new market in Nine Elms for the CGMA and in return receiving an option to acquire the surplus land on the site. In substance the arrangement represents a barter of development and construction services for the interest in the land and, as such, the transaction, first recognised during the year ended 30 November 2015, has been accounted for as the acquisition of an interest in the surplus land for non-cash consideration, reflecting that the key strategic rationale for entering into the transaction was to secure the interest in the surplus land and then to unlock its significant value, rather than to secure construction activity in building a new market.

Accordingly, the surplus land is recognised as an investment property in accordance with IAS 40 *Investment Property* and the commitment to establish the new market is recognised as a provision in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.* Remeasurements of either the investment property or the provision are made in accordance with the requirements of those respective standards.

9. Trade and other receivables

	31 Dec 2021 £m	30 Nov 2020 £m
Non-current		
Deferred consideration on property disposals	**18.3**	7.3
Amounts due from joint ventures and associates	**7.6**	7.2
Other receivables	**1.1**	1.2
Non-current receivables	**27.0**	15.7
Current		
Trade receivables	**15.7**	12.7
Prepayments and accrued income	**9.4**	12.0
Deferred consideration on property disposals	**11.1**	10.5
Contract assets	**17.6**	13.5
Amounts due from joint ventures and associates	**18.4**	20.1
Other receivables	**25.5**	6.8
Current receivables	**97.7**	75.6

Included within trade receivables are £7.3m (2020: £6.9m) due on the disposal of inventories and £1.1m (2020: £0.2m) billed under construction and development contracts with customers.

Contract assets represent the total revenue recognised on the cumulative spend incurred on the development of land not under the control of the Group less the cumulative receipts in respect of such development. Where this development is for the construction of assets on property pre-sold by the Group, the construction expenditure and revenue receipts profile are generally not materially different. On larger infrastructure projects undertaken by the Group through a development agreement, there are often limited receipts in the early phases of development and more significant receipts as the project advances, resulting in contract assets being recognised that reduce over time.
The increase in contract assets during the period ended 31 December 2021 is due to the aggregate amounts billed across all contracts exceeding the contract revenue recognised during the period.

10. Inventories

The movement in inventories during the period ended 31 December 2021 is as follows:

	13 months ended 31 Dec 2021 £m	Year ended 30 Nov 2020 £m
At start of period	**393.9**	416.5
Acquisitions	**72.5**	8.2
Additions	**228.5**	177.9
Net transfers from investment property (note 6)	**23.8**	1.9
Disposals	**(259.3)**	(204.8)
Increase in net realisable value provisions	**(4.8)**	(5.8)
At end of period	**454.6**	393.9

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 value of inventories expensed during the period ended 31 December 2021 was £264.1m (2020: £210.6m).

The table below sets out a sensitivity analysis for the key source of estimation uncertainty with the resulting increase/(decrease) in the carrying value of inventories at 31 December 2021.

	Increase in sensitivity £m	Decrease in sensitivity £m
Change in housebuilding costs for plots on which sales were recognised during the period of 5.0%	**(12.7)**	**12.7**

11. *Assets held for sale*

Certain of the Group's investment properties met the definition of assets held for sale at 31 December 2021 as these assets had exchanged, but not yet completed. Of the £11.4m (2020: £42.4m) presented as held for sale, £3.9m (2020: £nil) had completed by the date of signing of the financial statements, with all expected to complete prior to 30 April 2022. As these assets were previously held at fair value as investment properties, no gain or loss was recognised on reclassification of these properties to assets held for sale.

All assets were valued by Cushman & Wakefield under level 3 of the fair value hierarchy, as disclosed in note 6, with reference to prices agreed on exchange of contracts where applicable.

12. Trade and other payables

	31 Dec 2021 £m	30 Nov 2020 £m
Current		
Trade payables	**40.2**	60.7
Accruals and deferred income	**69.1**	52.5
Deferred consideration on property acquisitions	**22.9**	3.6
Contract liabilities	**14.3**	6.8
Amounts due to joint ventures and associates	**28.1**	19.7
Other payables	**11.3**	9.1
Current payables	**185.9**	152.4
Non-current		
Accruals and deferred income	**0.4**	3.6
Deferred consideration on property acquisitions	**18.0**	4.1
Amounts due to joint ventures and associates	**6.5**	6.5
Non-current payables	**24.9**	14.2

Contract liabilities typically represent the cumulative revenue receipts in respect of the development of land not under the control of the Group less the total revenue recognised on such development expenditure. This development is often for the construction of assets on property pre-sold by the Group and ordinarily the construction expenditure and revenue receipts profile are not materially different on these contracts. Liabilities can also arise where performance obligations have been satisfied, but invoices have not been received for works completed or amounts due. The increase in contract liabilities during the period ended 31 December 2021 is predominantly due to the cumulative amounts billed further exceeding the cumulative revenue recognised on one contract.

13. Borrowings and lease liabilities

	2021 £m	2020 £m
Current		
Borrowings from parent company	**127.9**	–
Lease liabilities	**1.5**	1.2
Current borrowings and lease liabilities	**129.4**	1.2
Non-current		
Borrowings from external lenders	–	321.0
Borrowings from parent company	**25.6**	–
Lease liabilities	**5.2**	6.1
Non-current borrowings and lease liabilities	**30.8**	327.1

a. Borrowings

Maturity profile of committed borrowing facilities

On 17 August 2021, following the acquisition of St. Modwen Properties Limited, Brighton Bidco Ltd replaced the existing unsecured revolving credit facility and Homes England facility with a £600m shareholder interest bearing facility and a £125m subordinated loan agreement. The maturity of the Group's committed borrowing facilities and the principal drawn is set out below:

	31 Dec 2021			30 Nov 2020		
	Drawn[1] £m	Undrawn £m	Total £m	Drawn[1] £m	Undrawn £m	Total £m
Four to five years	–	–	–	15.0	–	15.0
Secured floating rate borrowings	–	–	–	15.0	–	15.0
Less than one year[2]	**125.0**	–	**125.0**	–	–	–
Three to four years	–	–	–	38.8	36.2	75.0
Four to five years	–	–	–	267.2	192.8	460.0
More than five years	**25.6**	**574.4**	**600.0**	–	–	–
Unsecured floating rate borrowings	**150.6**	**574.4**	**725.0**	306.0	229.0	535.0
Total committed borrowing facilities	**150.6**	**574.4**	**725.0**	321.0	229.0	550.0

(1) In addition to the principal amounts included above, £2.9m (2020: £1.0m) of interest payable was committed at the period end. These amounts are assumed to fall due within three months of the period end.

(2) The Group has options to extend the maturity of the £125m facility by up to a further two years

Interest rate profile

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

	31 Dec 2021		30 Nov 2020	
	£m	Applicable interest rate	£m	Applicable interest rate
Floating rate borrowings from parent company	**153.5**	**Margin + SONIA**	–	N/A
Floating rate bank debt	**–**	**N/A**	126.0	Margin + LIBOR
				Margin + 1.20% weighted average
Fixed rate bank debt	**–**	**N/A**	195.0	swap rate
Total borrowings	**153.5**		321.0	

b. Financial instruments classified at fair value through profit or loss

The Group's derivative financial instruments, which were classified as fair value through profit or loss, consisted of sterling denominated interest swaps. The change in fair value of all derivative financial instruments charged or credited to the Group income statement is disclosed in note 3. There are no derivative financial instruments at 31 December 2021. Further information on the instruments previously held by the Group is detailed below:

Sterling denominated interest rate swaps from floating rate to fixed rate

These swaps hedged the Group's floating rate bank debt as at 30 November 2020. The fixed rates for these swaps ranged from 0.49% to 1.44% and details of their maturity profile are given below. The weighted average maturity of the interest rate swaps below at 30 November 2020 was 1.9 years.

