Harworth

12 September 2024

Harworth Group plc
("Harworth" or "the Group")

Results for the six months ended 30 June 2024

Strong NDV and Total Return growth; well positioned for increased development and investment activity in Industrial & Logistics sector

Highlights

- EPRA NDV[1] increased 3.5% to £687.0 million (31 December 2023: £662.9 million) with the Group on track to reach £1 billion by the end of 2027
- Total return of 4.0% (H1 2023: 0.1%)
- Operating profit increased 164% to £21.1 million (H1 2023: £8.0 million)
- Net LTV of 9.8%, available liquidity of £154.2 million and net debt of £80.5 million reflecting the profile of higher drawdown mid-year
- Extensive existing land pipeline has the potential to deliver 38.8 million sq. ft. of Industrial & Logistics space and 26,639 plots for new homes
- Planning permission achieved for 1.8 million sq. ft. and 500 plots, plus a further 1.5 million sq. ft. and 500 plots post period end, alongside new draft allocations or allocations in local plans for 5.7 million sq. ft. and 2,875 plots
- Completed, exchanged, or in heads of terms on 145% of budgeted land sales for the year

Key financials

Key statutory measures	H1 2024	H1 2023	FY 2023
Operating profit	£21.1 million	£8.0 million	£54.2 million
Net asset value	£650.0 million	£603.1 million	£637.7 million
Total dividend per share[3]	0.489p	0.444p	1.466p
Net debt	£80.5 million	£63.7 million	£36.4 million

Key non-statutory measures[2]	H1 2024	H1 2023	FY 2023
Total return	4.0%	0.1%	5.1%
EPRA NDV per share	212.3p	195.7p	205.1p
Value gains	£47.0 million	£7.5 million	£58.1 million
Net loan to portfolio value	9.8%	8.6%	4.7%

Lynda Shillaw, Chief Executive of Harworth, commented: "Harworth continues to consistently deliver strong progress against its strategic objectives and we remain on track to reach £1 billion EPRA NDV by the end of 2027. In June we announced that the Group would increase its focus on Industrial & Logistics direct development, with an intention to grow the Investment Portfolio, through direct development and selective acquisitions, to £0.9 billion by the end of 2029. This reflects the opportunity we see to deliver into a sector which is key to economic growth and where there is critical undersupply of high-quality space, in order to grow recurring income and underpin sustainable shareholder returns.

"The first half saw significant progress on planning approvals, adding further capacity to our near-term Industrial & Logistics pipeline and driving a strong revaluation performance. We are ahead of budget for land sales, with the standout transaction, as well as our largest sale to date, being the conditional £106.6 million serviced land sale to Microsoft at Skelton Grange, announced in June. The sale of serviced land provides a stable funding channel for the planned growth in our Industrial & Logistics development programme.

"Sustained demand for Harworth's serviced land and employment spaces, alongside management actions, has underpinned EPRA NDV growth of 3.5% and we expect further growth in the second half as we continue to develop out our existing sites.

"Our current Industrial & Logistics pipeline has the potential to deliver future Gross Development Value[5] of £5 billion which contributes significantly to the £1 billion EPRA NDV target. The near term pipeline has the ability to deliver up to £0.8 billion of Gross Development Value by the end of 2027. Our recent transactions, both for Commercial and Residential use, are evidence of the underlying market demand for Harworth's high-quality land and property.

"We are cautiously optimistic that a combination of improving economic stability and supportive government policy will be beneficial for both the real estate sector and Harworth. In the near term we recognise market confidence could potentially be tempered by the extent of the steps taken by the Government to address the public funding deficit, but as a long-term investor Harworth is well versed in delivering performance through different policy environments.

"Ultimately, Harworth is a long-term through-the-cycle business and its extensive land pipeline, track record, specialist skillset and strong balance sheet sets us apart from our peers and enables us to maximise the value created from our sites for our shareholders."

Management actions drive enhanced value gains and profitability

- Value gains totalled £47.0 million (H1 2023: £7.5 million), driven by sales, development of sites and planning permissions against the backdrop of relatively stable markets
- Operating profit increased 164% to £21.1 million (H1 2023: £8.0 million), reflecting increased land sales, revenue from development management, and other gains relating to the valuations of investment properties and assets held for sale
- Annualised rental income for the Investment Portfolio increased to £14.4 million, growth of 2.4% on a like-for-like basis
- Dividend per share up 10% at 0.489p (H1 2023: 0.444p), consistent with the Group's existing dividend policy

Robust cash generation from residential land sales and strong balance sheet position

- Completed 357 plot sales of serviced land for proceeds of £24.0 million, in line with December 2023 book values, and a further 132 plots post period end
- Net debt of £80.5 million (31 December 2023: £36.4 million), representing a Net LTV of 9.8% (31 December 2023: 4.7%)
- Available liquidity of £154.2 million (31 December 2023: £192.2 million), with no major refinancing requirements until 2027
- Continuing to use capital light funding structures, including Option and Planning Promotion Agreements ("PPAs"), to facilitate growth and maximise returns

Growth targets underpinned by strong planning progress and extensive land pipeline

- Land pipeline now has the potential to deliver 38.8 million sq. ft. of Industrial & Logistics space and 26,639 plots for new homes, the largest Industrial & Logistics pipeline in the Group's history
- Planning permission secured for 1.8 million sq. ft. and 500 plots, plus a further 1.5 million sq. ft. and 185 plots post period end
- New draft allocations or allocations in local plans for 5.7 million sq. ft. and 2,875 plots
- An additional 6.4 million sq. ft. and 2,269 plots progressing through the planning system and awaiting determination

Increased strategic focus on Industrial & Logistics Major Developments programme

- As at 30 June 2024, the consented Industrial & Logistics land portfolio increased to 8.1 million sq. ft., of which 5.9 million sq. ft. is in Major Developments (31 December 2023: 4.6 million sq. ft.), following transfers of 1.3 million sq. ft. from Strategic Land
- 0.5 million sq. ft. of Grade A space is currently in development or expected to start in the next 12 months, following practical completion post period end of 0.1 million sq. ft. of pre-let space
- Enabling works currently underway for 2.2 million sq. ft. of direct development on several Major Development sites, plus further enabling works underway at Skelton Grange in relation to the Microsoft serviced land sale
- The current Industrial & Logistics land pipeline has the potential to deliver £5 billion of Gross Development Value (GDV)(5)
- By the end of 2027 the consented Industrial & Logistics pipeline has the ability to deliver £0.8 billion of GDV

On track to achieve 100% Grade A core Investment Portfolio by the end of 2027; targeting £0.9 billion portfolio by the end of 2029

- The Investment Portfolio value increased 4.4% to £231.2 million, of which 37% is Grade A (31 December 2023: £221.4 million and 37% Grade A)
- Net initial yield increased to 5.9% (2023: 5.7%) whilst net equivalent yield reduced marginally to 7.0% (2023: 7.1%) continuing to provide reversion potential
- 83,000 sq. ft. of Grade A Industrial & Logistics development completed in the 12 months prior to 30 June 2024 was retained in the Investment Portfolio, with 100% now let, exchanged or in heads of terms, broadly in line with or at a premium to, December 2023 estimated rental values (ERV)
- 94% of the 0.5 million sq. ft. of Grade A space currently in development, or due to start in the next 12 months, is expected to be retained in the Group's Investment Portfolio, of which 38% is pre-let or being constructed for an owner-occupier, and is anticipated to generate additional annualised rental income of £5.4 million
- EPRA vacancy rate of 6.3% (31 December 2023: 9.9%), reduces to 3.9% excluding units completed in the last 12 months (31 December 2023: 1.2%), and 98% of rent due in H1 2024 collected

Committed to sustainable development

- In April, Harworth published its 2023 Net Zero Carbon (NZC) Pathway Progress report, alongside its Communities Framework, laying out its commitment to local communities and the progress made against its sustainability target of being operationally NZC by 2030 and NZC for all emissions by 2040
- Completed the planting of over 108,000 trees in collaboration with the Forestry Commission at its Chevington North site in Northumberland and recently opened a new 350-acre Country Park in Thoresby Vale

Strategy evolution

Evolution of strategy to increase the focus on Industrial & Logistics development and retain more prime Grade A properties in the Group's Investment Portfolio, which is now targeted to grow to £0.9 billion by the end of 2029, with growth accelerating from 2026 onwards as the next generation of Industrial & Logistics sites move through the cycle.

- Increased retention of directly developed Grade A properties will be the main driver of growth in the Investment Portfolio, supplemented by selective acquisitions to support this strategy and accelerate the transition to Grade A across the existing portfolio

- As the Investment Portfolio grows the Group expects the increase in recurring earnings to allow increased dividends to be declared in future years
- Whilst the Board intends to continue to review the dividend policy annually, anticipated dividend growth is not expected to impact the Group's ability to deliver capital growth and maximise returns
- With this increased focus on Industrial & Logistics assets, the Group expects its balance sheet to be weighted over 85% towards Industrial & Logistics by the end of 2029, compared to just over 60% at 31 December 2023
- To provide a steady funding platform for the growth of its core Industrial & Logistics portfolio Harworth will continue to create value from sales of high-quality serviced land

Analyst and investor presentation

Harworth will host a presentation for analysts and investors at 9:30AM today, 12 September 2024. A live webcast and playback can be accessed on the following link:

https://brrmedia.news/HWG_HY_24

Notes:

(1) European Public Real Estate Association ('EPRA') Net Disposal Value ('NDV')

(2) Harworth discloses both statutory and alternative performance measures ('APMs'), a full description of, and reconciliation to, the APMs is set out in Note 2 to the condensed consolidated interim financial statements and the appendix

(3) The Ex-dividend date, Record date and Payment date for the 2024 interim dividend can be found in the Shareholder Information section of this announcement

(4) Source: JLL UK Big Box Industrial & Logistics Market Update

(5) Gross Development Value (GDV) is an estimate of value to be delivered on completion of the building or development

For further information

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About Harworth

Listed on the equity shares (commercial companies) category of the Main Market of the London Stock Exchange, 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 14,000 acres of land on over 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 Industrial & Logistics and Residential developments to create sustainable places where people want to live and work, supporting new homes, jobs and communities across the regions and delivering long-term value for all stakeholders. Visit www.harworthgroup.com for further information. LEI: 213800R8JSSGK2KPFG21.

Chief Executive's Review

For the six months ended 30 June 2024

Harworth has delivered a strong first half reflecting the operational progress achieved across the business as we continue to unlock value from our land and property portfolio. We continue to deliver against the four strategic pillars we set out in 2021 and remain on track to deliver an EPRA NDV of £1 billion by the end of 2027. We are now half way through our strategic plan, and as such we recently reviewed our long term guidance and targets with a view to providing more detail on the evolution of the growth strategy.

The optimised strategy still sees us reach £1 billion EPRA NDV by the end of 2027 but with increased focus on Industrial & Logistics direct development and an intention to retain more of that space to build an Investment Portfolio of £0.9 billion by the end of 2029. Whilst we expect to continue to maintain high single to low double digit total returns in the medium term, this strategy will enable us to announce increased dividends as recurring income grows, which is expected to optimise shareholder returns.

Our markets

Harworth's focus markets are the Industrial & Logistics (land sales, direct development and investment) and Residential (land sales) sectors. Both remain fundamental to enabling growth in the UK economy, and the policy themes of the new Government reflect the need to drive investment across the UK to create new homes and jobs and decarbonise the economy. While it is early days, in general the mood feels more positive across both of our markets, as alongside political stability, we have seen inflation ease and the first rate cut take effect in August: all of which are key to driving an increase in investor interest in the UK. We do however remain watchful until more detail of the new Government's plans and its funding proposals are visible, and any impact on the industry can be assessed.

In the Industrial & Logistics sector, the structural drivers of demand seen in recent years remain intact, driven by the growth of e-commerce, on-shoring and near-shoring still present coupled with an increasing focus amongst occupiers on securing modern and sustainable spaces for manufacturing, with power connection and availability being a key factor. Recent research from Savills shows that prime yield indicators have remained broadly stable with a positive outlook for the industrial sub-sectors and are expected to remain stable at least until the October 2024 Budget, or until further rate cuts. The expectation of further rate cuts and stable pricing, combined with rising confidence in economic fundamentals that drive tenant demand, could create the environment for improvements in yields in this sector towards the end of the year, although this is by no means certain.

Our Industrial & Logistics serviced land remains in high demand, evidenced by the conditional sale of two land parcels to Microsoft for £106.6 million, our largest sale to date. We were able to bring forward this site by progressing it through planning, recognising its attributes including power availability, securing an occupier and collaborating with key stakeholders.

In the wider market, Industrial & Logistics supply has increased in the first half with a vacancy rate in our regions of between 6% and 9% as a result of speculative completions in H1 2024 alongside second hand space returning to the market. Despite this, the North West had the lowest vacancy rate in the UK in Q2[(7)] and the Midlands region contributed over half of all Q2 take up in this sector[(8)].

Demand for build-to-suit units has remained strong in our regions supported by increased take up for existing units with a focus from occupiers on high-quality Grade A space: in the North West, 91% of take up in 2024 so far has been Grade A space. There is evidence that new build high-quality speculative units showed significantly shorter void periods compared to second hand units.

With take-up improving, vacancy rates are expected to trend downwards into 2025. Throughout the period we continued to engage proactively with commercial occupiers to understand demand for pre-let commitments and to collaborate with occupiers and partners who engage us for build-to-suit development. This engagement has highlighted the resilient nature of occupier demand and the opportunity for future rental growth.

