Harworth

14 September 2021

Harworth Group plc

Unaudited results for the six months to 30 June 2021

Strong operational performance and market tailwinds deliver significant returns

Harworth Group plc ("Harworth" or the "Group"), a leading regenerator of land and property for sustainable development and investment, announces its interim results for the six months to 30 June 2021.

Key Non-Statutory Measures[1]	H1 2021	H1 2020	FY 2020	Key Statutory Measures	H1 2021	H1 2020	FY 2020
Total return (%)	**15.4**	(4.5)	3.0	Operating profit (£m)	**76.5**	(3.7)	27.8
EPRA NDV per share (p)[2]	**183.2**	148.6	160.0	Net asset value (£m)	**541.0**	458.1	488.7
Value gains (£m)	**107.5**	(23.2)	22.3	Total dividend per share (p)[3]	**0.367**	0.334	1.800
Net loan to portfolio value (%)	**13.4**	12.4	11.5	Net debt (£m)	**100.2**	69.2	71.2

Lynda Shillaw, Chief Executive of Harworth, commented: "Harworth delivered a strong first half performance, advancing planning, development activity, sales and lettings across our portfolio. We continue to see depth of market demand from occupiers and investors for both built stock and, increasingly, strategic land within our industrial and logistics portfolio, as well as for our residential serviced land product. This has resulted in significant growth in EPRA NDV and total returns during the period.

I have now concluded the review of the business that I commenced shortly after joining. The strategy that we are outlining today builds on our achievements over the last few years and drives growth in the business, maximising returns to investors and setting out a clear road map for our stakeholders. This plan represents evolution, not revolution, but with material shifts in the pace and scale of what we do, and will enable us to scale up the creation and delivery of sustainable places where people want to live and work."

Strategy to double the size of the business over 5 – 7 years

- A step change in the quantum of direct development for our industrial & logistics pipeline
- Increasing the breadth of residential land products available at our sites
- Growing our strategic land portfolio and land promotion activities
- Repositioning our Investment Portfolio to modern Grade A

Strong first half returns, driven by active management and structural growth in our markets

- Total return increased to 15.4% for the first six months of 2021, driven by valuation gains
- NDV per share increased by 14.5% to 183.2p as at June 2021 from 160.0p at December 2020
- Interim dividend increased by 10% to 0.367p, in-line with our dividend policy

Planning approvals demonstrate master planning expertise and drive growth in consented landbank

- 1.1m sq. ft of industrial & logistics space approved in Wingates, Bolton, adjacent to Junction 6 of M61
- Further approvals for up to 500 new homes across smaller sites; plots currently being marketed

Progress on placemaking, direct development and sales across our Major Development sites

- Development of 332,000 sq. ft of industrial & logistics space underway at Bardon Hill, Leicestershire
- Practical completion of 50,800 sq. ft unit at Logistics North, now let to a manufacturing occupier
- Plans submitted for Olive Lane, a new heart of the community at Waverley, Rotherham
- Completed, exchanged or agreed terms on 98% of budgeted full year sales, ahead of or in-line with December 2020 valuations

Active management of Investment Portfolio delivers robust operational metrics and valuation growth

- Letting of a 149,300 sq. ft unit as part of Phase 2 of Multiply Joint Venture; further letting of a plot representing Phase 3 after period end, triggering one-off promote fees
- Rent collection of 97% for first half; vacancy remains low at 3.0% (FY 2020: 4.5%)

Business remains well-capitalised with significant financing flexibility

- Available liquidity of £36.2m (FY 2020: £62.7m) and net debt of £100.2m (FY 2020: £71.2m)
- Net loan to portfolio value of 13.4% (FY 2020: 11.5%); on track to be well within revised target of below 20% by year end

Embedding ESG into everything we do through the Harworth Way and new ESG Board Committee

- High environmental building standards, new community amenities and biodiversity gains across sites
- MSCI ESG Rating of A, reflecting our management of environmental impact

Notes:

(1) Harworth discloses both statutory and alternative performance measures ('APMs'). A full description and reconciliation to the APMs is set out in Note 2 of the financial statements

(2) European Public Real Estate Association Net Disposal Value per share

(3) Total dividend per share in 2020 comprised a payment of 0.768p for 2020 supplemented by an additional payment of 0.698p representing the previously cancelled 2019 final dividend

For further information

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Results presentation

Harworth will be hosting a presentation for analysts and investors at 9.30am today. A live webcast of the presentation can be accessed via the following link:
https://webcasting.brrmedia.co.uk/broadcast/611b9b52c97de6636c2d968e

About Harworth

Listed on the Premium Segment of the Main Market, Harworth Group plc (LSE: HWG) is a leading sustainable regenerator of land and property for development and investment which owns, develops and manages a portfolio of over 15,000 acres of land on around 100 sites located throughout the North of England and Midlands. The Group specialises in the regeneration of large, complex sites, in particular former industrial sites, into new residential and industrial & logistics developments.

Visit www.harworthgroup.com for further information. LEI: 213800R8JSSGK2KPFG21

Chief Executive's Review

I joined Harworth as CEO at the beginning of November 2020, arriving in the business as the country went into a second COVID-19 lockdown. Responding and adapting to the challenges presented by COVID-19, to protect our people and ensure that the business runs smoothly, have continued to be significant factors in the first half of 2021. COVID-19 has brought the workplace into people's homes for the last 18 months and we want to keep the best bits of the experience for our business and our people. As a result, we have adapted our working practices - some, such as flexible working, permanently - to ensure that our people can both work effectively and have an acceptable work-life balance. Our people are our business, and we are focused on creating an operating environment where we can develop and retain our talent and attract great people, as this is crucial to the next exciting phase of our growth.

The first half of 2021

It has been a very strong first half for Harworth. Our EPRA NDV grew significantly over the six months to 30 June 2021, driven by a strong operational performance and the buoyant land market, particularly in the industrial and logistics sectors. We secured planning consent for 1.1m sq. ft of industrial & logistics space at our site at Wingates, Bolton, adjacent to Junction 6 of the M61, and we began preparations for the construction of 332,000 sq. ft of logistics and manufacturing space at our development at Bardon Hill, Leicestershire, less than two miles from Junction 22 of the M1.

The latest MSCI/IPD data from June 2021 suggests that capital values for industrial properties in our key focus markets (Midlands and North) have increased by between 15% and 20% over the last 12 months (10% to 13% over the last six months alone) on the back of record levels of occupier take-up and continued constrained supply.

The residential market is witnessing a considerable strengthening in the new homes market (echoed by consistent positive statements from housebuilders, agents and data providers), with average house prices up between 5% and 6% to date in 2021 in Yorkshire, the North East, and the North West. Reflecting this, we are seeing healthy levels of demand for our pipeline of sales of serviced land for residential development, which typically conclude in the second half of the year once we have completed our earthworks programmes.

This strong demand for our products and our active approach to asset management have delivered like-for-like valuation growth across our portfolio, in addition to a robust set of operational metrics across our Investment Portfolio (previously called our Business Space portfolio), with first half rent collection of 97%, vacancy reduced to 3.0%, and we enjoyed a busy period for leasing activity, including the letting of a 149,300 sq. ft unit at Multiply Logistics North.

Our strategy

As previously indicated, during the first half I have reviewed our business in detail to identify our potential, in particular in respect of our existing portfolio, to create value and deliver consistent returns for investors, ensuring we are positioned to deploy our very particular set of skills to deliver more sustainable communities where people want to live and work.

This strategy deploys our existing strengths and scale, and the key attributes that position us to succeed: a specialist and highly experienced team; a long track record of acquiring, assembling, and developing our unique strategic landbank of primarily large complex sites; an unrivalled focus on creating places where people want to live and work and the ongoing curation of the places that we and our partners create; the scale and optionality of our strategic pipeline and our ability to unlock the latent value in our land portfolio; and our robust financial position and balance sheet strength.

In developing our plans, we have also taken into account the changing market in the sectors in which we operate, and we have evaluated the external environment, considering the major trends that impact our business, undertaking an assessment of the risks and opportunities. This work has enabled us to determine where we can create value for both our investors and the communities in which we operate.

Our core sectors of industrial & logistics and residential are structurally undersupplied, have strong local and national government policy support, and are fundamental to the growth of the UK economy. Harworth has a portfolio of considerable scale – over 15,000 acres across around 100 sites, and around half of our properties by plots or square feet have been acquired since we re-listed in 2015, providing a platform to drive growth in the business. One third of our land holdings by plots and sq. ft have planning consents in place for development and our work has identified significant opportunities to increase the pace and volume of what we deliver.

Our strategy will remain focused on our two core sectors. We believe that this twin sector strategy is the right one for the business. It supports us in delivering the essence of our Purpose, which is to invest to transform land and property into sustainable places where people want to live and work. It also enables us to deploy our regeneration expertise across our portfolio and harness in the broadest sense the value that can be created from the strategic land that we assemble, thereby providing resilience throughout the cycle.

Our plan to deliver our strategy is exciting and ambitious, accelerating and scaling up development of our significant consented landbank and building on the key attributes that have made Harworth successful to date. Over the next five to seven years it has the potential to double our EPRA NDV from £515.9m at 31 December 2020 to in excess of £1bn. It is focused around four key drivers of growth and return:

1. Increasing direct development of industrial & logistics stock
2. Accelerating sales and broadening the range of our residential products
3. Growing our strategic land portfolio and land promotion activities
4. Repositioning our Investment Portfolio to modern Grade A

This plan represents evolution, not revolution, but with material shifts in the pace and scale of what we do. It aims to deliver a step change in the quantum of our direct development as we work through our 9.0m sq. ft consented industrial & logistics landbank. It also aims to grow the breadth of residential land products available at our developments, enabling us to accelerate both the creation of communities and the speed at which we work through sites, and doubling our average number of plot sales to c.2,000 per annum. By retaining our own high-quality industrial & logistics developments, we will continue our placemaking influence, creating portfolios to maximise the value of our direct development on eventual sale. It is our ambition to reposition our significant £271m Investment Portfolio to modern Grade A stock as we churn assets that we have bought and actively manage those that we build ourselves.

Key drivers of growth and return

1. Increasing direct development of industrial & logistics stock

Harworth is an experienced developer, having built 1.3m sq. ft of industrial and logistics space since we re-listed in 2015, with our most recent development, a 50,800 sq. ft unit at Logistics North, reaching practical completion in May 2021.

We have a significant committed industrial & logistics development pipeline ahead of us, with schemes spread across our regions, in strong locations, attractive to both investors and occupiers. Our 9.0m sq. ft consented industrial & logistics landbank has a Gross Development Value ("GDV") of £1.1bn, with six key consented sites, including: our development at Bardon Hill; further phases of Gateway 36, Barnsley and the Advanced Manufacturing Park ("AMP"), Waverley; and our major development at Wingates, Bolton.

Our strategy is to undertake the direct development of much of the consented pipeline, scaling up from an average of 200,000 sq. ft of direct development per annum between 2015 and 2021 to an average 800,000 sq. ft per annum between 2022 and 2026.

We intend to manage the market risk associated with such development by combining pre-letting and selective land sales with speculative development. This programme of development will be funded by a mixture of project debt, cash generated from wider portfolio sales, our core banking facilities, and site-specific selective use of joint ventures.

Direct development from current pipeline

Region	2015 – 2021	Plan for 2022-2026	
	Area (m sq. ft)	Area (m sq. ft)	GDV (£m)
Yorkshire and Central	0.4	1.8	210 – 230
North West	0.1	1.1	140 - 160
Midlands	-	0.3	40 – 50
JVs & third-party owners	0.8	-	-
Total	**1.3**	**3.2**	**400 - 440**

2. Accelerating sales and broadening the range of our residential products

Harworth's portfolio of land for residential development is significant and has the ability to deliver in excess of 30,000 housing units into the market, with planning consents already in place for 9,855 units. There are five key sites including South East Coalville in Leicestershire and Waverley in Yorkshire.

The strong housing market of 2020 has continued into 2021 and the UK housebuilding sector is in robust health, evidenced by the strong demand from housebuilders for our engineered land product. The UK housing market is evolving, and there is increasing consumer and investor appetite for Build to Rent products (new build properties that have been designed for the specific purpose of renting rather than selling). While initially concentrated in urban centres, this market is now expanding into suburban areas and beyond.

Harworth's extensive portfolio lends itself particularly well to delivering institutional quality single-family rental homes in a volume that can deliver the required return on investment. As a result, we plan to develop an initial single-family rental portfolio of up to 600 units, to be launched in 2022, with a potential further c.1,500 units across our schemes in coming years. It is our intention to deliver this initial portfolio through a forward-funding agreement.