	31 Dec 2021		30 Nov 2020	
	£m	%[1]	£m	%[1]
Less than one year	–	–	45.0	0.49
One to two years	–	–	30.0	1.37
Two to three years	–	–	120.0	1.43
Total floating rate to fixed rate swaps	–	–	195.0	1.20

(1) Weighted average interest rate.

c. Liabilities arising from financing activities
A reconciliation of liabilities arising from financing activities is set out below:

	Borrowings principal £m	*Derivative* financial instruments £m	Accrued interest £m	Leases £m	Total £m
At 1 December 2019	354.0	3.1	1.8	8.3	367.2
Net cash outflows from financing activities[1]	(33.0)	–	(13.8)	(1.6)	(48.4)
Interest payable (note 3)	–	–	10.8	0.6	11.4
Interest capitalised (note 3)	–	–	3.0	–	3.0
Movement in fair value of financial liabilities (note 3)	–	1.7	–	–	1.7
At 30 November 2020	**321.0**	**4.8**	**1.8**	**7.3**	**334.9**
Net cash inflows/(outflows) from financing activities[1]	**207.1**	**(2.7)**	**(10.6)**	**(1.1)**	**192.7**
Interest payable (note 3)	**–**	**–**	**6.0**	**0.5**	**6.5**
Interest capitalised (note 3)	**–**	**–**	**5.7**	**–**	**5.7**
Movement in fair value of financial liabilities (note 3)	**–**	**(2.1)**	**–**	**–**	**(2.1)**
Issue of share to capitalise loan from parent (note 17)	**(377.5)**	**–**	**–**	**–**	**(377.5)**
At 31 December 2021	**150.6**	**–**	**2.9**	**6.7**	**160.2**

(1) The total net cash flows from financing activities on the cash flow statement of £182.3m (2020: £53.7m) include £192.7m (2020: £48.4m) as stated above, £8.7m (2020: £4.2m) of dividends paid and £4.4m (2020: £1.1m) of arrangement and other fees incurred on refinancing activity.

14. Provisions and contingent liabilities

	Legal claims £m
At 1 December 2020	**35.9**
Created	**4.0**
Utilised	**(10.5)**
Released	**(23.4)**
At 31 December 2021	**6.0**

A provision of £2.3m is held at 31 December 2021 (2020: £23.7m) in relation to a claim against the Group for a building that the Group developed and subsequently sold a number of years ago and in which various problems are said to have arisen. There was previously significant estimation uncertainty over the amount and timing of any outflow of economic benefits and therefore in the carrying value of the provision, however subsequent to the period end, this matter has been settled in full, with significantly reduced future outflows from the Group crystallising as a result of the settlement. The release of £20.5m of this provision is presented as an exceptional item, as disclosed in note 2a.

The remaining £3.8m of provisions held at 31 December 2021 is in relation to a separate immaterial legal claim against the Group, which is expected to be settled within the next financial year within a range of reasonably possible outcomes of between £3.8m and £4.3m.

At 31 December 2021, the range of reasonably possible outcomes for the provisions recognised was between £5.7m and £7.0m.

At 31 December 2021, the directors, having taken legal advice where necessary, consider that the possibility of an outflow in settlement of any unprovided legal claims is remote.

15. Leases

The Group as lessee

The Group leases certain of its office premises, motor vehicles and office equipment. A breakdown of the right-of-use assets disclosed in note 7 by class of asset is presented overleaf:

	Office premises £m	Motor vehicles £m	Office equipment £m	Total £m
Carrying value at 30 November 2019	3.2	1.2	0.9	5.3
Additions	–	0.4	–	0.4
Depreciation	(0.4)	(0.8)	(0.2)	(1.4)
Carrying value at 30 November 2020	2.8	0.8	0.7	4.3
Additions	–	0.9	–	0.9
Depreciation	(0.4)	(0.8)	(0.3)	(1.5)
Carrying value at 31 December 2021	2.4	0.9	0.4	3.7

In addition, the Group holds certain of its investment property under long leases. These are presented as investment property and not disclosed separately as right-of-use assets. These leases contain either fixed payments, variable payments, or a combination of both. Fixed payments are included in the lease liability and variable payments are not included in the lease liability. Included within lease liabilities in note 13 is £2.7m (2020: £2.8m) relating to investment property held under long leases.

The expense in the Group income statement in respect of leases is as follows:

	13 months ended 31 Dec 2021 £m	Year ended 30 Nov 2020 £m
Depreciation of right-of-use assets	1.5	1.4
Interest expense	0.5	0.6
Variable payments made under leases not included in the measurement of lease liabilities	0.3	0.4
Total expense relating to leases in the Group income statement	2.3	2.4

The total cash outflow for the period ended 31 December 2021 in respect of leases was £2.5m (2020: £2.6m).

The lease liabilities disclosed in note 13 comprise discounted lease payments as follows:

	31 Dec 2021			30 Nov 2020		
	Lease payments £m	Interest £m	Net present value £m	Lease payments £m	Interest £m	Net present value £m
Less than one year	**1.6**	**(0.4)**	**1.2**	1.6	(0.4)	1.2
Between one and five years	**3.5**	**(0.7)**	**2.8**	3.7	(0.8)	2.9
More than five years	**4.7**	**(2.0)**	**2.7**	5.7	(2.5)	3.2
Total obligations under leases	**9.8**	**(3.1)**	**6.7**	11.0	(3.7)	7.3

Leases are for periods of up to 999 years from inception and a discount rate of 6.3% (2020: 6.4%) has been used to derive the fair value of the principal amount outstanding. All lease liabilities are denominated in sterling.

The Group as lessor

The Group leases its investment properties to tenants under operating leases. The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	31 Dec 2021 £m	30 Nov 2020 £m
In one year or less	**34.6**	29.5
One to two years	**32.0**	22.7
Two to three years	**30.8**	19.4
Three to four years	**27.8**	15.7
Four to five years	**24.9**	14.0
In five years or more	**199.6**	142.3
Total minimum lease rentals receivable	**349.7**	243.6

Contingent rents, calculated as a percentage of turnover for a limited number of tenants, of £1.0m (2020: £0.5m) were recognised during the period.

16. Financial instruments

a. Categories and classes of financial assets and liabilities

	31 Dec 2021 £m	30 Nov 2020 £m
Loans and receivables:[1]		
Cash and cash equivalents	**84.9**	32.2
Trade and other receivables	**99.3**	63.3
Total financial assets	**184.2**	95.5

	31 Dec 2021 £m	30 Nov 2020 £m
Amortised cost:[1]		
Borrowings	**153.5**	321.0
Trade and other payables	**167.2**	135.4
Lease liabilities	**6.7**	7.3
Fair value through profit and loss:[2]		
Derivative financial instruments	**–**	4.8
Total financial liabilities	**327.4**	468.5

(1) The directors consider that the carrying amounts recorded in the financial statements approximate their fair value.

(2) Fair values are calculated using quoted market prices relevant for the term and instrument.

