

HARWORTH REMAINS WELL-POSITIONED FOR LONG-TERM GROWTH

GOOD OPERATIONAL PERFORMANCE DESPITE HEADWINDS

- Total return of 7.8% achieved from continued focus on beds and sheds sectors
- Strong focus on acquisitions, resulting in a c.30% increase in strategic land pipeline
- Good progress in submitting planning applications BUT with delays in their determination acting as a headwind
- Regional team structure now fully operational and further North East sales made as part of portfolio refinement

PURPOSE AND STRATEGY IS CLEAR

- Refinement of purpose: emphasises our technical skills and vision as master developer
- Regional model implemented to drive returns and new acquisition opportunities
- Continued delivery of solid financial returns alongside societal benefits including new jobs and homes
- Intention to acquire more income assets with opportunity for asset management

SOUND MARKETS - BUT POLITICAL CHALLENGES REMAIN

- Solid fundamentals in place across our core regions
- National Government support is welcomed, particularly policy continuation on Help to Buy and recent announcements made within the Chancellor's budget that will increase regional investment
- Some commercial investment pause over Brexit
- Continued local political headwinds that have affected a small number of planning applications

NEAR TERM LOWER RETURNS BUT WELL-POSITIONED FOR LONG-TERM GROWTH

- Significant latent value from future portfolio: land bank growth in 2019 has resulted in our largest ever total pipeline of 29,596 residential plots and 24.4m sq. ft of commercial space across the North of England and the Midlands
- Near term returns will be lower as a result of the development profile on more mature sites and ongoing rationalisation of the historic portfolio whilst new sites come forward
- Business remains well-capitalised with a strong balance sheet and a net loan to portfolio value of 12.1%, at lower end of target range
- Strong technical track record has set the company up well to bid successfully on further big, dirty or complex sites and on income-producing property with clear asset management opportunities