In the Residential sector, consumer demand remains subdued with mortgage approvals still slightly below pre-pandemic levels as a result of prevailing mortgage costs, challenging affordability, and lower consumer confidence, albeit we have seen mortgage rates fall in recent months. Nationwide data recently showed that house prices continue to increase, with annual growth reaching 2.1% in the year to July.

We have continued to see strong demand for our serviced Residential land from a wide range of housebuilders, both national and regional, at prices in line with December 2023 book values, highlighting the high-quality and de-risked nature of our land parcels. While the proposed planning reforms are welcomed, the current planning system continues to drive lower levels of applications for major schemes, and therefore the supply of consented land across the market remains increasingly constrained.

Operational performance

During the period we achieved planning permission for 1.8 million sq. ft. of Industrial & Logistics space along with 500 Residential plots, and a further 1.5 million sq. ft. of Industrial & Logistics space and 185 Residential plots post period end. These planning achievements are key to delivering the next phase of development across our sites. The demand for our serviced product remains strong and we continue to receive high levels of interest. At the time of reporting, land sales completed, exchanged, or in heads of terms, are at 145% of the full year budget and at prices in line with December 2023 book values. Land sales continue to provide a stable funding channel for our Industrial & Logistics direct development programme.

Our extensive land pipeline now has the potential to deliver 38.8 million sq. ft. of Industrial & Logistics space, the largest commercial pipeline we have held to date, and 26,639 plots for new homes. The pipeline has been de-risked, with 65% of the Industrial & Logistics sq. ft. and 48% of the Residential plots having either a planning consent, currently progressing through the planning system, or being allocated or holding a draft allocation. During this first half, we saw progression of local plans resulting in allocations or draft allocations of 5.7 million sq. ft. and 2,875 plots. This was alongside planning consents for 3.3 million sq. ft. and 685 plots received in the year to date. A further 6.4 million sq. ft. and 2,269 plots are currently progressing through the planning system awaiting determination. With a potential £5 billion of Gross Development Value expected from the Industrial & Logistics pipeline, this highlights the intrinsic value still to be unlocked from our land and property portfolio.

As at 30 June 2024, across our Industrial & Logistics development sites we had 0.6 million sq. ft. of Grade A Industrial & Logistics space in development, or expected to start in the next 12 months. 84% of that is expected to be retained for investment purposes, generating an additional £1.7 million of annualised rental income. Of this space, 0.1 million sq. ft. was pre-let and reached practical completion post period end, contributing £0.6 million of annualised rental income. We expect a further 0.1 million sq. ft. to complete in the next 12 months. In addition to this, enabling works are underway on a further 2.2 million sq. ft. of our next generation Industrial & Logistics sites, excluding the work ongoing at Skelton Grange in relation to the Microsoft land sale.

Letting activity remains strong, with an EPRA vacancy rate of 6.3% (31 December 2023: 9.9%), which reduces to 3.9% excluding units completed in the last 12 months (31 December 2023: 1.2%), and 98% of rent due in H1 2024 has been collected.

We are committed to our sustainability targets and our framework, The Harworth Way, integrates sustainability and social value into our business and the developments we create. A key element to our approach is placemaking. This is the work we do across our sites that makes them places where people want to live and work. It is at the heart of what we do, drives value for our communities and our shareholders, and is critical to the success of our schemes. All our schemes have placemaking initiatives; within the highlights of what has been delivered so far this year is the planting of over 108,000 trees with the help of the local community at Chevington North, Northumberland, in partnership with the Forestry Commission, and the opening of a new 350 acre country park at our Thoresby Vale development in Nottinghamshire. This benefits from a purpose-built forest style school alongside commercial and leisure spaces, as well as over 100 acres of restored heathland, now one of the UK's most threatened habitats.

Financial performance

During the period our land portfolio delivered £47.0 million of value gains (H1 2023: £7.5 million), with the increase being driven largely by management actions against a stable market backdrop. As a result, EPRA NDV per share(6) increased 3.5% to 212.3p at 30 June 2024, up 8.5% compared to H1 2023. This translates to a total return of 4.0% for the half (H1 2023: 0.1%).

Sales of serviced land and property, in addition to development management revenues and income from rent, royalties and fees, resulted in Group revenue of £41.3 million (H1 2023: £18.2 million). The increase is largely driven by higher land sales and at the time of reporting we have completed, exchanged or are in heads of terms on 145% of budgeted sales.

The Board is proposing an interim dividend of 0.489p per share, representing 10% growth from 2023, in line with our existing dividend policy. We recently announced an evolution of our growth strategy and a target to grow our Investment Portfolio to £0.9 billion by the end of 2029. As we deliver against this goal we expect the growth in recurring income will allow increased dividends to be declared.

We continue to maintain a strong balance sheet and financial position, with significant available liquidity of £154.2 million as at 30 June 2024 (31 December 2023: £192.2 million) and no major refinancing events until 2027. Our LTV at period-end was 9.8% (31 December 2023: 4.7%) reflecting our typical profile of higher debt drawings in the middle of the year and this flexibility allows us to be dynamic and opportunistic in our approach to achieving our growth ambitions.

Strategy and Outlook

While there are still uncertainties in the economic outlook for the UK, there are some encouraging signs that inflationary pressures are easing and interest rates have started coming down. The new government's proposed reforms of planning policy and support for economic growth and increased housing delivery should be positive for the real estate sector, but we are yet to see the detail.

We continue to see strong demand for our serviced land as well as our energy efficient Grade A Industrial & Logistics units across our regions. Whilst affordability challenges continue to weigh on house buyer demand, our sites are located in more affordable regions and we have a strong track record for delivering high-quality serviced Residential land which is ready to build on once acquired.

Harworth is a long-term through-the-cycle business with a significant landbank, currently capable of delivering 38.8 million sq. ft. of Grade A Industrial & Logistics space with the potential to create £5 billion of GDV, as well as 26,639 Residential plots. Our market leading shareholder returns are driven by long term value creation through management actions across our developments, such as achieving planning permission, completing remediation and infrastructure works, or directly developing our own commercial units. It is our extensive landbank, combined with our specialist skillset, that enables us to deliver these successful schemes and unlock value from our land.

As flagged at the outset of my statement, the evolved strategy targets an Investment Portfolio of £0.9 billion by the end of 2029. This growth will come predominantly from our controlled near term pipeline of sites and will be funded from cash generated from our land and property sales supplemented by our corporate and site specific funding lines. A focus on development may result in more in-year cyclicality in debt drawings and a larger Investment Portfolio will provide the opportunity to operate a debt gearing level in line with the market for that part of the portfolio however we do not anticipate an overall material shift in our conservative gearing approach.

We will continue to optimise the value from our portfolio and expect to continue to maintain high single to low double digit total returns in the medium term. We expect this strategy will enable us to announce increased dividends as recurring income grows thereby optimising shareholder returns.

As the Investment Portfolio grows in scale, we would expect Strategic Land to make up a smaller proportion of our portfolio compared to its proportion today. We will continue to make acquisitions of land to contribute to our pipeline and enable us to continue to deliver high-quality development schemes and we anticipate that by 2029 Industrial & Logistics will be 85% of our total land and property portfolio.

Our extensive consented pipeline enables growth in direct development, accelerated in the outer years of the plan, and we are well positioned as we enter the second phase of our growth strategy to reach £1 billion EPRA NDV by the end of 2027.

Strategic pillar	2024 Progress[9]	2027 Target	Strategy evolution
1. Increasing direct development of Industrial & Logistics space	0.1 million sq. ft. complete and pre-let, 0.5 million sq. ft. in development or expected to start in the next 12 months and 2.2 million sq. ft. being enabled for future development	0.8 million sq. ft. developed on average per year	Continue to focus on increasing direct development of Industrial & Logistics Grade A units, building more on balance sheet to grow the Investment Portfolio
2. Accelerating sales and broadening the range of Residential products	Residential land sales for 489 plots completed	2,000 plots sold on average per year	Focus on acceleration, driving returns and providing a self-generating source of funding for direct development
3. Scaling up land acquisitions and promotion	Maintained 12-15 year land supply	Maintain a land supply of 12-15 years	Continue to maintain a land pipeline that enables scale and value creation through selective acquisitions, including partnerships and capital light structures
4. Repositioning Investment Portfolio to modern Grade A	37% of portfolio Grade A	Targeting 100% Grade A core Investment Portfolio	As well as repositioning to 100% Grade A, also targeting £0.9 billion Investment Portfolio by the end of 2029 to provide increased recurring earnings and optimise future shareholder return

Finally, and importantly, Harworth cannot consistently deliver the progress that we do without our people and I would like to thank all of my colleagues who work collaboratively across the business and with our external stakeholders, to ensure we continue to be successful. The progress that we have made so far this year is a testament to their dedication, determination, specialist skills, and teamwork, and it is those attributes that enable Harworth to achieve our long term strategic goals and create value for our shareholders.

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

(7) Source: CBRE's Q2 Logistics Market report

(8) Source: JLL UK Big Box Industrial & Logistics Market Update
(9) As at the reporting date

Lynda Shillaw
Chief Executive
12 September 2024

Operational Review

For the six months ended 30 June 2024

Industrial & Logistics Land portfolio

At 30 June 2024, the Industrial & Logistics pipeline totalled 38.8 million sq. ft. (31 December 2023: 37.7 million sq. ft.), of which 8.1 million sq. ft. was consented (31 December 2023: 6.1 million sq. ft.), and 7.9 million sq. ft. was in the planning system awaiting determination (31 December 2023: 10.1 million sq. ft.). The pipeline was 58% owned freehold, 38% controlled via options, and 4% controlled via PPAs or other.

Planning progress

During the period, planning approval was secured for 1.8 million sq. ft. of Industrial & Logistics space across two sites, with a further 1.5 million sq. ft. achieving outline planning consent post period end. Sites continued to move through the planning system with allocations received for 3.5 million sq. ft. in the North West under the Places for Everyone Greater Manchester Spatial Framework and draft allocations for 2.3 million sq. ft. in the Midlands.

Two significant planning applications currently remain in the system awaiting determination, totalling 6.4 million sq. ft.

Direct development

As at 30 June 2024, 0.6 million sq. ft. of Grade A space was in development or expected to start in the next 12 months, post period end 0.1 million sq. ft. reached practical completion and a further 0.1 million sq. ft. is expected to complete in the next 12 months. The units will all be delivered to Harworth's sustainable commercial building specification, targeting EPC A and BREEAM Excellent certifications, with whole life carbon assessments and renewable energy provision incorporated into the design.

Enabling works are currently underway for 2.2 million sq. ft. of direct development on several Major Development sites, plus further enabling works underway at Skelton Grange in relation to the Microsoft serviced land sale.

Land sales

In June, 48 acres of Industrial & Logistics land was conditionally sold for £106.6 million, with pricing significantly ahead of book value.

Acquisitions

0.5 million sq. ft. of Industrial & Logistics Strategic Land was secured for £0.1 million, the land is controlled via an Option agreement. In addition, the freehold ownership at Cinderhill has increased with the acquisition of 25 acres of land, this enables the delivery of the wider scheme that includes Industrial & Logistics space.

Residential Land portfolio

At 30 June 2024, the Residential pipeline totalled 26,639 plots (31 December 2023: 27,190 plots), of which 5,445 plots were consented (31 December 2023: 5,296 plots), and 2,454 plots were in the planning system awaiting determination (31 December 2023: 1,774 plots). Development continues to progress on the first mixed tenure sites sold by way of forward funding agreements. The pipeline was 48% owned freehold, with the remainder controlled via options, PPAs or other.

Planning progress

During the period, planning approval was secured for 500 residential plots under a PPA agreement. An allocation was received for 600 homes in the North West and a draft allocation was secured for the mixed-use Diseworth site in the East Midlands for 2,275 homes.

Six significant planning applications currently remain in the system awaiting determination, totalling 2,269 plots.

Land sales

Completed 357 plot sales of serviced land for proceeds of £24.0 million, in line with December 2023 book values, and a further 132 plots post period end. At the reporting date, 114% of budgeted residential land sales for the year completed, exchanged or in heads of terms.

Acquisitions

During the period, the Group increased the freehold ownership at Cinderhill with the acquisition of 25 acres of land, which enables the delivery of the wider scheme that includes Residential serviced land.

Post period end, the Group acquired a former brickworks site in Bedfordshire for total consideration of £30.6 million payable over 2 years. This is a near term site which has outline planning permission for the delivery of 1,000 homes, offering the opportunity to create value and generate cash to fund the broader direct development programme.

Investment Portfolio

This portfolio comprises both Industrial & Logistics assets that have been acquired by Harworth and, increasingly, those that have been directly developed and retained. It provides recurring rental income in addition to asset management opportunities and the potential for capital value growth.

As at 30 June 2024, the Investment Portfolio comprised 11 sites covering 2.5 million sq. ft. (31 December 2023: 11 sites covering 2.5 million sq. ft.). It generated £14.4 million of annualised rent (31 December 2023: £14.1 million), equating to a gross yield of 6.2% (31 December 2023: 6.3%) and a net initial yield of 5.9% (31 December 2023: 5.7%). Annualised rent for the portfolio increased during the period as a result of recent lettings secured. Grade A space represented 37% of the Investment Portfolio (31 December 2023: 37%).

