

HARWORTH GROUP PLC



2015 Half Year Results



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Business On Track

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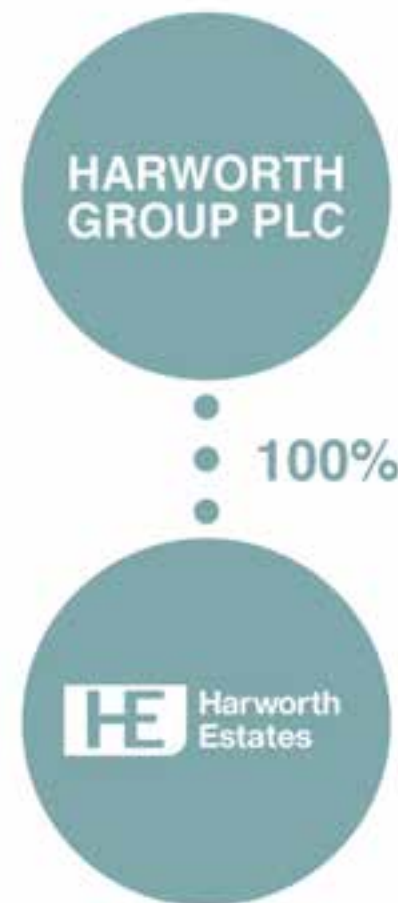
- Progress with planning consents
- Valuation gains of £8.2 million from several sources, plus profit on sales of £5.5 million
- Good sales momentum achieved in the first half year
- Starting to replenish the portfolio
- Improved operating profit
- Trading in line with management expectations



Successful Completion of March 2015 Transaction

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- Re-acquisition of 75.1% of shares in Harworth Estates Property Group Limited (Harworth Estates) by Coalfield Resources plc (the 'Transaction') completed 24 March 2015
- Coalfield Resources plc renamed Harworth Group plc
- Harworth Group now fully controls Harworth Estates
- Harworth Group has welcomed a range of significant new shareholders to complement existing supportive shareholders
- Simplified corporate structure enables clearer visibility of the value of Harworth Estates



Financial Highlights

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- Operating Profit £6.8 million and Profit before Tax of £51.3 million
- Exceptional gain arising on the purchase of the 75.1% of share in Harworth Estates of £44.2 million
- Net Asset Value (NAV) at 30 June 2015 of £274.5 million. £282.9 million excluding the provision for deferred tax
- NAV per share of 9.4 pence
- Increase in underlying Harworth Estates NAV from £248.6 million at 31 December 2014 to £260.0 million at 30 June 2015



Strong Underlying Performance

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Harworth Estates: Six months ended 30 June 2015

	2015 £000	2014 £000
Profit from operations	1,068	768
Profit from disposals	5,525	3,149
Revaluation gains	8,186	10,428
Operating Profit	14,779	14,347

Profit from operations included revenues of £7,737k from rental, royalty and operations, cost of sales of £3,392k and overheads of £3,333k.

The results of the *Harworth Group* includes the effects of the Transaction, including the exceptional gain and inclusion of Harworth Estates as an associate, pre Transaction. Underlying financial performance is better summarised using the full six months' results of *Harworth Estates*, which are shown on this slide. A reconciliation of the Harworth Estates to the Harworth Group income statements is included below 'Reconciliation of Income Statement'.



Reconciliation of Income Statement

**HARWORTH
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Six months to 30 June 2015	Harworth Estates £000	Harworth Estates Pre Acquis'n £000	Fair Value Adj'ments £000	Fees £000	Harworth Group plc £000
Profit from Operations	1,068	(305)	(297)	⁽³⁾(2,394)	(1,928)
Profit on Disposal	5,525	(117)	-	-	5,408
Revaluation Gains	8,186	⁽¹⁾ (4,830)	-	-	3,356
Operating Profit	14,779	(5,252)	(297)	(2,394)	6,836
Share of Profit of Associate	-	856	-	-	856
Gain on Bargain Purchase	-	-	⁽²⁾ 44,244	-	44,244
Net Interest	(1,824)	1,232	(12)	-	(604)
Profit Before tax	12,955	(3,164)	43,935	(2,394)	51,332
Tax Charge					(571)
Profit After Tax					50,761