Through a combination of increased plot sales through Harworth's traditional 'Build to Sell' markets and new residential products, our ambition is to double sales to around 2,000 plots per annum by 2026. Importantly such increased pace of development also accelerates community placemaking and the associated returns from our schemes.

3. Growing our Strategic Land Portfolio and land promotion activities

Our existing landbank of over 15,000 acres underpins our ability to deliver our strategy with around a third in terms of plots and sq. ft already consented. We are, however, a long-term business and the timeline to secure planning consents and fully develop the remaining two-thirds extends beyond 2035. Also, like any strategic land business, we must take a long-term view ensuring we replenish our stock, focusing resources on securing a significant future pipeline which will deliver our continued future growth.

In 2018 we expanded our regional coverage, with the introduction of dedicated North West and Midlands teams to join our existing Yorkshire & Central region. Our regional and head office teams have dedicated acquisitions specialists and we leverage their expertise to acquire and assemble land through a blend of freeholds, options, and planning promotion agreements.

Harworth has a long and successful track record in land assembly and promotion, and we target maintaining a 12-15 year land supply at any time. As we step into the delivery of our strategy, organic growth of the business will be supplemented by developing key partnerships to assemble and deliver large scale regeneration schemes with the potential for larger acquisition opportunities which may present themselves throughout the life of the plan.

4. Repositioning our Investment Portfolio to modern Grade A

Our Investment Portfolio, currently valued at £271m, is integral to the way that we fund our business and will continue to be so for the foreseeable future. As we progress our direct development pipeline as described above, our strategy will be largely to retain the assets that we develop, while disposing of those assets from our existing portfolio where we have maximised value through the completion of asset management initiatives. It is expected that this approach will progressively reposition our Investment Portfolio to modern, high-quality Grade A assets with good access to infrastructure and proximity to urban centres.

Having controlled all aspects of the quality, design, sustainability and environmental impact of the end product, this portfolio shift will enable us to leverage further upside from our direct developments, benefitting from the high standards of placemaking and environmental credentials that our sites demonstrate. It will allow us to stabilise assets where necessary and build both Strategic Land and Major Developments portfolios, driving further value for investors.

Financing

Harworth's funding strategy is conservative, and we intend to continue with that principle. At below 15% net loan to portfolio value ("LTV"), typical levels of year end drawings have been at the low end of the range that we consider supportable. The total quantum of funding required to deliver our strategy is likely to increase as we accelerate through our sites and increase the level of direct development. To ensure that we have the headroom that we need to deliver the strategy, we are, therefore, raising our target gearing at each year-end to be below 20% LTV with a maximum of 25%.

In the early years, our strategy will be funded through a combination of our Revolving Credit Facility ("RCF"), project specific debt for developments and cash from sales. The profile of our drawn debt through the year is likely to follow a similar pattern to previously, with debt being drawn through the spring and summer as we undertake earthworks and invest in infrastructure and paid down as sales complete in the second half of the year.

People

A strong leadership team will be key to delivering our strategy, and I am therefore pleased to have made some new appointments to our Executive Committee.

Ian Ball, who has been with the business since 2014 and became our Chief Operating Officer (COO) in 2019, has advised of his intention to leave the business at the end of January 2022. I would like to thank Ian for his extensive contribution and dedication to Harworth over the past seven years and wish him every success for the future.

On 1 September Ian transitioned his role to Andrew Blackshaw, who had spent eight months as Interim Director of Corporate Strategy. Andrew combines deep knowledge of Harworth with the extensive executive experience he has built through leadership roles in other real estate businesses. In his new role Andrew will be focused on the implementation of our strategic plan, working with our Regional Directors to bring forward sites, scale up direct development across all regions, develop and deliver new products and partnerships, as well as ensuring that we have the necessary skills to grow the business. Most recently, Andrew was Managing Director of Manchester Airport Group ("MAG") Investment Assets Limited, where he led the investment asset optimisation of MAG's income portfolio, culminating in the disposal of MAG's non-core portfolio to Threadneedle Investments in August 2020. Andrew is a Chartered Surveyor and previously held senior roles at Deloitte and PwC where he provided strategic, restructuring, and transactional advice to real estate businesses.

We have also appointed Jonathan Haigh to the newly created role of Chief Investment Officer (CIO). In this role, Jonathan will oversee our Investment Portfolios, as well as strategic acquisitions and direct development, and will provide technical, commercial and natural resources expertise to the regional teams. Jonathan is a Chartered Surveyor and brings over 25-years' property development and transactional expertise, gained in leadership roles variously as developer, investor, occupier and adviser. In recent months he has been supporting Harworth as a consultant. Previously, as Managing Director of MAG Property, he led the development side of that business and associated transactions across the MAG Group and was a driving force of the Airport City Manchester scheme. Jonathan previously led a team at PwC responsible for devising and executing work-out strategies and loan book trading, and before that worked for Ballymore, where he led the investment and development activity for numerous large-scale and market-leading schemes.

Finally, Kitty Patmore, our Chief Financial Officer, will be taking maternity leave from October 2021 and anticipates returning to her role full-time in the spring of 2022. Nigel Turner has been appointed as Interim Chief Financial Officer and will undertake Kitty's responsibilities in her absence, but will not be appointed as a statutory director. Nigel has a long track record as a CFO and has acted in a similar interim capacity for the past 14 years, covering both listed and private companies. His sector experience includes acting as Interim CFO at Empiric Student Property plc, Interim CFO of Aldwyck Housing Group, which managed over 11,000 properties, and Director of Finance for Care UK Limited which owned over 100 care homes.

Outlook

Demand for our industrial & logistics space and serviced residential plots remains very strong and we expect these trends to continue for the foreseeable future. Harworth, with our sizeable landbank, is uniquely positioned to take advantage of the structural tailwinds in our end markets, and our strategy has unlocked the potential to deliver more and grow the business. Our focus for the remainder of the year will be to continue the build-out of our Major Development sites, complete plot sales across our residential portfolio and progress direct development across our industrial & logistics portfolio. We also intend to actively pursue opportunities to expand our strategic landbank and churn our Investment Portfolio, in-line with the strategy described above.

Lynda Shillaw
Chief Executive
14 September 2021

Operational Review

Industrial & logistics land portfolio

At 30 June 2021, our industrial & logistics pipeline totalled 26.2m sq. ft, of which 9.0m sq. ft was consented, and 3.1m sq. ft was in the planning system awaiting determination.

Acquisitions, land assembly and planning

During the first half, planning consent was secured for 1.1m sq. ft of space in Wingates, Bolton. The site is adjacent to Junction 6 of the M61 and lies close to Harworth's now completed Logistics North development.

Land assembly works have continued at our site in Ansty, Warwickshire, with the acquisitions of a 128-acre land parcel in January, and a further small land parcel after the period end. Once land assembly works are completed, the site, which is adjacent to Junction 2 of the M6 and the M69, will have the potential to deliver over 3.0m sq. ft of Grade A logistics space.

Direct development

During the first half, practical completion was reached on LN50, a 50,800 sq. ft unit at Logistics North, concluding Harworth's build-out of the development. LN50 was designed, built and future-proofed to allow it to be Net Zero Carbon in operation, and was let to a manufacturing occupier after the period end.

Elsewhere, construction is currently underway at our site in Bardon Hill, Leicestershire, where we plan to directly develop 332,000 sq. ft of logistics and manufacturing space across six units over the next 12 months, with a total GDV of between £40m and £50m.

At Gateway 36, Barnsley, construction is due to start shortly as part of Phases 2 and 3 of the development, which have outline planning permission totalling 1.1m sq. ft of space. This will build on the success of Phase 1 of the development, in which Harworth directly developed 145,000 sq. ft of employment space between 2015 and 2018.

Land sales

We exchanged or completed on £3.3m of industrial & logistics land sales during the first half, at prices above or in-line with 31 December 2020 valuations. These comprised a sale to sportswear manufacturer SBD Apparel for the construction of a new 100,000 sq. ft facility at the AMP, which we will directly develop, and the disposal of a parcel of land at our site in Chatterley Valley, Staffordshire, where we have outline planning consent for 1.3m sq. ft of industrial & logistics space across the remainder of the site.

Residential land portfolio

As at 30 June 2021, our residential pipeline had the potential to deliver 30,655 housing plots, of which 9,855 were consented, and 2,023 were in the planning system awaiting determination.

Acquisitions, land assembly and planning

During the first half, we received planning approval for up to 500 homes across a number of smaller sites. This included approvals for: up to 250 new homes at a 25-acre site in Awsworth, Nottinghamshire; up to 132 new homes in Little Lever, Bolton, on a former industrial site that was acquired by Harworth in 2020; and up to 118 homes on a site in Birdwell, South Yorkshire. We are now marketing these sites to housebuilders and have received strong interest.

Our largest residential development currently in the planning system and awaiting determination is our 1,000-home mixed-use regeneration scheme at Ironbridge. Our plans for this site were approved by Telford & Wrekin Council in May, and we continue to work through the planning process with Shropshire Council. We remain positive on the prospects for this site, and have entered the final phase of demolition works with the blowdown of the former power station chimney in early September.

Development progress

In July, we submitted planning for Olive Lane, a new heart of the community for over 2,500 residents now living at our Waverley development in Rotherham, and over 2,000 workers at the AMP at Waverley. The proposals include a supermarket, restaurants and cafés, a medical centre, and offices, alongside additional phases of residential development, all of which will create a vibrant centre for local people. We expect to receive a planning determination in the next six months and, if approved, commence enabling works in the first half of 2022.

At South-East Coalville, Leicestershire, we have commenced enabling works for the second phase of the development, which will see the development of additional homes, a local quarter with convenience retail and other community services, and a new primary school. Since the start of 2020, we have already sold two sites which together account for 370 plots in the first phase of this development.

Land sales

During the first half, we have exchanged on sales representing 728 plots, with a further 123 plots exchanged after period end. Sales were either in-line with, or ahead of, 31 December 2020 valuations. Headline sales prices per serviced plot ranged from £36k to £77k (FY20: £37k to £70k), and we exchanged on sales to a range of different housebuilders, including at our sites at: Waverley, South Yorkshire; South-East Coalville, Leicestershire; Moss Nook, Merseyside, and Prince of Wales, West Yorkshire.

Investment portfolio

Our Investment Portfolio, previously referred to as our Business Space portfolio, mainly comprises industrial & logistics properties that we have directly developed and retained, and industrial & logistics assets that we have acquired. This portfolio provides recurring rental income that covers our administrative expenses, finance costs and tax, in addition to providing asset management opportunities and the potential for capital value growth.

Asset management activity

We completed 206,400 sq. ft of new lettings during the period, in-line with estimated rental values. Our largest leasing deal related to a 149,300 sq. ft unit that was developed as part of our Multiply scheme at Logistics North.

Across this portfolio, operational metrics remain strong, with 97% of rents falling due in the first half collected, vacancy falling to 3.0% as at 30 June 2021 (31 December 2020: 4.5%), and a sustainable WAULT of 11.8 years as at 30 June 2021 (31 December 2020: 12.5 years).

Portfolio churn

In March we acquired Towngate Business Park, Widnes for £12.7m, reflecting a net initial yield of 7.1% and a reversionary yield of 9.4%. The asset provides 262,000 sq. ft of fully-let industrial space across nine-industrial units, with easy access to the M62. Harworth will leverage its asset management expertise to capture rental reversion at the site and explore infill development opportunities over the medium term.

We completed or exchanged on £2.7m of sales from our Investment Portfolio during the first half, at terms in-line with, or ahead of 31 December 2020 valuations, and representing a net initial yield of 5%. These disposals are consistent with our existing approach to sell properties when business plans are completed, realising capital to reinvest into higher-returning investment and development opportunities.

Natural Resources portfolio

Our Natural Resources portfolio comprises sites used for a wide range of energy production and extraction purposes, including wind and solar energy schemes, battery storage and methane capture. We made £4.2m of non-core sales from the portfolio during the first half, including the former Alcan smelter at Lynefield Park, Northumberland for £3.4m, ahead of December 2020 book value.

The Harworth Way

As a leading master developer and regenerator, a strong Environmental, Social and Governance (“ESG”) ethos and practices are central to Harworth’s Purpose and are encapsulated in “The Harworth Way”. We have made significant progress in this area and, in April, established an ESG Committee of the Board chaired by Angela Bromfield, our Senior Independent Director, to provide oversight and guidance of the Group’s ESG strategy, reporting, and activities. A particular focus for the Committee in the coming year will be to ensure that we have appropriate ESG targets across our business, that the ESG strategy is embedded into the Group’s strategy, and that we have the systems and processes in place to enable the collection, monitoring and disclosure of relevant data.