Completions and acquisitions

Of the 0.1 million sq. ft. of Industrial & Logistics Grade A space completed post-period end and the 0.1 million sq. ft. expected to complete in the 12 months, 84% is expected to be retained to the Group’s Investment Portfolio and is anticipated to generate additional annualised rental income of £1.7 million.

Lettings

During the period, 47,000 sq. ft. of leasing deals were completed (H1 2023: 300,000 sq. ft.), adding a net £0.3 million of annualised rent. New lettings, renewals and reviews were completed at an average 0.7% premium to estimated rental values (ERV).

Across the Investment Portfolio, operational metrics remain robust. The portfolio weighted average rent is £6.20 per sq. ft. (31 December 2023: £5.75) and rent collection currently stands at 98% for the year to date (31 December 23: 98%). EPRA vacancy was 6.3% at 30 June 2024 (31 December 2023: 9.9%), reduced to 3.9%

excluding space completed in the preceding 12 months (31 December 2023: 1.2%); while the weighted average unexpired lease term (WAULT) was 11.8 years (31 December 2023: 12.9 years).

Natural Resources Land portfolio

Harworth's Natural Resources portfolio comprises sites used by occupiers for a wide range of energy production and extraction purposes, including wind and solar energy schemes and battery storage as part of the Group's Energy & Natural Capital strategy. The aim is to grow this portfolio, alongside strategic partners where appropriate, through developing renewable energy generation solutions and other sustainability initiatives such as battery storage, solar, EV charging, multi-fuel hubs and reforestation/rewilding. The strategy has a wider focus on embedding these energy concepts and future-proofing principles across all of Harworth's sites to maximise energy availability and resilience, create economic value, and help fulfil the Group's Net Zero Carbon (NZC) ambitions.

As at 30 June 2024, the Natural Resources portfolio had an annualised rental income of £2.1 million (31 December 2023: £1.8 million).

Net Zero Carbon Pathway

In 2022, the Group committed to becoming NZC for Scope 1, Scope 2 and Scope 3 business travel emissions by 2030 and to being NZC for all emissions by 2040. To meet these objectives, the Group has developed a NZC pathway and embedded commitments into a range of workstreams and targets to guide the Group's growth strategy in the development of Industrial & Logistics and Residential sites.

Further information on The Harworth Way and the Group's NZC pathway can be found within the 2023 Annual Report and standalone 2023 NZC Pathway Progress Report, which were both published in April 2024.

Financial Review

For the six months ended 30 June 2024

Overview

Our first half financial performance delivered a Total Return (the movement in EPRA NDV[10] plus dividends per share paid in the period expressed as a percentage of opening EPRA NDV per share) of 4.0% (H1 2023: 0.1%) demonstrating continued consistent value creation. Positive revaluation gains achieved across the portfolio, including the conditional sale at Skelton Grange to Microsoft announced in June 2024 and planning progress in the period, were partially offset by net operating costs, interest costs, tax and dividends, driving EPRA NDV growth to 212.3p per share (31 December 2023: 205.1p).

Sales of serviced land and property, in addition to development management revenues and income from rent, royalties and fees, resulted in Group revenue of £41.3 million during the period (H1 2023: £18.2 million). Looking forward, the sales profile is robust, with 145% of 2024 budgeted sales already completed, exchanged or in heads of terms at the time of reporting (H1 2023: 98%).

Successful asset management initiatives on the Investment Portfolio delivered a like-for-like increase in annualised rental income of 2.4%.

The fair value of investment properties increased by £26.7 million (H1 2023: £15.0 million increase), which contributed to an underlying operating profit of £21.1 million (H1 2023: £8.0 million) and profit after tax of £14.8 million (H1 2023: £2.8 million).

The Group has declared an interim dividend of 0.489p (H1 2023: 0.444p) per share, representing a 10% growth from H1 2023, in line with our existing dividend policy.

BNP Paribas and Savills, our independent valuers, completed a desktop valuation of our portfolio as at 30 June 2024, resulting in first half valuation gains[10] of £46.6 million (H1 2023: £11.1 million gains), including the movement in the market value of development properties. These gains were the result of management actions including progress on development sites, obtaining planning permissions, progressing direct development schemes and asset management initiatives, against the backdrop of a relatively stable market. However, the revaluation gains were partially offset by continued increases in costs to deliver our sites, predominantly driven by services inflation. Beyond valuation movements, profits on sales, after adjusting for selling costs and an increase in the estimate of shared infrastructure costs attributable to prior period sales, were £0.4 million (H1 2023: loss of £3.5 million) demonstrating continued demand for sites in line with December 2023 book values. This gave total value gains of £47.0 million (H1 2023: £7.5 million) in the period.

Over the period, net asset value grew to £650.0 million (31 December 2023: £637.7 million). With EPRA adjustments for development property valuations included, EPRA NDV at 30 June 2024 increased to £687.0 million (31 December 2023: £662.9 million) representing a per share increase of 3.5% to 212.3p (31 December 2023: 205.1p).

The Group remains well capitalised and as at 30 June 2024 had available liquidity of £154.2 million (31 December 2023: £192.2 million). Net debt was £80.5 million (31 December 2023: £36.4 million), reflecting the typical profile of higher drawdowns mid-year, resulting in a net loan to portfolio value at 30 June 2024 of 9.8% (31 December 2023: 4.7%), well below our maximum target of 20%. At period end, 25% of the Group's drawn debt was subject to fixed rates (31 December 2023: 35%). We currently do not have interest rate hedging in place against drawings under our Revolving Credit Facility (RCF), although this continues to remain under review.

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

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 the Balance Sheet. The APMs outlined below measure movements in development property revaluations, overages and joint ventures. 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 period 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 at the end of the period (less shares held by the Employee Benefit Trust or Equiniti Share Plan Trustees Limited to satisfy Restricted Share Plan and Share Incentive Plan awards.)
- Value gains: the realised profits from the sales of properties and unrealised profits from property valuation 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 statutory and non-statutory measures are provided in Note 2 to the condensed consolidated interim financial statements and the appendix.

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

	H1 2024				H1 2023			
	Capital growth £m	**Income generation £m**	**Central overheads £m**	**Total £m**	Capital growth £m	Income generation £m	Central overheads £m	Total £m
Revenue	**31.1**	**10.3**	**-**	**41.3**	4.3	13.9	-	18.2
Cost of sales	**(31.5)**	**(2.6)**	**-**	**(34.1)**	(6.1)	(3.5)	-	(9.6)
Gross profit	**(0.5)**	**7.7**	**-**	**7.2**	(1.8)	10.4	-	8.6
Administrative expenses	**(3.2)**	**(1.4)**	**(12.2)**	**(16.8)**	(2.2)	(2.3)	(9.8)	(14.3)
Other gains	**23.2**	**7.5**	**-**	**30.7**	12.5	1.3	-	13.8
Operating profit/(loss)	**19.6**	**13.8**	**(12.3)**	**21.1**	8.5	9.4	(9.8)	8.0
Share of (loss)/profit of JVs	**(0.7)**	**1.1**	**-**	**0.4**	(0.9)	0.1	-	(0.8)
Net interest credit/(expense)	**0.7**	**-**	**(3.5)**	**(2.8)**	0.3	-	(3.1)	(2.8)
Profit/(loss) before tax	**19.6**	**14.9**	**(15.8)**	**18.7**	7.9	9.5	(12.9)	4.5
Tax charge	**-**	**-**	**(3.9)**	**(3.9)**	-	-	(1.6)	(1.6)
Profit/(loss) after tax	**19.6**	**14.9**	**(19.7)**	**14.8**	7.9	9.5	(14.5)	2.8

Note: There are minor differences on some totals due to roundings

Capital Growth revenue, which primarily relates to the sale of development properties, increased during the period as a result of the serviced land sales at Ironbridge, Simpson Park and Waverley. Where consideration relating to development property sales is deferred, a reduction to revenue is made to reflect the imputed interest element, with revenue recognised as interest income in future periods; this resulted in a £2.0 million downward adjustment to revenue during this period (H1 2023: £nil). H1 2024 also saw revenues generated from build-to-suit development of £6.9 million (H1 2023: £nil).

Revenue from the Income Generation portfolio (the Investment Portfolio, Natural Resources and Agriculture) mainly comprises property rental and royalty income. At £10.3 million it was lower than the same period in the prior year (H1 2023: £13.9 million), reflecting the full period impact of successful Investment Portfolio sales during 2023. Revenue from the Income Generation portfolio for the first half included the impact of new lettings related to direct development and asset management initiatives, as well as royalties from energy assets. Rental income from the Investment Portfolio increased on an annualised basis from £14.1 million at 31 December 2023 to £14.4 million, reflecting asset management initiatives across the portfolio. On a like for like basis, rent grew by 2.4%.

Cost of sales comprises the inventory cost of development property sales and both the direct and recoverable service charge costs of the Income Generation business. Cost of sales increased to £34.1 million (H1 2023: £9.6 million), of which £24.8 million related to the inventory cost of development property sales (H1 2023: £5.3 million). H1 2024 also included additional costs related to build-to-suit development. In the period, we saw a small decrease in the net realisable value provision on development properties of £0.7 million (H1 2023: £0.3 million increase) following the valuation process as at 30 June 2024 which reflected the impact of management actions across development sites.

Administrative expenses increased in the period by £2.4 million (H1 2023: £3.4 million increase). This included the impact of increased employee numbers as well as the impact of inflationary cost increases and costs incurred in relation to strategic workstreams. Administrative expenses expressed as a percentage of underlying revenue over the 12 months to 30 June 2024 was 21%, increasing from 14% for the 12 months to 30 June 2023, reflecting the increases in costs as well as the timing of revenue generating activity.

Other gains comprised a £26.5 million combined net increase (H1 2023: £14.8 million) in the fair value of investment properties and assets held for sale (AHFS) and profit on sale of overages of £4.2 million (H1 2023: £nil) in addition to the profit on sale of investment properties and AHFS of £0.1 million including transaction fees (H1 2023: loss on sale of £1.1 million).

Non-statutory value gains/(losses)

Value gains/(losses) are made up of profit/(loss) 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 the appendix to the condensed consolidated interim financial statements.

		H1 2024			H1 2023			**30 June 2024**	31 December 2023
Capital growth £m	**Category**	**Profit/ (loss) on sale**	**Reval. gains/ (losses)**	**Total**	Profit on sale	Reval. gains/ (losses)	Total	**Total valuation**	Total valuation
Residential Major Developments	Development	**0.3**	**9.2**	**9.5**	(2.3)	(2.2)	(4.5)	**220.2**	210.5
Industrial & Logistics Major Developments	Mixed	**(0.2)**	**6.7**	**6.5**	(0.2)	(2.3)	(2.5)	**162.1**	136.0
Residential Strategic Land	Investment	**0.2**	**3.3**	**3.5**	(0.1)	3.3	3.2	**55.7**	51.6
Industrial & Logistics Strategic Land	Investment	**0.2**	**18.6**	**18.8**	-	9.9	9.9	**123.6**	105.9

		H1 2024			H1 2023			**30 June 2024**	31 December 2023
Income generation £m	**Category**	**Profit/ (loss) on sale**	**Reval. gains/ (losses)**	**Total**	Profit on sale	Reval. gains/ (losses)	Total	**Total valuation**	Total valuation
Investment Portfolio	Investment	**-**	**8.2**	**8.2**	(0.9)	2.5	1.6	**231.2**	221.4
Natural Resources	Investment	**-**	**0.2**	**0.2**	-	(0.2)	(0.2)	**21.1**	21.6
Agricultural Land	Investment	**(0.1)**	**0.4**	**0.3**	-	0.1	0.1	**7.9**	21.1

Profit on sale of £0.4 million (H1 2023: £3.5 million loss), after adjusting for selling costs and an increase in the estimate of shared infrastructure costs attributable to prior period sales, reflected the completion of sales in line with December 2023 book values. Revaluation gains were £46.6 million (H1 2023: £11.1 million) and are outlined in the table below.

	H1 2024 £m	H1 2023 £m
Increase in fair value of investment properties	**26.7**	15.0
Decrease in fair value of assets held for sale	**(0.2)**	(0.2)
Movement in net realisable value provision on development properties	**(0.3)**	(0.3)
Contribution to statutory operating profit	**26.2**	14.6
Share of profit/(loss) of joint ventures	**0.4**	(0.8)
Unrealised gains/(losses) on development properties and overages[11]	**20.0**	(2.7)
Total non-statutory revaluation gains	**46.6**	11.1

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

Industrial & Logistics

Against a relatively stable Industrial & Logistics market during the first half of 2024, revaluation gains were driven by management actions to progress strategies across sites. This included progress on serviced land sales, most notably exchanging contracts for the conditional sale at Skelton Grange to Microsoft, as well as significant planning progress in the period with permission achieved for 1.8 million sq. ft. alongside new draft allocations or allocations in local plans for 5.7 million sq. ft. Occupier demand remained resilient and market rents across our sites were up. Costs of construction increases over the period continued to impact gains, but at a lower rate compared to 2023 with the highest increases predominantly relating to professional service costs. Combined, this resulted in revaluation gains of £25.3 million across Industrial & Logistics Major Developments and Strategic Land (H1 2023: £7.6 million).