1. Element of valuation gains that arose before acquisition
2. Fair value of net assets £252.0 million, less total consideration of £207.8 million (consideration transferred of £150 million plus fair value of associate of £57.8 million)
3. Fees of £2,394k related to the acquisition of Harworth Estates



Harworth Estates NAV Underlying Growth

**HARWORTH
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	£000
<u>Harworth Estates</u>	
31 December 2014	248,554
Profit from operations	1,068
Profit from disposals	5,525
Revaluation gains	8,186
Interest	(1,824)
Tax	(1,537)
30 June 2015	259,972
Other Group Assets	
Cash	14,268
Other net assets	211
<u>Harworth Group plc</u>	274,451



Group Balance Sheet as at 30 June 2015

**HARWORTH
GROUP PLC**

	£000	
Investment Properties	306,993	<ul style="list-style-type: none"> • Group NAV per share 9.4 pence • Group NAV of £274.5 million
Other Non-Current Assets	1,883	
	308,876	<ul style="list-style-type: none"> • Investment properties revalued by management to £307.0 million at 30 June 2015
Cash and Cash Equivalents	30,065	
Other Current Assets	25,870	<ul style="list-style-type: none"> • Group NAV of £282.9 million
	55,935	
Borrowings	(60,032)	<ul style="list-style-type: none"> • Gross Loan to Value 19.6%
Other Liabilities	(21,886)	
Deferred Tax	(8,442)	<ul style="list-style-type: none"> • Gross Loan to Net Assets 21.9%
	(90,360)	
Net Assets	274,451	<ul style="list-style-type: none"> • Underlying NAV of Harworth Estates £260.0 million (31 Dec 2014: £248.6 million)



Group Net Debt

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GROUP PLC

	30 June 2015 £000
Drawn bank borrowings	(48,850)
Infrastructure loans	(11,182)
Gross interest bearing debt	(60,032)
Cash and cash equivalents	30,065
Net debt	(29,967)

