Harworth

Creating sustainable communities

Annual Report and Financial Statements

2024

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Annual Report Key

Harworth regions

YAC: Yorkshire & Central
MID: Midlands
NOW: North West

Harworth sectors

I&L: Industrial & Logistics
R: Residential
NR: Natural Resources & Other

Harworth portfolio

IP: Investment Portfolio
MD: Major Developments
SL: Strategic Land

Opposite page: Olive Lane, the new local centre at Waverley
Waverley, Rotherham | YAC | R | MD

HARWORTH AT A GLANCE

Harworth is a leading land and property regenerator of sustainable developments. We pride ourselves on making a positive, lasting impact on our planet, our communities, and our people. Our purpose and expertise lie in the transformation of land and property into sustainable places where people want to live and work. We support new jobs, homes and communities across our regions, and deliver long-term value for all our stakeholders.

Our ambitions are to grow EPRA NDV to £1bn by the end of 2027 and our core Investment Portfolio to £0.9bn by the end of 2029. These ambitions are underpinned by a clear road map, our long-term, through-the-cycle business model, our extensive land bank and our highly specialised team with the skillset to deliver large-scale, complex regeneration, and unlock the inherent value in our sites.

Who we are

We specialise in regenerating large, complex sites, particularly former industrial sites, into new Industrial & Logistics developments and serviced Residential land. We own, develop and manage over 15,000 acres across around 100 sites in the North of England and the Midlands. We are headquartered in Rotherham, South Yorkshire, where we are constructing a new head office building at our flagship Advanced Manufacturing Park ('AMP') in Waverley. We also have regional offices in Birmingham, Manchester and Leeds. Our shares are listed on the Main Market of the London Stock Exchange (LSE: HWG) and we became a constituent of the FTSE 250 in September 2024.

What we do

As a master developer, we create long-term value by acquiring and assembling sites that are large, complex and may require remediation, before transforming them into sustainable Industrial & Logistics and Residential developments, with a focus on placemaking to create new communities and commercial hubs. Our team comprises experts in transactions, planning, land remediation, engineering and development, supported by central functions and a highly experienced management team. We have three regional teams – Yorkshire & Central, North West and the Midlands – which bring further local knowledge, expertise and relationships.

Our purpose, culture and values

Our ability to execute our strategy and deliver our purpose is reliant on delivering against our sustainability framework, 'The Harworth Way', our recently updated values of 'Build the Future', 'Inspire Growth', 'Innovate & Create', and our 'One Harworth' culture, ensuring we work together with respect, where individuality is valued and appreciated.

2024 Highlights[1]

Total Accounting Return (%)

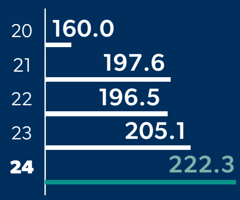
9.1%

2023: 5.1%

EPRA[2] NDV[3] per share

222.3p

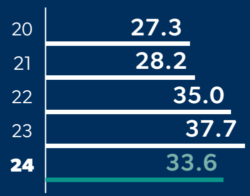
2023: 205.1p



Industrial & Logistics pipeline (sq. ft)

33.6m

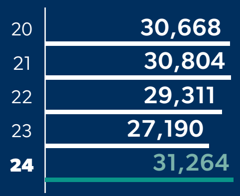
2023: 37.7m



Residential pipeline (plots)

31,264

2023: 27,190



Potential value to local communities Gross Value Added ('GVA')

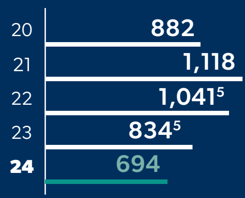
£4.3bn

2023: £4.8bn

Location-Based Scope 1, 2 & 3[4] carbon emissions (tCO_2e)

694

2023: 834[5]



1 Harworth discloses both statutory and alternative performance measures. A full description of these is set out in Note 2 to the financial statements with a reconciliation between statutory and alternative performance measures set out in the appendix to the financial statements.

2 The European Real Estate Association

3 Net Disposal Value

4 Scope 3 emissions related to business travel, homeworking and business waste.

5 2022 and 2023 figures have been restated (previously 2022: 1,054 tCO_2e; 2023: 802 tCO_2e) owing to more accurate data capture.

2024 Year in review

In 2024 we produced market leading results, demonstrating our ability to deliver in challenging markets and showcasing the agility and resilience of our through-the-cycle business model.

Quarter 1

January

C **FY23 Trading Update**

March

M **Gateway 36 | I&L | IP**
Letting of 20,400 sq. ft unit to Dunelm
1 2

C **FY23 Results announcement and Investor Roadshow**

Quarter 2

April

C **FY23 Annual Report published**

C **NZC Pathway Progress Report and Communities Framework published**

May

C **Annual General Meeting and Trading Update**

C **Blueprint for Growth launched at UKREiiF**[1]
1 2 3 4

June

M **Gascoigne Wood | I&L | SL**
Planning approval for 1.5m sq. ft of commercial space
1 2 4

M **Ironbridge | R | MD**
£20m land sale to Taylor Wimpey
3

M **Skelton Grange | I&L | MD**
Exchanged contracts with Microsoft for £106.6m land sale for hyperscale data centre
3

C **Evolution in strategy announced:**
Focus on Industrial & Logistics development and growing the Investment Portfolio

> "The last four years of investment in scaling our business to enable growth, and of solid progress in meeting our targets, are bearing fruit.
>
> We are well-positioned in structurally undersupplied sectors that are fundamental to the UK's growth. Our extensive consented pipeline, strong balance sheet, and specialised skillset, position us well as we move into 2025, providing an exciting platform for growth in the second part of our strategic plan."
>
> **Lynda Shillaw,** Chief Executive

1 UK Real Estate Investment & Infrastructure Forum

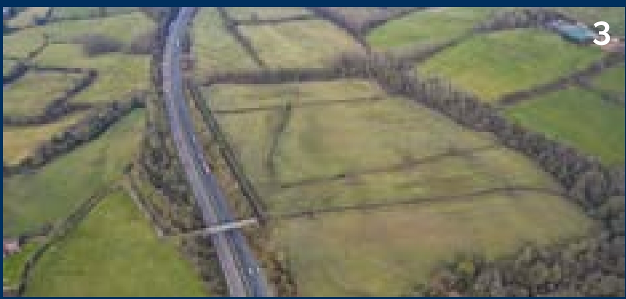
Strategic priorities

1. Repositioning our core Investment Portfolio to modern Grade A
2. Increasing direct development of Industrial & Logistics space
3. Accelerating sales and broadening the range of our Residential products
4. Scaling up through land acquisitions and promotion activities

M Management actions

H The Harworth Way

C Corporate



Quarter 3

July

M **Cinderhill | I&L | SL**
Planning approval for 1.5m sq. ft of commercial space
1 2 4

M **Stopes Road | R | MD**
£9m land sale to Taylor Wimpey
3

C **HY24 Trading Update**

August

H **Thoresby Vale | R | MD**
Opened 350-acre country park

September

C **HY24 Results and Investor Roadshow**

C **FTSE 250 inclusion**

Quarter 4

October

M **AMP | I&L | IP**
Practical completion and letting of 73,000 sq. ft to Insight
1 2

M **Stewartby | R | SL**
£30.6m acquisition
4

H **Chevington North**
Planted 108,000 trees across 200-acre site

M **Catalyst | I&L | IP**
Acquisition of business park opposite AMP for £44m
1

C **Capital Markets Day**
Including Yorkshire & Central site visits

December

M **Skelton Grange | I&L | MD**
Completed Phase 1 land sale to Microsoft for £53m
3

M **Ansty | I&L | SL**
Completed sale of full site to Frasers Group for £54m for its new headquarters and campus
3

M **Residential portfolio**
Completed 1,896 plot sales
3

H **Coalville | R | MD**
Practical completion and handover of Forest School

H **Highthorne**
Secured woodland grant to fund planting of 150,000 trees

This page and opposite:
1. Unit 1 let to Dunelm: Gateway 36, Barnsley | YAC | I&L | IP
2. Gascoigne Wood, Selby | YAC | I&L | SL
3. Cinderhill, Derby | YAC | I&L | SL
4. Our Capital Markets Day incorporated site visits to Skelton Grange and Gascoigne Wood

Our strategic priorities

Our ambitious growth targets underpinned by an extensive pipeline with substantial latent value.

£1bn

Grow EPRA NDV to £1bn by the end of FY27

£0.9bn

Grow Investment Portfolio to £0.9bn by the end of FY29

Our strategy, first announced in 2021, builds on the skills of our people and the strength of our portfolio to drive growth, maximise returns to investors and grow the business sustainably. We do this through the delivery of four key strategic pillars.

1

Repositioning our core Investment Portfolio to modern Grade A

Ambition by the end of 2027

100% Grade A

(by area)

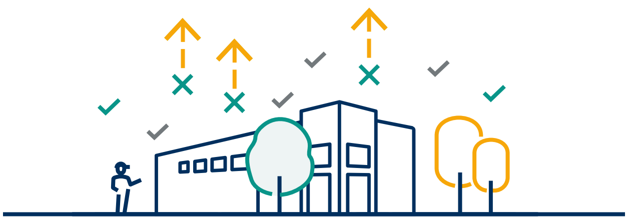
Rationale

Our Investment Portfolio is integral to the way that we fund our business, providing opportunities for capital and income growth through asset management. The portfolio is increasingly focused on Grade A space that we both develop and selectively acquire.

Delivery

We are repositioning our core Investment Portfolio by retaining the majority of the Industrial & Logistics assets that we directly develop and selectively acquiring strategic Grade A stock, while disposing of existing properties where we have maximised value with the aim of growing a sustainable, high-quality Grade A portfolio, with good access to infrastructure and proximity to urban centres, and that meets the needs of modern occupiers.

In June 2024, halfway through our strategic plan, we announced our new target to significantly grow our Investment Portfolio by increasing the retention of directly developed Industrial & Logistics space. In time, this is expected to enable us to increase dividends paid to shareholders.



Progress

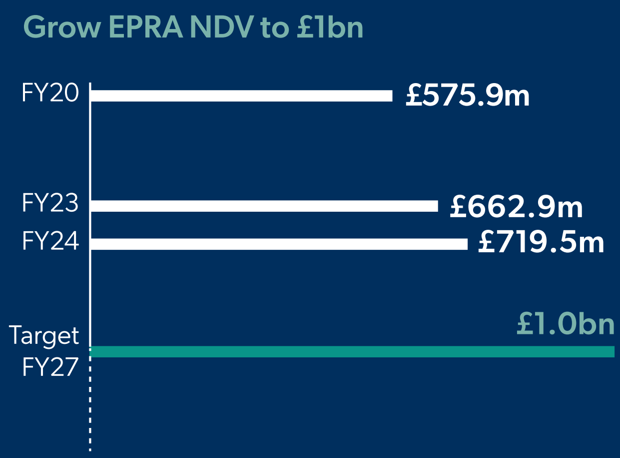
2020	2023	2024
<10%	37%	45%

Link to KPIs

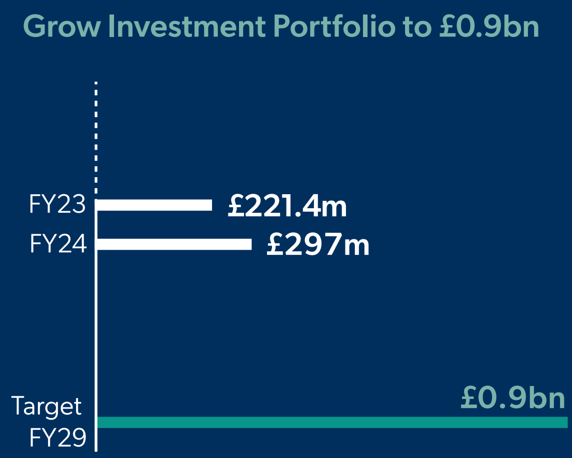
- Total Accounting Return
- Net asset value, EPRA NDV per share and LTV
- Industrial & Logistics space directly developed
- Total Industrial & Logistics pipeline
- Potential GVA
- Scope 1, Scope 2 and Scope 3 business travel emissions

Link to principal risks

- Planning
- Supply chain cost inflation and constraints
- Supply chain and delivery partner management
- Commercial markets
- Organisational development and design
- Availability of appropriate capital
- NZC pathway



£1bn EPRA NDV target announced 2021.
FY20 used as baseline.



£0.9bn core IP target announced 2024.
FY23 used as baseline.

2

Increasing direct development of Industrial & Logistics stock

Ambition by the end of 2027

800,000 sq. ft

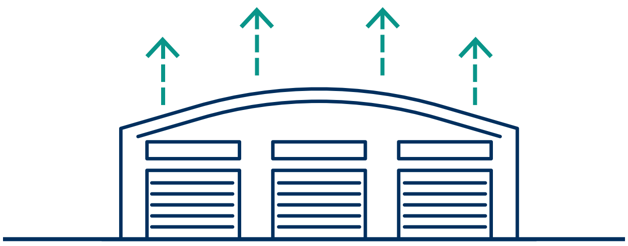
run-rate of completed space (average p.a.)

Rationale

We have a strong track record of delivering high quality developments, having built 1.7m sq. ft of Industrial & Logistics space since 2015. Looking ahead, our consented pipeline is capable of delivering a further 8.4m sq. ft, of high-quality sites in strong locations, that are attractive to both investors and occupiers.

Delivery

Our strategy is to undertake the direct development of much of our consented pipeline, scaling up to an average run-rate of 800,000 sq. ft per annum by the end of 2027. We manage the market risk associated with development by focusing on pre-let, build-to-suit and forward funding opportunities including the potential of joint ventures and other funding models. These, alongside land sales, will be deployed when the market appetite is less certain.



Progress

	2020	2023	2024
I&L vertical development	200,000[1] sq. ft	401,000 sq. ft	377,000 sq. ft
Enabling works	0.4m sq. ft	1.5m sq. ft	1.3m sq. ft

I&L vertical development completed or started in year

Enabling works completed to facilitate the start of I&L developments

[1] Annual Average 2015 - 2020. Completed only.

Link to KPIs

- Total Accounting Return
- Net asset value, EPRA NDV per share and LTV
- Industrial & Logistics space directly developed
- Total Industrial & Logistics pipeline
- Proportion of Investment Portfolio that is Grade A
- Scope 1, Scope 2 and Scope 3 business travel emissions

Link to principal risks

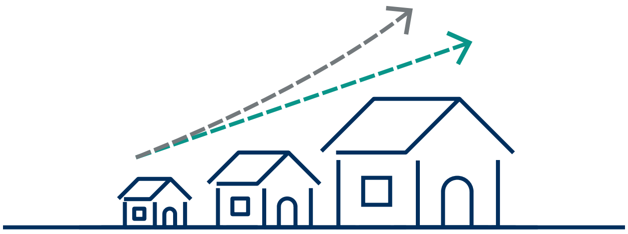
- Commercial markets
- Organisational development and design
- Availability of appropriate capital
- NZC pathway

Our strategic priorities continued

Delivery of Simpson Park accelerated in 2024.
Simpson Park, Doncaster
| YAC | R | MD

3

Accelerating sales and broadening the range of our Residential products



Ambition by the end of 2027

2,000 plots

(sold on average p.a.)