Trade and other receivables above comprise trade receivables, other receivables, deferred consideration on property disposals and amounts due from joint ventures and associates as disclosed in note 9, for current and non-current amounts, after deduction of £1.6m (2020: £2.5m) of non-financial assets.

Trade and other payables above comprise trade payables, other payables, accruals and deferred income, deferred consideration on property acquisitions and amounts due to joint ventures and associates as disclosed in note 12, for current and non-current amounts, after deduction of £29.3m (2020: £24.4m) of non-financial liabilities.

Derivative financial instruments, prior to their settlement on repayment of the external borrowings as disclosed in note 13, were externally valued based on the present value of estimated future cash flows and discounted based on the applicable yield curves derived from market expectations for future interest rates at the balance sheet date. Where applicable, the value of early termination or conversion options in favour of the issuing party were included in the external valuations. The following table sets out the net assets and liabilities in respect of financial instruments held at fair value through profit and loss:

		31 Dec 2021 £m	30 Nov 2020 £m
Derivative financial instrument assets	Level 2	**–**	–
Derivative financial instrument liabilities	Level 2	**–**	(4.8)
Net financial liability held at fair value through profit and loss		**–**	(4.8)

b. Risk management objectives

Capital risk

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while 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 13), cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings as disclosed in the Group statement of changes in equity.

Market risk

Market risk is the potential adverse change in the Group's income or the Group's net worth arising from movements in interest rates or other market prices. Interest rate risk is the Group's principal market risk and the Group is exposed to interest rate risk as its borrowings are at variable interest rates. The Group uses a combination of variable rate borrowings and interest rate hedging, where considered appropriate, to manage the risk.

The following table details the Group's sensitivity, after tax, to a reasonably possible change in interest rates of 100 basis points based on period end levels of debt:

	31 Dec 2021 £m	30 Nov 2020 £m
Interest on borrowings	(1.2)	(2.6)
Effect of interest rate swaps	–	1.6
Net impact on profit of an increase of 100 basis points in interest rates	(1.2)	(1.0)

	31 Dec 2021 £m	30 Nov 2020 £m
Interest on borrowings	1.2	2.6
Effect of interest rate swaps	–	(1.6)
Net impact on profit of a decrease of 100 basis points in interest rates	1.2	1.0

Credit risk

Credit risk is the risk of financial loss where counterparties are not able to meet their obligations as they fall due. The carrying amount of financial assets, as detailed above, represents the Group's maximum exposure to credit risk at the reporting date.

The credit risk on the Group's liquid funds and derivative financial instruments (where held) is limited because the counterparties are banks with strong credit ratings. Bank deposits are only placed with banks in accordance with Group policy that specifies minimum credit rating and maximum exposure.

The credit risk on deferred consideration and contract assets is considered low, generally because the Group retains a charge, or has other contractual protections, over developed or disposed properties until the deferred consideration or contract asset is settled and the counterparties usually have a high credit rating.

The Group recognises loss allowances on amounts due from joint ventures and associates when it considers that amounts may not be recoverable based on the going concern and viability assessments the Group makes at least annually for its joint ventures and associates.
No loss allowance was recognised against amounts due from joint ventures and associates at 31 December 2021 or 30 November 2020.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience and an assessment of both the current and forecast direction of conditions at the reporting date, adjusted for factors that are specific to the individual customers. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The following table details the risk profile of trade receivables based on the Group's provision matrix and the expected credit losses recognised. The Group does not have any significant history of credit losses on development, disposal and contract trade receivables, which are typically represented by larger balances with organisations with a high credit rating and increased contractual protections. The expected credit loss rates reflect the Group's experience of the credit rating of tenants within the differing sectors within which they operate.

	31 Dec 2021			30 Nov 2020		
	Expected credit loss rates %	Gross trade receivables £m	Loss allowance £m	Expected credit loss rate %	Gross trade receivables £m	Loss allowance £m
Development, disposal and contract trade receivables:						
Not yet due and less than 30 days overdue	–	8.4	–	–	7.1	–
Tenant trade receivables:						
Not yet due and less than 30 days overdue	0–4	4.3	(0.5)	1–10	3.6	(0.1)
31 to 60 days overdue	2–5	1.7	(0.2)	3–15	0.8	(0.1)
61 to 90 days overdue	3–10	0.4	–	4–20	0.9	(0.1)
91 to 120 days overdue	4–15	0.6	(0.2)	5–25	0.2	–
121 to 150 days overdue	5–20	0.1	–	10–30	0.1	(0.1)
151 to 180 days overdue	10–25	0.2	–	15–35	0.5	(0.5)
More than 180 days overdue	15–30	3.1	(2.2)	20–40	2.2	(1.8)
Total		18.8	(3.1)		15.4	(2.7)

The following table shows the movement in lifetime expected credit losses that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9:

	13 months ended 31 Dec 2021 £m	Year ended 30 Nov 2020 £m
At start of period	**2.7**	1.6
Increase in loss allowances recognised	**1.7**	2.1
Amounts written off as uncollectable	**(0.4)**	(0.8)
Loss allowances reversed	**(0.9)**	(0.2)
At end of period	**3.1**	2.7

The loss allowance comprises individually assessed losses of £2.4m (2020: £2.0m) and collectively assessed losses of £0.7m (2020: £0.7m).

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 (2020: £1.5m) of gross rental income.

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 borrowing facilities, overdrafts and cash to ensure continuity of funding. Borrowing facilities are monitored with reference to their maturity dates, with detailed plans in place for any facilities maturing within 18 months, and available undrawn facilities, details of which are disclosed in note 13. The weighted average maturity of the Group's borrowing facilities at 31 December 2021 was 6.3 years (2020: 4.0 years).

The maturity profile for the cash flows of the Group's non-derivative financial liabilities, on an undiscounted basis, is as follows:

			31 Dec 2021			
	Less than one month £m	One to three months £m	Three months to one year £m	One to five years £m	More than five years £m	Total £m
Borrowings	**0.4**	**0.8**	**128.8**	**28.7**	**3.6**	**162.3**
Trade and other payables	**134.8**	**–**	**34.1**	**13.6**	**–**	**182.5**
Leases – minimum lease payments (note 15)	**0.1**	**0.3**	**1.2**	**3.5**	**4.7**	**9.8**
Total cash flows	**135.3**	**1.1**	**164.1**	**45.8**	**8.3**	**354.6**

			30 Nov 2020			
	Less than one month £m	One to three months £m	Three months to one year £m	One to five years £m	More than five years £m	Total £m
Borrowings	0.8	1.8	6.0	347.3	–	355.9
Trade and other payables	120.6	–	3.6	11.2	–	135.4
Leases – minimum lease payments (note 15)	0.1	0.3	1.2	3.7	5.7	11.0
Total cash flows	121.5	2.1	10.8	362.2	5.7	502.3

The Group's approach to cash flow, financing and bank covenants is discussed further in the financial review section of the strategic report.

17. Share capital and share premium

	13 months ended 31 Dec 2021			Year ended 30 Nov 2020		
	Ordinary 10p shares Number	Equity share capital £m	Equity share premium £m	Ordinary 10p shares Number	Equity share capital £m	Equity share premium £m
At start of period	**222,626,988**	**22.3**	**102.8**	222,376,988	22.2	102.8
Issue of shares to own shares reserve	**2,073,434**	**0.2**	**–**	250,000	0.1	–
Issue of share to capitalise loan from parent	**1**	**–**	**377.5**	–	–	–
Capital reduction transferred to retained earnings	**(224,700,422)**	**(22.5)**	**(480.3)**	–	–	–
At end of period	**1**	**–**	**–**	222,626,988	22.3	102.8

The Company has a single class of share capital which is divided into ordinary shares of 10 pence each, all ranking pari passu. Each share carries the right to one vote at general meetings of the Company. The holders of ordinary shares are entitled to receive dividends when declared.