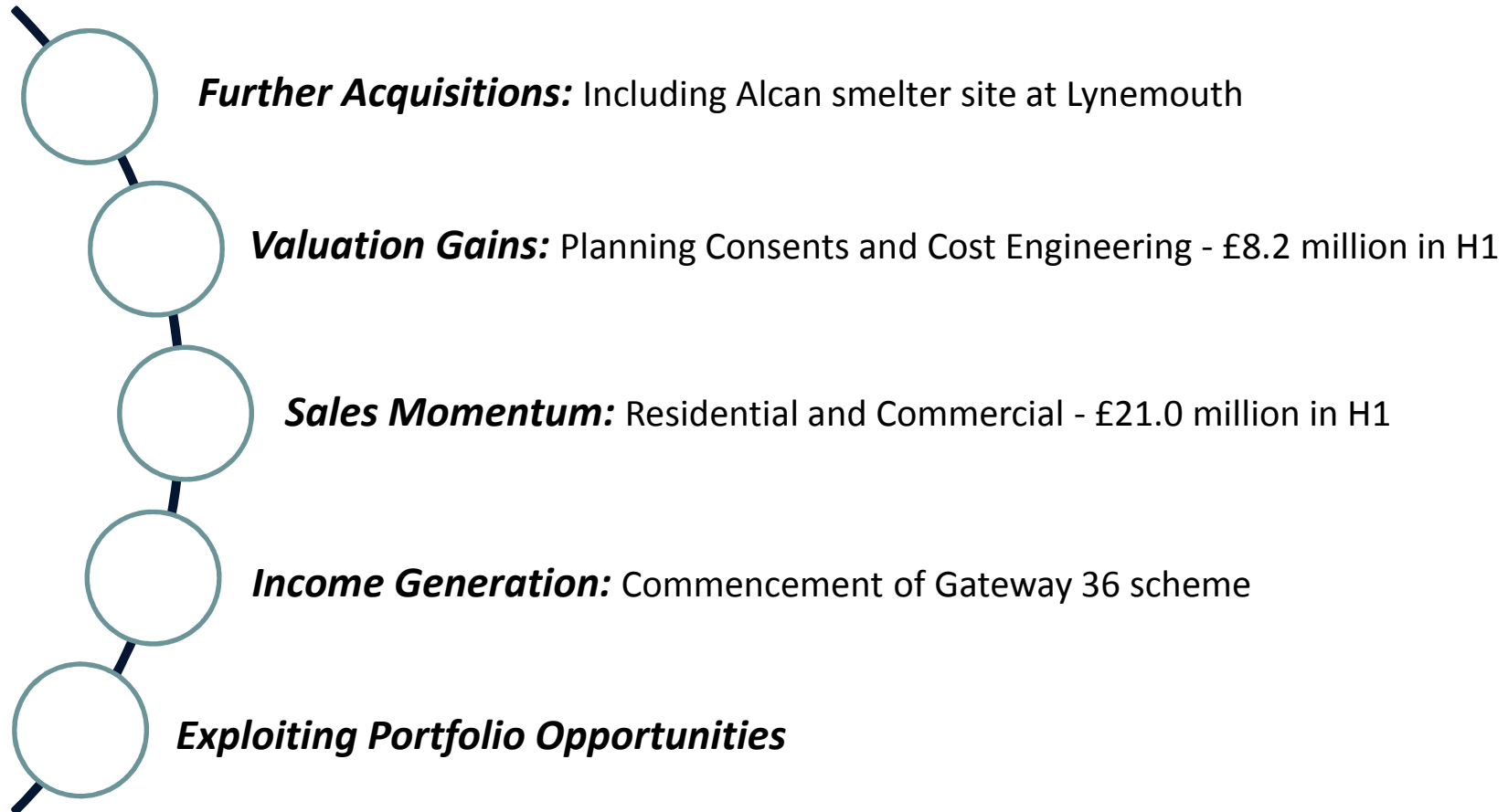


- Bank facilities are in the form of a five year, non-amortising £65 million revolving credit facility from the Royal Bank of Scotland, which was signed on 13 February 2015. The margin is 200bp over LIBOR
- There were four Infrastructure loans at 30 June 2015 provided by public authorities, all-in rates in the range 2.5% to 4.0%
- Harworth Estates operating cashflows in the period included disposals of £21.0 million and spend on development and acquisitions of £20.1 million



Operating Progress in the First Half Year

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Acquisition of Alcan smelter site in April 2015

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- Strategic acquisition to provide development opportunities including income generation – suited to core regeneration skills
- Located in Lynemouth, Northumberland, bordering existing Harworth land, at the former Lynemouth colliery
- Salvage operation to recover aluminium and structural steel underway



Masterplan for the site includes:

- Employment use, supported by Northumberland County Council
- Growth of existing rental stream
- Integration with consented residential masterplan at Lynemouth and Ellington colliery sites