Key highlights of our progress to date this year include:

- Joining the UK Green Building Council and completing direct development to BREEAM Very Good Standard, including our LN50 development at Logistics North, designed to be Net Zero Carbon in operation;
- Submitting planning for a 4.3m sq ft solar farm on the former Huntington Lane open cast coal mine in Telford, Shropshire, capable of generating enough renewable energy to power 8,650 homes, saving 15,000kg of CO_2 emissions per year;
- Introducing a new salary sacrifice car scheme exclusively for fully electric and hybrid vehicles; and
- Securing funding from “Places to Ride”, a partnership between British Cycling, the Department for Digital, Culture, Media & Sports, and Sports England, to develop two innovative cycle infrastructure schemes at Thoresby Vale and Waverley to encourage healthier lifestyles in our communities.

When we announce our 2021 Full Year Results, we intend to provide ESG targets aligned with the pillars of the Harworth Way, and improve the monitoring and disclosure of relevant environmental and social data. As part of this, we intend to align to the Taskforce for Climate Related Financial Disclosures recommendations as far as possible, and outline a transition pathway to Net Zero Carbon.

Financial Review

Overview

Our first half financial performance has been strong, with a total return (EPRA NDV growth/ (reduction) plus dividends per share) of 15.4% (H1 2020: (4.5)%), as a result of management actions, a resilient residential market and strong demand for industrial & logistics land and properties.

Sales of serviced land and income from rent, royalties and fees resulted in Group revenue of £18.9m (H1 2020: £23.7m). Whilst this is lower than in the first half of 2020 and 2019, it is reflective of rephasing serviced land sales during the COVID-19 pandemic in 2020 which has led to a 2021 sales profile that is weighted to the second half of the year. Rent collection remained strong, bolstered by new acquisitions in 2020, and there was a promote fee at Logistics North. The percentage of budgeted sales completed or agreed for completion towards the year-end is 98%, higher than at this point in 2020 and 2019, indicating very positive momentum into the second half.

BNP Paribas, our independent valuer, has completed a desktop valuation as at 30 June 2021 of 89% of the property portfolio by value. The Directors have assessed the valuation of the whole property portfolio and have incorporated the BNP Paribas valuation. The BNP Paribas valuation demonstrates the strength of the industrial & logistics market for both investment properties and development land.

This resulted in an increase in the fair value of investment properties of £66.5m (H1 2020: £0.7m), an operating profit to 30 June 2021 of £76.5m (H1 2020: operating loss of £(3.7)m) and a profit after tax of £56.4m (H1 2020: loss after tax of £(5.1)m).

Over the six months, net asset value grew to £541.0m (31 December 2020: £488.7m). With the European Public Real Estate Association (EPRA) adjustments for development property valuations included, EPRA Net Disposal Value (NDV) at 30 June 2021 was £590.7m (31 December 2020: £515.9m) representing a per share increase of 14.5% to 183.2p (31 December 2020: 160.0p).

The Board has determined that it is appropriate for an interim dividend to be paid of 0.367p (H1 2020: 0.334p) per share, representing a 10% increase in line with our dividend policy. There is no change to the current dividend policy to continue to grow the dividends by 10% each year.

The Group remains well capitalised and as at 30 June 2021 had available liquidity of £36.2m (31 December 2020: £62.7m). Net debt was £100.2m (31 December 2020: £71.2m), higher as a result of the cyclical spend on sites in preparation for year-end sales. The closing net loan to portfolio value was 13.4% (31 December 2020: 11.5%).

As the Group executes the strategy set out in the Chief Executive’s Review, the total quantum of funding required is likely to increase slightly, including site-specific development and infrastructure loans. To ensure that we have the headroom needed to deliver the strategy, we are raising the target net loan to portfolio value at each year end to below 20%, with a maximum of 25%.

Presentation of financial information

As our property portfolio includes development properties and joint venture arrangements, Alternative Performance Measures (“APMs”) can provide valuable insight into our business alongside statutory measures. In particular, revaluation gains on development properties are not recognised in the Consolidated Income Statement and Balance Sheet. The APMs set out to show measures which include movements in development property revaluations, overages and joint ventures, and also the profitability of the business excluding value gains. We believe that these APMs assist in providing stakeholders with additional useful disclosure on the underlying trends, performance and position of the Group.

Our key APMs are:

- **Total return** - the movement in EPRA NDV plus dividends per share paid in the year expressed as a percentage of opening EPRA NDV per share
- **EPRA NDV per share** - EPRA NDV aims to represent shareholder value under an orderly sale of the business, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability net of any resulting tax. EPRA NDV per share is EPRA NDV divided by the number of shares in issue less shares held by the Employee Benefit Trust
- **Value gains** – these are the realised profits from the sales of properties and unrealised profits from property value movements including joint ventures and the mark to market movement on development properties and overages.
- **Net loan to portfolio value** - Group debt net of cash held expressed as a percentage of portfolio value

A full description of all non-statutory measures and reconciliations between all the statutory and non-statutory measures are given in Note 2 to the condensed consolidated interim financial statements.

Profit excluding value gains is not being included as a key APM from 30 June 2021 as it is included in the EPRA NDV per share and Total return key APMs but is a non-material component of these measures. Profit excluding value gains is defined as property net rental, royalty and fee income, net of running costs of the business (adjusted operating profit); this represents the underlying profitability of the business not reliant on property value gains or profits from the sales of properties.

Harworth discloses some APMs which are EPRA measures as these are a set of standard disclosures for the property industry and thus aid comparability for our real estate investors and analysts. Following the release of new best practice recommendations by EPRA in October 2019, we replaced the reporting of EPRA NNNAV with EPRA NDV starting with our first half results in 2020. We believe that this measure continues to be the most appropriate to explain our business.

Our financial reporting is aligned to our business units of Capital Growth and Income Generation with items which are not directly allocated to specific business activities, held centrally and presented separately.

Income Statement[1]

	H1 2021				H1 2020			
	Capital Growth £m	**Income Generation £m**	**Central Over-heads £m**	**Total £m**	Capital Growth £m	Income Generation £m	Central Over-heads £m	Total £m
Revenue	5.2	13.6	-	**18.9**	13.8	9.9	-	23.7
Cost of sales	0.8	(3.6)	-	**(2.8)**	(25.0)	(1.6)	-	(26.6)
Gross profit/(loss)	**6.0**	**10.0**	**-**	**16.0**	(11.2)	8.3	-	(2.9)
Administrative expenses	(1.6)	(1.2)	(5.9)	**(8.7)**	(1.5)	(0.7)	(4.4)	(6.6)
Other gains	44.9	24.3	-	**69.2**	(0.3)	6.1	-	5.9
Other operating expense	-	-	(0.0)	**(0.0)**	-	-	(0.1)	(0.1)
Operating profit/(loss)	**49.3**	**33.1**	**(6.0)**	**76.5**	**(13.0)**	13.7	(4.4)	(3.7)
Share of profit of joint ventures	2.2	2.9	-	**5.1**	1.2	0.4	-	1.6
Interest	0.1	-	(1.7)	**(1.5)**	0.2	-	(1.8)	(1.6)
Profit/(loss) before tax	**51.7**	**36.0**	**(7.7)**	**80.1**	(11.6)	14.1	(6.2)	(3.7)
Tax charge	-	-	(23.6)	**(23.6)**	-	-	(1.5)	(1.5)
Profit/(loss) after tax	**51.7**	**36.0**	**(31.3)**	**56.4**	(11.6)	14.1	(7.7)	(5.1)

Notes: (1) There are some minor differences on some totals due to roundings

Revenues in H1 2021 were £18.9m (H1 2020: £23.7m), split between revenue from Capital Growth of £5.2m (H1 2020: £13.8m) and revenue from Income Generation of £13.6m (H1 2020: £9.9m).

Capital Growth revenue is lower than H1 2020; this is reflective of later starts on site due to COVID-19 in 2020 which had a subsequent impact on development programmes in 2021. Revenue includes a promote fee (£2.9m) from our Multiply joint venture at Logistics North. Sales in the second half of 2021 are expected to be higher than the same period in 2020 with 98% of budgeted sales completed or agreed for completion at year-end.

Income Generation (Investment Portfolio, Natural Resources and Operations) revenue mainly comprises property rental and royalty income. Revenue of £13.6m (H1 2020: £9.9m) is higher as a result of increased rental income from property acquisitions and asset management. The core of our recurring income is from rental and royalty income from the Investment Portfolio (previously known as Business Space) and Natural Resources which increased on an annualised basis from £19.8m to £21.8m in the period.

Cost of sales comprises the inventory cost of development property sales and the operating costs of the Income Generation business. Cost of sales decreased to £2.8m (H1 2020: £26.6m) of which £1.5m related to the inventory cost of development property sales (H1 2020: £11.3m). In H1 2021, we saw a net reduction in the net realisable value provision on development properties of £2.4m (H1 2020: £12.9m increase) following the valuation process as at 30 June 2021.

Administrative expenses increased in H1 2021 by £2.1m. This was due to increased insurance costs following the 2021 insurance renewal driven by changes in the insurance market, costs incurred on the review of the business, and higher salary expenses including bonus provisions, the one-off element of these costs being £0.6m.

Other gains comprise a £67.6m (H1 2020: £0.4m) net increase in the fair value of investment properties and assets held for sale ("AHFS") plus the profit on sale of investment properties, AHFS and overages of £1.6m (H1 2020: £5.5m).

Joint venture profits of £5.1m (H1 2020: £1.6m) were largely a result of an increase in the value of the Logistics North Multiply site (£2.9m) and Aire Valley Land (£2.2m). Value gains/(losses) on a non-statutory basis are set out below.

Non-statutory value gains/(losses)(1)

Value gains/(losses) are made up of profit on sale, revaluation gains/(losses) on investment properties (including joint ventures), and revaluation gains/(losses) on development properties, AHFS and overages. A reconciliation between statutory and non-statutory value gains can be found in Note 2 to the Financial Statements.

£m		**H1 2021**			H1 2020			**H1 2021**	FY 2020
	Categorisation	**Profit on sale**	**Revaluation gains/(losses)**	**Total**	Profit on sale	Revaluation gains/(Losses)	Total	**Total Valuation**	Total Valuation
Capital Growth									
Major Developments	Development	1.3	51.2	**52.5**	(0.7)	(29.6)	(30.3)	**303.5**	248.1
Strategic Land	Investment	0.1	28.6	**28.7**	4.9	(4.5)	0.4	**129.5**	96.2
Income Generation									
Investment Portfolio	Investment	0.1	25.3	**25.4**	-	4.7	4.7	**271.3**	227.6
Natural Resources	Investment	-	0.4	**0.4**	0.3	2.2	2.5	**35.6**	38.3
Agricultural Land	Investment	0.4	0.2	**0.6**	0.2	(0.7)	(0.5)	**8.0**	8.0
Total		**1.9**	**105.7**	**107.5**	4.7	(27.9)	(23.2)	**748.0**	618.2

Notes: (1) A full description and reconciliation of the APMs in the above table is included in note 2 to the condensed consolidated interim financial statements
(2) There are some minor differences on some totals due to roundings

Profit on sale of £1.9m (H1 2020: £4.7m) reflected sales above book value. Following the half year valuation process, revaluation gains were £105.7m (H1 2020: £27.9m losses). The revaluation gains are outlined in the table below.

	H1 2021 £m	H1 2020 £m
Increase in fair value of investment properties	**66.5**	0.7
Increase/(decrease) in value of assets held for sale	**1.1**	(0.3)
Movement in net realisable value provision of development properties	**2.4**	(13.6)
Contribution to statutory operating profit/(loss)	**70.0**	**(13.2)**
Share of profits from joint ventures	**5.1**	1.6
Unrealised gains/(losses) on development properties, overages and assets held for sale	**30.5**	(16.3)
Total revaluation gains/(losses)	**105.7**	(27.9)

The principal revaluation gains and losses across the divisions reflected the following in this period:

- Major Developments – the major contribution to revaluation gains came from industrial and logistics development sites with planning permission alongside robust housebuilder demand for our sites;
- Strategic Land –increased market appetite for strategic land, in particular for industrial and logistics sites, as well as planning permission received at our Wingates site;
- Investment Portfolio – strong rent collection and good letting progress achieved across our portfolio reducing vacancy with increased demand for industrial and logistics properties;
- Natural Resources – valuations have remained broadly consistent with 31 December 2020 with some valuation growth on the renewable wind portfolio; and
- Agricultural Land – profits achieved on sales in H1 2021

The net realisable value provision as at 30 June 2021 was £14.7m (FY 2020: £17.3m) and held against nine development properties. This provision has been made to reduce the value of these development properties from their deemed cost (the fair value at which they were transferred from an investment to a development categorisation) to their net realisable value at 30 June 2021. The transfer from investment to development property takes place once planning is secured and development with a view to sale has commenced.