Investment Portfolio gains of £8.2 million (H1 2023: £2.5 million) reflected the impact of our management actions such as new leases on recently completed direct development alongside the impact of market rental growth. Overall, these impacts resulted in the net initial yield increasing 20 bps to 5.9% from 5.7% as at 31 December 2023. The equivalent yield decreased from 7.1% to 7.0%.

Residential

Residential land sales continued to demonstrate demand for our serviced land product and underpinned valuations with our Residential Major Developments realising gains of £9.2 million (H1 2023: losses of £2.2 million). The Residential market has seen some mild improvement with Nationwide reporting UK annualised price increases of 1.5% for the 12 months to June with the Northern England markets in which Harworth operates showing higher growth supported by higher affordability. Supply of high-quality serviced land remains constrained with demand growing from a range of housebuilders. As we saw with Industrial & Logistics development sites, costs of construction increased over the period, predominantly related to professional services costs, partly offsetting the impact of positive house price movements and demand for land.

Residential strategic land gains of £3.3 million (H1 2023: £3.3 million) reflected planning progress on sites with new draft allocations or allocations in local plans for 2,875 plots achieved during the period.

Natural Resources

Valuations remained broadly consistent during the period.

Agricultural

We experienced a small valuation increase on retained properties as a result of improving agricultural land prices. The reduction in the portfolio value from 31 December 2023 reflects a £13.3 million sale, in line with book value.

Net realisable value provision

The net realisable value provision on development properties as at 30 June 2024 was £13.4 million (31 December 2023: £14.1 million). This provision is held to reduce the value of seven 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 2024. The transfer from investment to development property takes place once planning is secured and development with a view to sale has commenced.

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

Cash and sales

The Group made property sales[12] in the period of £41.7 million (H1 2023: £56.2 million), realising a total profit on sale of £0.4 million (H1 2023: loss of £3.5 million). Sales comprised residential development sales of £24.0

million (H1 2023: £4.0 million) and receipts through overages of £4.2 million (H1 2023: £nil). Disposals of income-generating sites where value has already been maximised through asset management initiatives were £13.3 million (H1 2023: £52.2 million).

Cash proceeds from sales in the period were £30.0 million (H1 2023: £58.2 million) as shown in the table below:

	H1 2024	H1 2023
	£m	£m
Total property sales[12]	**41.7**	56.2
Less deferred consideration on sales in the period	**(13.6)**	(1.0)
Add receipt of deferred consideration from sales in prior years	**1.9**	3.0
Total cash proceeds	**30.0**	58.2

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

Tax

The income statement charge for taxation for the period was £3.9 million (H1 2023: £1.6 million), which comprised a current year tax charge of £nil (H1 2023: £0.3 million) and a deferred tax charge of £3.9 million (H1 2023: £1.3 million).

The current tax charge reflects the timing of sales activity, coupled with administrative costs and interest offsetting trading profits during the period. The increase in deferred tax largely relates to unrealised gains on investment properties. The deferred tax balance has been calculated based on the rate expected to apply on the date the liability is reversed.

At 30 June 2024, the Group had deferred tax liabilities of £37.0 million (31 December 2023: £30.6 million) and deferred tax assets of £3.3 million (31 December 2023: £0.5 million). The net deferred tax liability was £33.7 million (31 December 2023: £30.1 million).

Basic earnings per share and dividends

Basic earnings per share for the period increased to 4.6p (H1 2023: 0.9p) reflecting valuation gains on the land and property portfolio in H1 2024, as well as increased revenue from land sales compared to H1 2023.

The Board has determined to pay an interim dividend of 0.489p (H1 2023: 0.444p) per share, an increase of 10% in line with the Group's policy.

Property categorisation

Until sites receive planning permission and their 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 2024, the balance sheet value of all our development properties was £250.5 million (31 December 2023: £250.0 million) and their independent valuation by BNP Paribas was £294.5 million, reflecting a £44.0 million 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 how we state our investment properties, we use EPRA NDV[13], which includes the market value of development properties and overages less notional deferred tax, as our primary net assets metric.

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

Net asset value

	As at 30 June 2024 £m	As at 30 June 2023 £m	As at 31 December 2023 £m
Properties	**772.5**	700.3	734.8
Cash	**9.2**	8.5	27.2
Trade and other receivables	**68.9**	57.3	48.6
Other assets	**15.9**	14.2	13.8
Total assets	**866.5**	780.3	824.4
Gross borrowings	**(89.7)**	(72.1)	(63.6)
Deferred tax liability	**(33.7)**	(25.5)	(30.1)
Other liabilities	**(93.1)**	(79.6)	(93.0)
Statutory net assets	**650.0**	603.1	637.7
Mark to market value adjustment on development properties and overages less notional deferred tax	**37.0**	28.1	25.2
EPRA NDV(14)	**687.0**	631.2	662.9
Number of shares in issue less Employee Benefit Trust & Equiniti Share Plan Trustees Limited-held shares	**323,592,468**	322,612,685	323,154,373
EPRA NDV per share(14)	**212.3p**	195.7p	205.1p

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

EPRA NDV(15) at 30 June 2024 was £687.0 million (31 December 2023: £662.9 million), which includes the mark-to-market adjustment on the value of the development properties and overages. The total portfolio value as at 30 June 2024 was £821.9 million, an increase of £53.7 million from 31 December 2023. The Group's share of profits from joint ventures of £0.4 million (H1 2023: £0.8 million loss) resulted in investments in joint ventures increasing to £32.3 million (31 December 2023: £30.7 million). Trade and other receivables include deferred consideration on sales as set out previously. At 30 June 2024, deferred consideration of £41.7 million was outstanding (31 December 2023: £28.1 million), of which 39% is due within one year.

The table below sets out ten of our key sites:

Site	**Site type**	**Categorisation in balance sheet**	**Region**	**Progress**
Skelton Grange	Major Development / Strategic Land	Development	Yorkshire & Central	1.1m sq. ft of Industrial & Logistics space consented and conditionally exchanged with Microsoft
Waverley AMP	Investment Portfolio / Major Development	Investment	Yorkshire & Central	2.1m sq. ft. of Industrial & Logistics space consented, 1.7m built and retained or sold, 0.4m under or pending construction
South East Coalville	Major Development	Development	Midlands	2,016 Residential units consented, land

				sold representing 977 units
Benthall Grange, Ironbridge	Major Development	Development	Midlands	1,000 Residential units consented, land sold representing 312 units, further enabling works underway
Bardon	Investment Portfolio	Investment	Midlands	N/A – property is let
Nufarm	Investment Portfolio	Investment	Yorkshire & Central	N/A – property is let
Ansty	Strategic Land	Investment	Midlands	Proposed Industrial & Logistics site, held under option by a 3rd party, planning submitted
Chatterley Valley	Major Development	Development	North West	1.2m sq. ft. of Industrial & Logistics space consented, enabling works progressing
Wingates	Major Development / Strategic Land	Investment	North West	Up to 1m sq. ft. of Industrial & Logistics space consented on Phase 1 and enabling works started, wider scheme allocated for commercial use under Greater Manchester's Places for Everyone
Knowsley	Investment Portfolio	Investment	North West	N/A – property is let

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

Financing strategy

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

To deliver its strategic plan, the Group has adopted a target net loan to portfolio value[16] at year-end of below 20%, with a maximum of 25% in-year. As a principle, the Group will seek to maintain its cash flows in balance by funding the majority of infrastructure expenditure through disposal proceeds, while allowing for growth in the portfolio.

The Group intends to continue to use development and infrastructure loans alongside its RCF to support its growth strategy.

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

Debt facilities

The Group has a £200 million RCF, together with a £40 million uncommitted accordion option, which was entered into in 2022. The RCF is provided by NatWest, Santander and HSBC and is aligned to the Group's strategy, providing significant liquidity and flexibility to enable us to pursue our strategic ambitions. The interest rate on the RCF is based on a loan-to-value ratchet mechanism with a margin payable above SONIA in the range of 2.25% to 2.50%. The Group has no major refinancing requirements until 2027.

As part of its funding structure, the Group also uses infrastructure financing provided by public bodies and site-specific direct development loans to promote the development of major sites and bring forward the development of Industrial & Logistics units.

The Group had borrowings and loans of £89.7 million at 30 June 2024 (31 December 2023: £63.6 million; 30 June 2023: £72.1 million), being the RCF drawn balance (net of capitalised loan fees) of £54.0 million (31 December 2023: £33.8 million; 30 June 2023: £43.7 million) and infrastructure or direct development loans (net of capitalised loan fees) of £35.7 million (31 December 2023: £29.7 million; 30 June 2023: £28.4 million). The Group's cash balances at 30 June 2024 were £9.2 million (31 December 2023: £27.2 million; 30 June 2023: £8.5 million). The resulting net debt was £80.5 million (31 December 2023: £36.4 million; 30 June 2023: £63.7 million).

Net debt[17] increased with property expenditure, acquisitions and operating costs partly offset by the completion of serviced land and property sales. The movements in net debt over the period are shown below:

	H1 2024 **£m**	H1 2023 £m
Opening net debt as at 1 January	**(36.4)**	(48.4)
Cash outflow from operations	**(32.8)**	(22.4)
Property expenditure and acquisitions	**(21.1)**	(28.8)
Disposal of investment property, AHFS and overages	**17.5**	50.5
Net investment in joint ventures	**(1.2)**	-
Interest and loan arrangement fees	**(2.2)**	(2.1)
Dividends paid	**(3.3)**	(3.0)
Tax paid	**(0.2)**	(8.5)
Other cash and non-cash movements	**(0.8)**	(1.0)
Closing net debt as at 30 June	**(80.5)**	(63.7)

The weighted average cost of the Group's debt, using the average debt balance in the preceding 12 months and the average rates as at 30 June 2024, was 6.94% with a 0.9% non-utilisation fee on undrawn RCF amounts (31 December 2023: 6.88% with a 0.9% non-utilisation fee; 30 June 2023: 6.19% with a 0.9% non-utilisation fee). The weighted average term of drawn debt is now 2.4 years (31 December 2023: 2.9 years; 30 June 2023: 2.9 years).

The Group's hedging strategy to manage its exposure to interest rate risk is to hedge the lower of around half its average debt during the year or its net debt[17] balance at year-end. At 30 June 2024, 25% (31 December 2023: 35%) of the Group's drawn debt, reflecting 27% of net debt (31 December 2023: 62%), was subject to fixed rate interest rates with no hedging instruments in place on the remaining floating rate debt. Projected drawn debt and hedging requirements remain under active review with any new hedging to be aligned to future net debt requirements.

As at 30 June 2024, the Group's gross loan to portfolio value[17] was 10.9% (31 December 2023: 8.3%; 30 June 2023: 9.8%) and its net loan to portfolio value was 9.8% (31 December 2023: 4.7%; 30 June 2023: 8.6%). If gearing is assessed against the value of the core Income Generation Portfolio (the Investment Portfolio and Natural Resources portfolio) only, this equates to a gross loan to core Income Generation portfolio value of

38.3% (31 December 2023: 27.9%; 30 June 2023: 31.7%) and a net loan to core Income Generation portfolio value of 34.4% (31 December 2023: 15.9%; 30 June 2023: 28.0%). Under the RCF, the Group could withstand a material fall in portfolio value, property sales or rental income before reaching covenant levels.

At 30 June 2024, undrawn capacity under the RCF was £145.0 million (31 December 2023: £165.0 million; 30 June 2023: £155.0 million). Going forwards, the RCF, alongside selected use of infrastructure loans where appropriate, will continue to provide the Group with sufficient liquidity to execute our growth strategy.