The issue of shares to own shares reserve were ordinary 10 pence shares allotted and issued at par to The St. Modwen Properties PLC Employee Share Trust to satisfy the exercise of awards made under the Company's share-based incentive arrangements. During the period ended 31 December 2021, a single subscription share was allotted and issued for £377.5m to Brighton Bidco Ltd in exchange for debt that was owed from St. Modwen Properties Limited to Brighton Bidco Ltd. Subsequently, a capital reduction was undertaken to reduce the equity share capital to a single 10 pence share at par, with the excess amounts transferred to retained earnings.

18. Pensions

The Group operates a UK-based pension scheme, the St. Modwen Pension Scheme, with both defined benefit and defined contribution sections. The defined benefit section is closed to new members and, from 1 September 2009, future accrual. The Group income statement includes the following charges:

	13 months ended 31 Dec 2021 £m	Year ended 30 Nov 2020 £m
Defined benefit section	**0.3**	0.1
Defined contribution section	**1.9**	1.8

The St. Modwen Pension Scheme is governed by the trustee company, St. Modwen Pensions Limited. It is regulated by the UK regulatory regime, overseen by the Pensions Regulator.

The last formal actuarial valuation of the scheme was at 5 April 2020, when the market value of the net assets of the scheme was £31.3m and the funding level was 104% based on the Trustees' proposed assumptions for technical provisions.

As part of the valuation the Trustees adopted a yield curve approach to setting the discount rate, inflation rate and pension increase actuarial assumptions. Therefore, there are no single rates to disclose

The next formal actuarial valuation of the scheme is expected to be prepared as at 5 April 2023.

Funding policy

As the scheme is fully funded, the current schedule of contributions does not require the Group to provide any further funding to the scheme. The contribution for the year ended 31 December 2022 is expected to be £nil, consistent with the current year contributions of £nil.

The actuarial valuation of the defined benefit section, a final salary scheme, was updated to 31 December 2021 on an IAS basis by a qualified independent actuary. The valuation was performed using the Projected Unit Credit Method under IAS 19. The major assumptions used by the actuary were:

	31 Dec 2021 %	30 Nov 2020 %
Rate of increase in deferred pensions	**2.7**	2.5
Rate of increase in pensions in payment (pre 6 April 1997 benefits)	**2.5**	2.6
Rate of increase in pensions in payment (post 5 April 1997 benefits)	**3.2**	3.2
Discount rate	**1.8**	1.4
Inflation rate	**2.7**	2.5

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 31 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. During the year ended 30 November 2019, the Government made a proposal to alter RPI and during the year ended 30 November 2020, the Government confirmed that the change will not be made before 2030. No explicit adjustment has been made to the RPI assumption to reflect this possible change over and above the impact of the announcement on the market implied inflation. Whilst a reduction in the RPI assumption reflecting this potential change might reduce the value placed on the liabilities it may also impact on the value of the assets.

The mortality rates adopted are from 90% of the S3PA tables with the CMI 2020 core model (previously 85% of the SP2A tables with the CMI 2019 core model) and a long-term improvement of 1.25% per annum. The resultant assumptions are, for example:

- Average future life expectancy (in years) for a pensioner aged 65 at 31 December 2021: 22.7 (male) and 25.1 (female).
- Average future life expectancy (in years) at age 65 for a non-pensioner aged 45 at 31 December 2021: 24.1 (male) and 26.5 (female).

Analysis of the amounts recognised in the Group income statement

	13 months ended 31 Dec 2021 £m	Year ended 30 Nov 2020 £m
Recognised within administrative expenses:		
Total operating charge	**(0.4)**	(0.2)
Recognised within finance costs and finance income:		
Interest income on scheme assets	**0.5**	0.6
Interest on pension scheme liabilities	**(0.4)**	(0.5)
Total net interest	**0.1**	0.1
Total recognised in the Group income statement	**(0.3)**	(0.1)

The actual return on pension scheme assets was a gain of £1.8m (2020: £2.4m).

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

	13 months ended 31 Dec 2021 £m	Year ended 30 Nov 2020 £m
Returns on scheme assets (excluding amounts included in net interest)	**1.3**	1.8
Experience (losses)/gains arising on fair value of scheme liabilities	**(0.3)**	0.1
Actuarial gains/(losses) arising from changes in demographic assumptions	**0.3**	(0.1)
Actuarial gains/(losses) arising from changes in financial assumptions	**1.4**	(2.3)
(Increase)/decrease in unrecognised surplus	**(2.4)**	0.6
Remeasurement of the net defined benefit asset	**0.3**	0.1

Analysis of the fair value of assets

	31 Dec 2021 £m	30 Nov 2020 £m
Debt securities:		
Corporate bonds	**19.1**	17.0
Government bonds	–	0.6
Index-linked gilts	**7.3**	7.4
Leveraged loans	–	0.8
Property	**3.2**	3.5
Cash	**2.2**	4.2
Fair value of assets	**31.8**	33.5
Actuarial value of liabilities	**(26.1)**	(30.2)
Unrecognised surplus	**(5.7)**	(3.3)
Recognised surplus of pension asset net of deferred tax	–	–

The present value of any economic benefits that will be available to the Group in respect of the scheme surplus is £nil (2020: £nil) and therefore, in accordance with the requirements of IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*, the surplus is not recognised in the Group balance sheet.

The cumulative amount of actuarial gains and losses (before the unrecognised surplus of £5.7m) recorded in the Group statement of comprehensive income is a loss of £6.5m (2020: £8.2m).

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

	13 months ended 31 Dec 2021 £m	Year ended 30 Nov 2020 £m
At start of period	**30.2**	28.6
Interest cost	**0.4**	0.5
Experience losses/(gains) arising on fair value of scheme liabilities	**0.3**	(0.1)
Actuarial (gains)/losses arising from changes in demographic assumptions	**(0.3)**	0.1
Actuarial (gains)/losses arising from changes in financial assumptions	**(1.4)**	2.3
Benefits paid	**(3.1)**	(1.2)
At end of period	**26.1**	30.2

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

	13 months ended 31 Dec 2021 £m	Year ended 30 Nov 2020 £m
At start of period	**33.5**	32.5
Interest income	**0.5**	0.6
Administration costs	**(0.4)**	(0.2)
Returns on scheme assets (excluding amounts included in net interest)	**1.3**	1.8
Benefits paid	**(3.1)**	(1.2)
At end of period	**31.8**	33.5

Information about the defined benefit obligation

	31 Dec 2021		30 Nov 2020	
	Liability split %	Duration years	Liability split %	Duration years
Deferred members	**22**	**19**	24	19
Pensioners	**78**	**12**	76	12
Total	**100**	**14**	100	14

Risk factors
The Group is exposed to a number of risks related to its defined benefit scheme, the most significant of which are detailed below:

Asset volatility
Pension scheme liabilities are calculated using discount rates set with reference to bond yields. If the assets within the scheme deliver a return which is lower than the discount rate this will create or increase a deficit within the scheme. This risk is reduced by holding a significant proportion of the scheme assets in bonds or similar instruments. As the scheme matures, it is anticipated that this proportion will increase to better match the assets and liabilities of the scheme.