Cash and sales

The Group made property sales(1) of £11.5m in H1 2021 (H1 2020: £30.8m) achieving profits on sales of £1.9m (H1 2020: £4.7m). Sales were split between those of residential serviced plots at £0.5m (H1 2020: £10.2m), commercial land at £4.1m (H1 2020: £14.0m) and other, mainly mature, income-generating sites and agricultural land, at £6.9m (H1 2020: £6.6m).

Cash proceeds from sales in the period were £20.4m (H1 2020: £42.0m) as shown in the table below:

	H1 2021 £m	H1 2020 £m
Total property sales(1)	**11.5**	30.8
Less: deferred consideration on sales in the period	-	(4.7)
Add: deferred consideration from sales in prior years	**8.9**	15.9
Total cash proceeds	**20.4**	42.0

Notes: (1) A full description and reconciliation of the APM is included in Note 2 to the condensed consolidated interim financial statements

Tax

The income statement charge for taxation for the period was £23.6m (H1 2020: £1.5m) which comprised a current year tax charge of £1.8m (H1 2020: £0.2m) and a deferred tax charge of £21.8m (H1 2020: £1.3m).

The current tax charge resulted primarily from profits from the sale of development properties, investment property, AHFS and Profit excluding value gains ("PEVG").

The increase in deferred tax largely relates to unrealised gains on investment properties. In addition, the March 2021 Budget announced a further increase to the main rate of corporation tax to 25% effective from April 2023. This increase was substantively enacted on 24 May 2021. As such, the deferred tax balance has been calculated using a hybrid rate of between 19% and 25%, dependent on the rate expected to apply to the reversal of the liability. The deferred tax movement resulting from the impact of the tax rate change was £5.9m.

At 30 June 2021, the Group had deferred tax liabilities of £45.4m (FY 2020: £23.1m) and deferred tax assets of £7.7m (FY 2020: £7.3m). The net deferred tax liability was £37.7m (FY 2020: £15.8m).

Basic earnings per share and Dividends

Basic earnings per share for the first half increased to 17.5p (H1 2020: (1.6)p) reflecting the increase in the valuation of the land and property portfolio as at 30 June 2021.

The Board has determined that it is appropriate for an interim dividend to be paid of 0.367p (H1 2020: 0.334p) per share, an increase of 10% in line with the Group's dividend policy. Following a review by the Board, there is no change to the current dividend policy to continue to grow the dividends by 10% each year.

Property categorisation

Until sites receive planning permission and the future use has been determined, our view is that the land is held for a currently undetermined future use and should therefore be held as investment property. We categorise properties and land that have received planning permission and where development with a view to sale has commenced as development properties.

As at 30 June 2021, the balance sheet value of all development properties was £183.5m (FY 2020: £177.7m) and the valuation (based on the desktop valuation undertaken by BNP Paribas) was £243.4m, reflecting a £59.9m cumulative uplift in value since they were classified as development properties. In order to highlight the market value of development properties, and overages, and to be consistent with our investment properties, we use EPRA NDV, which includes the market value of development properties, AHFS and overages less notional deferred tax, as our primary net assets metric.

Net asset value

	30 June 2021 £m	30 June 2020 £m	31 December 2020 £m
Properties[1]	**684.6**	534.9	584.5
Cash	**3.9**	7.5	12.7
Trade and other receivables	**57.0**	52.1	56.4
Other assets	**5.4**	4.6	5.4
Total assets	**750.9**	599.1	659.0
Gross borrowings	**104.2**	76.8	83.9
Deferred tax liability	**37.7**	9.1	15.8
Derivative financial instruments	**0.5**	1.0	0.8
Other liabilities	**67.5**	54.1	69.8
Statutory net assets	**541.0**	458.1	488.7
Mark to market value adjustment on development properties, AHFS and overages less notional deferred tax[2]	***49.7***	*20.6*	*27.2*
EPRA NDV[2]	***590.7***	*478.7*	*515.9*
Number of shares in issue less Employee Benefit Trust shares	**322,520,876**	322,143,359	322,410,320
EPRA NDV per share[2]	***183.2p***	*148.6p*	*160.0p*

(1) Properties include investment properties, development properties (included within inventories), AHFS, occupied properties and investment in joint ventures

(2) A full description and reconciliation of the APMs in the above table is included in Note 2 to the condensed consolidated interim financial statements

EPRA NDV at 30 June 2021 was £590.7m (31 December 2020: £515.9m) which includes the mark to market adjustment on the value of the development properties, AHFS and overages. The total portfolio value as at 30 June 2021 was £748.0m[1], an increase of £129.8m from 31 December 2020 (£618.2m).

The Group’s share of profits from joint ventures resulted in investments in joint ventures increasing to £30.9m (31 December 2020: £25.3m).

Trade and other receivables include deferred consideration on sales as set out above. At 30 June 2021, there was £24.7m (31 December 2020: £33.5m) deferred consideration outstanding all of which is due within one year.

The table below sets out our top ten sites by value, which represent 43% of the total value of all our properties, showing the total acreage and split by their categorisation, currently consented residential plots and commercial space:

				Housing plots (no.)		Commercial space (sq. ft)	
Site	**Categorisation**	**Region**	**Acres**	**Consented**	**Sold/Built**	**Consented**	**Sold/Built**
South East Coalville	Development	Midlands	316	2,016	370/0	-	-
Waverley	Development	Yorkshire & Central	419	3,890	1,714/1,221	-	-
Nufarm	Investment	Yorkshire & Central	112	-	-	0.3m	0.3m
Kellingley	Development	Yorkshire & Central	149	-	-	1.4m	0.0m
Knowsley	Investment	North West	35	-	-	0.4m	0.4m
Waverley AMP	Investment	Yorkshire & Central	113	-	-	2.1m	1.5m
Ansty	Investment	Midlands	145	-	-	-	-
Ironbridge	Development	Midlands	359	-	-	-	-
Four Oaks Business Park	Investment	North West	19	-	-	0.4m	0.4m
Gateway 36	Investment	Yorkshire & Central	60	-	-	1.2m	0.1m
TOTAL			**1,727**	**5,906**	**2,084/1,221**	5.8m	2.7m

Financing strategy

Harworth's financing strategy remains to be prudently geared. The Income Generation portfolio provides a recurring income source to service debt facilities and this is supplemented by proceeds from an established sales track record that has been built up since re-listing in 2015.

To deliver its strategic plan, the Group will have a target net loan to portfolio at year end of below 20%, with a maximum of 25%. This continues to entail the Group seeking as a principle to maintain its cash flows in balance by funding the majority of infrastructure expenditure through disposal proceeds whilst allowing for growth in the portfolio.

The Group will continue to take-out site-specific development and infrastructure loans alongside the main banking facilities to support the revised strategy.

Debt facilities

The Group benefits from a £130m Revolving Credit Facility ("RCF") with RBS and Santander, expiring in February 2023. The Group also uses infrastructure and direct development financing to promote the development of major sites.

An agreement in principle has been reached with the RCF lenders to increase the RCF by £20m to £150m and extend the expiry date to February 2024. This amendment is in the process of being documented.

The Group signed a new facility in July 2021 with the Merseyside Council Pension Fund to fund the development of logistics units at Bardon East, Leicestershire. The facility limit is £23.5m and the loan expires in July 2023.

The Group had borrowings and loans of £104.2m at 30 June 2021 (FY 2020: £83.9m), being the RCF drawn balance (net of capitalised loan fees) of £97.5m (FY 2020: £79.7m) and infrastructure or development loans (net of capitalised loan fees) of £6.7m (FY 2020: £4.2m). The Group's cash at 30 June 2021 was £3.9m (FY 2020: £12.7m). The resulting net debt was £100.2m (FY 2020: £71.2m).

Net debt has increased in the first half of the year as a result of infrastructure and development works on site. It is expected to reduce by the end of the year as sales associated with this expenditure complete. The movements in net debt over the year are shown below:

Net debt movement

	30 June 2021 £m	30 June 2020 £m
Opening net debt as at 31 December	**71.2**	**70.9**
Cash outflow/(inflow) from operations	8.0	(5.7)
Property expenditure and acquisitions	22.3	18.1
Disposal of investment property, AHFS and overages	(8.6)	(17.5)
Investments in and distributions from joint ventures	0.5	(0.3)
Interest and loan arrangement fees	1.5	1.7
Dividends	4.7	-
Tax paid	0.4	2.1
Other cash and non-cash movements	0.2	(0.1)
Closing net debt as at 30 June	**100.2**	**69.2**

The weighted average cost of debt, using 30 June 2021 balances and rates, was 2.63% with a 0.9% non-utilisation fee on undrawn RCF amounts (FY 2020: 2.94% with a 0.9% non-utilisation fee).

The Group's hedging strategy has been for roughly half its debt to be fixed and half exposed to floating rates. From 2022, the Group's hedging strategy will be for the lower of roughly half its average debt during the year or all of its debt at year end to be fixed. The Group currently has a £45m fixed rate interest swap (maturing in 2022) at an all-in cost of 1.2% (including fees) on top of the existing margin paid under the RCF. The interest rate swap is hedge accounted with any unrealised movements going through reserves to the extent that the hedge is effective.

As at 30 June 2021, the Group's gross loan to portfolio value was 13.9% (FY 2020: 13.6%) and net loan to portfolio value was 13.4% (FY 2020: 11.5%). If gearing is assessed against the value of the core income portfolio (the Investment Portfolio and Natural Resources) only, this equates to a gross loan to core income portfolio value of 36.9% (FY 2020: 33.8%) and a net loan to core income portfolio value of 35.5% (FY 2020:

28.7%). As at 30 June 2021 the portfolio could withstand a material fall of values before reaching the tightest loan to value covenant and our interest cover covenants could withstand a downside scenario of a material loss of rental income.

Undrawn facilities under the RCF were £32.3m providing headroom to complete scheduled works on site in the remainder of 2021.

Kitty Patmore
Chief Financial Officer
14 September 2021

Principal Risks & Uncertainties

A detailed explanation of the principal risks and uncertainties affecting the Group, and the steps it takes to mitigate these risks, can be found on pages 32 to 39 of the Annual Report and Financial Statements for the year ended 31 December 2020 (2020 Annual Report), available at harworthgroup.com/investors.

The Group's principal risks and uncertainties are grouped into nine categories: Markets, Delivery, Politics, Finance, People, Environment, Social, Governance and Legal and Regulatory. These risks and uncertainties are expected to remain relevant for the Group for the remaining six months of the financial year.

There is strong demand from occupiers and investors for industrial & logistics assets. At the same time, the housing market remains strong, notwithstanding the tapering of SDLT relief, reflected in the momentum of our residential land sales and housebuilder appetite for our pipeline. These market conditions currently outweigh concerns about supply chain cost pressure feeding into pricing and valuations. Overall, the risk status of our Markets risk category has, therefore, reduced.

Shortages in, and inflationary cost pressure on, raw materials have been reflected in an adverse movement in the profile of our project delivery risk in the short-term. Since publication of the 2020 Annual Report, we have secured planning consent for our Wingates site, but we continue to experience some delays and unpredictability in the planning process, so the status of our planning risk remains unchanged. Overall, the risk status of our Delivery risk category has temporarily increased.

The status of our Finance risk category remains unchanged, but there have been some movements in certain risks within that category. Positive operational performance has reduced capital and income risks. This is balanced by an increase in our valuations risk, which monitors the risk of deficiencies in the valuation process, reflecting the challenging backdrop to valuations posed by the unprecedented buoyant market conditions in the industrial & logistics sector. This has been mitigated by our engaging independent external valuers to undertake desktop reviews to support the directors' half-year valuations.

We continue to monitor closely our People risks as the growth trajectory of the business steepens. Work on our people strategy is well progressed to support the ambitions of our refined strategy.

The overall status of all other risk categories remains unchanged. Though unchanged, the Board remains cognisant that our sustainability risk, which reflects the impact of the climate change agenda and transition, remains high. The Group is gaining momentum on its ESG strategy following the establishment of an ESG Board Committee and engagement with an external ESG consultant.

Chris Birch
Group General Counsel and Company Secretary
14 September 2021

Directors’ Responsibility Statement

For the six months ended 30 June 2021

The Directors who held office at the date of approval of these Financial Statements confirm that to the best of their knowledge:

1. the Condensed Consolidated Interim Financial Statements have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and in accordance with IAS 34 ‘Interim Financial Reporting’ as contained in UK-adopted international accounting standards; and

2. the Interim Management Report includes a fair review of the information required by:

   a. Rule 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the six months ended 30 June 2021 and their impact on the Condensed Consolidated Interim Financial Statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

   b. Rule 4.2.8R of the Disclosure and Transparency Rules, being related parties' transactions that have taken place in the six months ended 30 June 2021 and that have materially affected the financial position or performance of the Group during that period, and any changes in the related parties' transactions described in the last Annual Report and Financial Statements that could do so.