Rationale

Our land bank is significant and has the ability to deliver around 31,264 plots into the market with 4,568 of those already consented, meaning we are well-positioned to support the UK government's housing targets. While strong demand remains for the traditional build-to-sell product offered by housebuilders, there is increased consumer and investor appetite for mixed tenure products, including single-family, Build-to-Rent ('BtR') and affordable housing.

Delivery

Our sites are well-suited to delivering institutional quality mixed tenure products. Our current annual average since the target was set in 2021 is 1,800 plot sales, setting us up well to achieve our ambition of 2,000 plot sales per annum by the end of 2027.

Progress

2020	2023	2024
862[1] plots	1,170 plots	2,385 plots

1 Annual Average 2015 – 2020

Link to KPIs

- Total Accounting Return
- Net asset value, EPRA NDV per share and LTV
- Number of plots sold to housebuilders
- Total Residential pipeline
- Potential GVA
- Scope 1, Scope 2 and Scope 3 business travel emissions

Link to principal risks

- Planning
- Supply chain cost inflation and constraints
- Supply chain and delivery partner management
- Statutory costs of development
- Residential markets
- Organisational development and design
- Availability of appropriate capital
- NZC pathway

In 2024 we acquired the former Stewartby brickworks for £30.6m, adding c.1,000 Residential plots to our pipeline. Stewartby, Bedford | MID | R | MD

4

Scaling up through land acquisitions and promotion activities

Ambition by the end of 2027

12-15 years

Maintain land supply pipeline

Rationale

Our extensive land bank underpins our ability to deliver our ambitions and growth targets. We take a long-term view to replenishing our land bank, with a focus on acquiring and assembling land through a strategic mixture of freeholds, options, and planning promotion agreements ('PPAs'), and applying our expertise to unlock significant value as we take brownfield sites through land assembly, masterplanning, remediation and planning.

Delivery

We aim to maintain a 12 to 15-year land supply at any time, taking account of our annual direct development volume and land parcel sales ambitions. Organic growth of the pipeline will be supplemented by developing key partnerships to assemble and deliver large-scale regeneration schemes. Controlling a large land bank with sites at various stages in the development cycle allows us to enhance and smooth returns as well as providing flexibility, allowing us to manage risk and be opportunistic.

Progress

	2020	2023	2024
Total Industrial & Logistics pipeline at year-end	27.3m sq. ft	37.7m sq. ft	33.6m sq. ft
Total Residential pipeline at year-end	30,668 plots	27,190 plots	31,264 plots

Total Industrial & Logistics pipeline at year-end

Total Residential pipeline at year-end

Link to KPIs

- Total Accounting Return
- Net asset value, EPRA NDV per share and LTV
- Total Industrial & Logistics pipeline
- Total Residential pipeline
- Potential GVA

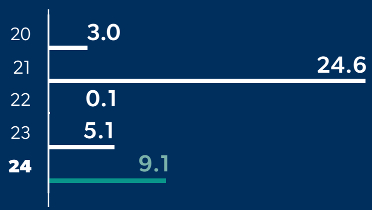
Link to principal risks

- Availability of and competition for strategic sites
- Planning
- Statutory costs of development
- Organisational development and design
- Availability of appropriate capital

Key Performance Indicators

Financial track record

Total Accounting Return (%)



Growth in EPRA NDV during the year in addition to dividends paid, as a proportion of EPRA NDV at the beginning of the year.

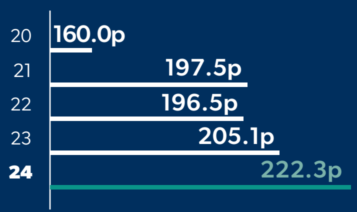
2024 performance commentary

Our total accounting return of 9.1% was the result of a 8.5% increase in EPRA NDV during the year, as well as payment of 1.511p in dividends.

Link to strategic priorities:

1 2 3 4 £

EPRA Net Disposal Value per share



An 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 are calculated to the full extent of their liability.

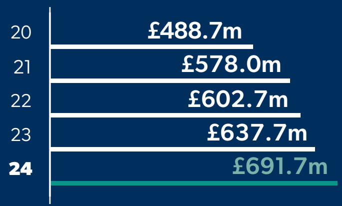
2024 performance commentary

The increase in EPRA NDV was driven by profit on sales during the year as well as increased valuations reflecting management actions, in particular progressing sites through the planning process.

Link to strategic priorities:

1 2 3 4 £

Net asset value



The value of our assets less the value of our liabilities, based on IFRS[1] measures, which excludes the mark-to-market value of development properties.

2024 performance commentary

Net asset value included the impact of crystallising valuation gains through development property sales during the year in addition to increases in the value of investment properties, driven by management actions.

Link to strategic priorities:

1 2 3 4 £

Net loan to portfolio value (%)

Net debt as a proportion of the aggregate value of properties and investments.

2024 performance commentary

Our loan to value ('LTV') slightly increased during the year but remained well within our target of less than 20% at year-end as we continued to manage carefully our levels of net debt.

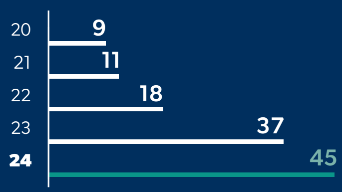
Link to strategic priorities:

1 2 3 4

1 International Financial Reporting Standards.

Strategic track record

Repositioning our core Investment Portfolio to modern Grade A (%)



Link to strategic priorities:

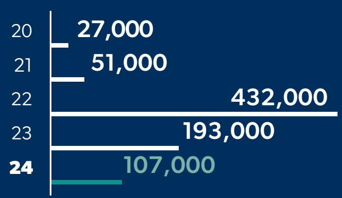
1 2 H £

The proportion of our Investment Portfolio by area that could be classified as modern Grade A Industrial & Logistics space. Grade A is a widely-used industry term that is understood to mean 'best in class' space which is new or relatively new, high-specification and in a desirable location, allowing the unit to attract a rent that is above the market average.

2024 performance commentary

The proportion of our Investment Portfolio that is Grade A significantly increased due to the completion of pre-let development at the AMP, Rotherham and the acquisition of Catalyst, a 285,000 sq. ft Grade A urban logistics estate adjacent to the AMP.

Industrial & Logistics space direct development (sq. ft)



Link to strategic priorities:

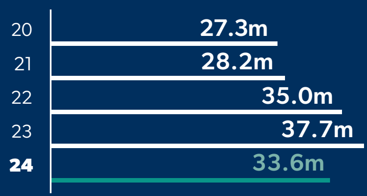
1 2 H £

The amount of Industrial & Logistics space developed by Harworth, either speculatively or on a build-to-suit basis for an end occupier or investor, achieving practical completion during the year.

2024 performance commentary

Our level of completed direct development reduced due to a focus on pre-let and build to suit schemes in 2024, but we made significant progress with enabling works (1.3m sq. ft enabled during the year and another 1.8m sq. ft of works underway at year-end) and were on site at the year end with 270,000 sq. ft of direct development all due to complete in 2025.

Total Industrial & Logistics pipeline (sq. ft)



Link to strategic priorities:

1 2 4 H £

The total amount of Industrial & Logistics space that could be delivered from our land bank, including freehold land, options and PPAs.

2024 performance commentary

Our Industrial & Logistics pipeline decreased primarily due to the landmark sales of our Strategic Land site at Ansty, Rugby to Frasers Group, and land at Skelton Grange, Leeds to Microsoft.

Strategic priorities link key

1 **Repositioning our core Investment Portfolio to modern Grade A**

2 **Increasing direct development of Industrial & Logistics stock**

3 **Accelerating sales and broadening the range of our Residential products**

4 **Scaling up through land acquisitions and promotion activities**

Read more about **Our strategic priorities** on pages 6 to 9

£ Group targets

Read about **Our Group targets** on pages 167 to 169

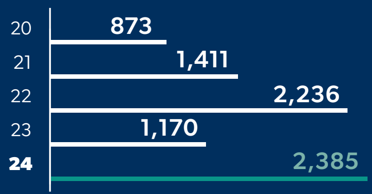
H The Harworth Way

Read more about **The Harworth Way** on pages 38 to 45

Key Performance Indicators continued

Strategic track record continued

Number of Residential plots sold



The number of Residential plots sold to housebuilders or registered providers during the year.

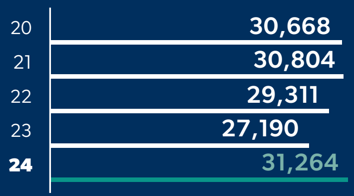
2024 performance commentary

The number of plots sold achieved a record level in 2024 reflecting the acceleration of development of our Residential sites, the strong demand for our serviced land product, and the broadening of Residential products through mixed tenure sales.

Link to strategic priorities:

3 H £

Total Residential pipeline (plots)



The total number of Residential plots that could be delivered from our pipeline including freehold land, options and PPAs.

2024 performance commentary

Our Residential pipeline increased with the acquisition of a development at Stewartby with Residential potential and Harworth's share of an allocated site near Grimsby in partnership with a local landowner.

Link to strategic priorities:

3 4 £

Strategic priorities link key

1 **Repositioning our core Investment Portfolio to modern Grade A**

2 **Increasing direct development of Industrial & Logistics stock**

3 **Accelerating sales and broadening the range of our Residential products**

4 **Scaling up through land acquisitions and promotion activities**

Read more about **Our strategic priorities** on pages 6 to 9

£ Group targets

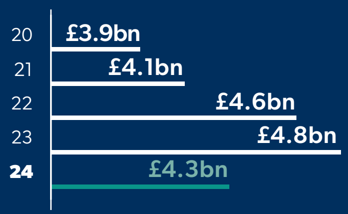
Read about **Our Group targets** on pages 167 to 169

H The Harworth Way

Read more about **The Harworth Way** on pages 38 to 45

Environmental, economic and social track record

Potential GVA that could be delivered from our portfolio



Link to strategic priorities:

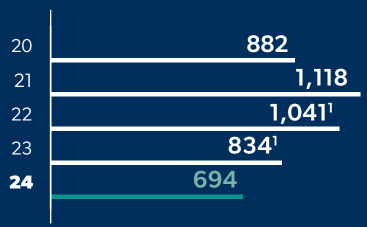
H

Calculated by Ekosgen, an economic impact consultancy, on our behalf. This estimates the total contribution that our portfolio could make to the economy once fully built out.

2024 performance commentary

The potential GVA that could be delivered from our portfolio decreased during the year due to landmark sales at Ansty, Rugby and Skelton Grange, Leeds from the Industrial & Logistics pipeline, together with a record number of Residential plot sales, only partially offset by acquisitions.

Location-based Scope 1, Scope 2 and Scope 3 business travel emissions (tCO_2e)



Link to strategic priorities:

H £

Emissions that are captured by our target to be operationally Net Zero Carbon ('NZC') by 2030. During the year, the scope and availability of our emissions data increased, and therefore figures for 2022 and 2023 have been restated to achieve a like-for-like comparison with 2024.

2024 performance commentary

Our emissions decreased during the year, driven by the use of alternative fuels for direct plant operations, and increased use of electric vehicles by staff.

Employee pride (%)

Link to strategic priorities:

H

The proportion of employees who said they were "proud to tell people that I work for Harworth" in our annual employee survey.

2024 performance commentary

Levels of staff satisfaction remained very high, as we continued our work to ensure Harworth is an employer of choice, with initiatives aimed at promoting employee engagement, wellbeing and equity, diversity & inclusion.

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1 Prior year figure has been restated (previously 2022: 1,054 tCO_2e; 2023: 802 tCO_2e) owing to more accurate data capture.

Chair's Statement

Alastair Lyons,
Chair

> "We are pleased to see that the strategic pivot of our business towards the development, and retention, of Grade A Industrial & Logistics has resonated with investors, thereby creating shareholder value."
>
> **Alastair Lyons,** Chair

2024 has been a landmark year for Harworth:-

- We achieved our largest ever sale of regenerated brownfield land, concluding a £106.6m agreement with Microsoft for the development of a hyperscale data centre in Leeds, a deal that had been more than 18 months in the making. Taking all stages of that transaction together, this should realise a profit of some £78.2m.
- Over the year we sold a record 2,385 plots for Residential development, materially ahead of the 1,170 sold in 2023 and ahead of our strategic target of 2,000 per year on average, as we accelerate through sites by broadening the range of our Residential products.
- Four years after Lynda Shillaw joined us as Chief Executive, we announced the next stage in the evolution of the four growth drivers of the strategy she first outlined in 2021, increasing our focus on Industrial & Logistics development and retaining more prime Grade A properties in our Investment Portfolio. This is now targeted to grow to £0.9bn by the end of 2029, at which point we expect our balance sheet to be weighted over 85% towards Industrial & Logistics assets compared to its current 63%. In turn, we expect the increase in recurring earnings from the significantly larger Investment Portfolio to allow increased dividends to be declared in future years.
- Positive market sentiment towards the consistency of our operational performance and the evolution of our strategy drove our share price to 179p on 13 September after the interim results, 46% ahead of the start of the year. We entered the FTSE 250 for the first time, a significant milestone for the business and a testament to our people and ability to deliver against our strategic objectives. The institutional buying associated with entering the index drove us to a high of 194.5p. Whilst, as would be expected, the share price has settled back somewhat, we have maintained a narrower discount to NDV.

We are pleased to see that the strategic pivot of our business towards the development, and retention, of Grade A Industrial & Logistics has resonated with investors. Residential land sales and our mixed tenure products remain an important source of funding for the business, in particular for the growth in direct development of our Industrial & Logistics portfolio, and we shall continue to seek out opportunities to acquire sites that have the potential to be developed into serviced parcels of Residential land – indeed, we acquired the potential for 4,404 such plots during the year. It is also likely that some of the sites we acquire, given their typical scale, will offer the potential for both commercial and Residential development. Our recent development of other tenures, alongside private sales to housebuilders, increases our ability to accelerate through such Residential developments, thereby achieving an accelerated capital turn.

Members of the Midlands team mark the ground breaking for the Coalville forest school
Coalville, Leicester | MID | R | MD

As Lynda's Chief Executive report details, alongside our success in accelerating Residential sales we also made strong progress against each of the other elements of our strategy:

- With the practical completion of 107,000 sq. ft of directly developed Grade A commercial space and acquisition of the 285,000 sq. ft Grade A Catalyst urban logistics estate in Rotherham, 45% of our core Investment Portfolio is now Grade A. Enabling works for direct development are underway on several of our Major Development sites and all of the Grade A space in progress over the next 12 months is expected to be retained in our Investment Portfolio.
- We have maintained our objective of holding a 12 to 15-year forward pipeline of sites at varying stages of planning and development having secured control of further sizeable land holdings during the year, with these adding the potential for 1.0m sq. ft of Industrial & Logistics space and 4,404 Residential plots.

