

Harworth Group plc
("Harworth" or "the Company")
Half Year Trading Update
Strategic delivery and robust demand drive significant valuation 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 the six months ended 30 June 2022, ahead of the announcement of its Half Year Results on 13 September 2022.

Due to Harworth's strong operational progress in the first half, and the resilience of its markets in the year to date, the Company now anticipates that EPRA NDV⁽¹⁾ as at 30 June 2022 will be ahead of current analyst consensus⁽²⁾ for 31 December 2022.

Lynda Shillaw, Chief Executive of Harworth, commented: "We made significant operational and financial progress in the first half: our Grade A logistics direct development at Bardon Hill is letting well and close to practical completion, and we continue to accelerate our residential sales including the largest ever sale to date at Waverley. This has driven our EPRA NDV and means we are continuing to deliver successfully against our growth strategy supported by a robust market for our residential and industrial & logistics products.

"Harworth is particularly well-positioned within our markets: we sell serviced and therefore de-risked residential land to housebuilders, we develop industrial & logistics sites in underserved regional markets, and the scale of our portfolio and range of our products, including our newly launched single-family Build to Rent portfolio, provide significant diversification.

"We are alive to the complex geopolitical and macro-economic environment impacting economies across the world, and we remain closely attuned to their potential impact on our markets. We are cautious that the anticipated uncertainty in near-term market conditions in the UK, combined with the strong performance in the first 6 months of the year, mean that our 2022 results will likely be first half weighted.

"Despite this, the supply and demand factors supporting our markets have been resilient to date, our pipeline remains robust and our through the cycle investment and management actions continue to drive value across our portfolio. Our proven successful track record as a developer of large complex sites to create high-quality sustainable places, combined with our strong financial position, provide a stable platform for growth as we continue to deliver on our strategic plan to reach £1bn of EPRA NDV over the medium term."

Increased direct development unlocking value from 32.2m sq. ft industrial & logistics pipeline

- 84% of budgeted industrial & logistics land sales for the year⁽³⁾ have either completed, exchanged or are subject to heads of terms, either in-line with or at a premium to 31 December 2021 book value
- Significant progress towards ambition of 800,000 sq. ft of direct development per annum including:
 - 332,000 sq. ft of Grade A space at Bardon Hill, Leicestershire, and targeting Net Zero Carbon in construction status, on track to practically complete in August; exchanged or under offer on 92% of total space
 - 100,000 sq. ft unit completed at the Advanced Manufacturing Park ("AMP"), Rotherham in June, occupied by SBD Apparel, and development underway or being prepared for a further 203,000 sq. ft at the AMP and Gateway 36, Barnsley

Progressing 28,990 plot residential pipeline through sale of serviced plots and new Build to Rent ("BTR") product

- Over 100% of budgeted residential plot sales for the year have either completed, exchanged or are in heads of terms, either in-line with or at a premium to 31 December 2021 book value
- Completed the Group's largest serviced residential land sale to date: a £29m sale at Waverley to Barratt and David Wilson Homes, capable of delivering approximately 450 homes

- Diversification of residential product with the launch of a portfolio of up to 1,200 single-family BTR homes across 10 sites, to be delivered through a forward funding agreement: significant interest received and preferred partner selected with exchange targeted later in 2022

Targeting a 12-15 year land supply through acquisitions and progressing sites through planning

- Completed several land acquisitions so far this year, primarily supporting land assembly and adding 1,143 plots and 3.9m sq. ft to Harworth's total development pipeline
- Targeting planning determinations later this year for 3.0m sq. ft of industrial & logistics space across: Gascoigne Wood, North Yorkshire; Skelton Grange, Leeds; and Houghton Main, Barnsley

Investment Portfolio showing strong operational metrics:

- As at 30 June 2022, the portfolio had a vacancy⁽⁴⁾ rate of 3.8% (31 December: 4.1%) with 96.1% of rent collected to date for the June quarter
- Completed 47,936 sq. ft of leasing deals in the first half; new lettings at an average 17% premium to ERV, and renewals on average 15% ahead of previous passing rent

Maintaining a strong balance sheet and financial position, with significant available liquidity

- As at 30 June 2022, net debt was £67.8m (31 December 2021: £25.7m) resulting in a net loan to portfolio value based on December 2021 valuations of 8.7% (31 December 2021: 3.4%)
- Available liquidity of £144.4m (31 December 2021: £128.0m), following the signing of a new £200m revolving credit facility

Notes:

- (1) *European Public Real Estate Association (EPRA) Net Disposal Value: an adjusted net asset value metric that is one of Harworth's Key Performance Indicators*
- (2) *Current analyst consensus for EPRA NDV per share as at 31 December 2022 is 211p, comprising four forecasts ranging from 209p to 213p*
- (3) *Excludes the sale of the Kellingley development site, for which Harworth exchanged contracts in 2021. The transaction will only complete if all sale conditions are satisfied in September 2022*
- (4) *Calculated using the EPRA Best Practices Recommendations Guidelines and December 2021 ERV*

For further information

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The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as amended by The Market Abuse (Amendment) (EU Exit) Regulations 2019. The person responsible for making this announcement on behalf of Harworth is Chris Birch, Company Secretary.

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 approximately 14,000 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