The Directors who served during the six months ended 30 June 2021 were as follows:

Alastair Lyons	Chair
Lynda Shillaw	Chief Executive
Katerina Patmore	Chief Financial Officer
Angela Bromfield	Senior Independent Director
Ruth Cooke	Independent Non-Executive Director
Lisa Scenna	Independent Non-Executive Director
Patrick O’Donnell Bourke	Independent Non-Executive Director
Steven Underwood	Non-Executive Director
Martyn Bowes	Non-Executive Director

By order of the Board

Chris Birch
Group General Counsel and Company Secretary
14 September 2021

Cautionary statement

This report for the six months ended 30 June 2021 contains certain forward-looking statements with respect to the Company's financial condition, results, operations and business. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this report should be construed as a profit forecast.

Directors' liability

Neither the Company nor the Directors accept any liability to any person in relation to this report for the six months ended 30 June 2021 except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A of the Financial Services and Markets Act 2000.

Shareholder Information

Financial Calendar

Interim results for the six months ended 30 June 2021	Announced	14 September 2021
Interim dividend for the financial year ending 31 December 2021	Ex-dividend date Record date Payable	23 September 2021 24 September 2021 22 October 2021
Preliminary results for the year ending 31 December 2021	Announced	15 March 2022
Annual report and financial statements for the year ending 31 December 2021	Published	April 2022
2022 Annual General Meeting	Scheduled	May 2022
Final dividend for the year ending 31 December 2022	Payable	June 2022

Registrars

All administrative enquiries relating to shareholdings should, in the first instance, be directed to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA (telephone: 0371 384 2301) and should state clearly the registered shareholder's name and address.

Dividend Mandate

Any shareholder wishing dividends to be paid directly into a bank or building society should contact the Registrars for a dividend mandate form. Dividends paid in this way will be paid through the Bankers' Automated Clearing System ("BACS").

Website

The Group's website (harworthgroup.com) gives further information on the Group. Detailed information for shareholders can be found at harworthgroup.com/investors.

Consolidated income statement

	Note	**Unaudited 6 months ended 30 June 2021 £'000**	Unaudited 6 months ended 30 June 2020 £'000	Audited year ended 31 December 2020 £'000
Revenue	3	**18,848**	23,737	70,001
Cost of sales	3	**(2,833)**	(26,604)	(59,385)
Gross profit / (loss)	3	**16,015**	(2,867)	10,616
Administrative expenses	3	**(8,720)**	(6,633)	(14,522)
Other gains	3	**69,249**	5,860	31,734
Other operating expense	3	**(21)**	(38)	(63)
Operating profit / (loss)	3	**76,523**	(3,678)	27,765
Finance costs	4	**(1,694)**	(1,807)	(3,473)
Finance income	4	**115**	208	377
Share of profit of joint ventures	9	**5,123**	1,645	8,655
Profit / (loss) before tax		**80,067**	(3,632)	33,324
Tax charge	5	**(23,641)**	(1,498)	(7,528)
Profit / (loss) for the period/year		**56,426**	(5,130)	25,796

Earnings per share from operations		Pence	Pence	Pence
Basic	7	**17.5**	(1.6)	8.0
Diluted	7	**17.4**	(1.6)	8.0

The notes 1 to 15 are an integral part of these condensed consolidated interim financial statements.

All activities are derived from continuing operations.

Consolidated statement of comprehensive income

	Unaudited 6 months ended 30 June 2021 £'000	Unaudited 6 months ended 30 June 2020 £'000	Audited year ended 31 December 2020 £'000
Profit/(loss) for the period/year	**56,426**	(5,130)	25,796
Other comprehensive income/(expense) – *items that will not be reclassified to profit or loss:*			
Net actuarial gain/(loss) in Blenkinsopp Pension scheme	**200**	(122)	(339)
Revaluation of Group occupied property	**(62)**	-	48
Deferred tax on other comprehensive expense items	**(85)**	113	115
Other comprehensive income/(expense) – *items that may be reclassified to profit or loss:*			
Fair value of financial instruments	**340**	(475)	(267)
Total other comprehensive income/(expense)	**393**	(484)	(443)
Total comprehensive income/(loss) for the period/year	**56,819**	(5,614)	25,353

Consolidated balance sheet

ASSETS	Note	**Unaudited As at 30 June 2021 £'000**	Unaudited As at 30 June 2020 £'000	Audited As at 31 December 2020 £'000
Non-current assets				
Property, plant and equipment		**880**	1,045	1,007
Right of use assets		**132**	189	170
Trade and other receivables		**-**	8,623	-
Investment properties	8	**455,368**	297,219	373,079
Investments in joint ventures	9	**30,926**	34,372	25,316
		487,306	341,448	399,572
Current assets				
Inventories	10	**188,614**	192,186	182,666
Trade and other receivables		**57,030**	43,542	56,441
Assets held for sale	11	**14,017**	14,394	7,594
Cash	12	**3,942**	7,523	12,710
		263,603	257,645	259,411
Total assets		**750,909**	599,093	658,983
LIABILITIES				
Current liabilities				
Borrowings	13	**-**	(2,897)	-
Trade and other payables		**(62,315)**	(50,984)	(66,486)
Lease liabilities		**(66)**	(72)	(77)
Derivative financial instruments		**(486)**	-	-
Current tax liabilities		**(1,586)**	(752)	(209)
		(64,453)	(54,705)	(66,772)
Net current assets		**199,150**	202,940	192,639
Non-current liabilities				
Borrowings	13	**(104,177)**	(73,875)	(83,882)
Trade and other payables		**(2,815)**	(1,200)	(1,954)
Lease liabilities		**(67)**	(127)	(102)
Derivative financial instruments		**-**	(1,033)	(826)
Deferred income tax liabilities		**(37,679)**	(9,187)	(15,767)
Retirement benefit obligations		**(687)**	(830)	(968)
		(145,425)	(86,252)	(103,499)
Total liabilities		**(209,878)**	(140,957)	(170,271)
Net assets		**541,031**	458,136	488,712
SHAREHOLDERS' EQUITY				
Called up share capital	14	**32,271**	32,226	32,253
Share premium account		**24,617**	24,375	24,567
Fair value reserve		**198,996**	104,400	132,833
Capital redemption reserve		**257**	257	257
Merger reserve		**45,667**	45,667	45,667
Investment in own shares		**(32)**	(74)	(73)
Retained earnings		**182,829**	256,415	227,412
Current year profit/(loss)		**56,426**	(5,130)	25,796
Total shareholders' equity		**541,031**	458,136	488,712

Condensed consolidated statement of changes in shareholders' equity

	Called up share capital £'000	Share premium account £'000	Fair value reserve £'000	Capital redemption reserve £'000	Merger reserve £'000	Own shares £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2020 (audited)	**32,191**	**24,359**	**116,121**	**257**	**45,667**	**(67)**	**245,251**	**463,779**
Profit for the six months to 30 June 2020	-	-	-	-	-	-	(5,130)	(5,130)
Fair value losses	-	-	(2,267)	-	-	-	2,267	-
Transfer of unrealised gains on disposal of investment property	-	-	(9,454)	-	-	-	9,454	-
Other comprehensive (expense)/income:								
Actuarial loss in Blenkinsopp pension scheme	-	-	-	-	-	-	(122)	(122)
Fair value of financial instruments	-	-	-	-	-	-	(475)	(475)
Deferred tax on other comprehensive (expense)/income items	-	-	-	-	-	-	113	113
	-	**-**	**(11,721)**	**-**	**-**	**-**	**6,107**	**(5,614)**
Transactions with owners:								
Share-based payment	-	-	-	-	-	(7)	(73)	(80)
Dividend paid	-	-	-	-	-	-	-	-
Share issue	35	16	-	-	-	-	-	51
Balance at 30 June 2020 (unaudited)	**32,226**	**24,375**	**104,400**	**257**	**45,667**	**(74)**	**251,285**	**458,136**
Profit for the six months to 31 December 2020	-	-	-	-	-	-	30,926	30,926
Fair value gains	-	-	37,925	-	-	-	(37,925)	-
Transfer of unrealised gains on disposal of investment property	-	-	(9,540)	-	-	-	9,540	-
Other comprehensive (expense)/income:								
Actuarial loss in Blenkinsopp pension scheme	-	-	-	-	-	-	(217)	(217)
Revaluation of group occupied property	-	-	48	-	-	-	-	48
Fair value of financial instruments	-	-	-	-	-	-	208	208
Deferred tax on other comprehensive (expense)/income items	-	-	-	-	-	-	2	2
	-	**-**	**28,433**	**-**	**-**	**-**	**2,534**	**30,967**
Transactions with owners:								
Share-based payment	-	-	-	-	-	1	466	467
Dividend paid	-	-	-	-	-	-	(1,077)	(1,077)
Share issue	27	192	-	-	-	-	-	219
Balance at 31 December 2020 (audited)	**32,253**	**24,567**	**132,833**	**257**	**45,667**	**(73)**	**253,208**	**488,712**
Profit for the six months to 30 June 2021	-	-	-	-	-	-	56,426	56,426
Fair value gains	-	-	68,349	-	-	-	(68,349)	-
Transfer of unrealised gains on disposal of investment property	-	-	(2,124)	-	-	-	2,124	-
Other comprehensive expense:								
Actuarial gain in Blenkinsopp pension scheme	-	-	-	-	-	-	200	200
Revaluation of group occupied property	-	-	(62)	-	-	-	-	(62)
Fair value of financial instruments	-	-	-	-	-	-	340	340
Deferred tax on other comprehensive (expense)/income items	-	-	-	-	-	-	(85)	(85)
	-	**-**	**66,163**	**-**	**-**	**-**	**(9,344)**	**56,819**

Transactions with owners:

Share-based payment	-	-	-	-	-	68	120	188
Dividend paid	-	-	-	-	-	-	(4,729)	(4,729)
Share issue	12	50	-	-	-	-	-	62
Purchase of own shares	-	-	-	-	-	(21)	-	(21)
Issue of own shares	6	-	-	-	-	(6)	-	-
Balance at 30 June 2021 (unaudited)	**32,271**	**24,617**	**198,996**	**257**	**45,667**	**(32)**	**239,255**	**541,031**

Consolidated statement of cash flows

	Unaudited 6 months ended 30 June 2021 £'000	Unaudited 6 months ended 30 June 2020 £'000	Audited year ended 31 December 2020 £'000
Cash flows from operating activities			
Profit/(loss) before tax for the period/year	**80,067**	(3,632)	33,324
Net finance costs	**1,579**	1,599	3,096
Other gains	**(69,249)**	(5,860)	(31,734)
Share of profit of joint ventures	**(5,123)**	(1,645)	(8,655)
Share based transactions	**192**	143	618
Depreciation of property, plant and equipment and right of use assets	**126**	137	285
Pension contributions in excess of charge	**(83)**	(61)	(140)
Operating cash inflow/(outflow) before movements in working capital	**7,509**	(9,319)	(3,206)
(Increase)/decrease in inventories	**(11,659)**	13,714	19,385
(Increase)/decrease in receivables	**(589)**	7,044	2,768
(Decrease)/increase in payables	**(3,310)**	(5,624)	6,830
Cash (used in)/generated from operations	**(8,049)**	5,815	25,777
Interest paid	**(1,510)**	(1,441)	(2,924)
Corporation tax paid	**(437)**	(2,127)	(2,127)
Cash (used in)/generated from operating activities	**(9,996)**	2,247	20,726
Cash flows from investing activities			
Interest received	**115**	208	377
Investment in joint ventures	**(521)**	-	(289)
Distribution from joint ventures	**34**	345	8,930
Acquisition of group of assets	**-**	-	(4,092)
Net proceeds from disposal of investment properties, assets held for sale and overages	**8,590**	17,475	27,651
Expenditure on investment properties and assets held for sale	**(22,339)**	(18,137)	(51,987)
Expenditure on property, plant and equipment	**(24)**	(92)	(115)
Cash used in investing activities	**(14,145)**	(201)	(19,525)
Cash flows from financing activities			
Net proceeds from issue of ordinary shares	**57**	18	237
Purchase of own shares	**(21)**	-	-
Repayment of bank loan	**(6,000)**	(30,000)	(78,000)
Proceeds from bank loan	**23,750**	24,000	82,000
Proceeds from other loans	**2,400**	-	-
Repayment of other loans	**-**	-	(2,932)
Loan arrangement fees	**(38)**	(338)	(479)
Payment in respect of leases	**(46)**	(36)	(73)
Dividends paid	**(4,729)**	-	(1,077)
Cash generated from/(used in) financing activities	**15,373**	(6,356)	(324)
(Decrease)/increase in cash	**(8,768)**	(4,310)	877
Cash as at beginning of period/year	**12,710**	11,833	11,833
(Decrease)/increase in cash	**(8,768)**	(4,310)	877
Cash as at end of period/year	**3,942**	7,523	12,710

Notes to the condensed consolidated interim financial statements

for the six months ended 30 June 2021

1. Basis of preparation of the condensed consolidated interim financial statements

General information

Harworth Group plc (the “Company”) is a company limited by shares, incorporated and domiciled in the UK (England). The address of its registered office is Advantage House, Poplar Way, Catcliffe, Rotherham, South Yorkshire, S60 5TR.