Valuation Gains

Six months ended 30 June 2015

£000

Business Parks

Up-lifts at Asfordby and Gascoigne driven by new and renewed rentals

1,900

Major Developments

Progress with planning consents and cost engineering at all major sites

2,300

Strategic Land

Planning consent at Gedling

3,600

Other

386

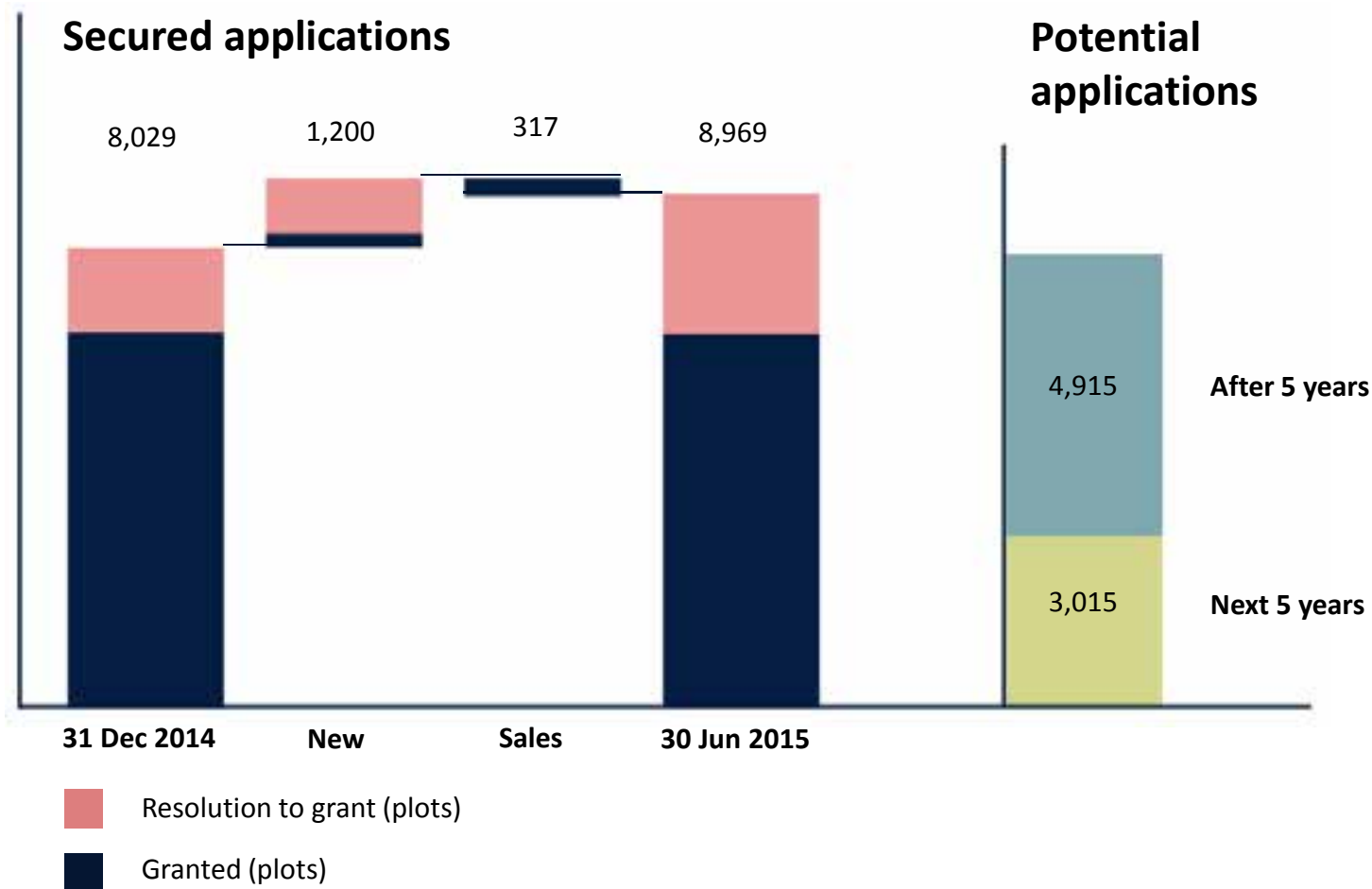
Total

8,186



Progress with Residential Planning Consents

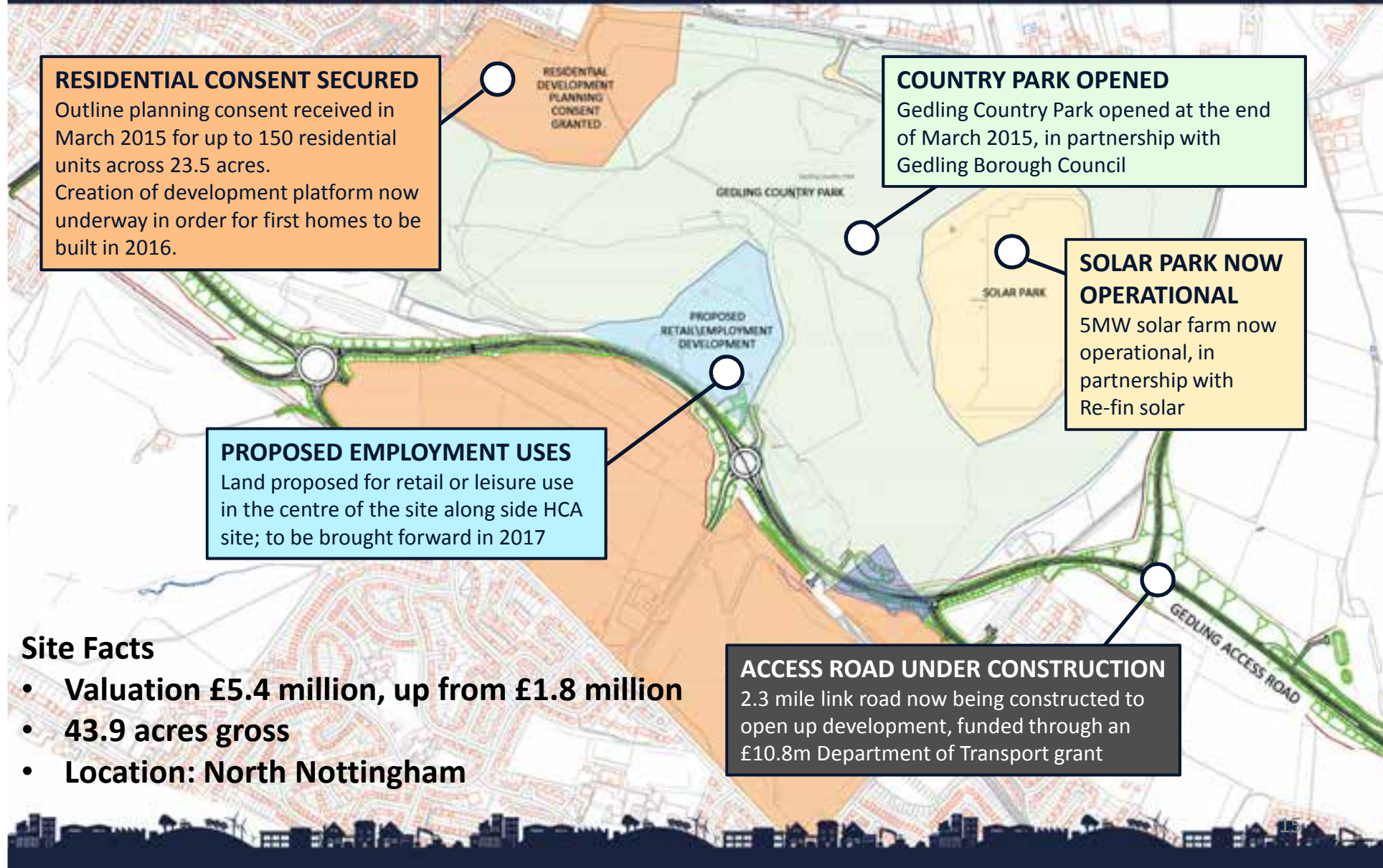
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Planning applications shown in appendix



Major Developments: Gedling (former deep mine)



RESIDENTIAL CONSENT SECURED
Outline planning consent received in March 2015 for up to 150 residential units across 23.5 acres. Creation of development platform now underway in order for first homes to be built in 2016.

COUNTRY PARK OPENED
Gedling Country Park opened at the end of March 2015, in partnership with Gedling Borough Council

SOLAR PARK NOW OPERATIONAL
5MW solar farm now operational, in partnership with Re-fin solar

PROPOSED EMPLOYMENT USES
Land proposed for retail or leisure use in the centre of the site along side HCA site; to be brought forward in 2017

ACCESS ROAD UNDER CONSTRUCTION
2.3 mile link road now being constructed to open up development, funded through an £10.8m Department of Transport grant