The speed at which we can realise the overall potential in our pipeline of 33.6m sq. ft of Industrial & Logistics space and 31,264 Residential plots is substantially dependent upon developments in the macro-economy and what results from planning reforms. The course of the global economy, and in particular of interest rates, is very uncertain with a new administration taking power in the US, political and economic instability in the EU, and areas of major active conflict. At home, businesses and consumers are still digesting the implications of the new government's first budget, and the Bank of England is trying to chart a course for UK interest rates having regard to global interest rates, movements in sterling, and how UK inflation develops.

Uncertainty depresses and delays business demand for new development and society's demand for new homes, whilst interest rates staying higher for longer compounds consumers' wariness and suppresses both returns and the potential for yield compression. These in turn are compounded by planning delays, reflecting both the lack of clear direction that followed the previous government's December 2023 planning reforms and local authority resource constraints. Overall, the new government's commitments to a planning system that supports economic growth in key sectors and significantly increases housing supply should be strongly supportive of our own potential for new development. However, the reforms that marked the first stages of the extensive planning legislation agenda will take time to become embedded in practical decision-making. Whilst, therefore, we continue to make steady progress towards the achievement of £1bn EPRA NDV by the end of 2027, the outlook for 2025 is more challenging than when we reported at our 2024 interim results in September 2024.

The other prime determinant of the speed at which we can progress is the availability of the necessary skills, experience, and relationships within the people who make up Harworth. In my past reports I have focused consistently on the criticality of having the right team of the necessary size to the achievement of our objectives – to see the potential of undeveloped land; to create masterplans that maximise that

Chair's Statement continued

potential; to negotiate with planners and communities to turn those masterplans into detailed planning consents; to manage the detailed implementation of the resulting developments; to identify how best to market those developments; and to nurture the relationships that in turn lead to successful transactions. As Harworth grows, both in the number of developments it has ongoing at any time, and in the size of its Investment Portfolio, so too must its available resource grow. As we are a long-term through the cycle business, what we plan to be achieving as outcomes in two to three years' time, and even longer-term, will depend on what we are creating as inputs today. It is, therefore, inevitable that we have to grow our resource ahead of the planned future growth of the business. It is also critical that we attract and retain the leadership talent we need to achieve our strategic ambitions. The changes that, following considerable thought and extensive engagement with our shareholders, we are proposing to the Remuneration Policy that will apply for the next three years are designed with this in mind.

As last year, alongside our Annual Report, we are publishing our latest report of the progress we made over the last 12 months along our NZC Pathway. Considerable further progress has been made in understanding our carbon footprint, in particular the Scope 3 emissions of the contractors and suppliers who are upstream of our developments, and of the downstream tenants in our Investment Portfolio. This allows us to work with both to reduce those emissions with changes to structural design and construction methods and materials, alongside helping our tenants to reduce their own emissions through measures such as the installation of solar panelling and sourcing renewable energy. We have also seen carbon pricing becoming an integral part of planning policy, with net zero targets embedded into the Greater Manchester Combined Authority planning policy, Places for Everyone, and whole life carbon assessments and detailed energy assessments, becoming a required part of planning applications within the areas covered by nine of the Greater Manchester local authorities. The focus we have placed on understanding our own NZC Pathway, and developing the supporting detailed assessment methodology, stands us in good stead to present for approval ourselves developments that are strongly aligned with planning objectives.

ESG is firmly embedded in all aspects of our business: every decision we make has regard to its ESG implications and its support of our NZC commitment. In an area of complex, and sometimes conflicting, reporting requirements we now understand what we are going to report, and how to deliver the related reporting obligations. Our NZC Pathway is well-defined, and its components measured and independently verified. ESG is, therefore, mainstream for our business and as such we have decided that its oversight and related decisions should move to being considerations of the main Board in which all Directors participate, rather than scrutinised by a separate committee. The oversight of ESG reporting, itself now being embedded into international accounting standards, will become the responsibility of our Audit Committee.

I have two particular thank yous – to Steven Underwood who retired at the end of last year as our longest serving non-executive director, having first joined the board in August 2010. With his in-depth insight into real estate development in the North of England, as Chief Executive of the Peel Group, he has made a great contribution to Board decision-making and will be much missed. We shall, however, not lose touch given Peel's position as our second largest shareholder. We are actively seeking to appoint a new Non-Executive Director with similar experience and capability within the real estate sector. I would also express our appreciation of the contribution Ruth Cooke has made since she joined as a Non-Executive Director in March 2019. As we have developed our mixed tenure Residential proposition her experience and insight as Chief Executive of one of the largest housing associations has been of great value. She will be retiring from the Board at this year's Annual General Meeting.

More generally, my grateful thanks go to all those within Harworth, and to our partners, advisers, suppliers and contractors, who have contributed to our continuing successful growth and increase in value. A business is like a jigsaw – it cannot achieve its objective unless every element is in place and achieving its purpose: every individual is critical to us and is valued by us.

Alastair Lyons
Chair

17 March 2025

Opposite page: Aerial view of Skelton Grange including the soon to be operational energy from waste plant on land sold to Enfinium, alongside land sold to Microsoft for a hyperscale data centre: YAC | I&L | MD

An extensive pipeline

We have an extensive Industrial & Logistics and Residential portfolio in the North of England and the Midlands, ranging from recently assembled Strategic Land to completed major manufacturing and logistics hubs, and housing developments.

Regional footprint

Across our three operating regions of Yorkshire & Central, the Midlands and the North West, our regional teams, based at our Head Office in Rotherham, and our regional offices in Birmingham, Manchester and Leeds, harness local knowledge and relationships.

The adjoining map plots the location of some of our key **Industrial & Logistics** and **Residential** developments and our **offices**.

I&L SL
I&L MD
Harworth Offices
R SL
R MD

KEY DEVELOPMENTS

Industrial & Logistics

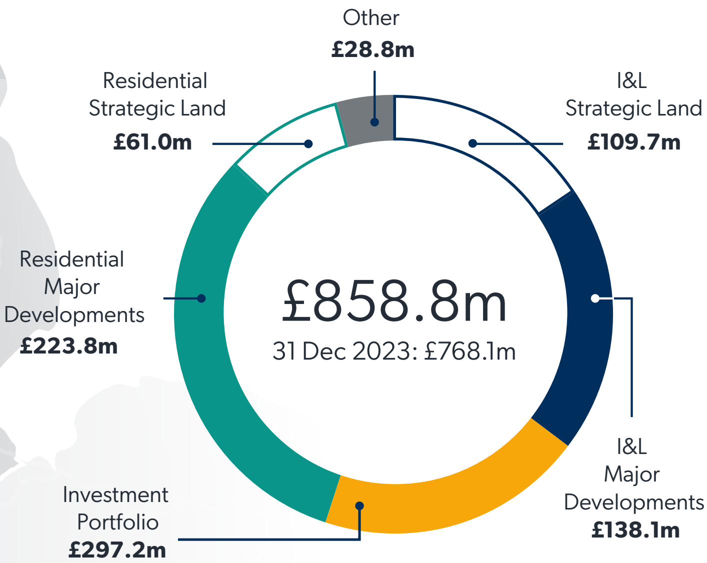
No.	Site name
1	AMP, Rotherham
2	Gateway 36, Barnsley
3	Chatterley Valley, Stoke
4	Cinderhill, Derby
5	Wingates, Bolton
6	Skelton Grange, Leeds
7	N Yorkshire site
8	Junction 15, Northampton
9	Rothwell, Coventry
10	Gascoigne Wood, Selby
11	Northern Gateway, Greater Manchester

Residential

No.	Site name
1	Waverley, Rotherham
2	Thoresby Vale, Nottingham
3	Staveley, Chesterfield
4	Rossington, Doncaster
5	Stewartby, Bedford
6	Ironbridge, Telford
7	Coalville, Leicester
8	Diseworth, East Midlands
9	Cinderhill, Derby
10	Grimsby West, Grimsby

Creating value through the lifecycle

Significant embedded value is still to be unlocked from our high quality landbank, capable of delivering 33.6m sq. ft of Industrial & Logistics space and 31,264 Residential plots.



INDUSTRIAL & LOGISTICS	AVERAGE VALUE (PER SQ. FT)[1]
Grade A Investment Portfolio	£146
Major Development	£30
Consented Strategic Land	£12
Non-Consented Strategic Land	£8

RESIDENTIAL	AVERAGE VALUE (PER PLOT)[1]
FY 2024 Serviced Land (Sold)	£50k
Major Development	£49k
Consented Strategic Land	£23k
Non-Consented Strategic Land	£7k

1 Historic average headline value.

De-risking through the planning process

The strategic land bank enables the business to scale up and create value through planning success.

	INDUSTRIAL & LOGISTICS	RESIDENTIAL
1. Pre-planning	12.5m sq. ft	17,035 plots
2. Draft Allocation	2.9m sq. ft	2,275 plots
3. Allocation	4.9m sq. ft	5,250 plots
4. Await Determination	4.9m sq. ft	2,136 plots
5. Consented	8.4m sq. ft	4,568 plots

Growing and transitioning our Investment Portfolio

The value of our Investment Portfolio increased 34% year-on-year to £297.2m, with Grade A space now at 45%

In June 2024, we announced our intention to grow our Investment Portfolio to £0.9bn by the end of 2029, through a combination of direct development and selective acquisitions. This means tripling the value of the portfolio.

Growing the portfolio

The majority of the increase in value of the Investment Portfolio in FY24 came from the acquisition of Catalyst, Rotherham, which added a 285,000 sq. ft Grade A urban logistics asset, located adjacent to our flagship AMP. This expands the portfolio to 2.8m sq. ft. The balance of movements came from practical completion of space at the AMP and positive valuation movements on the balance of the portfolio.

Improving portfolio quality

The quality of the Investment Portfolio continues to improve, with 45% by area now Grade A, up 8 percentage points from 2023. Occupancy has improved as we continue to lease up space at improved rents. Average passing rents are up 28% on 2023, from £4.60 psf to £5.90 psf, and the average Grade A estimated rental value ('ERV') of £9.10 psf illustrates the potential for significant further uplifts in rents as we move the portfolio to 100% Grade A and lease up to market rents.

1 Passing rental income.
2 Weighted average unexpired lease term.

FY24 core portfolio metrics

Grade A (by area)

45%

(FY23: 37%)

Weighted average rent[1]

£5.90 psf

(FY23: £4.60 psf)

WAULT[2] to break/expiry

10.1yrs/11.4yrs

(FY23: 11.9 yrs/12.9yrs)

EPRA vacancy rate

5.6%

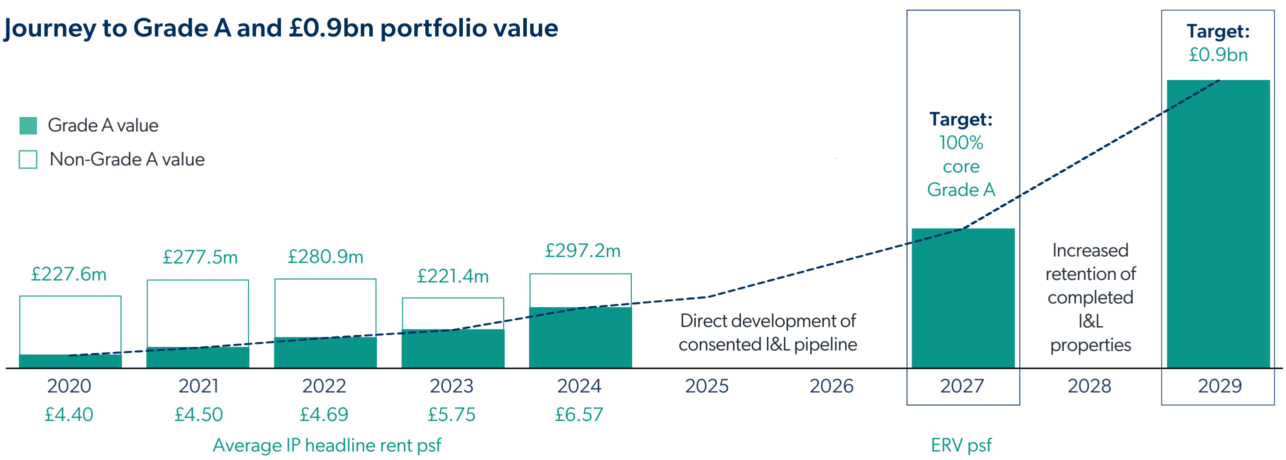
(FY23: 9.9%)

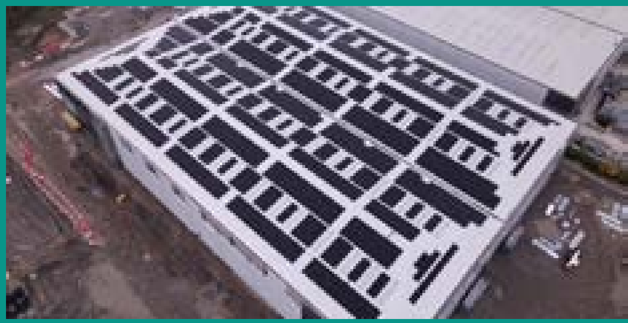
Net initial/reversionary yield

4.8%/6.5%

(FY23: 5.0%/6.3%)

Journey to Grade A and £0.9bn portfolio value





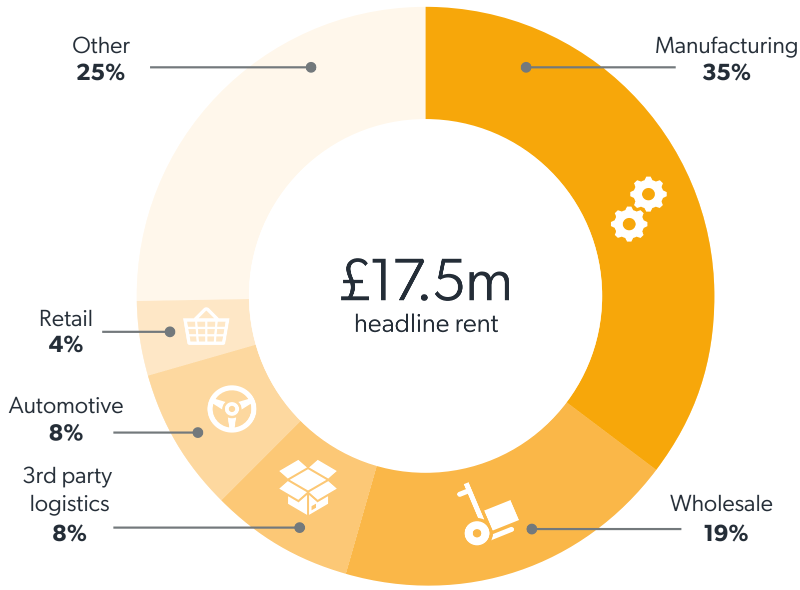
Construction of 80k pre-let unit at the AMP, to be occupied by Technicut, will reach practical completion in H1 2025.
AMP, Rotherham | YAC | I&L | IP

Selective acquisition of 285k Grade A business park adjacent to the AMP
Catalyst, Rotherham | YAC | I&L | IP

Investment Portfolio

No.	Site name
1	AMP, Rotherham
2	Bardon Hill, Leicester
3	Catalyst, Rotherham
4	Wyke Lane, Bradford
5	Saturn, Liverpool
6	Logistics North, Bolton
7	Multiply, Bolton
8	Brierley Hill, Birmingham
9	Gateway 36, Barnsley
10	Moor Lane, Leeds
11	Etherow, Manchester
12	A19 Business Park, Selby

★ Harworth Offices



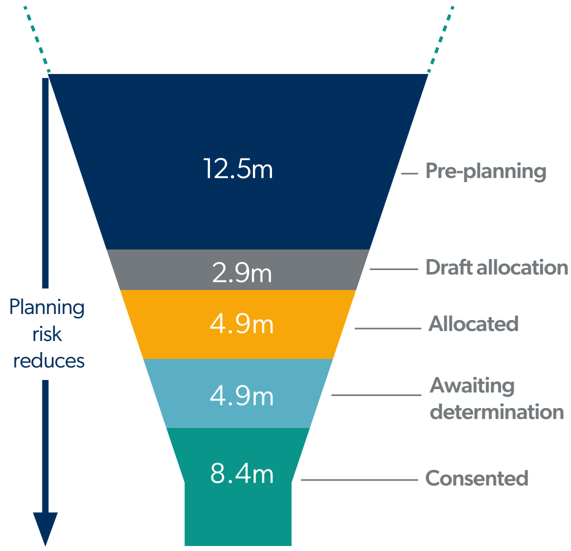
Increasing our focus on Industrial & Logistics

We expect Industrial & Logistics to make up 85% of the Group's overall land and property portfolio by the end of 2029.