Changes in bond yields
A decrease in bond yields will typically increase liabilities, although this will be partially offset by an appreciation in the value of scheme assets held in bonds.

Inflation risk
As the pension obligations are linked to inflation, higher inflation expectations will lead to higher liabilities. The asset portfolio includes a significant proportion of inflation-linked bonds to reduce this risk.

Member longevity
The pension obligations provide benefits for the life of the members, therefore increases in life expectancy will result in an increase in liabilities (and vice-versa).

Sensitivity analysis
The following sets out the sensitivity of the actuarial value of liabilities to reasonably possible changes in assumptions compared with the actuarial assumptions adopted at 31 December 2021:
- A 0.5% decrease in the discount rate would increase the actuarial value of liabilities by £1.8m to £27.9m.
- A one-year increase in life expectancy would increase the actuarial value of liabilities by £1.7m to £27.8m.
- A 0.5% increase in the inflation rate (revaluation) would increase the actuarial value of liabilities by £0.1m to £26.2m.
- A 0.5% increase in the rate of increase in deferred pensions (pension increases) would increase the actuarial value of liabilities by £1.0m to £27.1m.
- A 0.5% increase in the rate of increase in pensions in payments (revaluation and pension increases) would increase the *actuarial value of liabilities by £1.1m to £27.2m.*

19. Capital commitments
At 31 December 2021 the Group had contracted capital expenditure of £143.9m (2020: £132.9m). All capital commitments relate to investment properties.

20. Financial guarantees
The Group, together with VINCI PLC, has provided a joint and several guarantee in respect of the obligations of VSM (NCGM) Limited relating to the redevelopment of New Covent Garden Market, London. This is a guarantee in the ordinary course of business and would require the guarantors to comply with the terms of the development agreement and to indemnify Covent Garden Market Authority against any breach of those terms.

The Group has also provided certain guarantees, representations and warranties in relation to developments and disposals in the ordinary course of business, with the probability of any cash outflows being remote.

St. Modwen Properties Limited has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from audit under Section 479A of the Companies Act 2006 in respect of the period ended 31 December 2021:

Name of subsidiary	Company registration number
Baglan Bay Company Limited	06383208
Blackpole Trading Estate (1978) Limited	00581658
Boltro Properties Limited	02616865
Branston Properties Limited	02893827
Broomford Vange Limited	05697168
Chaucer Estates Limited	00456386
Coed Darcy Estates Management Limited	07848407
Coed Darcy Limited	00577934
Festival Waters Limited	04354481
Glan Llyn Management Limited	07848409
Holaw (462) Limited	03666441
Killingholme Energy Limited	08320277
Killingholme Land Limited	08320297
Leisure Living Limited	02106984
Meaford Energy Limited	08575649
Meaford Land Limited	08575760
Norton & Proffitt Developments Limited	03717397
Redman Heenan Properties Limited	00073265
Shaw Park Developments Limited	04625000
St. Modwen (SAC1) Limited	08296927
St. Modwen Corporate Services Limited	06163437
St. Modwen Developments (Blackburn) Limited	05732825
St. Modwen Developments (Connah's Quay) Limited	05726352
St. Modwen Developments (Eccles) Limited	05867740
St. Modwen Developments (Edmonton) Limited	02405853
St. Modwen Developments (Hatfield) Limited	04354480
St. Modwen Developments (Hillington) Limited	04150262
St. Modwen Developments (Holderness) Limited	05726995
St. Modwen Developments (Hull) Limited	05593517
St. Modwen Developments (Kirkby 2) Limited	09746395
St. Modwen Developments (Longbridge) Limited	02885028
St. Modwen Developments (Skelmersdale) Limited	06163591
St. Modwen Developments (Swansea 1) Limited	11554302
St. Modwen Developments (Weston) Limited	05411348
St. Modwen Hungerford Limited	06160323
St. Modwen Residential Living Limited	09266033
St. Modwen Securities Limited	00460301
St Modwen Ventures Limited	01486151
Trentham Leisure Limited	03246990
Uttoxeter Estates Limited	02725709
Widnes Regeneration Limited	03643210

21. Related party transactions

All related party transactions involving directors, and those involving a change in the level of the Group's interest in non-wholly owned subsidiaries, joint ventures and associates are specifically reviewed and approved by the Board. Monitoring and management of transactions between the Group and its non-wholly owned subsidiaries, joint ventures and associates is delegated to the executive directors. All related party transactions are clearly justified and beneficial to the Group, are undertaken on an arm's-length basis on fully commercial terms and in the normal course of business.

Parent and ultimate controlling party

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

As disclosed in note 13, the Group had a balance with outstanding at 31 December 2021 of £153.5m (2020: £nil) and incurred interest payable during the period of £2.9m (2020: £nil) with its immediate parent Brighton Bidco Ltd.

Joint ventures and associates

The following table sets out the income and expenditure with joint ventures and associates during the period, together with the balances outstanding at the period end:

	13 months ended 31 Dec 2021				Year ended 30 Nov 2020			
	Management fee income/ (expense) £m	Interest income/ (expense) £m	Funding repaid/ (provided) £m	Balance receivable/ (payable) £m	Management fee income/ (expense) £m	Interest income/ (expense) £m	Funding repaid/ (provided) £m	Balance receivable/ (payable) £m
Barton Business Park Limited	–	–	–	(3.0)	–	–	–	(3.0)
Key Property Investments Limited	0.1	–	(0.7)	5.5	0.2	–	(5.0)	4.7
Meaford Energy Limited	N/A	N/A	N/A	N/A	–	–	–	2.0
Meaford Land Limited	N/A	N/A	N/A	N/A	–	–	–	0.1
Skypark Development Partnership LLP	–	0.5	(1.2)	9.1	–	0.4	–	7.4
VSM (NCGM) Limited	–	(0.7)	11.8	(28.9)	–	(0.4)	(1.2)	(16.4)
VSM Estates (Ashchurch) Limited	–	–	–	0.1	–	–	–	0.1
VSM Estates (Holdings) Limited	–	–	0.3	0.1	–	–	(0.2)	0.4
VSM Estates Uxbridge (Group) Limited	–	0.9	(2.1)	6.9	–	0.8	3.9	3.9
Wrexham Land Limited	–	–	–	0.2	–	–	–	0.2
Wrexham Power Limited	–	–	0.3	1.4	–	–	–	1.7
Total	**0.1**	**0.7**	**8.4**	**(8.6)**	0.2	0.8	(2.5)	1.1

Pension

The Group occupies offices owned by the St. Modwen Pension Scheme with an annual rental payable of £0.1m (2020: £0.1m). The balance due from the Group at year end was £0.3m (2020: £0.1m).

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. The following table sets out the income and expenditure during the period, together with the balances outstanding at the period end, with subsidiaries in which the Company has a less than 90% interest:

	13 months ended 31 Dec 2021		Year ended 30 Nov 2020	
	Interest income/ (expense) £m	Balance receivable/ (payable) £m	Interest income/ (expense) £m	Balance receivable/ (payable) £m
Castle Hill Dudley Limited	–	1.4	–	1.4
Norton & Proffitt Developments Limited	N/A	N/A	0.1	11.2
Stoke-on-Trent Regeneration (Investments) Limited	–	(0.8)	–	(0.7)
Stoke-on-Trent Regeneration Limited	(1.0)	28.5	(0.1)	7.7
Widnes Regeneration Limited	–	(1.3)	–	(1.3)
Total	**(1.0)**	**27.8**	–	18.3

All amounts due to the Group are unsecured, will be settled in cash and are stated before provisions for doubtful debts of £nil (2020: £nil). No guarantees have been given or received from related parties.