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

Kitty Patmore
Chief Financial Officer
12 September 2024

Appendix 1: Supplementary operational information

1.1 Top Industrial & Logistics sites (as at 30 June 2024)

Name	Location	Sold or developed / consented / non-consented (m sq. ft.)	Total development at completion (m sq. ft)	Estimated potential GDV (£m)	Forecast completion date
Skelton	Leeds, West Yorkshire	0.0m / 1.1m / 0.3m	1.4m	Confidential	to 2027
AMP	Rotherham, South Yorkshire	1.7m / 0.4m / 0.0m	2.1m	£55m - £65m	to 2027
Chatterley Valley	Stoke-on-Trent, Staffordshire	0.0m / 1.2m / 0.0m	1.2m	£150m - £160m	to 2027
Gascoigne Wood	Sherburn-in-Elmet, North Yorkshire	0.0m / 1.5m / 0.5m	2.0m	£190m - £200m	to 2028
Rothwell	Rothwell, Northamptonshire	0.0m / 0.0m / 1.8m	1.8m	£290m - £310m	to 2028
Wingates	Bolton, Greater Manchester	0.0m / 1.0m / 1.5m	2.5m	£320m - £370m	to 2030
Junction 15, M1	Northampton, Northamptonshire	0.0m / 0.0m / 1.6m	1.6m	£235m - £260m	to 2030
Gateway 36	Barnsley, South Yorkshire	0.4m / 0.6m / 0.5m	1.5m	£130m - £150m	to 2033
Northern Gateway	Greater Manchester	0.0m / 0.0m / 2.5m	2.5m	Confidential	2026 - 2035
North Yorks Site	Selby, North Yorkshire	0.0m / 0.0m / 3.0m	3.0m	£290m - £340m	to 2040

1.2 Top Residential sites (as at 30 June 2024)

Name	Location	Sold or developed / consented / non-consented (plots)	Total development at completion (plots)	Forecast completion date
Waverley	Rotherham, South Yorkshire	2,578 /415 / 0	2,993	2025
Moss Nook	St Helens, Merseyside	256 /660 / 0	916	2026
Simpson Park	Harworth, Nottinghamshire	733 / 731 / 0	1,464	2027
Thoresby	Edwinstowe, Newark and Sherwood	650 / 150 / 190	990	2027
Pheasant Hill Park	Doncaster, South Yorkshire	645 / 555 / 206	1,406	2028
Benthall Grange, Ironbridge	Ironbridge, Shropshire	312 / 688 / 0	1,000	2030
South East Coalville	Coalville, Leicestershire	977 / 1,039 / 0	2,016	2031
Huyton	Knowsley, Merseyside	0 / 0 / 1,500	1,500	2033
Diseworth West	North West Leicestershire	0 / 0 / 2,275	2,275	2035
Cinderhill	Denby, Derbyshire	0 / 150 / 1,350	1,500	2039

Appendix 2: Key performance indicators

2.1 Financial track record

KPI	H1 2024 result	H1 2023 result	FY 2023 result	H1 2024 performance commentary
Total Return (%)[(18)] Growth in EPRA NDV during the year in addition to dividends paid, as a proportion of EPRA NDV at the beginning of the year.	4.0%	0.1%	5.1%	Our total return of 4.0% was the result of a 3.5% increase in EPRA NDV during the year, as well as the payment of a 1.022p dividend.
EPRA Net Disposal Value ('NDV') per share[(18)] A European Public Real Estate Association ("EPRA") metric that represents a net asset valuation where development property is included at fair value rather than cost and deferred tax, financial instruments and other adjustments as set out in Note 2 and the appendix to the financial statements, are calculated to the full extent of their liability.	212.3p	195.7p	205.1p	The increase was driven by management actions, including progressing sales and planning activity within a relatively stable market backdrop.
Net asset value[(18)] The value of our assets less the value of our liabilities, based on IFRS measures, which excludes the mark-to-market value of development properties.	£650.0 million	£603.1 million	£637.7 million	Net asset value increased as a result of crystalising valuation gains in investment properties.
Net loan to portfolio value ('LTV')[(18)] Net debt as a proportion of the aggregate value of properties and investments.	9.8%	8.6%	4.7%	Our LTV increased during the period in line with the timing of development and sales activity, with LTV remaining well within our target of less than 25% within year as we continued to manage carefully our levels of net debt.

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

Principal risks and uncertainties

A detailed explanation of the Group's risk management framework, the principal risks and uncertainties affecting the Group and the steps it takes to mitigate these risks, can be found on pages 48 to 60 of the Annual Report and Financial Statements for the year ended 31 December 2023 (the "2023 Annual Report"), available at harworthgroup.com/investors/.

The Board has assessed the principal and emerging risks facing the Group and considers that there have been no material changes to the risks set out in the 2023 Annual Report.

In light of the recent change in the UK Government and political landscape, though changes are not expected in the short term, the Board is closely monitoring the following principal risks: Planning, Statutory costs of development, Residential and Commercial markets, and Availability of and competition for strategic sites. A detailed update on all principal risks will be provided in the Annual Report and Financial Statements for the year ending 31 December 2024.

Directors' Responsibilities statement

For the six months ended 30 June 2024

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 2024 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 party transactions that have taken place in the six months ended 30 June 2024 and that have materially affected the financial position or performance of the Group during that period, and any changes in the related party 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 2024 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
Marzia Zafar	Independent Non-Executive Director
Steven Underwood	Non-Executive Director
Martyn Bowes	Non-Executive Director

By order of the Board

Kitty Patmore
Chief Financial Officer
12 September 2024

Cautionary statement

This report for the six months ended 30 June 2024 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 2024 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 2024	Announced	12 September 2024
Interim dividend for the year ending 31 December 2024	Ex-dividend date Record date Payable	19 September 2024 20 September 2024 24 October 2024
Capital Markets Day 2024	Scheduled	22 October 2024
Results for the year ending 31 December 2024	Announced	March 2025
Annual report and financial statements for the year ending 31 December 2024	Published	April 2025
2025 Annual General Meeting	Scheduled	May 2025
Final dividend for the year ending 31 December 2024	Payable	June 2025

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").

Shareview service

The Shareview service from Equiniti allows shareholders to manage their shareholding online. It gives shareholders direct access to their data held on the share register, including recent share movements and dividend details and the ability to change their address or dividend payment instructions online.

To visit the Shareview website, go to shareview.co.uk. There is no charge to register but the 'shareholder reference' printed on proxy forms or dividend stationery will be required.

Website

Harworth'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 2024 £'000**	Unaudited 6 months ended 30 June 2023 £'000	Audited Year ended 31 December 2023 £'000
Revenue	3	**41,306**	18,237	72,427
Cost of sales	3	**(34,110)**	(9,609)	(60,077)
Gross profit	3	**7,196**	8,628	12,350
Administrative expenses	3	**(16,779)**	(14,349)	(27,435)
Other gains	3	**30,736**	13,774	69,426
Other operating expenses	3	**(44)**	(45)	(112)
Operating profit	3	**21,109**	8,008	54,229
Finance costs	4	**(3,614)**	(3,105)	(6,421)
Finance income	4	**801**	335	445
Share of profit/(loss) of joint ventures (including impairment)	9	**430**	(773)	1,554
Profit before tax		**18,726**	4,465	49,807
Tax charge	5	**(3,942)**	(1,618)	(11,851)
Profit for the period/year		**14,784**	2,847	37,956

Earnings per share from operations		**pence**	pence	pence
Basic	7	**4.6**	0.9	11.8
Diluted	7	**4.5**	0.9	11.5

Notes 1 to 16 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 2024 £'000	Unaudited 6 months ended 30 June 2023 £'000	Audited Year ended 31 December 2023 £'000
Profit for the period/year	**14,784**	2,847	37,956
Other comprehensive (expense)/income – items that will not be reclassified to profit or loss:			
Net actuarial (loss)/gain in Blenkinsopp Pension scheme	**(123)**	86	(10)
Revaluation of Group occupied property	**(300)**	(67)	(167)
Deferred tax on other comprehensive (expense)/income items	**-**	(22)	3
Total other comprehensive expense	**(423)**	(3)	(174)
Total comprehensive income for the period/year	**14,361**	2,844	37,782

Consolidated balance sheet

ASSETS	Note	**Unaudited As at 30 June 2024 £'000**	Unaudited As at 30 June 2023 £'000	Audited As at 31 December 2023 £'000
Non-current assets				
Property, plant and equipment		**1,442**	1,236	1,670
Right of use assets		**463**	557	512
Trade and other receivables		**23,046**	2,735	11,296
Investment properties	8	**479,564**	430,366	433,942
Investments in joint ventures	9	**32,346**	29,055	30,722
Retirement benefit asset		**938**	31	-
		537,799	463,980	478,142
Current assets				
Inventories	10	**264,721**	231,304	263,073
Trade and other receivables		**47,324**	54,538	37,289
Assets held for sale	11	**7,491**	20,811	18,752
Cash	12	**9,207**	8,493	27,182
Current tax asset		**-**	1,142	-
		328,743	316,288	346,296
Total assets		**866,542**	780,268	824,438
LIABILITIES				
Current liabilities				
Borrowings	13	**(35,708)**	-	(29,744)
Trade and other payables		**(88,485)**	(76,315)	(88,087)
Lease liabilities		**(176)**	(152)	(158)
Current tax liabilities		**(2,406)**	-	(2,643)
		(126,775)	(76,467)	(120,632)
Net current assets		**201,968**	239,821	225,664
Non-current liabilities				
Borrowings	13	**(53,983)**	(72,145)	(33,830)
Trade and other payables		**(1,673)**	(2,733)	(1,757)
Lease liabilities		**(371)**	(410)	(397)
Net deferred tax liabilities		**(33,748)**	(25,460)	(30,089)
Retirement benefit obligations		**-**	-	(11)
		(89,775)	(100,748)	(66,084)
Total liabilities		**(216,550)**	(177,215)	(186,716)
Net assets		**649,992**	603,053	637,722
SHAREHOLDERS' EQUITY				
Called up share capital	14	**32,486**	32,345	32,408
Share premium account		**25,112**	24,688	25,034
Fair value reserve		**245,766**	179,339	225,177
Capital redemption reserve		**257**	257	257
Merger reserve		**45,667**	45,667	45,667
Investment in own shares		**(134)**	(90)	(99)
Retained earnings		**286,054**	318,000	271,322
Current year profit		**14,784**	2,847	37,956
Total shareholders' equity		**649,992**	603,053	637,722

Condensed consolidated statement of changes in shareholders' equity

	Called up share capital £'000	Share premium account £'000	Merger reserve £'000	Fair value reserve £'000	Capital redemption reserve £'000	Investment in own shares £'000	Retained earnings £'000	Total equity £'000
Balance at 1 Jan 2023	32,305	24,688	45,667	174,520	257	(50)	325,277	602,664
Profit for the six months to 30 June 2023	-	-	-	-	-	-	2,847	2,847
Fair value gains	-	-	-	17,888	-	-	(17,888)	-
Transfer of unrealised gains on disposal of investment property	-	-	-	(13,002)	-	-	13,002	-
Other comprehensive (expense)/income:								
Actuarial gain in Blenkinsopp pension scheme	-	-	-	-	-	-	86	86
Revaluation of group occupied property	-	-	-	(67)	-	-	-	(67)
Fair value of financial instruments	-	-	-	-	-	-	-	-
Deferred tax on other comprehensive (expense)/income items	-	-	-	-	-	-	(22)	(22)
	-	-	-	4,819	-	-	(1,975)	2,844
Transactions with owners:								
Purchase of own shares	-	-	-	-	-	(40)	-	(40)
Share-based payments	-	-	-	-	-	-	546	546
Dividends paid	-	-	-	-	-	-	(3,001)	(3,001)
Share issue	40	-	-	-	-	-	-	40
Balance at 30 June 2023 (unaudited)	32,345	24,688	45,667	179,339	257	(90)	320,847	603,053
Profit for the year to 31 December 2023	-	-	-	-	-	-	35,110	35,110
Fair value gains	-	-	-	58,856	-	-	(58,856)	-
Transfer of unrealised gains on disposal of investment property	-	-	-	(12,918)	-	-	12,918	-
Other comprehensive (expense)/income:								
Actuarial loss in Blenkinsopp pension scheme	-	-	-	-	-	-	(96)	(96)
Revaluation of group occupied property	-	-	-	(100)	-	-	-	(100)
Deferred tax on other comprehensive (expense)/income items	-	-	-	-	-	-	25	25
	-	-	-	45,838	-	-	(10,899)	34,939
Transactions with owners:								-
Purchase of own shares	-	-	-	-	-	(9)	-	(9)
Share-based payments	-	-	-	-	-	-	768	768
Dividends paid	-	-	-	-	-	-	(1,437)	(1,437)
Share issue	63	346	-	-	-	-	-	409
Balance at 31 December 2023	32,408	25,034	45,667	225,177	257	(99)	309,278	637,722
Profit for the six months to 30 June 2024	-	-	-	-	-	-	14,784	14,784
Fair value gains	-	-	-	28,770	-	-	(28,770)	-
Transfer of unrealised gains on disposal of investment property	-	-	-	(7,881)	-	-	7,881	-
Other comprehensive (expense)/income:								
Actuarial loss in Blenkinsopp pension scheme	-	-	-	-	-	-	(123)	(123)
Revaluation of group occupied property	-	-	-	(300)	-	-	-	(300)
	-	-	-	20,589	-	-	(6,228)	14,361
Transactions with owners:								
Purchase of own shares	-	-	-	-	-	(35)	-	(35)
Share-based payments	-	-	-	-	-	-	1,099	1,099
Dividends paid	-	-	-	-	-	-	(3,311)	(3,311)
Share issue	78	78	-	-	-	-	-	156
Balance at 30 June 2024 (unaudited)	**32,486**	**25,112**	**45,667**	**245,766**	**257**	**(134)**	**300,838**	**649,992**

Consolidated statement of cash flows

	Unaudited 6 months ended 30 June 2024 £'000	Unaudited 6 months ended 30 June 2023 £'000	Audited year ended 31 December 2023 £'000
Cash flows from operating activities			
Profit before tax for the period/year	**18,726**	4,465	49,807
Net finance costs	**2,813**	2,770	5,976
Other gains	**(30,736)**	(13,774)	(69,426)
Share of (profit)/loss of joint ventures (including impairment)	**(430)**	773	(1,554)
Share-based transactions[19]	**1,114**	533	1,404
Depreciation of property, plant and equipment and right of use assets	**188**	112	282
Pension contributions in excess of charge	**(1,072)**	(59)	(113)
Operating cash outflows before movements in working capital	**(9,397)**	(5,180)	(13,624)
(Increase)/decrease in inventories	**(1,648)**	(15,311)	5,186
(Increase)/decrease in receivables	**(21,785)**	3,397	18,868
Increase/(decrease) in payables	**50**	(5,325)	6,937
Cash generated (used in)/generated from operations	**(32,780)**	(22,419)	17,367
Interest paid	**(2,055)**	(2,065)	(4,302)
Corporation tax paid	**(236)**	(8,462)	(10,212)
Cash (used in)/generated from operating activities	**(35,071)**	(32,946)	2,853
Cash flows from investing activities			
Interest received	**801**	335	445
Investment in joint ventures	**(2,422)**	-	(250)
Distribution from joint ventures	**1,228**	-	911
Net proceeds from disposal of Investment Property, AHFS and overages	**17,517**	50,506	69,568
Property acquisitions	**(2,649)**	(12,019)	(19,046)
Expenditure on investment properties and AHFS	**(18,491)**	(16,801)	(35,808)
Expenditure on property, plant and equipment	**(176)**	(238)	(396)
Cash (used in)/generated from investing activities	**(4,192)**	21,783	15,424
Cash flows from financing activities			
Net proceeds from issue of ordinary shares	**87**	-	400
Proceeds from other loans	**5,510**	5,309	5,939
Repayment of other loans	**(852)**	(3,116)	(3,299)
Proceeds from bank loans	**40,000**	20,000	45,000
Repayment of bank loans	**(20,000)**	(11,000)	(46,000)
Loan arrangement fees	**(101)**	(66)	(162)
Payment in respect of leases	**(45)**	(53)	(118)
Dividends paid	**(3,311)**	(3,001)	(4,438)
Cash generated from/(used in) financing activities	**21,288**	8,073	(2,678)
(Decrease)/increase in cash	**(17,975)**	(3,090)	15,599
Cash as at beginning of period/year	**27,182**	11,583	11,583
(Decrease)/increase in cash	**(17,975)**	(3,090)	15,599
Cash as at end of period/year	**9,207**	8,493	27,182

(19) Share-based transactions reflect the non-cash expenses relating to share-based payments included within the income statement

Notes to the condensed consolidated interim financial statements

for the six months ended 30 June 2024

1. Accounting policies

The principal accounting policies adopted in the preparation of this condensed consolidated interim financial information are set out below. These policies have been consistently applied to all of the periods presented, unless otherwise stated.