33.6m
sq. ft pipeline

63%
Consented or in the planning system

Our exposure to Industrial & Logistics across our Investment Portfolio, Major Developments and Strategic Land stands at £545m or 63% of our total land & property portfolio. Our extensive land bank is capable of delivering 33.6m sq. ft of Industrial & Logistics space of which 63% is either consented or at some stage in the planning system. The graphic opposite illustrates the composition of this pipeline. As schemes are progressed through the planning system, planning risk reduces – read more about this on page 60. We are focused on enabling works to create serviced land to facilitate the direct development of Grade A space which will feed our Investment Portfolio, growing it to our £0.9bn target by 2029. The table below identifies the key sites in our near-term development pipeline, which will contribute to meeting our 2027 and 2029 strategic targets. Where viable, we will also pursue redevelopment of our secondary assets, an example of which is shown in the case study on the opposite page.



SITE	PIPELINE	PLANNING STATUS	DIRECT DEVELOPMENT STATUS
AMP, Rotherham	0.3m sq. ft	Consented	Enabling works completed. Development underway.
Gateway 36, Barnsley	1.1m sq. ft	0.6m consented 0.5m pre-planning	Enabling works completed. Development underway. Planning promotion.
Chatterley Valley, Stoke	1.2m sq. ft	Consented	Enabling works completed. Development scheduled to commence within 12 months.
Wingates, Bolton	2.9m sq. ft	1.0m consented 1.9m allocated	Enabling works underway on consented phase. Land assembly and planning promotion on allocated phase.
Skelton Grange, Leeds	0.8m sq. ft	Consented	Enabling works underway.
Cinderhill, Derby	1.5m sq. ft	Consented	Land assembly.
Gascoigne Wood, Selby	2.0m sq. ft	1.5m consented 0.5m pre-planning	Enabling works scheduled to start within 12 months. Planning promotion.
Northern Gateway	2.0m sq. ft	Allocated	Land assembly and planning promotion.
North Yorkshire site	3.3m sq. ft	Pre-planning	Planning promotion.
Rothwell, Coventry	1.8m sq. ft	Awaiting determination	Planning promotion.
Junction 15, Northampton	1.5m sq. ft	Pre-planning	Planning promotion.

Droitwich secondary unit, before demolition

CGI of Droitwich

Above: Construction of a new Grade A logistics unit at Droitwich, following demolition of secondary asset
Droitwich, Worcester | MID | I&L | IP

CASE STUDY

Droitwich, Worcester

Redeveloping an existing asset to Grade A

At Droitwich, Worcester (MID | I&L | IP) we have demolished a 112k sq. ft secondary unit, previously let to DHL, and are replacing it with a 170k sq. ft Grade A Industrial & Logistics unit, practical completion of which is scheduled for Q3 2025.

The financial and environmental rationale for doing so was compelling.

The new asset is expected to deliver a development yield in excess of 7% and has had strong occupier interest during the early stages of construction. It is currently being marketed at a headline rent of c.£1.7m (£9.75 per sq. ft), which compares favourably to the headline rent of £450k (£4.00 per sq. ft) on the secondary asset it has replaced.

The new unit will benefit from Harworth's high sustainability specification, which includes:

- BREEAM Excellent status.
- Grade A+ EPC.
- Exceptionally high levels of thermal insulation, exceeding the stringent requirements in the 2024 Building Regulations.
- Structural and electrical capacity to support full solar coverage to the available roof space, which can be tailored by an occupier to optimise on-site energy generation.
- Heating/cooling via air source heat pumps, with zero reliance on gas, enabling an occupier to purchase 100% renewable energy from the grid if needed.

Following practical completion we will finalise a whole-life carbon assessment for the full lifecycle of the scheme, utilising data captured during demolition, construction and through to occupation.

Chief Executive's review

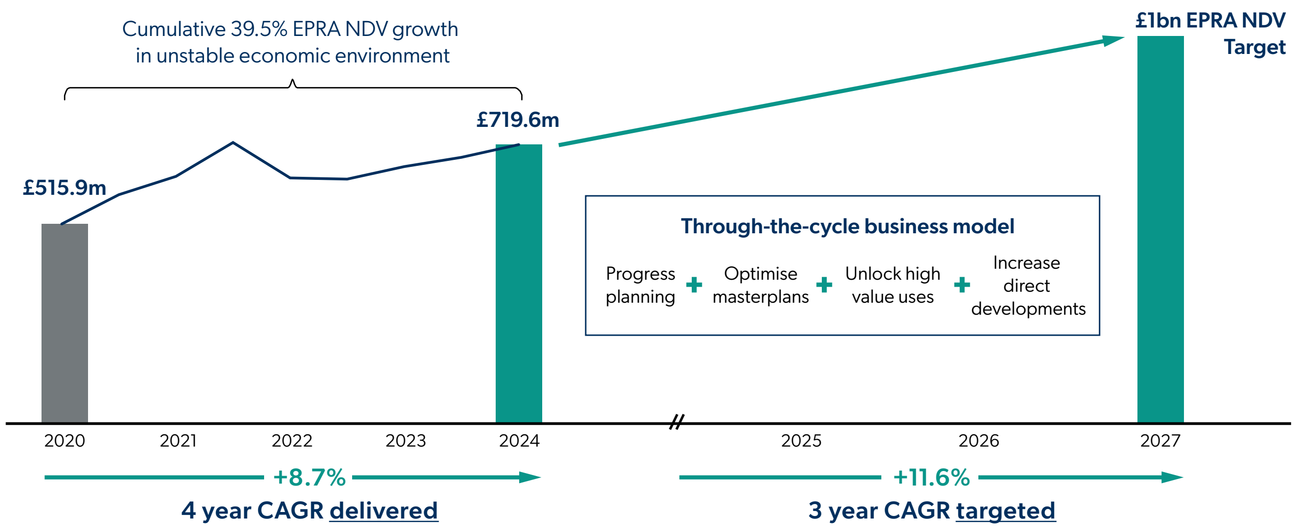
Lynda Shillaw
Chief Executive

Our 2024 results translate into an impressive total account return of 9.1%, demonstrating our ability to deliver in challenging markets and showcasing the agility and resilience of our through-the-cycle business model. I could not have asked more of our teams in achieving sector-leading results ahead of the MSCI All Property Index, whilst maintaining significant financial liquidity and a low year end LTV of just 5.4%. 2024 saw us deliver a record level of land sales, undertake selective strategic acquisitions, and progress our lettings ahead of estimated rental values. This translated to significant growth in value through both valuation gains and profits on sales. We offer a unique combination: an extensive land bank that is proving strategically significant to the UK's infrastructure needs for both Residential and Industrial & Logistics, coupled with our specialist skillset to uncover new market opportunities, invest in our developments, and unlock material underlying value as we continue to move our sites through the planning system, positioning us well as we move into 2025.

Road map to £1bn EPRA NDV

> Our ambitions to grow EPRA NDV to £1bn by the end of 2027 and our core investment portfolio to £0.9bn by the end of 2029 are underpinned by a clear road map."

Lynda Shillaw, Chief Executive



Operational performance

Our ambitions to grow EPRA NDV to £1bn by the end of 2027 and our core Investment Portfolio to £0.9bn by the end of 2029 are underpinned by a clear road map and the significant progress we have made since launching our strategy in 2021. We remain confident in achieving our goals by accelerating the delivery of our sites whilst achieving our NZC ambitions, drawing on our highly specialist expertise to work through our extensive strategic land bank. The table below shows our progress to date against our four key growth drivers.

GROWTH DRIVERS	2020[1]	2023	PROGRESS IN 2024	AMBITION BY THE END OF 2027
Repositioning our core Investment Portfolio to modern Grade A	<10% Grade A at year-end	37% Grade A at year-end	**45% Grade A at year-end**	100% of core Investment Portfolio to be Grade A
Increasing direct development of Industrial & Logistics stock	200,000 sq. ft completed[2] 0.4m sq. ft of enabling works	193,000 sq. ft completed 208,000 sq. ft started 1.5m sq. ft of enabling works	**107,000 sq. ft completed** **270,000 sq. ft started** **1.3m sq. ft of enabling works completed** **1.8m sq. ft of enabling works underway at year-end**	800,000 sq. ft run-rate of completed space (average per annum)
Accelerating sales and broadening the range of our Residential products	862 plots sold[2]	1,170 plots sold	**2,385 plots sold**	2,000 plots sold on average per annum
Scaling up through land acquisitions and promotion activities	Land supply of 12 to 15 years		**Maintained 12 to 15-year land supply through acquisitions representing 1.0m sq. ft and 4,404 plots**	Maintain a land supply of 12 to 15 years
Targets				
Grow EPRA NDV	£515.9m[3]	£662.9m	**£719.5m**	£1bn
Grow core Investment Portfolio		£221.4m[4]	**£297.2m**	£0.9bn by end of 2029

1 Targets announced 2021. FY20 used as baseline.
2 Annual average 2015 to 2020.
3 EPRA NDV at 31 December 2020.
4 Target announced H2 2024. FY23 used as baseline.

We are making significant progress repositioning our core Investment Portfolio to modern Grade A specification. It now stands at 45% Grade A, compared to 11% in 2021, when we announced our ambition. This was driven by significant sales, where we had already maximised value through asset management or re-development initiatives, as well as through our development and letting of new space, and the selective acquisition of the Catalyst urban logistics estate in Rotherham. We are confident in our ability to reach our 100% Grade A target, underpinned by the combination of our direct developments, and further selective acquisitions alongside our sales programme.

We completed a record 2,385 Residential plot sales during the year, across 13 transactions, demonstrating the depth of demand for our de-risked serviced land product, and the strong relationships cultivated by our teams with housebuilders, BtR developers and housing associations. Residential sales were completed at a headline sales value of £104.1m, at prices that were broadly in line with or ahead of HY24 book values before transaction costs. The average plot sales since setting our 2021 target sit at 1,800, positioning us well to hit our 2,000 average plot sales by 2027.

Chief Executive's review continued

Our Industrial & Logistics Major Developments portfolio consists of 12 sites at various stages of development, from early enabling works to near-complete Grade A units. We developed 107,000 sq. ft of modern Grade A Industrial & Logistics space in 2024, of which 73,000 sq. ft went into our core Investment Portfolio and the remainder was built for an owner occupier. We started on a further 270,000 sq. ft in the period, with one-third of this space already pre-let. In order to achieve our aim of an 800,000 sq. ft run-rate of completions by 2027, we need to scale up our enabling works to at least three times this level on an annual basis. Our programme to 2027 is back-end weighted and at year-end, enabling works were underway for 1.0m sq. ft of development at Wingates (Bolton).

Our strategic land bank is fundamental to our business model and scaling up our land bank through acquisitions and promotions is one of our key skillsets to maintain a land supply of 12 to 15 years. During the year, we made land acquisitions representing 1.0m sq. ft of potential Industrial & Logistics space and a further 4,404 Residential plots.

The Harworth Way

As a specialist regenerator and placemaker, a commitment to our communities, our people and our planet is at the heart of everything we do. Critical to this is having a lasting positive impact on the communities we serve, supporting new homes, jobs and infrastructure. The Harworth Way is our framework for ensuring this happens.

During the year we published our first NZC Progress Report, providing an update on progress, challenges, and opportunities in meeting our NZC Pathway. Against our 2030 Commitment to be NZC for our business operations, operational emissions reduced by 17% in the year and by 33% since 2022, through the continued use of alternative fuels in our site preparation works, the increased use of electric vehicles, and the transition of our core Investment Portfolio to Grade A. In collaboration with the Forestry Commission, we completed a woodland planting scheme of 108,000 trees at Chevington North (Northumberland), whilst also commencing further planting of more than 150,000 trees at Highthorn (Northumberland).

In April 2024 we published our Communities Framework, which explains our approach to delivering social value throughout the regeneration process and the developments we create. During 2024 we developed our processes to allow the Framework to be incorporated into our Gascoigne Wood (Selby) scheme, which received resolution to grant planning permission for 1.5m sq. ft of Industrial & Logistics space, and we will continue to roll out the Framework throughout the business in 2025.

> "I could not have asked more of our teams in achieving sector-leading results."
>
> **Lynda Shillaw,** Chief Executive

It has been another very active year in delivering for our communities with a wide range of community events and local club sponsorship, from fun runs to food festivals and community planting. We completed the construction of the new forest school at Coalville (Leicester), providing 420 new primary school places in an energy efficient, modular building, integrated into the new community. At Thoresby Vale a wonderful opening event marked the completion of the country park providing more than 100 acres of restored heathland, home to unique wildlife, alongside 4.2km of active travel infrastructure all set within the growing residential community.

Over 2024, we once again commissioned Ekosgen, an independent economic research consultancy, to appraise the social and economic benefits of the regeneration and developments we have delivered and plan to deliver, and it found that our portfolio has the potential to deliver £4.3bn of GVA, support up to 66,800 jobs and generate up to £72.5m in business rates, underscoring the huge potential of our activities to benefit society.

Opposite page:
The emergence of Olive Lane (pedestrianised area towards the bottom right of the photo) as the community hub connecting the AMP and Waverley
AMP and Waverley, Rotherham | YAC | I&L and R | MD

Chief Executive's review continued

Our people

The long-term sustained growth and prosperity of Harworth can only be delivered by providing an environment which cultivates a high-performance culture. Our high talent retention, engagement, and happiness rates reflect the growing effectiveness of our people strategies, which are consciously designed to enable people to do their best work for the benefit of all our stakeholders, including investors.