Transactions in which directors have an interest

During the period ended 31 December 2021, Rachel Kentleton, an executive director, paid £250 to a subsidiary of the Group, St. Modwen Homes Limited, as an early bird option fee in respect of an apartment.

Key management personnel

The directors are considered to be the Group's key management personnel and their remuneration is disclosed in note 2.

COMPANY BALANCE SHEET
as at 31 December 2021

	Notes	31 Dec 2021 £m	30 Nov 2020 £m
Non-current assets			
Plant and equipment and intangibles	A	**12.6**	13.4
Investments in subsidiaries and joint ventures	B	**864.2**	789.9
Trade and other receivables	C	**475.0**	475.0
Deferred tax	D	**3.3**	4.5
		1,355.1	1,282.8
Current assets			
Trade and other receivables	C	**499.5**	442.5
Tax receivables		**7.9**	9.2
Cash and cash equivalents		**44.8**	8.9
		552.2	460.6
Current liabilities			
Trade and other payables	E	**(284.5)**	(429.4)
Derivative financial instruments		**–**	(0.1)
Borrowings and lease liabilities	F	**(129.6)**	(1.2)
Provisions	G	**(0.7)**	(25.3)
		(414.8)	(456.0)
Non-current liabilities			
Trade and other payables	E	**(6.8)**	(7.1)
Derivative financial instruments		**–**	(4.7)
Borrowings and lease liabilities	F	**(30.5)**	(325.2)
		(37.3)	(337.0)
Net assets		**1,455.2**	950.4
Capital and reserves			
Called up share capital		**–**	22.3
Share premium account		**–**	102.8
Retained earnings		**527.1**	73.8
Fair value reserve		**881.9**	703.3
Share incentive reserve		**–**	2.7
Own shares		**–**	(0.7)
Other reserves		**46.2**	46.2
Total equity		**1,455.2**	950.4

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own income statement or statement of comprehensive income in these financial statements. The Company's profit for the period ended 31 December 2021 was £128.1m (2020: loss of £121.6m).

These financial statements were approved by the Board and authorised for issue on 16 March 2022.

Sarwjit Sambhi
Director

Rachel Kentleton
Director

Company Number: 00349201

COMPANY STATEMENT OF CHANGES IN EQUITY
for the period ended 31 December 2021

	Share capital £m	Share premium account £m	Retained earnings £m	Fair value reserve £m	Share incentive reserve £m	Own shares £m	Other reserves £m	Total equity £m
Equity at 1 December 2019	22.2	102.8	114.5	786.9	3.9	(0.8)	46.2	1,075.7
Loss for the year	–	–	(121.6)	–	–	–	–	(121.6)
Pension fund actuarial gains (note 18)	–	–	0.1	–	–	–	–	0.1
Total comprehensive expense for the year	–	–	(121.5)	–	–	–	–	(121.5)
Equity issue (note 17)	0.1	–	–	–	–	(0.1)	–	–
Deferred tax on share-based payments	–	–	–	–	(0.2)	–	–	(0.2)
Settlement of share-based payments	–	–	(0.4)	–	(1.0)	0.2	–	(1.2)
Transfer of unrealised losses to fair value reserve (note B)	–	–	83.6	(83.6)	–	–	–	–
Dividends paid (note 5)	–	–	(2.4)	–	–	–	–	(2.4)
Equity at 30 November 2020	**22.3**	**102.8**	**73.8**	**703.3**	**2.7**	**(0.7)**	**46.2**	**950.4**
Profit for the period	–	–	**128.1**	–	–	–	–	**128.1**
Pension fund actuarial gains (note 18)	–	–	**0.3**	–	–	–	–	**0.3**
Total comprehensive income for the period	–	–	**128.4**	–	–	–	–	**128.4**
Equity issue (note 17)	**0.2**	**377.5**	–	–	–	**(0.2)**	–	**377.5**
Transfer to distributable reserves (note 17)	**(22.5)**	**(480.3)**	**502.8**	–	–	–	–	–
Share-based payments expense	–	–	–	–	**6.5**	–	–	**6.5**
Settlement of share-based payments	–	–	**9.4**	–	**(9.2)**	**0.9**	–	**1.1**
Transfer of unrealised gains to fair value reserve (note B)	–	–	**(178.6)**	**178.6**	–	–	–	–
Dividends paid	–	–	**(8.7)**	–	–	–	–	**(8.7)**
Equity at 31 December 2021	–	–	**527.1**	**881.9**	–	–	**46.2**	**1,455.2**

Own shares represent the cost of nil (2020: 210,434) shares held by The St. Modwen Properties PLC Employee Share Trust. The open market value of the shares held at 31 December 2021 was £nil (2020: £1.0m).

The other reserves comprise a capital redemption reserve of £0.3m (2020: £0.3m) and the balance of net proceeds in excess of the nominal value of shares arising from a cash box equity placing in 2013 of £45.9m (2020: £45.9m).

Unrealised gains and losses arising from the share of profits and losses of investments in subsidiaries and joint ventures are recognised within profit or loss for the period and subsequently transferred to the fair value reserve.

The balance within retained earnings represents the distributable reserves of the Company. The subsidiaries of the Company have in excess of £500m of distributable reserves in aggregate that are potentially available for distribution to the Company to increase its distributable reserves.

COMPANY ACCOUNTING POLICIES
for the period ended 31 December 2021

Basis of preparation
The Company meets the definition of a qualifying entity under FRS 100 *Application of Financial Reporting Requirements*. Accordingly, the Company's financial statements have been prepared in accordance with FRS 101 *Reduced Disclosure Framework* as issued by the Financial Reporting Council, 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 Company's pension scheme.

The Company has taken advantaqe of the disclosure exemptions included within paraqraph 8 of FRS 101. The main impact of these disclosure exemptions is that these separate financial statements do not include a cash flow statement, financial instruments and related party disclosures and comparative information for plant and equipment and investment properties.

Certain disclosures required for the Company are included within the Group financial statements and are therefore not repeated within these separate financial statements. Specifically, the following information relevant to the Company is found in the respective notes to the Group financial statements:
- Auditor's remuneration (note 2b)
- Share-based payments (note 2d)
- Dividends (note 5)
- Share capital (note 17)
- Pensions (note 18)
- Financial guarantees (note 20)
- Related party transactions (note 21)

The Company's functional and presentational currency is pounds sterling and its principal accounting policies are as set out for the Group in the Group Accounting Policies, except for the additional policy below:

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS
for the period ended 31 December 2021

A. Plant and equipment and intangibles

	Plant and equipment £m	Right-of-use assets £m	Intangibles £m	Total £m
Cost				
At 1 December 2020	**11.6**	**7.7**	**8.8**	**28.1**
Additions	**0.8**	**2.7**	**1.8**	**5.3**
Disposals	**(2.8)**	**(0.9)**	**–**	**(3.7)**
At 31 December 2021	**9.6**	**9.5**	**10.6**	**29.7**
Depreciation				
At 1 December 2020	**6.4**	**2.6**	**5.7**	**14.7**
Charge for the year	**1.1**	**1.6**	**1.2**	**3.9**
Disposals	**(0.6)**	**(0.9)**	**–**	**(1.5)**
At 31 December 2021	**6.9**	**3.3**	**6.9**	**17.1**
Net book value				
At 1 December 2020	5.2	5.1	3.1	13.4
At 31 December 2021	**2.7**	**6.2**	**3.7**	**12.6**