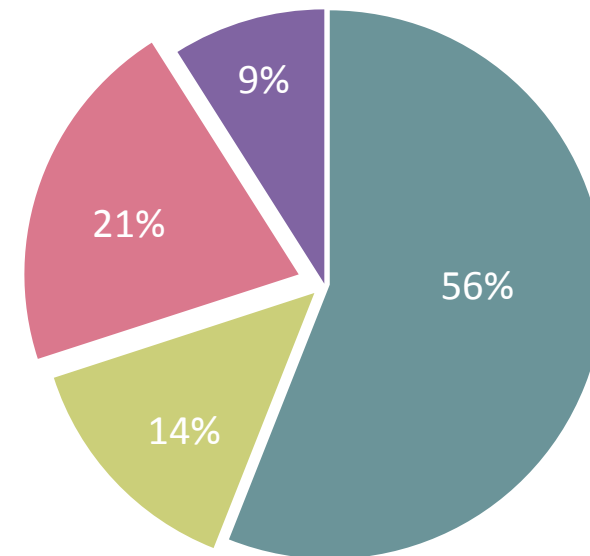
Site Facts

- Valuation **£5.4 million, up from £1.8 million**
- **43.9 acres gross**
- Location: **North Nottingham**

Disposals in First Half 2015

- Total disposal proceeds £21.0 million, generating profit on disposal of £5.5 million
- Residential land sales on five sites to national and regional house-builders, realising average £37.1k per plot
- All major transactions achieved with a gain to net book value
- Commercial disposals included £4.4 million surrender of Chevington wind farm option. Harworth retain rental income for site
- Sales momentum set to continue into second half of 2015

Proceeds



■ Residential ■ Commercial
■ Wind Farm ■ Other



Exploiting Portfolio Opportunities

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- £0.9 million of new rental agreements, including existing Business Parks and Gateway 36
- Continuing to generate salvage and recycling income to help cover operating costs
- Low Carbon Energy



Income Generation: Gateway 36 (South Yorkshire)

PROPOSED DEVELOPMENT ON PHASE 1B

- Further 111,000 sq. ft. of commercial development consented on Rockingham 1
- Conditional sale of pub/restaurant plot agreed with Greene King
- Interest sought on proposed 75,000 sq. ft. for manufacturing/distribution uses, along with hotel/car showroom plots
- Infrastructure work continuing in 2015 and 2016 to open up all development plots

ROCKINGHAM PHASES 2 AND 3

- Success of Rockingham 1 provides a platform for Harworth Estates to bring forward phases 2 and 3 of Rockingham – a development that will provide 1.1m sq. ft. of new employment space

