

Harworth Group plc
("Harworth" or the "Company")
Year-end Trading Update
Strategic progress and market tailwinds deliver further value growth

Harworth Group plc, a leading regenerator of land and property for sustainable development and investment, is today providing a trading update in respect of its financial year ended 31 December 2021, ahead of the announcement of its Full Year Results on 22 March 2022.

The Company now anticipates that EPRA NDV as at 31 December 2021 will be ahead of current consensus¹ as a result of Harworth's strong operational performance throughout the year, good progress against the strategic objectives outlined in September 2021, and the impact of the tailwinds of a buoyant land and occupational market, particularly in the industrial & logistics sector, on its year-end portfolio valuation.

Lynda Shillaw, Chief Executive of Harworth, commented: "Harworth continued its strong momentum in the second half, as we stepped into our ambitious strategy to double the size of the business over the next five to seven years, and continued to deliver places where people want to live and work. Our performance, combined with underlying market growth, has translated into a substantial year-on-year increase in EPRA NDV and Total Return.

"In addition to the significant progress made during the second half across planning, direct development, lettings and land sales, we agreed terms for the conditional sales of our Ansty strategic land site and Kellingley development site, at significant premiums to book value. The proceeds from these sales once completed, alongside the larger senior debt facility we are currently finalising, should provide us with additional firepower to deploy across our development sites and near-term acquisition pipeline."

Harworth's industrial & logistics pipeline² as at 31 December 2021 totalled 28.2 million sq. ft (31 Dec 2020: 27.3 million sq. ft) of which 7.3 million sq. ft was consented. Highlights of the second half included:

- exchanging on the conditional sales of a strategic land site in Ansty, Warwickshire for £53.5 million and the Kellingley development site in Selby, North Yorkshire for £54.0 million;
- acquiring a strategic land site in Rothwell, Northamptonshire, with the potential to deliver 1.5 million sq. ft of Grade A industrial & logistics space;
- signing two final lettings at Logistics North in Bolton, Greater Manchester, completing the development and triggering one-off promote fees; and
- an £11.6 million land sale at Gateway 36 in Barnsley, South Yorkshire for the development of a 340,000 sq. ft logistics facility.

Harworth's residential pipeline as at 31 December 2021 totalled 30,804 plots (31 Dec 2020: 30,668 plots), of which 9,978 plots were consented. Residential land sales accelerated during the year, totalling 1,411 plots (FY20: 873 plots), across sites including: Moss Nook, Merseyside; Simpson Park, South Yorkshire; and South East Coalville, Leicestershire. The average sales price per serviced plot ranged from £30k to £73k (FY20: £37k to £70k).

The Investment Portfolio continues to deliver robust operational metrics, with 99% of rents relating to FY21 now collected, and, as at 31 December 2021, the portfolio had a vacancy rate of 2.7% (31 Dec 2020: 4.5%) and a WAULT of 11.5 years (31 Dec 2020: 12.5 years).

Harworth remains well-capitalised and continues to manage its cashflows sustainably. As at 31 December 2021, net debt was £25.7 million (31 Dec 2020: £71.2 million). The Company has recently agreed in principle a new debt package comprising a five-year £200 million revolving credit facility together with a £40 million accordion, provided by RBS, Santander and HSBC. It has credit approval from all three lenders and negotiation of the facility agreement is at an advanced stage.

The Company intends to deploy both proceeds from sales and the funds provided by its new debt facilities to: deliver the 3.2 million sq. ft first phase of direct development that it has identified within its consented industrial & logistics pipeline; broaden the range of residential products across its development sites, including the launch of a 600-unit single-family rental product in 2022; and scale up its land acquisition and promotion activities.

In the second half, the Company also made a number of appointments to enhance further its senior leadership team and deliver its growth strategy, including Andrew Blackshaw as Chief Operating Officer, Jonathan Haigh as Chief Investment Officer, Haroon Akram as Head of Strategy, Investment & Business Development and James Crow as Head of Mixed Tenure. These appointments bring significant expertise to the business and place Harworth in a strong position to deliver future growth.

¹ Current analyst consensus for 31 December 2021 EPRA NDV per share is 189p, comprising four analyst forecasts ranging from 187p to 194p.

² Includes Ansty strategic land site and Kellingley development site, for which sales had conditionally exchanged at year-end

For further information

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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: 213800R8JSSGK2KPF21