B. Investments in subsidiaries and joint ventures

	Cost of investment			Carrying value of investment		
	Subsidiaries £m	Joint ventures £m	Total £m	Subsidiaries £m	Joint ventures £m	Total £m
At 1 December 2020	**102.8**	**28.3**	**131.1**	**734.6**	**55.3**	**789.9**
Share of net profit of investments	**–**	**–**	**–**	**169.4**	**9.2**	**178.6**
Dividends received	**–**	**–**	**–**	**(102.4)**	**(1.9)**	**(104.3)**
At 31 December 2021	**102.8**	**28.3**	**131.1**	**801.6**	**62.6**	**864.2**

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

The following is a list of all subsidiary undertakings, joint ventures and associates owned by the Company or Group at 31 December 2021. Unless otherwise stated, all are incorporated in England and Wales with registered office at Park Point, 17 High Street, Longbridge, Birmingham, B31 2UQ. The share capital of each of the companies, where applicable, comprises of ordinary shares.

Name	Company registration number	Proportion of entity owned directly by the Company	Proportion of entity owned by a subsidiary of the Company	Ultimate percentage holding	Activity
Wholly owned subsidiaries					
Baglan Bay Company Limited	06383208	0.0%	100.0%	100.0%	Property monitoring
Blackpole Trading Estate (1978) Limited	00581658	100.0%	0.0%	100.0%	Property investment
Boltro Properties Limited	02616865	0.0%	100.0%	100.0%	Ceased trading
Boughton Enterprises Limited	05068420	0.0%	100.0%	100.0%	Dormant
Boughton Holdings	04112012	0.0%	100.0%	100.0%	Dormant
Branston Properties Limited	02893827	0.0%	100.0%	100.0%	Property investment
Broomford Vange Limited	05697168	0.0%	100.0%	100.0%	Ceased trading
Chaucer Estates Limited	00456386	100.0%	0.0%	100.0%	Property investment/ development
Chertsey Road Property Limited	06899060	0.0%	100.0%	100.0%	Dormant
Coed Darcy Limited	00577934	0.0%	100.0%	100.0%	Property investment
Coed Darcy Estates Management Ltd	07848407	0.0%	100.0%	100.0%	Property management
Festival Waters Limited	04354481	100.0%	0.0%	100.0%	Property investment

Name	Company registration number	Proportion of entity owned directly by the Company	Proportion of entity owned by a subsidiary of the Company	Ultimate percentage holding	Activity
Glan Llyn Management Limited	07848409	100.0%	0.0%	100.0%	Property management
Great Yarmouth Regeneration Limited	05594264	100.0%	0.0%	100.0%	Dormant
Heenan Group Pensions Limited	00548316	100.0%	0.0%	100.0%	Dormant
Holaw (462) Limited	03666441	0.0%	100.0%	100.0%	Dormant
Killingholme Energy Limited	08320277	0.0%	100.0%	100.0%	Ceased trading
Killingholme Land Limited	08320297	0.0%	100.0%	100.0%	Ceased trading
Lawnmark Limited	04089229	0.0%	100.0%	100.0%	Dormant
Leisure Living Limited	02106984	100.0%	0.0%	100.0%	Ceased trading
Meaford Energy Limited	08575649	0.0%	100.0%	100.0%	Ceased trading
Meaford Land Limited	08575760	0.0%	100.0%	100.0%	Ceased trading
Newcastle Regeneration Partnership Limited	02741086	0.0%	100.0%	100.0%	Dormant
Norton & Proffitt Developments Limited	03717397	0.0%	100.0%	100.0%	Property investment
Petre Court Management (Number 1) Limited	06160268	100.0%	0.0%	100.0%	Dormant
Redman Heenan Properties Limited	00073265	100.0%	0.0%	100.0%	Property investment/ development
Sandpiper Quay (Management Company No.2) Limited	02485456	0.0%	100.0%	100.0%	Dormant
Shaw Park Developments Limited	04625000	0.0%	100.0%	100.0%	Ceased trading
St Modwen Developments (Meon Vale) Limited	05294589	0.0%	100.0%	100.0%	Dormant
St Modwen Securities Limited	00460301	100.0%	0.0%	100.0%	Ceased trading
St. Modwen (SAC1) Limited	08296927	100.0%	0.0%	100.0%	Ceased trading
St. Modwen (Shelf 1) Limited	02741186	0.0%	100.0%	100.0%	Dormant
St. Modwen Corporate Services Limited	06163437	100.0%	0.0%	100.0%	Corporate services
St. Modwen Development (Coed Darcy) Limited	06163563	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Bedford) Limited	05411282	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Belle Vale) Limited	04145782	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Blackburn) Limited	05732825	100.0%	0.0%	100.0%	Ceased trading
St. Modwen Developments (Bognor Regis) Limited	06160250	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Brighton West Pier) Limited	04069008	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Chorley) Limited	05727011	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Clay Cross) Limited[(1)]	123891	0.0%	100.0%	100.0%	Property investment
St. Modwen Developments (Colne) Limited	05726325	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Connah's Quay) Limited	05726352	100.0%	0.0%	100.0%	Ceased trading
St. Modwen Developments (Cranfield) Limited	06163509	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Daresbury) Limited	06163550	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Eccles) Limited	05867740	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Edmonton) Limited	02405853	0.0%	100.0%	100.0%	Ceased trading
St. Modwen Developments (Facility Services) Limited	08996358	0.0%	100.0%	100.0%	Dormant
St. Modwen Developments (Hatfield) Limited	04354480	100.0%	0.0%	100.0%	Ceased trading
St. Modwen Developments (Hillington) Limited	04150262	100.0%	0.0%	100.0%	Ceased trading
St. Modwen Developments (Holderness) Limited	05726995	100.0%	0.0%	100.0%	Ceased trading
St. Modwen Developments (Hull) Limited	05593517	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Kirkby 2) Limited	09746395	0.0%	100.0%	100.0%	Property development
St. Modwen Developments (Llanwern) Limited[(1)]	123892	0.0%	100.0%	100.0%	Property investment
St. Modwen Developments (Longbridge) Limited	02885028	0.0%	100.0%	100.0%	Property investment
St. Modwen Developments (Longbridge East Works) Limited[(1)]	123893	0.0%	100.0%	100.0%	Ceased trading
St. Modwen Developments (Queens Market) Limited	05289380	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Quinton) Limited	01479159	0.0%	100.0%	100.0%	Dormant
St. Modwen Developments (Silverstone) Limited	05594232	100.0%	0.0%	100.0%	Dormant