CURRENT DEVELOPMENT ON PHASE 1A

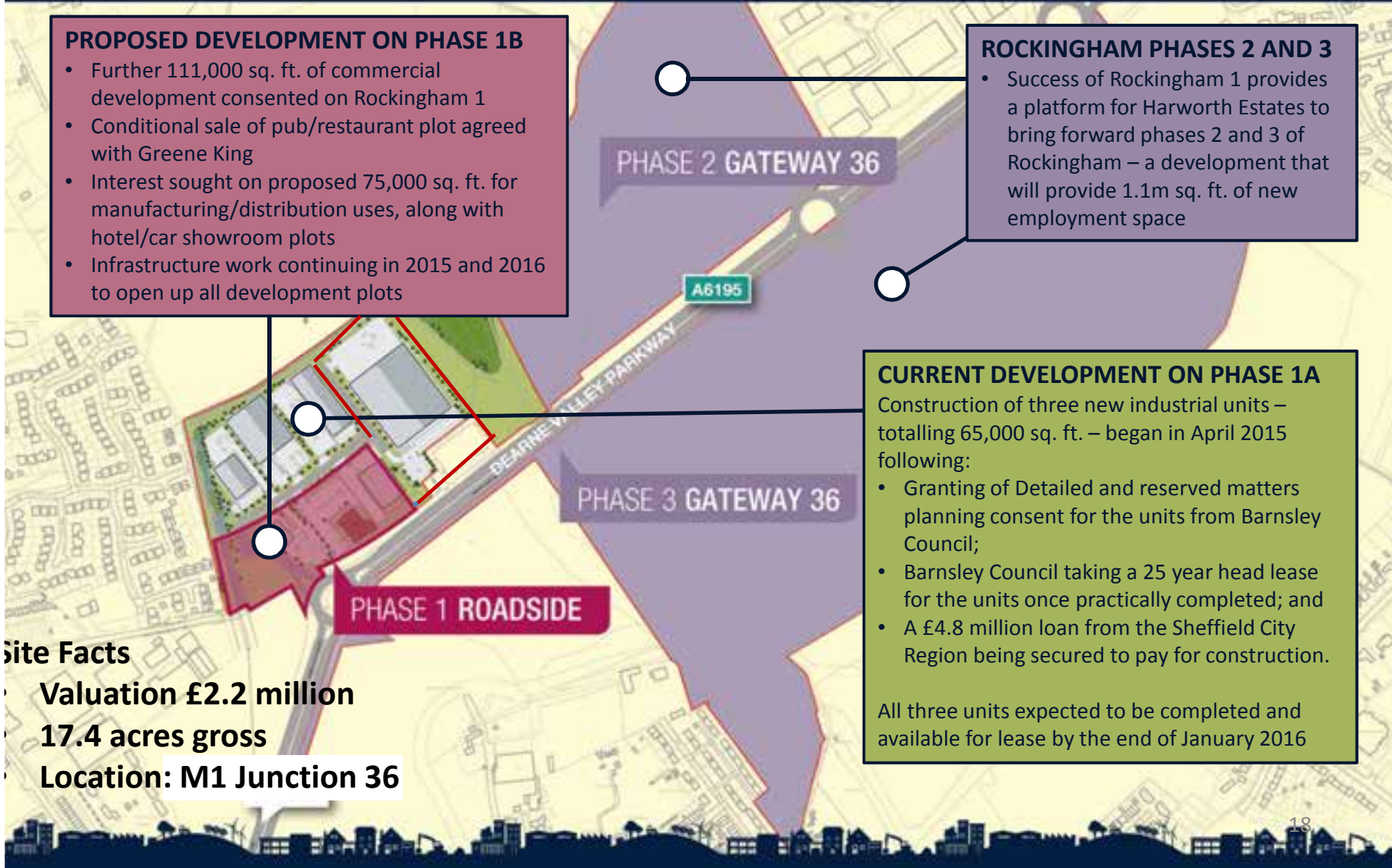
Construction of three new industrial units – totalling 65,000 sq. ft. – began in April 2015 following:

- Granting of Detailed and reserved matters planning consent for the units from Barnsley Council;
- Barnsley Council taking a 25 year head lease for the units once practically completed; and
- A £4.8 million loan from the Sheffield City Region being secured to pay for construction.

All three units expected to be completed and available for lease by the end of January 2016

Site Facts

- Valuation £2.2 million
- 17.4 acres gross
- Location: M1 Junction 36



Low Carbon Energy & STOR⁽²⁾

- Rental and royalty income from third party energy companies
- Annualised income approaching £1 million, expected to remain a growth area

SOURCE	Solar	Wind	Coal Mine Methane	Energy from Waste ⁽¹⁾	STOR ⁽²⁾
Operating	27MW	9MW	35MW	-	38MW
In Build	16MW	19MW	-	-	-
Consented	16MW	-	-	50MW	67MW
In Planning	19MW	1MW	-	20MW	18MW
Feasibility	32MW	20MW	-	-	58MW



1. Energy from Waste includes Mass Burn and Anaerobic Digestion
2. STOR = Short Term Operational Reserve



- Harworth Group has entered second half of 2015 in a strong position
- Trading conditions stable, with continuing demand from house-builders and commercial occupiers
- Continued focus on building recurring income from Business Parks and Natural Resources
- Selected acquisitions are under consideration and will be considered where we can see a clear value adding opportunity





Planning Applications Pipeline: an update

**HARWORTH
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Live Planning Applications

Sites	Plots	Sq. ft
Warmsworth Gate	375	-
Flass Lane	550	47,000
Cowie (TW)	380	-
Daw Mill	-	265,000
Welbeck	-	140,500
Total	1,305	452,500