The Company is a public company listed on the London Stock Exchange.

The condensed consolidated interim financial statements for the six months ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the “Group”).

These condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The Group financial statements for the year ended 31 December 2020 were approved by the Board of Directors on 22 April 2021 and delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

These condensed consolidated interim financial statements have not been audited or reviewed.

The condensed consolidated interim financial statements for the six months ended 30 June 2020 were approved by the Board on 29 September 2020.

Basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and in accordance with IAS 34 ‘Interim Financial Reporting’ as contained in UK-adopted international accounting standards.

These condensed consolidated interim financial statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Going-concern basis

These condensed consolidated interim financial statements are prepared on the basis that the Group is a going concern. In assessing going concern and determining whether there are material uncertainties, the Directors consider the Group's business activities, together with factors that are likely to affect its future development and position.

A review of the Group's cashflows, solvency, liquidity positions and borrowing facilities has taken place alongside a review of progress against five-year financial projections. The financial projections have been updated based on the refined strategy.

A key focus of the assessment of going concern is the management of liquidity and compliance with borrowing facilities for a minimum of the next 12 months. The ongoing impact of COVID-19 has also been considered. The Group has continued to operate in 2021 without major disruption from COVID-19, including during lockdowns. The Group remains in a strong position to withstand any further impact, including increased development expenditure on sites reflecting deferred expenditure in 2020, with cash and bank headroom of £36.2m as at 30 June 2021.

The Group has no material debt maturities before 2023 and benefits from diversification across its Capital Growth and Income Generation businesses including its industrial and renewable energy property portfolio. Taking into account the independent valuation by BNP Paribas covering 89% of the portfolio, the Group net loan-to-portfolio value remains low at 13.4%, within the target range and with headroom for falls in value. The Income Generation portfolio has continued to generate income that covers the overheads of the business and interest from loan facilities, with rent collections for the first half of 2021 being 97%. The Group has the ability to withstand a material fall in rental income before reaching any borrowing covenant.

A severe but plausible downside scenario has been run which considers delays on remaining sales scheduled for 2021 and lower rent collection. In this scenario, for at least 12 months from the date of these financial statements, the Group continues to have sufficient cash reserves, continues to operate with headroom on lending facilities and associated covenants and has mitigation measures that could be deployed to create further cash and covenant headroom.

Based on these considerations, together with available market information and the Directors' knowledge and experience of the Group's property portfolio and markets, the Directors confirm their belief that it is appropriate to adopt a going concern basis of accounting in the preparation for these condensed consolidated interim financial statements.

Accounting policies
Changes in accounting policy and disclosures

(a) New standards, amendments and interpretations

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2021 and have not been applied in preparing these financial statements. None of these have a significant effect on the financial statements of the Group.

(b) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2022 and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

Estimates and judgements
The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied in the consolidated financial statements for the year ended 31 December 2020.

2. Alternative Performance Measures ("APMs")

Introduction

The Group has applied the December 2019 European Securities and Markets Authority ("ESMA") guidance on APMs and the November 2017 Financial Reporting Council ("FRC") corporate thematic review of APMs in these results. An APM is a financial measure of historical or future financial performance, position or cash flows of the Group which is not a measure defined or specified under IFRS.

Overview of our use of APMs

The Directors believe that APMs assist in providing additional useful information on the underlying trends, performance and position of the Group. APMs assist our stakeholder users of the accounts, particularly equity and debt investors, through the comparability of information. APMs are used by the Directors and management, both internally and externally, for performance analysis, strategic planning, reporting and incentive-setting purposes.

APMs are not defined by IFRS and therefore may not be directly comparable with other companies' APMs, including peers in the real estate industry. APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

The derivations of our APMs and their purpose

The primary differences between IFRS statutory amounts and the APMs that the Group uses are as follows:

1. Capturing all sources of value creation – Under IFRS, the revaluation movement in development properties which are held in inventory is not included in the balance sheet. Also, overages are not recognised in the balance sheet until they are highly probable. These movements, which are verified by our independent valuer BNP Paribas, and also at year end by Savills, are included within our APMs;
2. Re-categorising income statement amounts – Under IFRS, the grouping of amounts, particularly within gross profit and other gains, do not clearly allow Harworth to demonstrate the value creation through its business model. In particular, the statutory grouping does not distinguish value gains (being realised profits from the sales of properties and unrealised profits from property value movements) from the ongoing profitability of the business which is less susceptible to movements in the property cycle. Finally, the Group includes profits from joint ventures within its APMs as its joint ventures conduct similar operations to Harworth, albeit in different ownership structures; and
3. Comparability with industry peers – Harworth discloses some APMs which are EPRA measures as these are a set of standard disclosures for the property industry and thus aid comparability for our stakeholder users.

Our key APMs

The key APMs that the Group focuses on are as follows:

- EPRA NDV per share – EPRA NDV divided by the number of shares in issue less shares held by the Employee Benefit Trust
- Total return – The movement in EPRA NDV plus dividends per share paid in the year expressed as a percentage of opening EPRA NDV per share
- Value gains – These are the realised profits from the sales of properties and unrealised profits from property value movements including joint ventures and the mark to market movement on development properties and overages
- Net loan to portfolio value – Group debt net of cash held expressed as a percentage of portfolio value

Profit excluding value gains (PEVG) has not been included as a key APM from 30 June 2021 as it is included in the EPRA NDV per share and Total return key APMs but is a non-material component of these measures. PEVG is defined as property net rental, royalty and fee income, net of running costs of the business (adjusted operating profit). It represents the underlying profitability of the business not reliant on property value gains or profits from the sales of properties.

1) Reconciliation to statutory measures

a. Revaluation gains/(losses)	Unaudited 6 months ended 30 June 2021 £'000	Unaudited 6 months ended 30 June 2020 £'000	Audited year ended 31 December 2020 £'000
Increase in fair value of investment properties	**66,533**	675	25,405
Increase/ (decrease) in fair value of assets held for sale	**1,078**	(282)	(295)
Share of profit of joint ventures	**5,123**	1,645	8,655
Net realisable value provision of development properties	**(436)**	(13,879)	(16,208)
Reversal of previous net realisable value provision of development properties	**2,857**	306	4,408
Amounts derived from statutory reporting	**75,155**	(11,535)	21,965
Unrealised gains/(losses) on development properties	**30,036**	(16,029)	(5,992)
Unrealised (losses)/gains on assets held for sale	**(15)**	206	191
Unrealised gains/(losses) on overages	**500**	(566)	(566)
Revaluation gains/(losses)	**105,676**	(27,924)	15,598

b. Profit on sale	Unaudited 6 months ended 30 June 2021 £'000	Unaudited 6 months ended 30 June 2020 £'000	Audited year ended 31 December 2020 £'000
Profit on sale of investment properties	**506**	4,756	5,030
Profit on sale of assets classified as held for sale	**1,132**	645	554
Profit on sale of development properties	**725**	980	2,999
Release of net realisable value provision on disposal of development properties	**267**	66	1,359
Profit on sale of overages	**-**	720	1,040
Amounts derived from statutory reporting	**2,630**	7,167	10,982
Less previously unrealised gains on development properties released on sale	**-**	(2,455)	(4,295)
Less previously unrealised gains on assets held for sale released on sale	**(760)**	-	-
Profit on sale	**1,870**	4,712	6,687

c. Value gains/(losses)	Unaudited 6 months ended 30 June 2021 £'000	Unaudited 6 months ended 30 June 2020 £'000	Audited year ended 31 December 2020 £'000
Revaluation gains/(losses)	**105,676**	(27,924)	15,598
Profit on sale	**1,870**	4,712	6,687
Value gains/(losses)	**107,546**	(23,212)	22,285

d. Profit excluding value gains (PEVG)	**Unaudited 6 months ended 30 June 2021 £'000**	Unaudited 6 months ended 30 June 2020 £'000	Audited year ended 31 December 2020 £'000
Operating profit/(loss)	**76,523**	(3,678)	27,765
Add pension charge	**21**	38	63
Less other gains	**(69,249)**	(5,860)	(31,734)
(Less)/add gross profit/(loss) from development properties	**(3,413)**	11,873	7,442
PEVG	**3,882**	2,373	3,536

e. Total property sales	**Unaudited 6 months ended 30 June 2021 £'000**	Unaudited 6 months ended 30 June 2020 £'000	Audited year ended 31 December 2020 £'000
Revenue	**18,848**	23,737	70,001
Less revenue from other property activities	**(3,013)**	(1,556)	(2,676)
Less revenue from income generation activities	**(13,579)**	(9,890)	(20,396)
Add proceeds from sales of investment properties, assets held for sale and overages	**9,254**	18,534	28,858
Total property sales	**11,510**	30,825	75,787

f. Operating profit/(loss) contributing to growth in EPRA NDV	**Unaudited 6 months ended 30 June 2021 £'000**	Unaudited 6 months ended 30 June 2020 £'000	Audited year ended 31 December 2020 £'000
Operating profit/(loss)	**76,523**	(3,678)	27,765
Share of profit on joint ventures	**5,123**	1,645	8,655
Unrealised gains/(losses) on development properties	**30,036**	(16,029)	(5,992)
Unrealised (losses)/gains on assets held for sale	**(15)**	206	191
Unrealised gains/(losses) on overages	**500**	(566)	(566)
Less previously unrealised gains on development properties released on sale	**-**	(2,455)	(4,295)
Less previously unrealised gains on assets held for sale released on sale	**(760)**	-	-
Operating profit/(loss) contributing to growth in EPRA NDV	**111,407**	(20,877)	25,758

g. Portfolio value	**Unaudited As at 30 June 2021 £'000**	Unaudited As at 30 June 2020 £'000	Audited As at 31 December 2020 £'000
Land and buildings (included within property, plant and equipment)	**772**	787	835
Investment properties	**455,368**	297,219	373,079
Investments in joint ventures	**30,926**	34,372	25,316
Assets held for sale	**14,017**	14,394	7,594
Development properties (included within inventories)	**183,492**	188,150	177,712
Amounts derived from statutory reporting	**684,575**	534,922	584,536
Cumulative unrealised gains on development properties as at period/year end	**59,884**	21,651	29,848
Cumulative unrealised gains on assets held for sale as at period/year end	**-**	790	775
Cumulative unrealised gains on overage as at period/year end	**3,500**	3,000	3,000
Portfolio value	**747,959**	560,363	618,159

h. Net debt	Unaudited As at 30 June 2021 £'000	Unaudited As at 30 June 2020 £'000	Audited As at 31 December 2020 £'000
Gross borrowings	**(104,177)**	(76,772)	(83,882)
Cash	**3,942**	7,523	12,710
Net debt	**(100,235)**	(69,249)	(71,172)

i. Net loan to portfolio value (%)	Unaudited As at 30 June 2021 £'000	Unaudited As at 30 June 2020 £'000	Audited As at 31 December 2020 £'000
Net debt	**(100,235)**	(69,249)	(71,172)
Portfolio value	**747,959**	560,363	618,159
Net loan to portfolio value (%)	**13.4%**	12.4%	11.5%

j. Net loan to core income generation portfolio value (%)	Unaudited As at 30 June 2021 £'000	Unaudited As at 30 June 2020 £'000	Audited As at 31 December 2020 £'000
Net debt	**(100,235)**	(69,249)	(71,172)
Core income generation portfolio value (investment portfolio and natural resources)	**282,412**	202,959	248,004
Net loan to core income generation portfolio value (%)	**35.5%**	34.1%	28.7%

k. Gross loan to portfolio value (%)	Unaudited As at 30 June 2021 £'000	Unaudited As at 30 June 2020 £'000	Audited As at 31 December 2020 £'000
Gross borrowings	**(104,177)**	(76,772)	(83,882)
Portfolio value	**747,959**	560,363	618,159
Gross loan to portfolio value (%)	**13.9%**	13.7%	13.6%

l. Gross loan to core income generation portfolio value (%)	Unaudited As at 30 June 2021 £'000	Unaudited As at 30 June 2020 £'000	Audited As at 31 December 2020 £'000
Gross borrowings	**(104,177)**	(76,772)	(83,882)
Core income generation portfolio value (investment portfolio and natural resources)	**282,412**	202,959	248,004
Gross loan to core income generation portfolio value (%)	**36.9%**	37.8%	33.8%

m. Number of shares used for per share calculations	**Unaudited As at 30 June 2021**	Unaudited As at 30 June 2020	Audited As at 31 December 2020
Number of shares in issue	**322,712,239**	322,258,584	322,530,807
Employee Benefit Trust Shares (own shares)	**(191,363)**	(115,225)	(120,487)
Number of shares used for per share calculations	**322,520,876**	322,143,359	322,410,320

n. Net Asset Value (NAV) per share	**Unaudited As at 30 June 2021**	Unaudited As at 30 June 2020	Audited As at 31 December 2020
NAV £'000	**541,031**	458,136	488,712
Number of shares used for per share calculations	**322,520,876**	322,143,359	322,410,320
NAV per share (p)	**167.8**	142.2	151.6