We continuously review and enhance our Total Reward package to ensure it meets the evolving needs of a diverse workforce and remains attractive in a continuously challenging skills and talent market. Our diversity picture is one of steady progress and in the context of our sector a very encouraging one and an important indicator within our recently developed Culture Dashboard. In 2024 our Culture programme delivered several important milestones, such as our new corporate values and behaviours framework and the inclusion of cultural indicators within our recently launched Enabling Excellence Framework.

Looking ahead, we are excited about the prospect of securing an Investors In People accreditation this year and delivering further important milestones such as the next generation of our Learning & Development Programme and further enhancing the productivity of our people and efficiency in process through our Digital Transformation agenda.

Outlook

Harworth is a long-term through-the-cycle business. Regeneration of large, complex sites that may take a decade or more to move from inception to completion, underpinned by our significant land bank and proven skillset in being able to unlock value through our management actions, is what sets Harworth apart. Since 2021, when we stepped into our strategy, we have not only been focused on growing our business and accelerating delivery across our sites, but have invested in our planning teams to progress more applications through the system, our development teams to ramp up delivery, and our acquisitions teams to build our land bank.

For the Industrial & Logistics market, the structural drivers of demand remain particularly strong, with increased infrastructure needs from online retail, cloud computing and Artificial Intelligence ('AI'), and a relatively constrained supply of suitable sites and power capacity in our regions. Our portfolio can contribute solutions to these infrastructure gaps. That said, given short-term economic uncertainties in the year ahead, we will continue to de-risk our development by focusing on pre-let and build-to-suit opportunities and land parcel sales. For Residential, while affordability challenges remain for house buyers, our increasingly diversified range of Residential products alongside constrained supply of development-ready land, improves our confidence that our consented, de-risked serviced land will continue to appeal strongly to a wide range of housebuilders, developers and social housing participants, providing us with exposure to markets that continue to grow regardless of the cycle.

As we move into the second half of our delivery strategy, we have an 8.4m sq. ft consented Industrial & Logistics pipeline that is capable of delivering c.£0.6bn of Gross Development Value ('GDV') by the end of 2027. We continue to explore other use classes, including the development of data centres and energy assets on our Industrial & Logistics sites and senior living opportunities on our Residential sites. Together these factors will ensure we realise the full potential of our 33.6m sq. ft Industrial & Logistics portfolio, which has an estimated GDV of c.£5bn, and our 31,264 plot Residential pipeline, while delivering for our people, our planet and our communities.

Whilst we remain cautious about the near-term macro-economic outlook, I continue to be excited about our prospects as a business and the significant growth and embedded value across our portfolio, including our ability to reach £1bn of EPRA NDV by the end of 2027 and grow our core Investment Portfolio to £0.9bn by the end of 2029.

I would like to say a huge thank you to my colleagues across the business, who work tirelessly to deliver on the ambition of our strategy and have achieved a strong year of progress, and to our investors who have continued to support what we do. Our significant financial performance and operational progress illustrate the dedication, determination, skills, and teamwork that make us proudly Harworth.

Lynda Shillaw
Chief Executive

17 March 2025

> "The year saw significant progress on planning approvals, adding further capacity to our near-term Industrial & Logistics pipeline and driving a strong revaluation performance."
>
> **Lynda Shillaw,** Chief Executive

Lynda and the Board join colleagues and representatives from Strata Homes and Great Places on a site visit to Riverdale Park
Riverdale Park, Doncaster | YAC | R | MD

Creating economic, social and environmental value

INPUTS

Our people
A collaborative, ambitious and innovative culture.

Our land bank
Over 15,000 acres of development potential.

Our key markets
A portfolio focused on the Industrial & Logistics and Residential sectors.

Value creation

Strategic Land

ECONOMIC VALUE

Major Developments

ECONOMIC VALUE

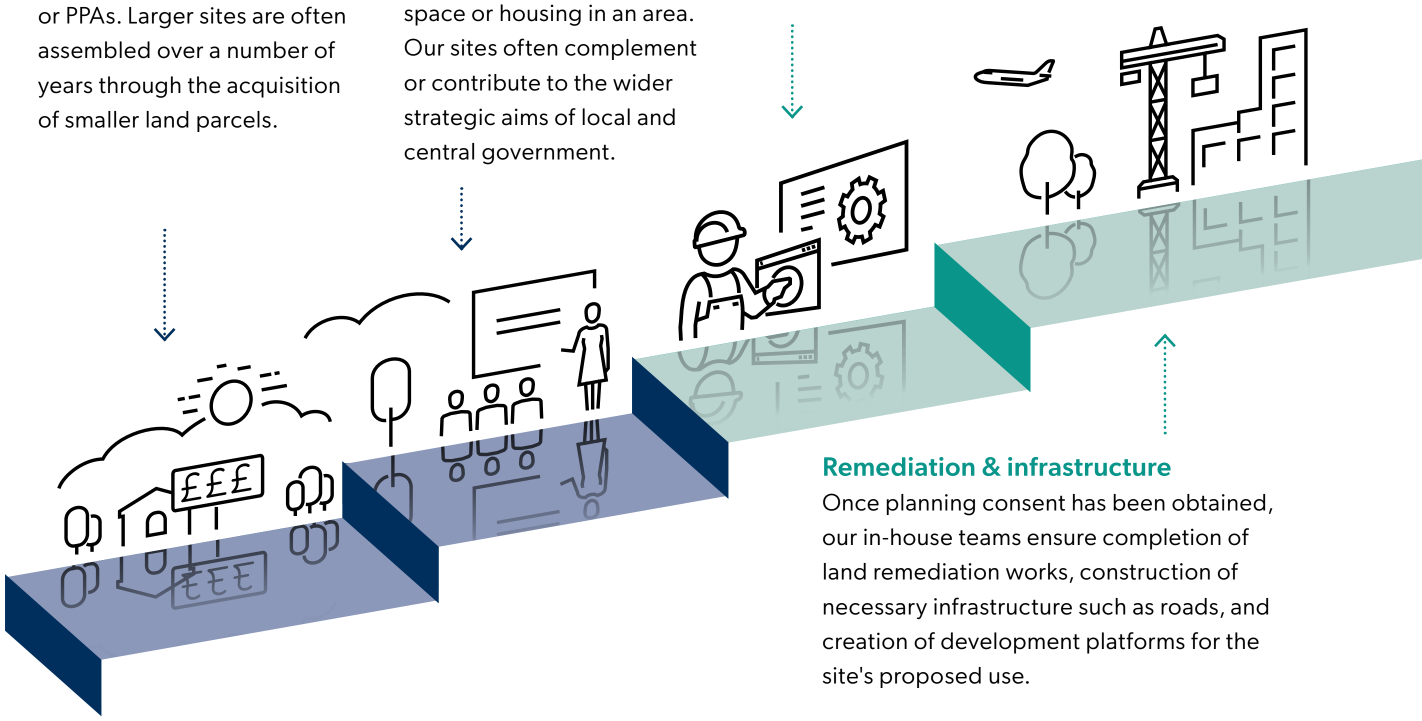
SOCIAL VALUE

ENVIRONMENTAL VALUE

Acquisition & land assembly
Our acquisition teams work across our regions to identify new sites to add to our portfolio, through freehold purchases, options or PPAs. Larger sites are often assembled over a number of years through the acquisition of smaller land parcels.

Masterplanning
Working with local authorities and other stakeholders, we create a strategic vision for a site which addresses local needs for employment space or housing in an area. Our sites often complement or contribute to the wider strategic aims of local and central government.

Planning approval
Once a strategic vision for a site has been determined, our planners work with local authorities to progress this through the planning system. We have a very high success rate of securing planning consents, while working collaboratively with local stakeholders.



Remediation & infrastructure
Once planning consent has been obtained, our in-house teams ensure completion of land remediation works, construction of necessary infrastructure such as roads, and creation of development platforms for the site's proposed use.

OUTPUTS

Our people
100% of employees are "proud to tell people that I work for Harworth".

Investors
Strong financial returns, with a target to reach £1bn of EPRA NDV by the end of 2027.

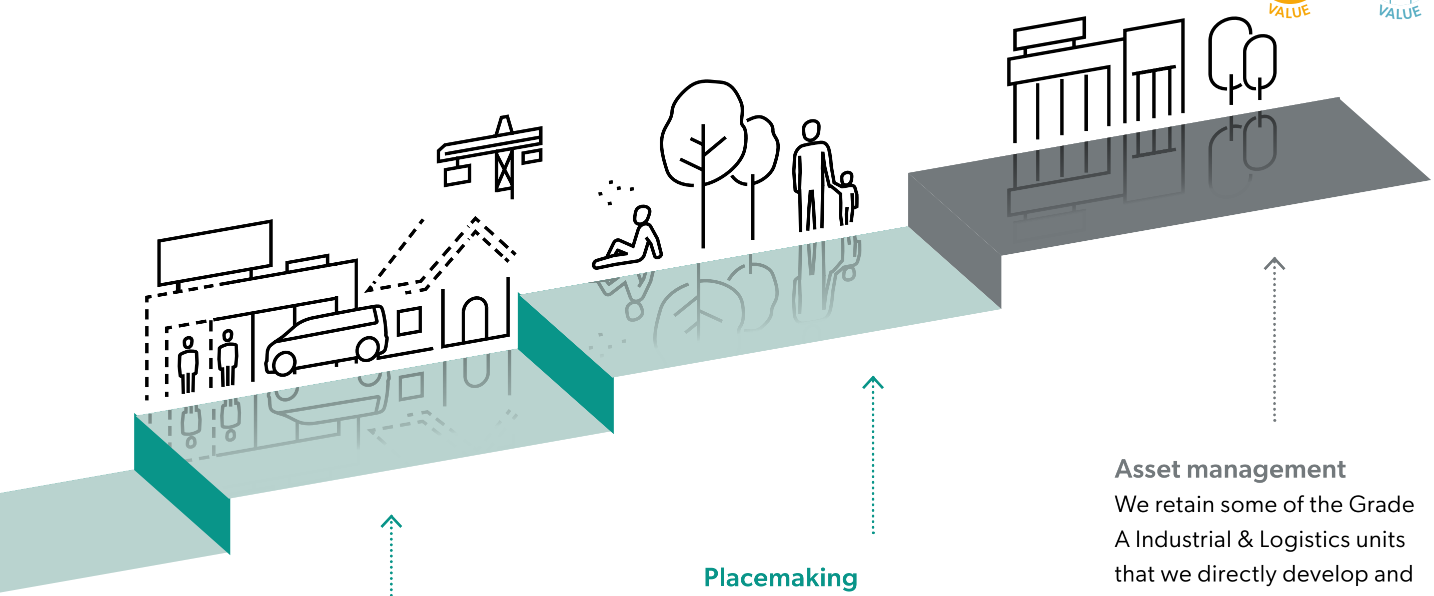
Communities
Sustainable places where people want to live and work, with green and blue space and amenities.

Financing
Our strong financial position gives us flexibility and firepower.

The Harworth Way
Delivering on our purpose, with a lasting positive impact.

Read more on pages 38 to 45

Investment Portfolio



Plot sales & direct development
At our Industrial & Logistics sites, we sell serviced land to developers and develop buildings ourselves for occupiers and owners.

At our Residential sites, we either sell serviced plots to housebuilders or enter into forward-funding agreements with selected partners to deliver alternative tenures such as BTR homes and affordable housing.

Placemaking
We invest in our sites, alongside plot sales and direct development, to provide additional infrastructure, amenities and green and blue spaces. This investment creates a sense of community that improves the wellbeing of residents and those working there, and enhances the attraction and value of our sites.

Asset management
We retain some of the Grade A Industrial & Logistics units that we directly develop and let these to a diverse range of occupiers. This generates a recurring income and allows us to derive further value from the high standards of placemaking and environmental specifications at our sites.

Read more about **Our approach to stakeholders** on pages 62 to 67

Suppliers
Strong partnerships based on trust, fairness, and shared values.

Customers
Developing high-quality products and delivering on our promises.

Funders
An open dialogue, with regular updates on our operational and financial performance.

Government
A trusted partner in delivering jobs, homes and opportunities across our regions.

Creating value for our investors

We have a strong track record of consistently delivering market-leading returns.

Our specialised skillset enables us to unlock and deliver significant long-term potential value from our existing consented pipeline, which has the ability to deliver c.£0.6bn of GDV by the end of 2027 just from our consented Industrial & Logistics pipeline, and from our extensive Strategic Land portfolio. Our Residential plot sales, which saw record volumes in 2024, provide a steady cashflow for reinvestment into our Industrial & Logistics development programme, where we have proved we can deliver high value uses such as our most recent land sale at Skelton Grange, Leeds to Microsoft.

Unique skillset

We have unrivalled in-house expertise as a specialist regenerator of large, complex sites alongside a depth of experience in acquisitions, remediation, planning, development and placemaking. Our insight and long-term approach mean that we are able to unlock the potential of challenging sites where others have struggled or avoided them altogether.

Extensive land bank

We own over 15,000 acres of land with the potential to develop over 33m sq. ft of employment space and enable over 30,000 homes across the North of England and the Midlands. We have grown this land bank over time through targeted acquisitions. This scale, combined with our preference for freehold ownership provides us with significant opportunities and flexibility.

Undersupplied markets

Our core focus markets of Industrial & Logistics and Residential have strong structural tailwinds and are critical to the growth of the UK economy. Within the Industrial & Logistics sector we focus on developing and owning Grade A space that meets the evolving needs of occupiers, while our Residential products are focused on de-risked serviced land for housebuilders, including mixed tenure and affordable housing.

Number of employees (at 31 December 2024)

138

Comprising experts in transactions, planning, land remediation, engineering and development, supported by central functions and a highly experienced senior management team.

Estimated potential GDV of portfolio

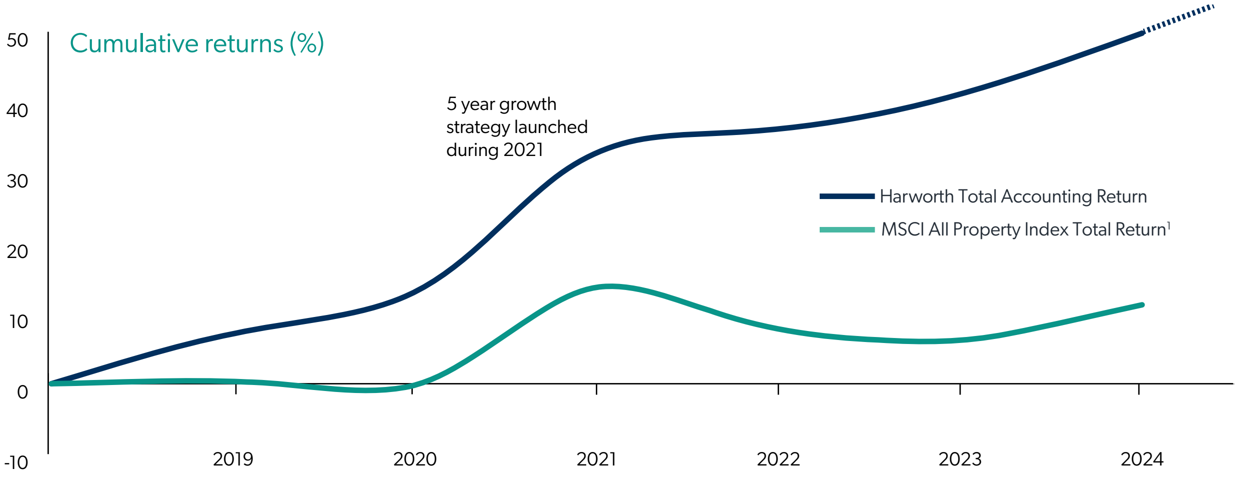
£4.3bn

Demonstrating significant latent value for us to unlock.