Prospective Planning Applications (>5 years)

Sites	Plots	Sq. ft
4 sites	-	4.7m
5 sites	4,915	-

Prospective Planning Applications (<5 years)

Sites	Plots	Sq. ft
Bilsthorpe	100	-
Gawber (Athersley)	120	-
Monkhill Triangle	300	-
Thoresby	400	-
Westthorpe Phase 2	250	-
Partnership sites	745	-
Harworth Phase 3	500	-
Rossington Phase 2	200	-
Market Warsop	300	-
Sinfin	100	-
Kellingley	-	1.3m
Rockingham 2 & 3	-	1.1m
Total	3,015	2.4m

Prospective Low-Carbon Energy & STOR applications

Sites	Sites	MW
Solar	10	51
Wind	3	21
Energy from Waste	1	20
STOR	4	76
Total	18	168

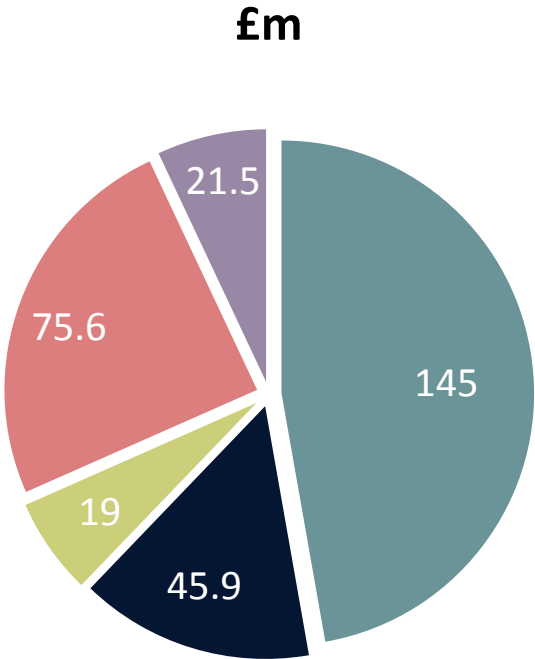
Strategic Landbank of
c. 27,000 acres

3015 plots in prospective planning
applications (<5 years)

2.4m Sq ft of prospective planning
applications (<5 years)

18 schemes to generate 168MW from
future low-carbon energy applications

Summary of Investment Properties



- Major Developments
- Natural Resources
- Agricultural Land
- Strategic Land
- Business Parks



Group Cashflow for the Six Months to 30 June 2015

**HARWORTH
GROUP PLC**

	£000	
Profit after Tax	50,761	
Gain on Bargain Purchase	(44,244)	Main acquisition elements Fair value of net assets £252.0 million, less total consideration of £207.8 million (consideration transferred of £150 million plus fair value of associate of £57.8 million)
Profit on Disposal	(5,408)	
Revaluation Gains	(3,356)	
Movements in Working Capital	3,354	
Other	(309)	
Cash Generated from Operations	798	
Acquisition of Subsidiary (Net of Cash)	(87,823)	Cash consideration of £97.0 million less cash acquired on acquisition
Proceeds from Disposals	14,257	
Expenditure on Investment Properties	(10,349)	
Net Proceeds from Issue of Shares	112,075	Cash raised through share issue less costs
Other Net Cashflows	(1,122)	
Increase in Cash	27,836	
Opening Cash	2,329	
Closing Cash	30,165	



Segmental Reporting for the first Half Year

**HARWORTH
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	Capital Growth £000	Income Generation £000	Unallocated £000	2015 Total £000	2014 Total £000
Six Months to 30 June					
Profit from operations	(911)	4,005	(2,026)	1,068	768
Profit from disposals	2,102	3,423	-	5,525	3,149
Revaluation gains	5,900	2,286	-	8,186	10,426
EBIT	7,091	9,714	(2,026)	14,779	14,347

Underlying financial performance is summarised using the full six months' results of Harworth Estates, which are shown above. A reconciliation of the Harworth Estates to the Harworth Group income statements is included later 'Reconciliation of Income Statement'.