2) Reconciliation to EPRA measures

a) EPRA NDV	**Unaudited As at 30 June 2021 £'000**	Unaudited As at 30 June 2020 £'000	Audited As at 31 December 2020 £'000
Net assets	**541,031**	458,136	488,712
Cumulative unrealised gains on development properties	**59,884**	21,651	29,848
Cumulative unrealised gains on assets held for sale	-	790	775
Cumulative unrealised gains on overages	**3,500**	3,000	3,000
Notional deferred tax on unrealised gains	**(13,694)**	(4,834)	(6,388)
EPRA NDV	**590,721**	478,743	515,947

b) EPRA NDV per share (p)	**Unaudited As at 30 June 2021**	Unaudited As at 30 June 2020	Audited As at 31 December 2020
EPRA NDV £'000	**590,721**	478,743	515,947
Number of shares used for per share calculations	**322,520,876**	322,143,359	322,410,320
EPRA NDV per share (p)	**183.2**	148.6	160.0

c) EPRA NDV growth/(reduction) and total return	**Unaudited As at 30 June 2021**	Unaudited As at 30 June 2020	Audited As at 31 December 2020
Opening EPRA NDV/share (p)	**160.0**	155.6	155.6
Closing EPRA NDV/share (p)	**183.2**	148.6	160.0
Movement in the period/year (p)	**23.2**	(7.0)	4.4
EPRA NDV growth/(reduction)	**14.5%**	(4.5)%	2.8%
Dividends paid per share (p)	**1.5**	-	0.3
Total return per share (p)	**24.7**	(7.0)	4.7
Total return as a percentage of opening EPRA NDV	**15.4%**	(4.5)%	3.0%

d) Net loan to EPRA NDV	**Unaudited As at 30 June 2021 £'000**	Unaudited As at 30 June 2020 £'000	Audited As at 31 December 2020 £'000
Net debt	**(100,235)**	(69,249)	(71,172)
EPRA NDV	**590,721**	478,743	515,947
Net loan to EPRA NDV	**17.0%**	14.5%	13.8%

3. Segment information

	Capital Growth				
	Sale of Development Properties £'000	**Other Property Activities £'000**	**Income Generation £'000**	**Central Overheads £'000**	**Total £'000**
					Unaudited 6 months ended 30 June 2021
Revenue	2,256	3,013	13,579	-	**18,848**
Cost of sales	1,157	(389)	(3,601)	-	**(2,833)**
Gross profit[1]	**3,413**	**2,624**	**9,978**	**-**	**16,015**
Administrative expenses	-	(1,615)	(1,169)	(5,936)	**(8,720)**
Other gains [2]	-	44,932	24,317	-	**69,249**
Other operating expense	-	-	-	(21)	**(21)**
Operating profit/(loss)	**3,413**	**45,941**	**33,126**	**(5,957)**	**76,523**
Finance costs	-	-	-	(1,694)	**(1,694)**
Finance income	115	-	-	-	**115**
Share of profit of joint ventures	-	2,238	2,885	-	**5,123**
Profit/(loss) before tax	**3,528**	**48,179**	**36,011**	**(7,651)**	**80,067**

Gross profit [1]					
Gross profit is analysed as follows:					
Gross profit excluding sale of development properties	-	2,624	9,978	-	**12,602**
Gross profit on sale of development properties	725	-	-	-	**725**
Net realisable provision on development properties	(436)	-	-	-	**(436)**
Reversal of previous net realisable value provision on development properties	2,857	-	-	-	**2,857**
Release of previous net realisable value provision on disposal of development properties	267	-	-	-	**267**
	3,413	**2,624**	**9,978**	**-**	**16,015**

Other gains [2]					
Other gains are analysed as follows:					
Increase in fair value of investment properties	-	44,205	22,328	-	**66,533**
Increase in fair value of assets held for sale	-	364	714	-	**1,078**
Profit on sale of investment properties	-	363	143	-	**506**
Profit on sale of assets held for sale	-	-	1,132	-	**1,132**
	-	**44,932**	**24,317**	**-**	**69,249**

Unaudited as at 30 June 2021

	Capital Growth £'000	Income Generation £'000	Central overheads £'000	Total £'000
Non-current assets				
Property, plant and equipment	-	-	880	**880**
Right of use assets	-	25	107	**132**
Investment properties	167,230	288,138	-	**455,368**
Investments in joint ventures	15,740	15,186	-	**30,926**
	182,970	**303,349**	**987**	**487,306**
Current assets				
Inventories	188,192	422	-	**188,614**
Trade and other receivables	23,021	30,461	3,548	**57,030**
Assets as held for sale	3,196	10,821	-	**14,017**
Cash and cash equivalents	-	-	3,942	**3,942**
	214,409	**41,704**	**7,490**	**263,603**
Total assets	**397,379**	**345,053**	**8,477**	**750,909**

Financial liabilities and derivative financial instruments are not allocated to the reporting segments as they are managed and measured at a Group level.

	Capital Growth		Unaudited 6 months ended 30 June 2020		
	Sale of Development Properties £'000	Other Property Activities £'000	Income Generation £'000	Central Overheads £'000	Total £'000
Revenue	12,291	1,556	9,890	-	**23,737**
Cost of sales	(24,164)	(879)	(1,561)	-	**(26,604)**
Gross (loss)/profit (1)	**(11,873)**	**677**	**8,329**	**-**	**(2,867)**
Administrative expenses	-	(1,527)	(737)	(4,369)	**(6,633)**
Other (losses)/gains (2)	-	(264)	6,124	-	**5,860**
Other operating expenses	-	-	-	(38)	**(38)**
Operating (loss)/profit	**(11,873)**	**(1,114)**	**13,716**	**(4,407)**	**(3,678)**
Finance costs	-	-	-	(1,807)	**(1,807)**
Finance income	207	-	-	1	**208**
Share of profit of joint ventures	-	1,235	410	-	**1,645**
(Loss)/profit before tax	**(11,666)**	**121**	**14,126**	**(6,213)**	**(3,632)**

Gross (loss)/profit (1)					
Gross (loss)/profit is analysed as follows:					
Gross profit excluding sale of development properties	-	677	8,329	-	**9,006**
Gross profit on sale of development properties	980	-	-	-	**980**
Net realisable provision on development properties	(13,879)	-	-	-	**(13,879)**
Reversal of previous net realisable value provision on development properties	306	-	-	-	**306**
Release of previous net realisable value provision on disposal of development properties	720	-	-	-	**720**
	(11,873)	**677**	**8,329**	**-**	**(2,867)**

Other (losses)/gains (2)					
Other (losses)/gains are analysed as follows:					
(Decrease)/increase in fair value of investment properties	-	(5,186)	5,861	-	**675**
Decrease in fair value of assets as held for sale	-	-	(282)	-	**(282)**
Profit/(loss) on sale of investment properties	-	4,928	(172)	-	**4,756**
(Loss)/profit on sale of assets as held for sale	-	(1)	646	-	**645**
(Loss)/profit on sale of overages	-	(5)	71	-	**66**
	-	**(264)**	**6,124**	**-**	**5,860**

Unaudited as at 30 June 2020

	Capital Growth £'000	Income Generation £'000	Central overheads £'000	Total £'000
Non-current assets				
Property, plant and equipment	-	-	1,045	**1,045**
Right of use assets	-	29	160	**189**
Investment properties	87,969	209,250	-	**297,219**
Investments in joint ventures	23,283	11,089	-	**34,372**
Other receivables	8,623	-	-	**8,623**
	119,875	**220,368**	**1,205**	**341,448**
Current assets				
Inventories	191,503	683	-	**192,186**
Trade and other receivables	34,204	7,706	1,632	**43,542**
Assets as held for sale	650	13,744	-	**14,394**
Cash and cash equivalents	-	-	7,523	**7,523**
	226,357	**22,133**	**9,155**	**257,645**
Total assets	**346,232**	**242,501**	**10,360**	**599,093**

Financial liabilities and derivative financial instruments are not allocated to the reporting segments as they are managed and measured at a Group level.

Audited year ended 31 December 2020

	Capital Growth				
	Sale of development properties	**Other property activities**	**Income Generation**	**Central overheads**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
Revenue	46,929	2,676	20,396	**-**	**70,001**
Cost of sales	(54,371)	(1,834)	(3,180)	-	**(59,385)**
Gross profit (1)	**(7,442)**	**842**	**17,216**	**-**	**10,616**
Administrative expenses	-	(3,080)	(1,872)	(9,570)	**(14,522)**
Other gains (2)	-	12,598	19,136	-	**31,734**
Other operating expense	-	-	-	(63)	**(63)**
Operating profit/(loss)	**(7,442)**	**10,360**	**34,480**	**(9,633)**	**27,765**
Finance costs	-	-	-	(3,473)	**(3,473)**
Finance income	-	367	1	9	**377**
Share of profit of joint ventures	-	7,953	702	-	**8,655**
Profit/(loss) before tax	**(7,442)**	**18,680**	**35,183**	**(13,097)**	**33,324**

(1) Gross profit

Gross profit is analysed as follows:

Gross profit excluding sales of development properties	-	842	17,216	-	**18,058**
Gross profit on sale of development properties	2,999	-	-	-	**2,999**
Net realisable value provision on development properties	(16,208)	-	-	-	**(16,208)**
Reversal of previous net realisable value provision on development properties	4,408	-	-	-	**4,408**
Release of net realisable value provision on disposal of development properties	1,359	-	-	-	**1,359**
	(7,442)	**842**	**17,216**	**-**	**10,616**

(2) Other gains

Other gains are analysed as follows:

Increase in fair value of investment properties	-	6,459	18,946	-	**25,405**
Decrease in fair value of assets as held for sale	-	-	(295)	-	**(295)**
Profit/(loss) on sale of investment properties	-	5,099	(69)	-	**5,030**
Profit on sale of assets as held for sale	-	72	482	-	**554**
Profit on sale of overages	-	968	72	-	**1,040**
	-	**12,598**	**19,136**	**-**	**31,734**

Audited as at 31 December 2020

	Capital Growth £000	Income Generation £000	Central overheads £000	Total £000
Non-current assets				
Property, plant and equipment	-	-	1,007	**1,007**
Right of use assets	-	-	170	**170**
Investment properties	118,940	254,139	-	**373,079**
Investments in joint ventures	13,434	11,882	-	**25,316**
	132,374	**266,021**	**1,177**	**399,572**
Current assets				
Inventories	182,017	649	-	**182,666**
Trade and other receivables	39,736	12,574	4,131	**56,441**
Assets as held for sale	1,384	6,210	-	**7,594**
Cash and cash equivalents	-	-	12,710	**12,710**
	223,137	**19,433**	**16,841**	**259,411**
Total assets	**355,511**	**285,454**	**18,018**	**658,983**

Financial liabilities and derivative financial instruments are not allocated to the reporting segments as they are managed and measured at a Group level.

4. Finance costs and finance income

	Unaudited 6 months ended 30 June 2021 £'000	Unaudited 6 months ended 30 June 2020 £'000	Audited year ended 31 December 2020 £'000
Finance costs			
– Bank interest	**(1,336)**	(1,366)	(2,654)
– Amortisation of RCF and other fees	**(283)**	(329)	(622)
– Other interest	**(75)**	(112)	(197)
	(1,694)	(1,807)	(3,473)
Finance income	**115**	208	377
Net finance costs	**(1,579)**	(1,599)	(3,096)

5. Income Tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

	Unaudited 6 months ended 30 June 2021 £'000	Unaudited 6 months ended 30 June 2020 £'000	Audited year ended 31 December 2020 £'000
Income taxes			
Current income tax expense/ (credit)	**1,813**	154	(389)
Deferred income tax expense relating to origination and reversal of temporary differences	**21,828**	1,344	7,917
Income tax expense recognised in income statement	**23,641**	1,498	7,528

The increase in deferred tax largely relates to unrealised gains on investment properties. In addition, an increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023), was enacted as part of the Finance Act 2021, which was substantively enacted on 24 May 2021. As such, the deferred tax balance has been calculated using a hybrid rate of between 19% and 25%, dependent on the rate expected to apply to the reversal of the liability. The deferred tax movement resulting from the impact of the tax rate change was £5,853,000.