2024 Grade A I&L occupier take-up (100k+ sq. ft units) was up 6% to

22.6m sq. ft

Outperforming the pre-pandemic average of 21.2m sq. ft.



1 Source: MSCI

Regional exposure

Our focus regions of Yorkshire & Central, the Midlands and the North West are areas where supply of industrial and logistics space is more constrained than the national average and demand for housing is more resilient, mainly due to better affordability. These areas are sources of significant untapped potential and are also the focus of initiatives and investment aimed at "levelling up" the economy.

Strong financial position

We have consistently maintained a strong financial position, with low gearing and significant available liquidity. Combined with having no major refinancing requirements until 2027, this provides us with significant flexibility and firepower. We seek to maintain balanced cash flows by funding the majority of infrastructure expenditure through disposal proceeds, while allowing for growth in the portfolio.

Responsible business

Our purpose is to invest to create sustainable places where people want to live and work. We aim to have a lasting positive impact by supporting new homes, jobs and communities, and delivering long-term value. We have ambitious targets that underline our commitment to sustainability, including to be operationally NZC by 2030 and NZC for all emissions by 2040.

Of the nationwide occupier take-up for I&L space in 2024

74%

was within Harworth's core regions, with 58% in the Midlands.

Net LTV value of

5.4%

one of the lowest in our sector.

Industrial & Logistics portfolio has the potential to support

66,800 jobs

in our regional economies.

Our markets

We focus on Industrial & Logistics and Residential, two structurally undersupplied sectors fundamental to delivering growth to the UK economy and requiring key infrastructure delivery to ensure their success.

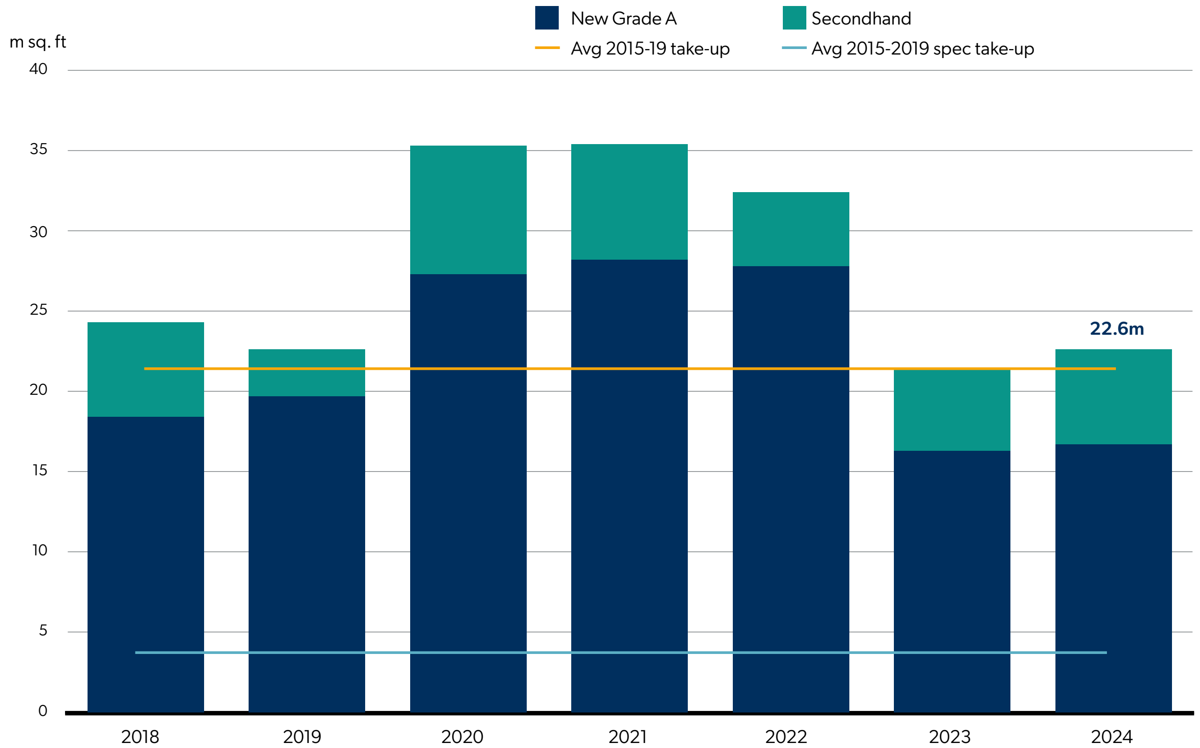
Both are a priority for this government and set to benefit from recent government policy objectives. In December 2024, the UK government announced its planning overhaul via the National Planning Policy Framework to accelerate housebuilding and deliver 1.5m homes before the next General Election.

More recently, the Prime Minister announced his blueprint to turbocharge AI, in which data centres and the delivery of key infrastructure will play a critical part. Our own Industrial & Logistics portfolio is well placed to contribute to this rollout.

Industrial & Logistics

Demand continues to be driven by structural factors, including growth of online retail, cloud computing, the dramatic proliferation of AI, and the increased infrastructure requirements that come with all three. Take-up for Grade A industrial and logistics space of 100,000 sq. ft units and larger was up 6% in 2024, to 22.6m sq. ft, outperforming the pre-pandemic average of 21.2m sq. ft, according to JLL. Three-quarters of this take-up was of new, rather than secondhand, space indicating business focus on new facilities. A fall in the level of build-to-suit space was more than offset by an increased level of speculative take-up of 7.4m sq. ft, which compares to the average pre-pandemic speculative take-up levels of 4.5m sq. ft, as shown in the Chart below.

UK Grade A take-up[1]



Source: JLL Research

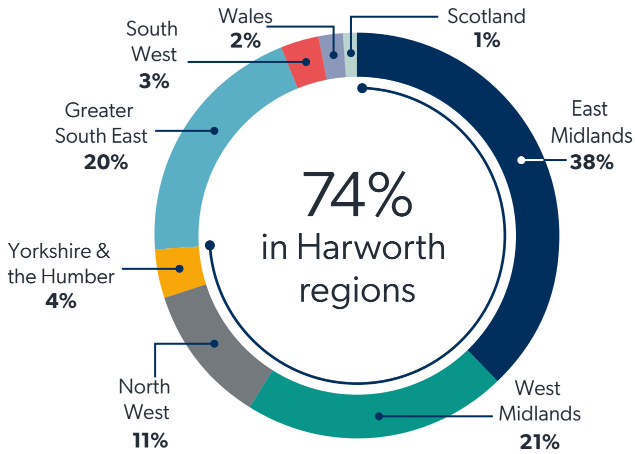
1 units of 100,000 sq. ft +

Despite occupiers remaining active, the market is not seeing a corresponding impact on net absorption and overall vacancy as occupier demand is being driven by more strategic reasons than business growth alone, which is resulting in deals taking longer to complete and older space coming back into the market. Notwithstanding, H1 2025 requirements are forecast to be up year-on-year with a focus nationwide on units of 100,000-200,000 sq. ft.

The Chart opposite shows the distribution of 2024 UK take-up, where 74% of demand was within our regions and the Midlands made up the lion's share at 58%.

Prime yields were broadly stable across 2024, but the volatility in bond markets is expected to impact Q1 2025 transaction appetite, as investors and vendors wait to see how the market settles down. Investors and developers are increasingly focused on strategic acquisitions and developments that meet occupier needs and sustainability requirements, and are best placed to benefit from rental growth.

UK Grade A logistics take up: 22.6m sq. ft[1]



1 units of 100,000 sq. ft +

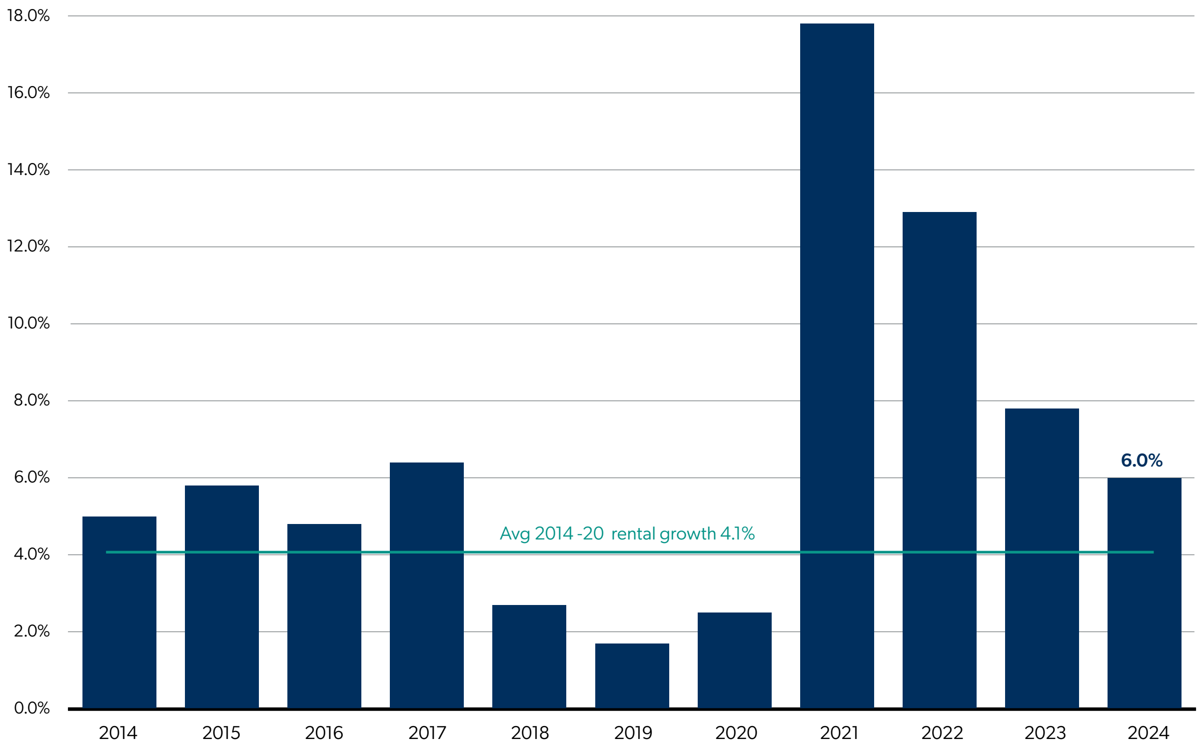
5.25%
UK prime I&L yield, end of 2024

6.2%
2024 average UK I&L transaction yield

Source: Knight Frank

UK prime headline rents enjoyed 6% growth over 2024 and while this is down year-on-year and materially below the pandemic peak of almost 18% in 2021, it is still above average pre-pandemic levels of 4.1% as shown in the Chart below.

UK prime headline rental growth



Source: JLL Research

Our markets continued

Industrial & Logistics

Data centres

The UK data centre market is in a material growth phase, with more recent interest outside of London and the South East. While different commentators have varying projections of the state of the UK market and potential growth, consensus is clear that the market is set to experience a double-digit CAGR out to 2030, driven by growing adoption of multi-cloud computing and network upgrades required to support the roll out of 5G alongside the need for more data storage and transmission from ecommerce, digital content, social media and the Internet of Things.

Currently, London is the largest data centre market in the EMEA and the second largest globally, with 1.14GW in operation, a 15% increase year-on-year, according to Cushman & Wakefield. Data from JLL shows that capacity in the London market is set to double, including 504MW in development and 677MW in planning, driven by growth in multi-tenant data centres, hyperscale data centres and edge computing, coupled with a focus on energy efficiency and eco-friendly solutions. Emerging regional markets and remote campuses sitting outside the established metro areas are also beginning to reshape the data centre landscape as the emergence of AI and cloud computing facilities are becoming increasingly location agnostic, driven by power availability and site deliverability. This is evidenced by our own land sale for data centre use in Leeds and other market transactions across the North West and North East.

Limited availability of land and power, together with sustainability regulations, and their impact on cost and time to deliver, are the pressing issues for both operators and investors in the UK and globally. Since the start of 2024, Savills has tracked over 415 acres of UK land deals to data centre operators that were, in the main, previously promoted for industrial and logistics use. This has had the effect of removing, on average, close to one year's worth of potential industrial and logistics supply from the market.

c.1 year
supply of I&L removed owing to data centre land deals

Source: Savills.

£3.75bn
Investment in Europe's largest data centre in the UK

Source: DC01UK.

Support for the sector has been underpinned both by the UK government and significant private investment. Government initiatives to ensure the viability of the sector include investment to boost the grid capacity through new measures in the Planning and Infrastructure Bill, classifying data centres as critical national infrastructure, strengthening resilience and regulatory support. These were followed up by the launch of the AI Action Plan and associated planning reforms, to boost sectors that are critical to powering the economy and the long-term growth of the UK. Government actions have been significantly bolstered by private sector investments, including Microsoft's announcement that, in addition to its contracting to acquire 48 acres at our Skelton Grange (Leeds) site for a hyperscale data centre, it was proposing a new data centre campus on a site in North Yorkshire to create a data centre campus; DC01UK's £3.75bn investment in Europe's largest data centre in Hertfordshire; Amazon Web Services' plans to invest £8bn building, operating and maintaining data centres in the UK; and Latos DC's plans to open 40 purpose-built data centres across the UK by 2030.

Skelton Grange, where we have agreed to sell 48 acres of land to Microsoft which plans to build a hyperscale data centre campus:
Skelton Grange, Leeds | YAC | I&L | MD

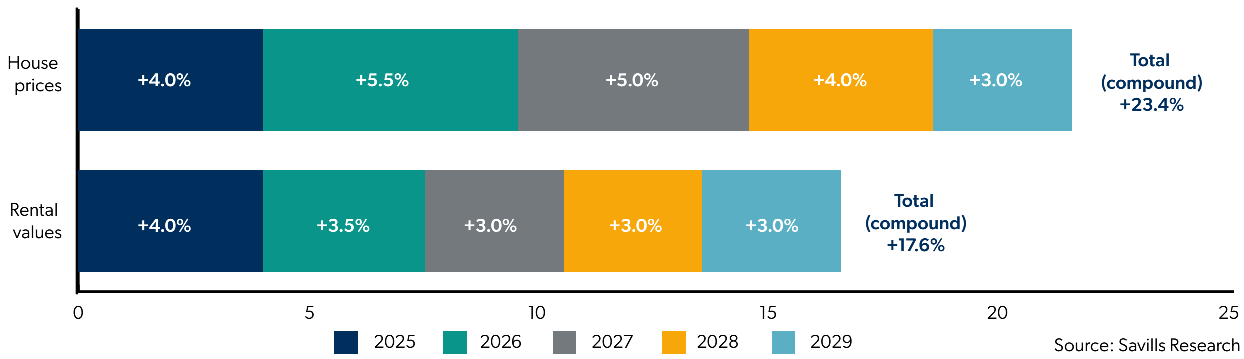
Residential

Residential volumes remained subdued in 2024, with the market in the early stages of recovery. Front and centre of government policy are bold ambitions to increase housing activity, delivering 1.5m new homes by the next General Election, with planning reform at the heart of supporting this and wider economic growth. It's fair to say that delivery against this target will be back-end loaded, with housebuilder volumes in 2024 still not recovering to 2022 levels and new government initiatives to drive up volumes being mobilised.