Name	Company registration number	Proportion of entity owned directly by the Company	Proportion of entity owned by a subsidiary of the Company	Ultimate percentage holding	Activity
St. Modwen Developments (Skelmersdale) Limited	06163591	100.0%	0.0%	100.0%	Property development
St. Modwen Developments (St Helens) Limited	05726666	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Swansea 1) Limited	11554302	100.0%	0.0%	100.0%	Ceased trading
St. Modwen Developments (Telford) Limited	05411357	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Weston) Limited	05411348	100.0%	0.0%	100.0%	Ceased trading
St. Modwen Developments (Wythenshawe 2) Limited	05851760	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Wythenshawe) Limited	05594279	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments Limited	00892832	100.0%	0.0%	100.0%	Property investment/ development
St. Modwen Holdings Limited	01991339	100.0%	0.0%	100.0%	Dormant
St. Modwen Homes Limited	09095920	100.0%	0.0%	100.0%	Property development
St. Modwen Hungerford Limited	06160323	0.0%	100.0%	100.0%	Ceased trading
St. Modwen Investments Limited	00528657	100.0%	0.0%	100.0%	Dormant
St. Modwen Neath Canal Limited	06160309	0.0%	100.0%	100.0%	Dormant
St. Modwen Pensions Limited	00878604	100.0%	0.0%	100.0%	Dormant
St. Modwen Properties Securities (Jersey) Limited[1]	114977	100.0%	0.0%	100.0%	Ceased trading
St. Modwen Residential Living Limited	09266033	100.0%	0.0%	100.0%	Ceased trading
St. Modwen Services Limited	02885024	100.0%	0.0%	100.0%	Dormant
St. Modwen Ventures Limited	01486151	100.0%	0.0%	100.0%	Property investment/ development
Statedale Limited	03656832	0.0%	100.0%	100.0%	Dormant
Trentham Gardens Limited	00533242	0.0%	100.0%	100.0%	Dormant
Trentham Leisure Ltd	03246990	100.0%	0.0%	100.0%	Property investment/ operation
Tukdev 11 Limited	02885000	0.0%	100.0%	100.0%	Dormant
Uttoxeter Estates Limited	02725709	100.0%	0.0%	100.0%	Ceased trading
Walton Securities Limited	02314059	100.0%	0.0%	100.0%	Dormant
Woking Developments Limited	05411325	100.0%	0.0%	100.0%	Dormant
Woodingdean Estate Management Company Limited	09293061	0.0%	100.0%	100.0%	Dormant
Non-wholly owned subsidiaries					
Castle Hill Dudley Limited	05411315	81.0%	0.0%	81.0%	Ceased trading
Stoke on Trent Regeneration (Investments) Limited	04289476	0.0%	100.0%	81.0%	Ceased trading
Stoke-on-Trent Regeneration Limited	02265579	81.0%	0.0%	81.0%	Property investment/ development
Widnes Regeneration Limited	03643210	81.0%	0.0%	81.0%	Ceased trading
The Company of Proprietors of the Neath Canal Navigation Limited	11533400	0.0%	64.4%	64.4%	Property operation
Littlecombe Community Interest Company	05896419	0.0%	51.0%	51.0%	Property management
Joint ventures					
Barton Business Park Limited	03807742	0.0%	50.0%	50.0%	Ceased trading
Bay Campus Developments LLP[2]	OC389022	0.0%	50.0%	50.0%	Dormant
Key Property Investments Limited	03372175	50.0%	0.0%	50.0%	Property investment/ development
Skypark Development Partnership LLP	OC343583	0.0%	50.0%	50.0%	Property development
Spray Street Quarter LLP[3]	OC404205	0.0%	50.0%	50.0%	Property development
VSM (NCGM) Limited	08333203	50.0%	0.0%	50.0%	Property investment/ development

Name	Company registration number	Proportion of entity owned directly by the Company	Proportion of entity owned by a subsidiary of the Company	Ultimate percentage holding	Activity
VSM Estates (Ashchurch) Limited	09494284	50.0%	0.0%	50.0%	Property development
VSM Estates (Holdings) Limited	05867718	50.0%	0.0%	50.0%	Property development
VSM Estates Uxbridge (Group) Limited	08083799	50.0%	0.0%	50.0%	Property investment/ development
Wrexham Land Limited	06748467	0.0%	50.0%	50.0%	Property development
Wrexham Power Limited	06762265	0.0%	50.0%	50.0%	Property development
Associates					
Saxon Business Centre (Management) Limited	02470756	0.0%	40.0%	40.0%	Dormant
Swan Business Park (Management) Limited	02424524	25.0%	0.0%	25.0%	Dormant

(1) The registered office of this company is 47 Esplanade, St Helier, Jersey, JE1 0BD.

(2) The registered office of this limited liability partnership is Finance Department, Swansea University, Singleton Park, Swansea, Wales, SA2 8PP, United Kingdom.

(3) The registered office of this limited liability partnership is Bruce Kenrick House, 2 Killick Street, London, England, N1 9FL, United Kingdom.

C. Trade and other receivables

	31 Dec 2021 £m	30 Nov 2020 £m
Non-current		
Amounts due from subsidiaries	**475.0**	475.0
Non-current receivables	**475.0**	475.0
Current		
Trade receivables	**0.8**	1.7
Prepayments and accrued income	**2.4**	7.5
Amounts due from subsidiaries	**463.8**	411.8
Amounts due from joint ventures	**17.8**	19.6
Other receivables	**14.7**	1.9
Current receivables	**499.5**	442.5

D. Deferred taxation

	13 months ended 31 Dec 2021 £m	Year ended 30 Nov 2020 £m
At start of period	**4.5**	5.7
Charged to the Company income statement	**(1.2)**	(1.0)
Recognised within the Company statement of changes in equity	**–**	(0.2)
At end of period	**3.3**	4.5

The deferred tax balance consists of net deductible temporary differences of £3.5m (2020: £3.6m) and unutilised tax losses of £0.4m (2020: £1.3m), partially offset by capital allowances in excess of depreciation of £0.6m (2020: £0.4m).

E. Trade and other payables

	31 Dec 2021 £m	30 Nov 2020 £m
Current		
Trade payables	0.2	2.1
Accruals and deferred income	12.6	5.9
Amounts due to subsidiaries	237.3	395.2
Amounts due to joint ventures	27.3	19.6
Other payables	7.1	6.6
Current payables	284.5	429.4
Non-current		
Accruals and deferred income	0.3	0.6
Amounts due to joint ventures	6.5	6.5
Non-current payables	6.8	7.1

F. Borrowings

	31 Dec 2021 £m	30 Nov 2020 £m
Current		
Borrowings from parent company	127.9	–
Lease liabilities	1.7	1.2
Current borrowings and lease liabilities	129.6	1.2
Non-current		
Borrowings from external lenders repayable between three and four years	–	38.8
Borrowings from external lenders repayable between four and five years	–	282.2
Borrowings from parent company repayable after more than five years	25.6	–
Lease liabilities	4.9	4.2
Non-current borrowings and lease liabilities	30.5	325.2

G. Provisions

	Legal claims £m
At 1 December 2020	25.3
Created	1.9
Utilised	(2.0)
Released	(24.5)
At 31 December 2021	0.7

A provision is held at 31 December 2021 in relation to a claim against the Company for a building that the Group developed and subsequently sold a number of years ago and in which various problems are said to have arisen. Subsequent to the period end, this claim was settled in full. *Further detail is provided in note 14 to the Group financial statements.*

H. Leases

The Company as lessee

The Company leases certain of its premises, motor vehicles and office equipment. A breakdown of the right-of-use assets disclosed in note A by class of asset is presented below:

	Office premises £m	Motor vehicles £m	Office equipment £m	Total £m
Carrying value at 1 December 2020	3.6	0.8	0.7	5.1
Additions	1.8	0.9	–	2.7
Depreciation	(0.5)	(0.8)	(0.3)	(1.6)
Carrying value at 31 December 2021	4.9	0.9	0.4	6.2