6. Dividends

	Unaudited 6 months ended 30 June 2021 £'000	Unaudited 6 months ended 30 June 2020 £'000	Audited year ended 31 December 2020 £'000
Final dividend for year ended 31 December 2020	**4,729**	-	-
Interim dividend for the six months ended 30 June 2020	-	-	1,077
	4,729	-	1,077

The final dividend for the year ended 31 December 2020 was increased by £2.252m to reflect the cancellation of the final dividend for the year ended 31 December 2019 following the onset of COVID-19.

The Board has determined that it is appropriate for an interim dividend to be paid of 0.367p (H1 2020: 0.334p) per share, an increase of 10% in line with the Group's dividend policy.

There is no change to the current dividend policy to continue to grow the dividends by 10% each year.

7. Earnings per share

Earnings per share has been calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of shares in issue and ranking for dividend during the period/year.

	Unaudited 6 months ended 30 June 2021	Unaudited 6 months ended 30 June 2020	Audited year ended 31 December 2020
Profit/(loss) from continuing operations attributable to owners of parent (£'000)	**56,426**	(5,130)	25,796
Weighted average number of shares used for basic earnings per share calculation	**322,454,919**	321,951,498	322,104,415
Basic earnings per share (pence)	**17.5**	(1.6)	8.0
Weighted average number of shares used for diluted earnings per share calculation	**324,851,791**	324,705,606	323,840,504
Diluted earnings per share (pence)	**17.4**	(1.6)	8.0

The difference between the weighted average number of shares used for the basic and diluted earnings per share calculation is the effect of share options.

8. Investment properties

The Group holds five categories of investment property being Agricultural Land, Natural Resources, the Investment Portfolio (previously called Business Space), Major Developments and Strategic Land in the UK, which sit within the operating segments of Income Generation and Capital Growth.

	Income Generation			Capital Growth		
	Agricultural Land £'000	Natural Resources £'000	Investment Portfolio £'000	Major Developments £'000	Strategic Land £'000	Total £'000
At 1 January 2020 (audited)	**8,119**	**40,187**	**160,797**	**14,889**	**69,848**	**293,840**
Direct acquisitions	-	1,283	10,750	-	1,766	13,799
Subsequent expenditure	18	(26)	191	-	4,153	4,336
Disposals	-	(725)	-	-	(6,551)	(7,276)
(Decrease) / Increase in fair value	(699)	2,248	4,312	-	(5,186)	675
Transfer between divisions	400	(9,500)	-	-	9,100	-
Transfer from assets held for sale	-	140	-	-	600	740
Transfer to assets held for sale	(1,547)	(2,533)	(4,165)	-	(650)	(8,895)
At 30 June 2020 (unaudited)	**6,291**	**31,074**	**171,885**	**14,889**	**73,080**	**297,219**
Direct acquisitions	-	542	27,418	27	16,534	44,521
Subsequent expenditure	28	183	673	2,446	1,643	4,973
Disposals	(9)	(287)	-	-	(1)	(297)
Increase in fair value	360	2,970	9,755	4,514	7,131	24,730
Transfer between divisions	-	-	4,150	2,850	(7,000)	-
Transfers to development properties	-	-	1,025	2,824	-	3,849
Transfer from assets held for sale	-	(140)	-	-	(600)	(740)
Transfer to assets held for sale	(535)	(1,244)	-	-	603	(1,176)
At 31 December 2020 (audited)	**6,135**	**33,098**	**214,906**	**27,550**	**91,390**	**373,079**
Direct acquisitions	-	-	13,532	-	3,232	16,764
Subsequent expenditure	14	183	904	1,914	2,560	5,575
Disposals	-	-	(2,497)	(1,069)	(577)	(4,143)
Increase / (decrease) in fair value	161	475	21,693	17,423	26,781	66,533
Transfer between divisions	115	-	6,101	(6,627)	411	-
Transfers from development properties	-	-	-	5,711	-	5,711
Transfer from assets held for sale	1,408	362	-	-	-	1,770
Transfer to assets held for sale	(2,107)	(1,267)	(5,078)	-	(1,469)	(9,921)
At 30 June 2021 (unaudited)	**5,726**	**32,851**	**249,561**	**44,902**	**122,328**	**455,368**

Valuation process

The Directors' valuation as at 30 June 2021 relied significantly on a desktop valuation completed by BNP Paribas on the portfolio of properties other than Natural Resources and Agricultural Land. BNP Paribas is an independent firm acting in the capacity of external valuers with relevant experience of valuations of this nature.

9. Investment in joint ventures

	Unaudited As at 30 June 2021 £'000	Unaudited As at 30 June 2020 £'000	Audited As at 31 December 2020 £'000
At 1 January	**25,316**	33,072	33,072
Investments in joint ventures	**521**	-	289
Distributions from joint ventures	**(34)**	(345)	(8,930)
De-recognition on acquisition	**-**	-	(7,770)
Share of profits of joint ventures	**5,123**	1,645	8,655
	30,926	34,372	25,316

10. Inventories

	Unaudited As at 30 June 2021 £'000	Unaudited As at 30 June 2020 £'000	Audited As at 31 December 2020 £'000
Development properties	**183,492**	188,150	177,712
Planning promotion agreements	**3,556**	2,254	2,961
Option agreement	**1,144**	1,099	1,344
Finished goods	**422**	683	649
Total inventories	**188,614**	192,186	182,666

The movement in development properties is as follows:

	Unaudited 6 months ended 30 June 2021 £'000	Unaudited 6 months ended 30 June 2020 £'000	Unaudited 6 months ended 31 December 2020 £'000
At start of period	**177,712**	202,092	188,150
Subsequent expenditure	**10,801**	9,066	18,794
Disposals	**(1,998)**	(10,155)	(27,795)
Movement in net realisable value provision	**2,688**	(12,853)	2,412
Re-categorisation (to)/from investment properties	**(5,711)**	-	(3,849)
At end of period	**183,492**	188,150	177,712

The movement in net realisable value provision is as follows:

	Unaudited 6 months ended 30 June 2021 £'000	Unaudited 6 months ended 30 June 2020 £'000	Unaudited 6 months ended 31 December 2020 £'000
At start of period	**17,340**	6,899	19,752
Net realisable value provision for the period	**436**	13,879	2,329
Reversal of previous net realisable value provision	**(2,857)**	(306)	(4,102)
Disposals	**(267)**	(720)	(639)
At end of period	**14,652**	19,752	17,340

11. Assets held for sale

Assets held for sale relate to investment properties expected to be sold within twelve months.

	Unaudited As at 30 June 2021 £'000	Unaudited As at 30 June 2020 £'000	Unaudited As at 31 December 2020 £'000
At start of period	**7,594**	11,252	14,394
Transferred from investment properties	**9,921**	8,895	1,916
Transferred to investment properties	**(1,770)**	(740)	-
Subsequent expenditure	**-**	2	22
Increase/(decrease) in fair value	**1,078**	(282)	(13)
Disposals	**(2,806)**	(4,733)	(8,725)
At end of period	**14,017**	14,394	7,594

12. Cash

	Unaudited As at 30 June 2021 £'000	Unaudited As at 30 June 2020 £'000	Audited As at 31 December 2020 £'000
Cash	**3,942**	7,523	12,710

13. Borrowings

	Unaudited As at 30 June 2021 £'000	Unaudited As at 30 June 2020 £'000	Audited As at 31 December 2020 £'000
Current:			
Secured – infrastructure and direct development loans	-	(2,897)	-
	-	(2,897)	-
Non-current:			
Secured – bank loan	**(97,526)**	(69,680)	(79,740)
Secured – infrastructure loans and direct development loans	**(6,651)**	(4,195)	(4,142)
Total non-current borrowings	**(104,177)**	(73,875)	(83,882)
	(104,177)	(76,772)	(83,882)

Loans are stated after deduction of unamortised borrowing costs:

		Unaudited As at 30 June 2021 £'000	Unaudited As at 30 June 2020 £'000	Audited As at 31 December 2020 £'000
Infrastructure loans				
Sheffield City Region JESSICA Fund	Advanced Manufacturing Park, Waverley	-	(2,897)	-
North West Evergreen Limited Partnership	Logistics North	**(2,326)**	-	-
Homes and Communities Agency	Simpson Park	**(4,325)**	(4,195)	(4,142)
Total infrastructure loans		**(6,651)**	(7,092)	(4,142)
Bank loan		**(97,526)**	(69,680)	(79,740)
Total borrowings		**(104,177)**	(76,772)	(83,882)

The bank borrowings are part of a £130m (FY 2020: £130m) RCF provided by the Royal Bank of Scotland and Santander. The RCF is repayable on 13 February 2023 on a non-amortising basis and is subject to financial and other covenants. In May 2020, the Royal Bank of Scotland and Santander agreed to increase the limit of the RCF by £30m to £130m. The RCF limit decreases to £100m in June 2022. The bank borrowings are secured by fixed equitable charges over development and investment properties. Proceeds from and repayments of bank loans are reflected gross in the cashflow and reflect timing of utilisation of the RCF facility.

The infrastructure and direct development loans are provided by public bodies and private lenders in order to promote the development of major sites. The loans are drawn as work on the respective sites is progressed and are repayable on agreed dates or when disposals are made from the sites.

14. Share capital

Issued, authorised and fully paid	**Unaudited As at 30 June 2021 £'000**	Unaudited As at 30 June 2020 £'000	Audited As at 31 December 2020 £'000
At start of period/year	**32,253**	32,191	32,191
Shares issued	**18**	35	62
At end of period/year	**32,271**	32,226	32,253

Issued, authorised and fully paid – number of shares	**Unaudited As at 30 June 2021**	Unaudited As at 30 June 2020	Audited As at 31 December 2020
At start of period/year	**322,530,807**	321,909,382	321,909,382
Shares issued	**181,432**	349,202	621,425
At end of period/year	**322,712,239**	322,258,584	322,530,807
Own shares held	**(191,363)**	(115,225)	(120,487)
At end of period/year	**322,520,876**	322,143,359	322,410,320

15. Related party transactions

The Group carried out the following transactions with related parties. The entities are related parties as a consequence of shareholdings, joint venture arrangements and partners of such named and/or common Directorships. 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.

	Unaudited 6 months ended 30 June 2021 £000	Unaudited 6 months ended 30 June 2020 £000	Audited year ended 31 December 2020 £000
PEEL GROUP			
Revenue			
Profit on sale from overages	-	-	987
MULTIPLY LOGISTICS NORTH HOLDINGS LIMITED & MULTIPLY LOGISTICS NORTH LP			
Revenue			
Recharges of costs	**136**	-	-
Asset management fee	**114**	32	107
Water charges	**51**	48	100
Purchases			
Diversion of surface water drain	-	97	97
Receivables			
Trade receivables	**164**	31	153
Other receivables	**869**	493	285

BANKS GROUP			
Revenue			
Annual options sums	**5**	5	5
Provision of certificate regarding title	**-**	-	1
Payables			
Deferred consideration for the acquisition of land at Moss Nook	**(1,000)**	(1,000)	(1,000)
Trade payables	**-**	-	(5)
POLYPIPE			
Revenue			
Rent	**15**	-	5
WAVERLEY SQUARE LIMITED			
Shareholder loan made during the period	**-**	19	169
THE AIRE VALLEY LAND LLP			
Partner loan repayment	**-**	(500)	(7,951)
Profit share received during the period	**-**	-	(979)
Receivable	**20**	32	2
CRIMEA LAND MANSFIELD LLP			
Partner loan repayment	**(30)**	-	-
Receivable	**5**	-	2
NORTHERN GATEWAY DEVELOPMENT VEHICLE LLP			
Partner loan made during the period	**300**	-	-
Receivable	**728**	149	528
HALLAM LAND MANAGEMENT LIMITED			
Purchases			
Purchase of share of interest of Ansty Development Vehicle LLP	**-**	-	7,848
Payables			
Deferred payment in respect of the acquisition of Ansty Development Vehicle LLP	**(3,803)**	-	(3,803)

Shareholder loan repayment	**(4)**	-	-