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 2024 comprise the accounts of 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 financial information presented for the year ended 31 December 2023 is derived from the statutory accounts for that year. Statutory accounts for the year ended 31 December 2023 were approved by the Board of Directors on 18 March 2024 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.

The condensed consolidated interim financial statements for the six months ended 30 June 2024, which have not been audited, were approved by the Board on 9 September 2024.

Basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2024 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 2023, which were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with UK adopted International Financial Reporting Standards ("IFRS").

Going-concern basis

These condensed consolidated interim financial statements are prepared on the basis that the Group is a going concern. In forming its opinion as to going concern, the Company prepares cash flow and banking covenant forecasts based upon assumptions, with particular consideration to key risks and uncertainties and the macro-economic environment as well as taking into account available borrowing facilities. The going concern period assessed is until December 2025 which is selected as it can be projected with a reasonable degree of accuracy and covers a complete period of reporting under the Group's RCF.

A key focus of the assessment of going concern is the management of liquidity and compliance with borrowing facilities for the period to December 2025. In 2022, a five year £200 million RCF was agreed with

HSBC, NatWest and Santander. The RCF is aligned to the Group's strategy and provides significant liquidity and flexibility to enable it to pursue its strategic ambitions. The facility is subject to financial covenants, including minimum interest cover, maximum infrastructure debt as a percentage of property value and gearing, all of which are tested through the going concern assessment undertaken. Available liquidity, including cash and cash equivalents and bank facility headroom, was £154.2 million as at 30 June 2024 (31 December 2023: £192.2 million).

The Group benefits from diversification across its Capital Growth and Income Generation businesses including its industrial and renewable energy property portfolios. Taking into account the independent desktop valuation carried out by BNP Paribas and Savills as at 30 June 2024, the Group net loan-to-portfolio value remains low at 9.8%, within the Board's target range and with headroom to allow for any falls in property values. Rent collection remained strong, with 98% collected for H1 2024.

In addition to the Company's base cashflow forecast, a sensitised forecast was produced that reflected a number of severe but plausible downsides. This downside included: 1) a severe reduction in sales; 2) notwithstanding strong rent collection in line with previous quarters, a prudent material increase in bad debts across the portfolio over the going concern assessment period; 3) a decline in the value of land and investment property values as a result of macro-economic conditions; and 4) increases in overhead costs.

A scenario was also run which demonstrated that very severe loss of revenue, valuation reductions and interest cost increases would be required to breach cashflow and banking covenants. The Directors consider this very severe scenario to be remote. A scenario with consideration of potential climate change and related transition impacts was also examined as part of the Group's focus on climate-related risks and opportunities.

Under each downside scenario, for the going concern period to December 2025, the Group expects to continue to have sufficient cash reserves to continue to operate with headroom on lending facilities and associated covenants and has additional mitigation measures within management's control, for example reducing development and acquisition expenditure and reducing operating costs, 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 considered it appropriate to adopt a going concern basis of accounting in the preparation of the Group's and Company's financial statements.

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 2024. 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 2025 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 2023.

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 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 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 we use 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 valuers BNP Paribas and 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, does 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:

- 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.
- 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 at the end of the period, less shares held by the Employee Benefit Trust or Equiniti Share Plan Trustees Limited to satisfy Long Term Incentive Plan and Share Incentive Plan awards
- 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, AHFS and overages
- Net loan to portfolio value ("LTV") - Group debt net of cash and cash equivalents held expressed as a percentage of portfolio value

3. Segment information

Segmental Income Statement

	Unaudited 6 months ended 30 June 2024				
	Capital Growth				
	Sale of development properties	Other property activities	Income Generation	Central	Total
	£'000	£'000	£'000	£'000	£'000
Revenue (1)	24,006	7,047	10,253	-	41,306
Cost of sales	(24,080)	(7,474)	(2,556)	-	(34,110)
Gross profit (2)	**(74)**	**(427)**	**7,697**	**-**	**7,196**
Administrative expenses	-	(3,162)	(1,388)	(12,229)	(16,779)
Other gains (3)	-	23,243	7,493	-	30,736
Other operating expense	-	-	-	(44)	(44)
Operating profit/(loss)	**(74)**	**19,654**	**13,802**	**(12,273)**	**21,109**
Finance costs	-	(119)	-	(3,495)	(3,614)
Finance income	-	799	-	2	801
Share of loss of joint ventures	-	(707)	1,137	-	430
Profit/(loss) before tax	**(74)**	**19,627**	**14,939**	**(15,766)**	**18,726**

(1) **Revenue**					
Revenue is analysed as follows:					
Sale of development properties	24,006	-	-	-	24,006
Development revenues	-	6,880	-	-	6,880
Rent, service charge and royalties revenue	-	106	10,188	-	10,294
Other revenue	-	61	65	-	126
	24,006	**7,047**	**10,253**	**-**	**41,306**

(2) **Gross profit**					
Gross profit is analysed as follows:					
Gross profit excluding sales of development properties	-	(427)	7,697	-	7,270
Gross loss on sale of development properties	(801)	-	-	-	(801)
Net realisable value provision on development properties	(4,303)	-	-	-	(4,303)
Reversal of previous net realisable value provision on development properties	4,009	-	-	-	4,009
Release of previous net realisable value provision on disposal of development properties	1,021	-	-	-	1,021
	(74)	**(427)**	**7,697**	**-**	**7,196**

(3) Other gains					
Other gains are analysed as follows:					
Increase in fair value of investment Properties	-	19,080	7,608	-	26,688
Decrease in the fair value of AHFS	-	(200)	(16)	-	(216)
Loss on sale of investment properties	-	(33)	-	-	(33)
Profit/(loss) on sale of AHFS	-	204	(99)	-	105
Profit on sale of overages	-	4,192	-	-	4,192
	-	**23,243**	**7,493**	**-**	**30,736**

Segmental Balance Sheet

	Unaudited as at 30 June 2024			
	Capital Growth £'000	**Income Generation £'000**	**Central £'000**	**Total £'000**
Non-current assets				
Property, plant and equipment	-	-	1,442	**1,442**
Right of use assets	-	-	463	**463**
Other receivables	23,046	-	-	**23,046**
Investment properties	238,385	241,179	-	**479,564**
Investments in joint ventures	18,318	14,028	-	**32,346**
Retirement benefit asset	-	-	938	**938**
	279,749	255,207	2,843	**537,799**
Current assets				
Inventories	264,721	-	-	**264,721**
Trade and other receivables	31,479	14,678	1,167	**47,324**
AHFS	3,602	3,889	-	**7,491**
Cash and cash equivalents	-	-	9,207	**9,207**
	299,802	18,567	10,374	**328,743**
Total assets	**579,551**	**273,774**	**13,217**	**866,542**

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

Segmental Income Statement

Unaudited 6 months ended 30 June 2023

	Capital Growth: Sale of development properties £'000	Capital Growth: Other property activities £'000	Income Generation £'000	Central £'000	Total £'000
Revenue [1]	4,025	283	13,929	-	18,237
Cost of sales	(5,644)	(479)	(3,486)	-	(9,609)
Gross profit [2]	**(1,619)**	**(196)**	**10,443**	**-**	**8,628**
Administrative expenses	-	(2,231)	(2,332)	(9,786)	(14,349)
Other gains [3]	-	12,502	1,272	-	13,774
Other operating expense	-	-	-	(45)	(45)
Operating profit/(loss)	**(1,619)**	**10,075**	**9,383**	**(9,831)**	**8,008**
Finance costs	-	33	-	(3,138)	(3,105)
Finance income	-	333	2	-	335
Share of loss of joint ventures	-	(896)	123	-	(773)
Profit/(loss) before tax	**(1,619)**	**9,545**	**9,508**	**(12,969)**	**4,465**

[1] **Revenue**

Revenue is analysed as follows:

Sale of development properties	4,025	-	-	-	4,025
Revenue from PPAs	-	36	-	-	36
Rent, service charge and royalties revenue	-	235	13,444	-	13,679
Other revenue	-	12	485	-	497
	4,025	**283**	**13,929**	**-**	**18,237**

[2] **Gross profit**

Gross profit is analysed as follows:

Gross profit excluding sales of development properties	-	(196)	10,443	-	10,247
Gross profit on sale of development properties	(1,344)	-	-	-	(1,344)
Net realisable value provision on development properties	(1,019)	-	-	-	(1,019)
Reversal of previous net realisable value provision on development properties	744	-	-	-	744
	(1,619)	**(196)**	**10,443**	**-**	**8,628**

[3] **Other gains**

Other gains are analysed as follows:

Increase in fair value of investment Properties	-	12,726	2,279	-	15,005
Decrease in the fair value of AHFS	-	(114)	(58)	-	(172)
Loss on sale of investment properties	-	(110)	(317)	-	(427)
Loss on sale of AHFS	-	-	(632)	-	(632)
	-	**12,502**	**1,272**	**-**	**13,774**

Segmental Balance Sheet

	Unaudited as at 30 June 2023			
	Capital Growth £'000	Income Generation £'000	Central £'000	Total £'000
Non-current assets				
Property, plant and equipment	-	-	1,236	**1,236**
Right of use assets	-	-	557	**557**
Trade and other receivables	2,735	-	-	**2,735**
Investment properties	196,328	234,038	-	**430,366**
Investments in joint ventures	15,566	13,489	-	**29,055**
Retirement benefit asset	-	-	31	**31**
	214,629	**247,527**	**1,824**	**463,980**
Current assets				
Inventories	231,304	-	-	**231,304**
Trade and other receivables	35,485	12,782	6,271	**54,538**
AHFS	2,514	18,297	-	**20,811**
Cash and cash equivalents	-	-	8,493	**8,493**
Current tax asset	-	-	1,142	**1,142**
	269,303	**31,079**	**15,906**	**316,288**
Total assets	**483,932**	**278,606**	**17,730**	**780,268**

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

Segmental Income Statement

Audited year ended 31 December 2023

	Capital Growth				
	Sale of development properties	**Other property activities**	**Income Generation**	**Central**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Revenue [1]	46,731	2,286	23,410	-	72,427
Cost of sales	(51,709)	(2,340)	(6,028)	-	(60,077)
Gross profit [2]	**(4,978)**	**(54)**	**17,382**	**-**	**12,350**
Administrative expenses	-	(5,062)	(3,147)	(19,226)	(27,435)
Other gains [3]	-	65,066	4,360	-	69,426
Other operating expense	-	-	-	(112)	(112)
Operating profit/(loss)	**(4,978)**	**59,950**	**18,595**	**(19,338)**	**54,229**
Finance costs	-	-	-	(6,421)	(6,421)
Finance income	-	438	7	-	445
Share of loss of joint ventures	-	892	662	-	1,554
Profit/(loss) before tax	**(4,978)**	**61,280**	**19,264**	**(25,759)**	**49,807**

[1] **Revenue**					
Revenue is analysed as follows:					
Sale of development properties	46,731	-	-	-	46,731
Revenue from PPAs	-	776	-	-	776
Build-to-suit development revenue	-	956	-	-	956
Rent, service charge and royalties revenue	-	340	22,657	-	22,997
Other revenue	-	214	753	-	967
	46,731	**2,286**	**23,410**	**-**	**72,427**

[2] **Gross profit**					
Gross profit is analysed as follows:					
Gross profit excluding sales of development properties	-	(54)	17,382	-	17,328
Gross profit on sale of development properties	(618)	-	-	-	(618)
Net realisable value provision on development properties	(7,442)	-	-	-	(7,442)
Reversal of previous net realisable value provision on development properties	1,213	-	-	-	1,213
Release of net realisable value provision on disposal of development properties	1,869	-	-	-	1,869
	(4,978)	**(54)**	**17,382**	**-**	**12,350**