Local housing targets have been reintroduced and the presumption in favour of development strengthened with government task forces formed to unlock the 'grey' belt. While planning reform is still expected to be a relatively protracted process, the shift to drive growth and develop new homes is a positive signal to the sector and, from a supply side perspective, positive also for strategic land. However, the returns for landowners need to remain attractive for land to come forward to meet the scale of what is proposed.

The ambition to build more affordable homes is no silver bullet, and while demand exists, the financial capacity of Housing Associations remains weak and viability remains an issue for developers where the mix is skewed to affordable tenures. Where investor markets are concerned, the stamp duty surcharge announced in the October Budget is likely to suppress the appetite of buy-to-let landlords and tip towards larger, wealthier and institutional landlords.

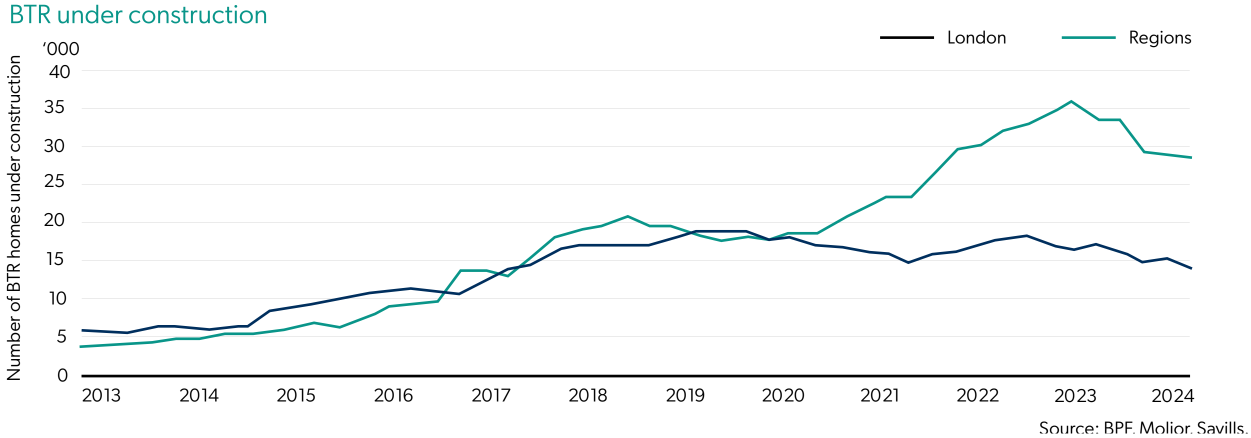
UK mainstream house price and rental forecasts



With interest rates easing and, subject to global dynamics, showing signs of a further downward trajectory in 2025 this is positive for homebuyers, however rental reform through the Renters Rights Bill and residual building safety issues and regulation are weighing on parts of the sector.

Savills forecasts house price growth of 20% to 25% over the next five years with 4% growth predicted for 2025. Rental values are forecast to increase by over 17% in the same period with 4% growth predicted for 2025.

BTR under construction



The Harworth Way

Our integrated approach to sustainability and social value

The Harworth Way is our framework for integrating sustainability and social value into both our business and the developments we create. It ensures these principles are embedded across our culture, strategy and, most importantly, our approach to development from concept to completion.

The Harworth Way is critical to our making a lasting positive impact on the environment and our communities. This commitment to integrate sustainability and social value into our business is delivered through the five pillars of The Harworth Way: the Impact Pillars of Planet, Communities, People, and the Supporting Pillars of Governance and Partners.

The Harworth Way is a continually evolving framework. It is responsive to the ever-changing needs of the environments and communities we work within and, alongside our strategy, guides how we create sustainable places where people want to live and work. Our approach recognises that we cannot deliver our developments in isolation: working with all our stakeholders at all stages of the process is fundamental to achieving our aims.

Governance
Read more in the Governance Report on pages 98 to 187

Planet
Read more on pages 40 and 41

Communities
Read more on pages 42 and 43

People
Read more on pages 44 and 45

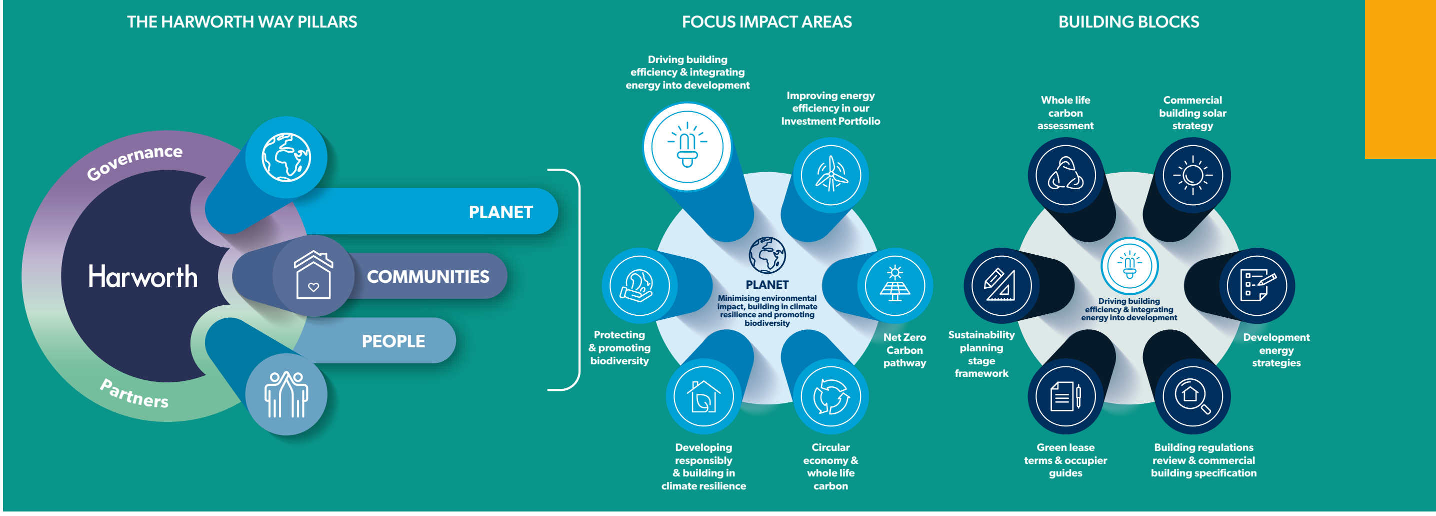
Partners
Read more in the Section 172 statement on pages 62 to 67

Peter Henry, Director of Sustainability, explains The Harworth Way to representatives of Strata Homes and Great Places

The Harworth Way model

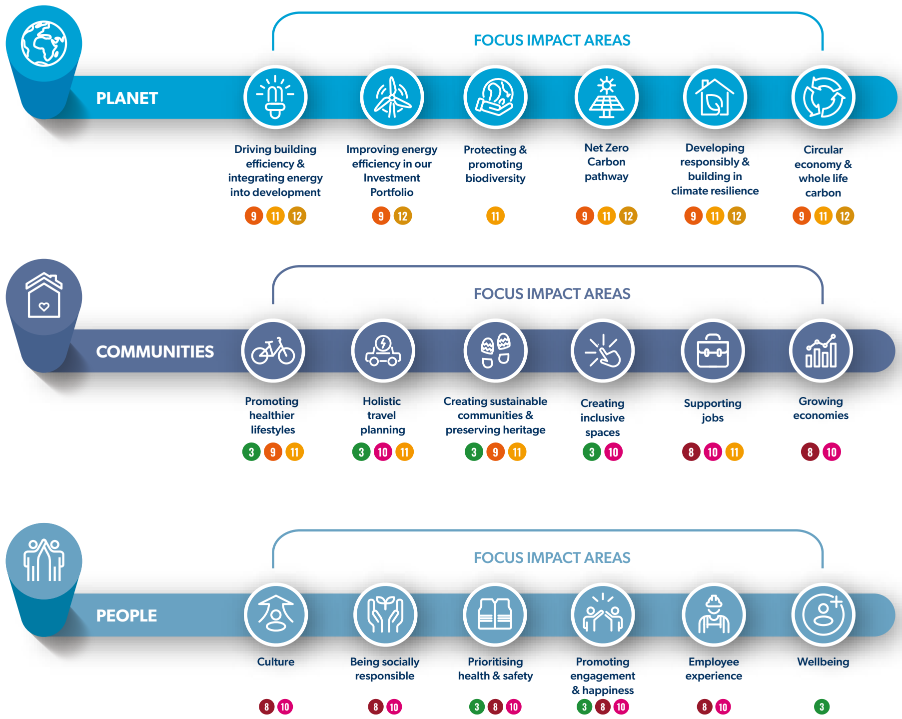
The Harworth Way provides an overarching framework to deliver an integrated approach to sustainability across the business through the interlocking model.

The Harworth Way has three Impact Pillars which each comprise six Focus Impact Areas, representing the key drivers for delivering each pillar. Each Focus Impact Area is divided further into Building Blocks, which are the key workstreams to be undertaken within the business, in order to deliver a set of outputs. The Focus Impact Areas and Building Blocks will evolve over time to reflect our progress and the priorities of The Harworth Way.



Delivering for our planet, communities and people

Harworth is a supporter of the United Nations ('UN') Sustainable Development Goals ('SDGs') and a signatory to the UN Global Compact. We have selected six primary SDGs, which are most closely aligned to our strategy and operations, and where we believe we can make the biggest impact as a business. These have been mapped to our focus impact areas, as indicated to the right.



Further information about our Impact Pillars, including a more detailed explanation of the Focus Impact Areas for each Pillar and mapping against the SDGs, can be found in the Sustainability section of our website: **www.harworthgroup.com/sustainability/**. The following pages of the Annual Report highlight examples of the progress we made in 2024 on those Focus Impact Areas.

The Harworth Way continued

Planet

Driving building efficiency & integrating energy into development

Renewable Energy

During 2024 we continued to incorporate renewable energy into our Industrial & Logistics buildings by fitting rooftop solar panels. We have worked with occupiers to build in flexibility for future expansion through additional panels and battery storage capability. We installed rooftop solar to 16 more units across four sites, with generating capacity of 1.4 MWp from 6,500 m^2 of solar panels.

There is the potential to expand coverage on these units to over 21,000 m^2, and we will explore these opportunities further with occupiers as they continue to understand better their operational needs. Since the start of 2023, this brings rooftop solar installations to 2.8 MWp from 13,500 m^2 of solar panels across seven sites, with the potential to extend coverage to 60,000 m^2.

Improving energy efficiency in our Investment Portfolio

Nature Recovery

Nature recovery has long been a key component of our approach to regeneration, with >1,000 acres of nature recovery undertaken over the past decade. With the introduction of our NZC Pathway to guide our approach to development, and of Biodiversity Net Gain ('BNG') into the wider planning framework, we have continued to expand and adapt our work in this area.

During 2024, working with the Great Northumberland Forest and local partners, we planted more than 100,000 trees at Chevington North, and began planting a further 150,000 trees at Highthorn, alongside 100 acres of wetland protection and recovery to expand native woodland, and support local ecology.

We entered into a Conservation Covenant with a Responsible Body for the delivery of our first habitat bank to deliver BNG alongside the development of 300 new homes at Killamarsh. This agreement commits us to steward the land, in line with an agreed management and monitoring plan, for a minimum of 30 years across an area of 41 acres and sets the template for our approach to BNG as a master developer.

Net Zero Carbon Pathway

Reducing Emissions

As part of our commitment to be operationally NZC by 2030 we have implemented a range of measures that have led to an overall reduction in emissions during 2024 by 17% from 834 tCO_2e to 694 tCO_2e:

- Alternative fuels: the conversion of our pulverised fuel ash recovery plant at Ironbridge from diesel to hydrotreated vegetable oil, leading to a 329 tCO_2e reduction in emissions for the site operations in the year.
- Electric vehicle uptake: an increase in electric vehicle use from 15% to 18% of our total business travel over the course of the year (based on distance travelled), and a significant reduction in fuel usage resulting from the removal of fuel cards for personal vehicles. These factors led to an overall 26% reduction in business travel emissions year-on-year notwithstanding a 15% increase in staff numbers.
- Transition to Grade A: we are making significant progress in repositioning our core Investment Portfolio to Grade A specification, which stood at 45% of the portfolio at the end of 2024, compared to 11% in 2021, when we announced our ambition.

More information can be found in the **Streamlined energy and carbon ('SECR') reporting disclosure** on pages 86 and 87

Protecting & promoting biodiversity

Circular economy & whole life carbon

CASE STUDY

Chatterley Valley

The Chatterley Valley project spans approximately 45 hectares of former agricultural land, previously disturbed by coal mining activities, in a sensitive environmental setting. This area is home to vulnerable watercourses and protected species. We are developing Industrial & Logistics units across five plots, supported by integrated measures for recycling materials and ecological enhancement including:

Minimising Waste: re-use of 1.1m m^3 of soil and rock excavated during earthworks with virtually zero waste transferred to landfill.

Recycled Materials: more than 4,000 tonnes of 6F2 grade recycled hard materials were produced on-site by segregating and crushing rock boulders and concrete. This avoided the need to import equivalent materials and resulted in a carbon footprint saving of over 400 lorry movements.

Topsoil Management: 250,000 tonnes of topsoil were stripped, segregated, and preserved for re-use in landscaping, eliminating the need for imported topsoil.

Ecological Enhancements:

- Wildlife Protection: wildlife kerbs and escape locations were installed, to help preserve the great crested newt population, alongside log pile and hibernacula habitats, to encourage breeding and provide shelter for other indigenous species.
- New Habitats: >7 hectares of translocated ephemeral perennial habitat and tussock grassland habitat were retained and relocated to cultivate rare grasses and plants, enhancing biodiversity on-site.
- Wildflower Meadow Habitat: 2.25 hectares of wildflower meadows were created to attract pollinators and enhance the visual appeal of the site.
- Wetland Meadow: 1.14 hectares of wetland meadow were established to filter water and support biodiversity.

Planting: 937 trees were planted across the site, alongside >20,000 hedge plants, and >1,700 aquatic and marginal plants were installed around water features to improve water quality and support aquatic life.

The Harworth Way continued

Communities

Supporting jobs

Growing economies

Placemaking

We remain committed to regeneration which has a positive economic and social impact on our regions, by supporting jobs, investment and innovation. In 2024 we completed or commenced construction of 370k sq. ft of employment space, which will support thousands of high-skill jobs, and substantially completed the construction of Olive Lane, a new convenience, healthcare, retail and leisure destination at Waverley. We also delivered a new forest school at South East Coalville, providing 420 new primary school places in an energy-efficient, modular building, integrated into the new community. Overall, we entered into 32 construction contracts in 2024, supporting both national and local jobs in the construction and professional services sectors.