[3] **Other gains/(losses)**					
Other gains/(losses) are analysed as follows:					
Increase/(decrease) in fair value of investment properties	-	65,584	5,788	-	71,372
Decrease in the fair value of AHFS	-	(114)	(158)	-	(272)
Profit on sale of investment properties	-	(588)	(365)	-	(953)
(Loss)/profit on sale of AHFS	-	(134)	(1,006)	-	(1,140)
Profit on sale of overages	-	318	101	-	419
	-	**65,066**	**4,360**	**-**	**69,426**

Segmental Balance Sheet

	Audited as at 31 December 2023			
	Capital Growth £'000	**Income Generation £'000**	**Central £'000**	**Total £'000**
Non-current assets				
Property, plant and equipment	-	-	1,670	**1,670**
Right of use assets	-	-	512	**512**
Other receivables	11,296	-	-	**11,296**
Investment properties	199,216	234,726	-	**433,942**
Investments in joint ventures	17,604	13,118	-	**30,722**
	228,116	247,844	2,182	**478,142**
Current assets				
Inventories	263,073	-	-	**263,073**
Trade and other receivables	23,967	11,300	2,022	**37,289**
AHFS	3,764	14,988	-	**18,752**
Cash and cash equivalents	-	-	27,182	**27,182**
	290,804	26,288	29,204	**346,296**
Total assets	**518,920**	**274,132**	**31,386**	**824,438**

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 2024 £'000	Unaudited 6 months ended 30 June 2023 £'000	Audited year ended 31 December 2023 £'000
Finance costs			
– Bank interest	**(1,208)**	(1,294)	(2,778)
– Facility fees	**(715)**	(771)	(1,524)
– Amortisation of up-front fees	**(383)**	(331)	(671)
– Other interest	**(1,308)**	(709)	(1,448)
	(3,614)	(3,105)	(6,421)
Finance income	**801**	335	445
Net finance costs	**(2,813)**	(2,770)	(5,976)

5. Tax

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

	Unaudited 6 months ended 30 June 2024 £'000	Unaudited 6 months ended 30 June 2023 £'000	Audited year ended 31 December 2023 £'000
Tax charges			
Current tax charge	**-**	307	5,842
Deferred tax charge relating to origination and reversal of temporary differences	**3,942**	1,311	6,009
Tax charge recognised in income statement	**3,942**	1,618	11,851

The deferred tax charge largely relates to unrealised gains on investment properties.

6. Dividends

	Unaudited 6 months ended 30 June 2024 £'000	Unaudited 6 months ended 30 June 2023 £'000	Audited year ended 31 December 2023 £'000
Full year dividend of 1.022p per share for the year ended 31 December 2023	**3,311**	-	-
Interim dividend of 0.444p per share for the year ended 31 December 2023	**-**	-	1,437
Full year dividend of 0.929p per share for the year ended 31 December 2022	**-**	3,001	3,001
	3,311	3,001	4,438

The Board has determined that it is appropriate for an interim dividend for the year ending 31 December 2024 to be paid of 0.489p (H1 2023: 0.444p) per share, an increase of 10% in line with the Group’s 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 2024	Unaudited 6 months ended 30 June 2023	Audited year ended 31 December 2023
Profit from continuing operations attributable to ordinary shareholders (£'000)	**14,784**	2,847	37,956
Weighted average number of shares used for basic earnings per share calculation	**323,369,861**	322,603,991	322,767,356
Basic earnings per share (pence)	**4.6**	0.9	11.8
Weighted average number of shares used for diluted earnings per share calculation	**330,745,233**	328,033,119	328,653,655
Diluted earnings per share (pence)	**4.5**	0.9	11.5

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

8. Investment properties

The Group holds five categories of investment property being Agricultural Land, Natural Resources, the Investment Portfolio, 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	Natural Resources	Investment Portfolio	Major Developments	Strategic Land	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2023 (audited)	**5,694**	**19,726**	**210,407**	**44,244**	**120,292**	**400,363**
Direct acquisitions	655	-	-	-	10,401	11,056
Subsequent expenditure	-	29	293	12,759	3,647	16,728
Disposals	-	-	(11,136)	-	-	(11,136)
Increase/(decrease) in fair value	122	(242)	2,400	(1,050)	13,775	15,005
Transfers between operating segments	-	-	8,140	(8,140)	-	-
Transfers from development properties	-	-	-	400	-	400
Transfers to property, plant and equipment	-	-	(500)	-	-	(500)
Transfer to AHFS	-	-	(1,550)	-	-	(1,550)
At 30 June 2023 (unaudited)	**6,471**	**19,513**	**208,054**	**48,213**	**148,115**	**430,366**
Direct acquisitions	-	-	-	-	5,428	5,428
Subsequent expenditure	45	1,321	384	9,345	7,911	19,006
Disposals	-	-	-	(788)	(7,041)	(7,829)
(Decrease)/increase in fair value	(6)	331	3,183	4,246	48,613	56,367
Transfers between operating segments	-	-	10,411	(2,276)	(8,135)	-
Transfers (to)/from development properties	-	-	-	(400)	(51,865)	(52,265)
Transfers to property, plant and equipment	-	-	(467)	-	-	(467)
Transfer to AHFS	-	(1,264)	(13,250)	-	(2,150)	(16,664)
At 31 December 2023 (audited)	**6,510**	**19,901**	**208,315**	**58,340**	**140,876**	**433,942**
Direct acquisitions	-	-	-	-	2,649	2,649
Subsequent expenditure	-	559	452	16,768	673	18,452
Disposals	-	-	-	-	-	-
Increase in fair value	364	170	7,075	(3,023)	22,102	26,688
Transfers between operating segments	-	(1,285)	1,285	1,860	(1,860)	-
Transfer to AHFS	-	(2,167)	-	-	-	(2,167)
At 30 June 2024 (unaudited)	**6,874**	**17,178**	**217,127**	**73,945**	**164,440**	**479,564**

Valuation process

The Directors' valuation as at 30 June 2024 was based on a desktop valuation completed by BNP Paribas and Savills on the portfolio of properties. BNP Paribas and Savills are independent firms 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 2024 £'000	Unaudited As at 30 June 2023 £'000	Audited As at 31 December 2023 £'000
At 1 January	**30,722**	29,828	29,828
Investments in joint ventures	**2,422**	-	250
Distributions from joint ventures	**(1,228)**	-	(910)
Share of profits/(losses) of joint ventures	**430**	(773)	1,554
At end of period/year	**32,346**	29,055	30,722

10. Inventories

	Unaudited As at 30 June 2024 £'000	Unaudited As at 30 June 2023 £'000	Audited As at 31 December 2023 £'000
Development properties	**250,548**	219,153	250,024
Planning promotion agreements	**4,354**	3,581	3,805
Option agreements	**9,819**	8,570	9,244
Total inventories	**264,721**	231,304	263,073

The movement in development properties is as follows:

	Unaudited 6 months ended 30 June 2024 £'000	Unaudited 6 months ended 30 June 2023 £'000	Audited Year ended 31 December 2023 £'000
At start of period	**250,024**	204,952	204,952
Subsequent expenditure	**13,639**	17,436	32,417
Disposals	**(13,842)**	(2,560)	(34,850)
Net realisable value release/(provision)	**727**	(275)	(4,360)
Net transfer from/(to) investment properties	**-**	(400)	51,865
Total development properties	**250,548**	219,153	250,024

The movement in net realisable value provision was as follows:

	Unaudited 6 months ended 30 June 2024 £'000	Unaudited 6 months ended 30 June 2023 £'000	Audited Year ended 31 December 2023 £'000
At start of period	**14,136**	9,776	9,776
Charge for the period	**4,303**	1,019	7,442
Reversal of previous net realisable value provision	**(4,009)**	(744)	(1,213)
Released on disposals	**(1,021)**	-	(1,869)
At end of period	**13,409**	10,051	14,136

11. Assets held for sale

AHFS relate to investment properties identified as being for sale within 12 months, where a sale is considered highly probable and the property is immediately available for sale.

	Unaudited As at 30 June 2024 £'000	Unaudited As at 30 June 2023 £'000	Audited As at 31 December 2023 £'000
At start of period	**18,752**	59,790	59,790
Net transfer from investment properties	**2,167**	1,550	18,214
Subsequent expenditure	**39**	73	74
Decrease in fair value	**(216)**	(172)	(272)
Disposals	**(13,251)**	(40,430)	(59,054)
At end of period	**7,491**	20,811	18,752

12. Cash

	Unaudited As at 30 June 2024 £'000	Unaudited As at 30 June 2023 £'000	Audited As at 31 December 2023 £'000
Cash	**9,207**	8,493	27,182

13. Borrowings

	Unaudited As at 30 June 2024 £'000	Unaudited As at 30 June 2023 £'000	Audited As at 31 December 2023 £'000
Current:			
Secured – infrastructure and direct development loans	**(35,708)**	-	(29,744)
	(35,708)	-	(29,744)
Non-current:			
Secured – bank loan	**(53,983)**	(43,731)	(33,830)
Secured – infrastructure and direct development loans	**-**	(28,414)	-
Total non-current borrowings	**(53,983)**	(72,145)	(33,830)
Total borrowings	**(89,691)**	(72,145)	(63,574)

Loans are stated after deduction of unamortised fees of £1.2 million (June 2023: £1.7 million, December 2023: £1.5 million).

		Unaudited As at 30 June 2024 £'000	Unaudited As at 30 June 2023 £'000	Audited As at 31 December 2023 £'000
Infrastructure and direct development loans				
South Yorkshire Pension Fund/ Scrudf Limited	Rotherham AMP	**(7,412)**	-	(584)
Scrudf Limited Partnership	Gateway 36	**(6,279)**	(6,726)	(6,850)
Merseyside Pension Fund	Bardon Hill	**(22,017)**	(21,688)	(22,310)
Total infrastructure and direct development		**(35,708)**	(28,414)	(29,744)
Bank loan		**(53,983)**	(43,731)	(33,830)
Total borrowings		**(89,691)**	(72,145)	(63,574)

The bank borrowings are part of a £200 million (2023: £200 million) revolving credit facility ("RCF") with a £40 million uncommitted accordion option, provided by NatWest, Santander and HSBC. The RCF is repayable on 4 March 2027 at the end of the five-year term.

The RCF is subject to financial and other covenants. The bank borrowings are secured by way of a floating debenture over assets not otherwise used as security under specific infrastructure or direct development loans. Proceeds from and repayments of bank loans are reflected gross in the Consolidated Statement of Cash Flows and reflect timing of utilisation of the RCF.

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

14. Share capital

Issued, authorised and fully paid	**Unaudited As at 30 June 2024 £'000**	Unaudited As at 30 June 2023 £'000	Audited As at 31 December 2023 £'000
At start of period/year	**32,408**	32,305	32,305
Shares issued	**78**	40	103
At end of period/year	**32,486**	32,345	32,408

Issued, authorised and fully paid – number of shares	**Unaudited As at 30 June 2024**	Unaudited As at 30 June 2023	Audited As at 31 December 2023
At start of period/year	**324,084,072**	323,051,124	323,051,124
Shares issued	**783,677**	398,704	1,032,948
At end of period/year	**324,867,749**	323,449,828	324,084,072
Own shares held	**(1,275,281)**	(837,143)	(929,699)
At end of period/year	**323,592,468**	322,612,685	323,154,373

There is only one class of share in issue: ordinary shares of 10 pence each. All shares carry equal rights to dividends, voting and return of capital on a winding up of the Company, as set out in the Company's Articles of Association.

15. Related party transactions

The Group carried out the following transactions with related parties. The following entities are related parties as a consequence of shareholdings, joint venture arrangements and partners of such 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/as at 30 June 2024 £000	Unaudited 6 months ended/as at 30 June 2023 £000	Audited year ended/ as at 31 December 2023 £000
MULTIPLY LOGISTICS NORTH HOLDINGS LIMITED & MULTIPLY LOGISTICS NORTH LP			
Sales			
Recharges of costs	**-**	4	281
Asset management fee	**52**	25	100
Water charges	**66**	84	146
Purchases			
Recharge of costs	**3**	1	1
Receivables			
Other receivables	**-**	4	5
Trade receivables	**38**	-	281
Payables			
Other payables	**(68)**	-	-
GENUIT GROUP (FORMERLY POLYPIPE)			
Sales			
Rent	**-**	16	10
Development property disposal	**-**	-	1,680
Receivables			
Trade receivables	**-**	6	-
THE AIRE VALLEY LAND LLP			
Receivable	**-**	26	26
CRIMEA LAND MANSFIELD LLP			
Receivable	**-**	9	9
Investment made during the year	**25**	-	-
NORTHERN GATEWAY DEVELOPMENT VEHICLE LLP			
Purchases			
Recharge of costs	**5**	-	-
Investment made during the year	**2,497**	-	250
INVESTMENT PROPERTY FORUM			
Purchases	**1**	-	5
BRITISH PROPERTY FEDERATION			
Purchases	**1**	-	-

16. Post balance sheet events

Following the period end the Group acquired a former brickworks site in Bedfordshire for total consideration of £30.6 million payable over 2 years. The site has outline planning permission for the delivery of 1,000 homes.

Appendix

EPRA Net Asset Measures

EPRA introduced a new set of Net Asset Value metrics in 2020: EPRA Net Reinstatement Value ("NRV"), EPRA Net Tangible Assets ("NTA") and EPRA NDV. While the Group uses only EPRA NDV as a key APM, the EPRA Best Practices Recommendations guidelines require companies to report all three EPRA NAV metrics and reconcile them to IFRS. These disclosures are provided below.

			30 June 2024
	EPRA NDV £'000	**EPRA NTA £'000**	**EPRA NRV £'000**
Net assets	649,992	649,992	649,992
Cumulative unrealised gains on development properties	43,947	43,947	43,947
Cumulative unrealised gains on overages	5,400	5,400	5,400
Deferred tax liabilities (IFRS)	-	30,089	30,089
Notional deferred tax on unrealised gains	(12,309)	-	-
Deferred tax liabilities @ 50%	-	(21,199)	-
Purchaser costs	-	-	59,019
	687,030	708,229	788,447
Number of shares used for per share calculations	323,592,468	323,592,468	323,592,468
Per share (pence)	212.3	218.9	243.7

			30 June 2023
	EPRA NDV £'000	**EPRA NTA £'000**	**EPRA NRV £'000**
Net assets	603,053	603,053	603,053
Cumulative unrealised gains on development properties	30,500	30,500	30,500
Cumulative unrealised gains on overages	7,000	7,000	7,000
Deferred tax liabilities (IFRS)	-	25,460	25,460
Notional deferred tax on unrealised gains	(9,321)	-	-
Deferred tax liabilities @ 50%	-	(17,391)	-
Purchaser costs	-	-	51,142
	631,232	648,622	717,155
Number of shares used for per share calculations	322,612,685	322,612,685	322,612,685
Per share (pence)	195.7	201.1	222.3

			31 December 2023
	EPRA NDV £'000	**EPRA NTA £'000**	**EPRA NRV £'000**
Net assets	637,722	637,722	637,722
Cumulative unrealised gains on development properties	24,083	24,083	24,083
Cumulative unrealised gains on overages	9,400	9,400	9,400
Deferred tax liabilities (IFRS)	-	30,089	30,089
Notional deferred tax on unrealised gains	(8,342)	-	-
Deferred tax liabilities @ 50%	-	(19,216)	-
Purchaser costs	-	-	52,528
	662,863	682,078	753,822
Number of shares used for per share calculations	323,154,373	323,154,373	323,154,373
Per share (pence)	205.1	211.1	233.3

1) Reconciliation to statutory measures

a. Revaluation gains/(losses)	Unaudited 6 months ended 30 June 2024	Unaudited 6 months ended 30 June 2023	Audited year ended 31 December 2023 £'000
Increase in fair value of investment properties	**26,688**	15,005	71,372
Decrease in fair value of AHFS	**(216)**	(172)	(272)
Share of profit/(loss) of joint ventures	**430**	(773)	1,554
Net realisable value provision on development properties	**(4,303)**	(1,019)	(7,442)
Reversal of previous net realisable value provision on development properties	**4,009**	744	1,213
Amounts derived from statutory reporting	**26,608**	13,785	66,425
Unrealised gains/(losses) on development properties	**19,948**	(2,210)	(3,708)
Unrealised gains/(losses) on overages	**19**	(500)	2,209
Revaluation gains	**46,575**	11,075	64,926

b. Profit/(loss) on sale	Unaudited 6 months ended 30 June 2024 £'000	Unaudited 6 months ended 30 June 2023 £'000	Audited year ended 31 December 2023 £'000
Loss on sale of investment properties	**(33)**	(427)	(953)
Profit/(loss) on sale of AHFS	**105**	(632)	(1,140)
Profit/(loss) on sale of development properties	**(801)**	(1,344)	(618)
Release of net realisable value provision on disposal of development properties	**1,021**	-	1,869
Profit on sale of overages	**4,192**	-	419
Amounts derived from statutory reporting	**4,484**	(2,403)	(423)
Less previously unrealised gains on development properties released on sale	**(83)**	(1,142)	(6,061)
Less previously unrealised gains on overages	**(4,019)**	-	(309)
Profit/(loss) on sale contributing to growth in EPRA NDV	**382**	(3,545)	(6,793)

c. Value gains/(losses)	Unaudited 6 months ended 30 June 2024 £'000	Unaudited 6 months ended 30 June 2023 £'000	Audited year ended 31 December 2023 £'000
Revaluation gains	**46,575**	11,075	64,926
Profit/(loss) on sale	**382**	(3,545)	(6,793)
Value gains	**46,957**	7,530	58,133

d. Total property sales

	Unaudited 6 months ended 30 June 2024 £'000	Unaudited 6 months ended 30 June 2023 £'000	Audited year ended 31 December 2023 £'000
Revenue	**41,306**	18,237	72,427
Less revenue from other property activities	**(7,047)**	(283)	(2,286)
Less revenue from income generation activities	**(10,253)**	(13,929)	(23,410)
Add proceeds from sales of investment properties, AHFS and overages	**17,700**	52,125	79,166
Total property sales	**41,706**	56,150	125,897

e. Operating profit contributing to growth in EPRA NDV

	Unaudited 6 months ended 30 June 2024 £'000	Unaudited 6 months ended 30 June 2023 £'000	Audited year ended 31 December 2023 £'000
Operating profit	**21,109**	8,008	54,229
Share of profit/(loss) on joint ventures	**430**	(773)	1,554
Unrealised gains/(losses) on development properties	**19,948**	(2,210)	(3,708)
Unrealised gains/(losses) on overages	**19**	(500)	2,209
Less previously unrealised gains on development properties released on sale	**(83)**	(1,142)	(6,061)
Less previously unrealised gains on overages released on sale	**(4,019)**	-	(309)
Operating profit contributing to growth in EPRA NDV	**37,404**	3,383	47,914

f. Portfolio value

	Unaudited As at 30 June 2024 £'000	Unaudited As at 30 June 2023 £'000	Audited As at 31 December 2023 £'000
Land and buildings (included within Property, plant and equipment)	**1,114**	933	1,300
Investment properties	**479,564**	430,366	433,942
Investments in joint ventures	**32,346**	29,055	30,722
AHFS	**7,491**	20,811	18,752
Development properties (included within inventories)	**250,548**	219,153	250,024
Amounts recoverable on contracts (included within receivables)	**1,456**	-	-
Amounts derived from statutory reporting	**772,519**	700,318	734,740
Cumulative unrealised gains on development properties as at period/year end	**43,947**	30,500	24,083
Cumulative unrealised gains on overages as at period/year end	**5,400**	7,000	9,400
Portfolio value	**821,866**	737,818	768,223

g. Net debt

	Unaudited As at 30 June 2024 £'000	Unaudited As at 30 June 2023 £'000	Audited As at 31 December 2023 £'000
Gross borrowings	**(89,691)**	(72,145)	(63,574)
Cash and cash equivalents	**9,207**	8,493	27,182
Net debt	**(80,484)**	(63,652)	(36,392)

h. Net loan to portfolio value (%)

	Unaudited As at 30 June 2024 £'000	Unaudited As at 30 June 2023 £'000	Audited As at 31 December 2023 £'000
Net debt	**(80,484)**	(63,652)	(36,392)
Portfolio value	**821,866**	737,818	768,223
Net loan to portfolio value (%)	**9.8%**	8.6%	4.7%

i. Net loan to core income generation portfolio value (%)

	Unaudited As at 30 June 2024 £'000	Unaudited As at 30 June 2023 £'000	Audited As at 31 December 2023 £'000
Net debt	**(80,484)**	(63,652)	(36,392)
Core income generation portfolio value (investment portfolio and natural resources)	**234,305**	227,567	228,216
Net loan to core income generation portfolio value (%)	**34.4%**	28.0%	15.9%

j. Gross loan to portfolio value (%)

	Unaudited As at 30 June 2024 £'000	Unaudited As at 30 June 2023 £'000	Audited As at 31 December 2023 £'000
Gross borrowings	**(89,691)**	(72,145)	(63,574)
Portfolio value	**821,866**	737,818	768,223
Gross loan to portfolio value (%)	**10.9%**	9.8%	8.3%

k. Gross loan to core income generation portfolio value (%)

	Unaudited As at 30 June 2024 £'000	Unaudited As at 30 June 2023 £'000	Audited As at 31 December 2023 £'000
Gross borrowings	**(89,691)**	(72,145)	(63,574)
Core income generation portfolio value (investment portfolio and natural resources)	**234,305**	227,567	228,216
Gross loan to core income generation portfolio value (%)	**38.3%**	31.7%	27.9%

l. Number of shares used for per share calculations (number)	**Unaudited As at 30 June 2024 £'000**	Unaudited As at 30 June 2023 £'000	Audited As at 31 December 2023 £'000
Number of shares in issue at end of period/year	**324,867,749**	323,449,828	324,084,072
Less Employee Benefit Trust and Equiniti Share Plan Trustees Limited held shares (own shares) at end of period/year	**(1,275,281)**	(837,143)	(929,699)
Number of shares used for per share calculations	**323,592,468**	322,612,685	323,154,373

m. Net Asset Value (NAV) per share	**Unaudited As at 30 June 2024 £'000**	Unaudited As at 30 June 2023 £'000	Audited As at 31 December 2023 £'000
NAV (£'000)	**649,992**	603,053	637,722
Number of shares used for per share calculations	**323,592,468**	322,612,685	323,154,373
NAV per share (p)	**200.9**	186.9	197.3

n. Total underlying revenue	**Unaudited 6 months ended 30 June 2024 £'000**	Unaudited 6 months ended 30 June 2023 £'000	Audited Year ended 31 December 2023 £'000
Total property sales	**41,706**	56,150	125,897
Income generation portfolio revenue (investment portfolio, natural resources and agriculture)	**10,253**	13,929	23,410
Development revenues	**6,880**	-	956
Other revenue	**167**	283	1,330
Total underlying revenue	**59,006**	70,362	151,593
Less proceeds from sale of investment properties, AHFS and overages	**(17,700)**	(52,125)	(79,166)
Statutory revenue	**41,306**	18,237	72,427

2) Reconciliation to EPRA measures

a) EPRA NDV	**Unaudited As at 30 June 2024 £'000**	Unaudited As at 30 June 2023 £'000	Audited As at 31 December 2023 £'000
Net assets	**649,992**	603,053	637,722
Cumulative unrealised gains on development properties	**43,947**	30,500	24,083
Cumulative unrealised gains on overages	**5,400**	7,000	9,400
Notional deferred tax on unrealised gains	**(12,309)**	(9,321)	(8,342)
EPRA NDV	**687,030**	631,232	662,863

b) EPRA NDV per share (p)	**Unaudited As at 30 June 2024 £'000**	Unaudited As at 30 June 2023 £'000	Audited As at 31 December 2023 £'000
EPRA NDV £'000	**687,030**	631,232	662,863
Number of shares used for per share calculations	**323,592,468**	322,612,685	323,154,373
EPRA NDV per share (p)	**212.3**	195.7	205.1

EPRA NDV per share growth and total return

Opening EPRA NDV/share (p)	**205.1**	196.5	196.5
Closing EPRA NDV/share (p)	**212.3**	195.7	205.1
Movement in the period/year (p)	**7.2**	(0.8)	8.6
EPRA NDV per share growth	**3.5%**	(0.4%)	4.4%
Dividends paid per share (p)	**1.0**	0.9	1.4
Total return per share (p)	**8.2**	0.1	10.0
Total return as a percentage of opening EPRA NDV	**4.0%**	0.1%	5.1%

To help retain and incentivise a team with the requisite skills, knowledge and experience to deliver strong, long-term, sustainable growth for shareholders Harworth runs a number of share schemes for employees. The dilutive impact of these on the number of shares at 30 June is set out below:

	Unaudited As at 30 June 2024	Unaudited As at 30 June 2023	Audited As at 31 December 2023
Number of shares used for per share calculations	**323,592,468**	322,612,685	323,154,373
Outstanding share options and shares held in trust under employee share schemes	**6,998,372**	5,315,172	5,223,777
Number of diluted shares used for per share calculations	**330,590,840**	327,927,857	328,378,150

c) Diluted EPRA NDV per share (p)	**Unaudited As at 30 June 2024 £'000**	Unaudited As at 30 June 2023 £'000	Audited As at 31 December 2023 £'000
EPRA NDV £'000	**687,030**	631,232	662,863
Number of diluted shares used for per share calculations	**330,590,840**	327,927,857	328,378,150
Diluted EPRA NDV per share (p)	**207.8**	192.4	201.9

Diluted EPRA NDV per share growth and total return

Opening EPRA NDV/share (p)	**201.9**	194.5	194.5
Closing EPRA NDV/share (p)	**207.8**	192.4	201.9
Movement in the period/year (p)	**5.9**	(2.1)	7.4
Diluted EPRA NDV per share growth	**2.9%**	(1.1%)	3.8%
Dividends paid per share (p)	**1.0**	0.9	1.4
Total return per share (p)	**6.9**	(1.2%)	8.8
Total return as a percentage of opening diluted EPRA NDV	**3.4%**	(0.6%)	4.5%

d) Net loan to EPRA NDV

	Unaudited As at 30 June 2024 £'000	Unaudited As at 30 June 2023 £'000	Audited As at 31 December 2023 £'000
Net debt	**(80,484)**	(63,652)	(36,392)
EPRA NDV	**687,030**	631,232	662,863
Net loan to EPRA NDV	**11.7%**	10.1%	5.5%