As in previous years, we commissioned Ekosgen, an independent economic research consultancy, to appraise the social and economic benefits of the regeneration and development Harworth has delivered and plans to deliver.

Our portfolio has the potential to:

Support up to
66,800
jobs
(2023: 76,500)

Deliver
£4.3bn
Gross Value Added
(2023: £4.8bn)

Generate up to
£72.5m
in business rates
(2023: £85.2m)

Deliver up to
£57.7m
in council tax receipts
(2023: £54.8m)

Year-on-year reductions are substantially attributable to the landmark sales of our Ansty site and land at Skelton Grange from the Industrial & Logistics pipeline, together with record Residential plot sales, only partially offset by acquisitions.

Holistic travel planning

Promoting Holistic Travel

During 2024 we continued to work with our Sustainable Travel Plan Managers to understand the travel needs of communities across our development sites. We work with wider stakeholders to deliver sustainable travel options and improve connectivity for our developments with action plans in place across a wide range of our schemes. We have undertaken travel surveys across our Major Development sites, undertaking 100+ meetings and events with local stakeholders, giving us a valuable resource and guiding the design of our future developments.

Creating inclusive spaces

Activating Communities

Our experience of long-term development shows that new communities need support to establish themselves. We help this process by organising events, working with local schools, and supporting residents' groups.

In an exciting year for our Communities and Placemaking Team, we organised and supported communities at our developments across a wide range of community events and activities including:

- Organising Park Runs and bike sessions at Cadley Park, Prince of Wales and Rossington.
- Creating community days, Christmas events and food festivals across Waverley, Cadley Park, Coalville, Thoresby Vale, Prince of Wales and Simpson Park.
- Donating to local sports teams, encouraging participation in football, swimming, archery and cycling at Coalville, Simpson Park, Thoresby, Waverley, Prince of Wales and Rossington.
- Working with local schools to provide educational visits at our development at Thoresby, Coalville and Simpson Park.

All whilst continuing to build residential community groups, and working closely with parish councils and local politicians to create thriving new communities.

Promoting healthier lifestyles

Creating sustainable communities & preserving heritage

CASE STUDY

Thoresby Vale Country Park

After many years of careful planning and restoration, in 2024 we opened the new 350-acre country park at Thoresby Vale, Nottingham, in the heart of Sherwood Forest. The regeneration of the former Thoresby Colliery is now home to a thriving community where Harworth is enabling up to 800 new homes, alongside commercial and leisure spaces, and delivering a forest primary school.

The new country park, formerly the spoil heap for the old Thoresby Colliery, features over 100 acres of restored heathland, which is now one of the most threatened habitats in the UK, and home to wildlife unique to heathland habitats. The park also benefits from a picnic area alongside 4.2 km of paths for walking and cycling.

Over the year community engagement has included:

- **July:** The country park opening involving local community groups including Welbeck Archers, Girl Guides, St. John's Ambulance, Tuck's Brewery and Thoresby Colliery Band.
- **October half-term:** a programme of events for school-age children, including ecologist-led conservation walks, two forest school sessions and a bulb planting day.
- **December**: residents' Christmas event including installation of a Harworth-funded Christmas tree and lights.
- Community Fund donations to the Girl Guides, Robin Hood Colts football team, and Welbeck Archers.

The Harworth Way continued

People

At Harworth, our people are our most valuable asset. Their passion, creativity and commitment drive our success and define our future.

Employee experience

Training and Development

In 2024, we redefined our approach to performance, reward and development, which we have termed **Enabling Excellence.**

The philosophy underpinning Enabling Excellence is to support everyone at Harworth to establish clear career goals and pathways, understand the skills and competencies needed for current and future roles, learn from past outcomes to improve future performance, appropriately reward achievement, and build stronger, more collaborative relationships at and between every level of the workforce.

The Harworth Academy continues to evolve to support effective talent development, incorporating foundation levels of hard and soft skills training which colleagues need to undertake before being considered ready for progression and promotion, together with access to a broad range of "off the shelf" and bespoke training options which are targeted at specific roles and individuals with identified development needs.

Reward

During 2024 we also undertook a comprehensive review of our **Total Reward** proposition to ensure we are best placed to attract and retain the best talent with competitive remuneration and benefits which incentivise the correct behaviours.

Total Reward captures the complete reward package we offer to our employees beyond salary and benefits, including flexible working, enhanced maternity and paternity pay, and opportunities for development.

Our Total Reward offer now includes externally benchmarked salaries based on consistently applied role evaluation criteria, performance-based bonuses calculated via transparent scoring methodology and moderation process, long-term incentives such as the Restricted Share Plan together with opportunities to build up a meaningful shareholding in the Company via the Share Incentive Plan and Save As You Earn Scheme, and a highly competitive range of benefits and policies designed to support the wellbeing of our employees.

Recruitment and Retention

This year, we onboarded 37 new employees, strengthening our talent pool in various departments. Our focus on creating an inclusive and dynamic work environment has resulted in a voluntary turnover rate of just 5.5% per annum, a testament to our commitment to employee satisfaction and career development. Latest CIPD figures suggest that average attrition levels are 30-35% per annum for the real estate and construction sectors, demonstrating that our turnover levels are much lower than national sector trends.

Promoting engagement & happiness

Employee Engagement

Our Employee Forum was re-launched in June 2024. With 20 active members, employees connect, share experiences, and influence transformation projects across the organisation. The Forum was instrumental in 2024 in delivering the culture transformation project (see opposite page).

Our internal monthly Newsletter was also refreshed in 2024, celebrating individual and collective achievements, sharing business and personal news stories, and promoting various initiatives and important operational updates in a more engaging manner.

Employees participate in a Culture Project consultation event

Culture

CASE STUDY

Culture Transformation Project

Our culture transformation project aims to translate the concept of culture into a demonstrable "asset": giving us visibility of the levers which we need to pull to preserve the positive aspects of, and continually improve, our culture, which is borne out not just in what we do, but also how we do it.

The project is structured into several phases:

1. Insight Phase: completed in 2023, this phase involved data gathering and analysis to identify strengths and opportunities to improve aspects of the Harworth culture.

2. Design Phase: completed in 2024, this phase focused on articulating a new Vision, Values, and Behaviours Framework in consultation with employees.

3.Embed Phase: commenced in Q3 2024 and continuing into 2025, the core objective of this phase is to ensure the outputs from the Design phase "stick". This involves a combination of measures: training employees on what the Behaviours Framework means in practice; incorporation of our updated Values and Behaviours into our Enabling Excellence and Reward framework; and creation of a "Culture Dashboard", which uses metrics to track the cultural measures.

Our new Values reflect Harworth's commitment to sustainability, growth, innovation and collaboration.

Build the Future: We are committed to creating a legacy that promotes sustainability.

Inspire Growth: We set ambitious goals and embrace change.

Innovate & Create: We constantly evolve, explore possibilities, and innovate to deliver lasting results.

One Harworth: We work together with respect, where individuality is valued and appreciated.

Operational review

Industrial & Logistics Land Portfolio

At year end, the Industrial and Logistics pipeline totalled 33.6m sq. ft (2023: 37.7m sq. ft) comprising a consented pipeline of 8.4m sq. ft (2023: 6.1m sq. ft) and a further 4.8m sq. ft in the planning system awaiting determination. The pipeline was 50% owned freehold by the Group, with the remainder controlled through joint venture arrangements, options or PPAs (2023: 57% / 43%).

| Freehold **50%**
| JV/Option/PPA **50%**

Land assembly

During the year, freehold acquisitions added 1.0m sq. ft to the pipeline. These included:

- **Wingates, Bolton:** freehold acquisition adding 400,000 sq. ft to our existing development site, of which 1.0m sq. ft is consented and 1.9m sq. ft has an allocation for commercial use. This increases the area under our control to 2.9m sq. ft, of which 86% is under freehold ownership and 14% held via options agreements.
- **Gateway 36, Barnsley:** Strategic Land capable of delivering 546,000 sq. ft was acquired under an option agreement, which brings the development land under our control for future development to 1m sq. ft.

Planning

Planning approvals were secured for 6.8m sq. ft of Industrial and Logistics space across four sites, bringing total consents to 8.4m sq. ft. Allocations were received for 3.5m sq. ft (total allocated now 4.9m sq. ft) and draft allocations for 0.7m sq. ft (total benefiting from draft allocation now 2.9m sq. ft) as sites continue to move through the planning system.

Applications totalling 4.8m sq. ft are in the planning system awaiting determination.

Direct development

During the year, we completed 107,000 sq. ft at the **AMP, Rotherham**, of which 73,000 sq. ft was let to Insight, the solutions and systems integrator, and retained as part of our core Investment Portfolio. The remaining 34,000 sq. ft was built on behalf of an owner-occupier.

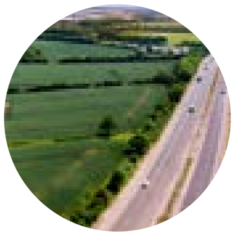
At 31 December 2024, we were on site with 270,000 sq. ft. of direct development, 34% of which is pre-let. A further 386,000 sq. ft of I&L space is expected to commence during the next 12 months, all of which is expected to be retained within the core Investment Portfolio. The units will all be delivered to Harworth's sustainable commercial building specification.

Enabling works are a critical component of our pipeline to reach our direct development targets. During the year, we completed a significant level of works, enabling future delivery of up to 1.3m sq. ft of I&L space. A further 1.8m sq. ft of enabling works were underway at the year-end.

Land sales

Sales completed in 2024 included:

- **Skelton Grange, Leeds**, where we completed the sale of 27 acres of unserviced land to Microsoft, alongside a development agreement, and conditionally exchanged on a further 21 acres for a total consideration of £106.6m, of which £53m is set to be received in H1 2026 upon completion. The transaction is expected to generate an IRR above 40%, with further potential from the delivery of the 16 acres of 'Retained Land'.
- **Ansty, Rugby**, where we sold 278 acres for £53.5m, reflecting a premium to June 2024 book value.



Ansty, Rugby
MID | I&L | SL

Investment Portfolio

The Investment Portfolio comprises assets we have acquired and, increasingly, directly developed and retained.

Acquisition

We acquired **Catalyst, Rotherham**, a newly developed Grade A urban logistics estate, for £43.7m, reflecting a net initial yield of 5.4%. This prime 285,000 sq. ft scheme was completed in 2023 and is located adjacent to the AMP, where we expect to benefit from strong occupier demand to fill up the existing 28,000 sq. ft vacancy. Once fully let, the scheme will generate £2.5m of headline rental income.

Lettings

During the year, 146,000 sq. ft of leasing deals were completed, with total leasing activity adding a net £1.3m of headline rental income (2023: 462,000 sq. ft, adding £2.1m). New lettings, renewals and reviews were completed at an average 4.3% premium to ERVs.

At year end, the Investment Portfolio was valued at £297.2m, up 34% on the prior year, and with a target to grow to £0.9bn by year-end 2029, a required CAGR of 25% over the next five years.

AMP, Rotherham
YAC | I&L | MD

Residential Land Portfolio

The Residential pipeline totalled 31,264 plots at year end (2023: 27,190 plots) comprising a consented pipeline of 4,568 plots (2023: 5,296 plots) and a further 2,136 plots in the planning system awaiting determination (2023: 1,774 plots). Development continues to progress on the first mixed tenure sites sold by way of forward funding agreements. The pipeline was 41% owned freehold by the Group, with the remainder controlled through joint venture arrangements, options or PPAs (2023: 49% / 51%).

Freehold **41%**
JV/Option/PPA **59%**

Acquisition & land assembly

During the year, freehold acquisitions added 4,404 Residential plots to the pipeline. These included:

- **Stewartby, Bedford:** we acquired this iconic former brickworks site in Bedfordshire for total consideration of £30.6m payable over 2 years. This is a near-term opportunity which has outline planning permission for the delivery of 1,000 plots, offering the ability to create value and generate cash to fund the broader direct development programme.
- **Grimsby West, Grimsby:** we entered into a uniquely structured joint venture for Harworth where, once planning permission is secured, we will hold a c.75% profit share in the scheme which has the capacity to deliver 3,979 plots.

Stewartby, Bedford
MID | I&L | MD

Planning

Planning approvals were secured for 818 Residential plots.

At **Hale Gate Road, Widnes**, planning approval was secured for 500 Residential plots under a PPA and separately, an allocation was received for 1,200 homes on another site in the North West.

A draft allocation was secured for **Diseworth West, East Midlands Airport** for 2,275 Residential plots, as part of a mixed use development.

At year-end, 2,136 plots across five sites continue to progress through the planning system awaiting determination.

Land sales

Record sales of 2,385 Residential plots were completed at a headline sales value of £104.1m (broadly in line with or ahead of HY24 book values before transaction costs).

Sales were made to national and regional housebuilders and registered social affordable housing providers, including our third forward funded development agreement with Great Places, validating the robust demand for our de-risked Residential service land across different tenures.

Natural Resources Portfolio

The Natural Resources portfolio comprises sites used for a wide range of energy production and reforestation schemes, delivered as part of our Energy & Natural Capital strategy. Our aim is to grow this portfolio, alongside strategic partners where appropriate, by developing renewable energy generation solutions and other sustainability initiatives across all of Harworth's sites, to maximise energy availability and resilience,create economic value, and help fulfil our NZC ambitions.

At the year-end, the Natural Resources portfolio had a value of £21.5m (2023: £21.6m) and headline rental income of £2.1m (2023: £1.8m).

Highthorn, Newcastle
YAC | NR

Financial review

Kitty Patmore,
Chief Financial Officer

Dougie Maudsley,
Interim Chief Financial Officer[1]

> I am delighted to say that operational success has translated through to the Group's financial performance."
>
> **Dougie Maudsley**
> Interim Chief Financial Officer

Overview

Our primary metric, Total Accounting Return, for 2024 was 9.1%, representing an increase from 5.1% in 2023. This Total Accounting Return reflected positive contributions from all areas of the Group, with management actions delivering value through planning success, and progressing infrastructure and direct development, along with completing the landmark sales at Skelton Grange and Ansty. These actions, alongside completions of direct development, securing sales, and asset management initiatives across our Investment Portfolio, resulted in EPRA NDV per share increasing by 8.4% to 222.3p (2023: 205.1p). Our 2024 performance reflected strong operational delivery while continuing to progress against our strategic objectives. Looking forward, the structural undersupply within our chosen markets continues to provide a strong foundation for the Group's future growth.

Sales of serviced land and property, in addition to income from rent, royalties and fees, resulted in Group revenue of £181.6m (2023: £72.4m). The increase in the year reflected £47.9m of revenues recognised from the successful phase 1 sale at Skelton Grange to Microsoft. Revenue from the sale of Residential serviced land also increased during the year to £92.2m (2023: £38.0m), reflecting strong demand for the Group's de-risked land products. Lower rental income during the year reflected the timing of Investment Portfolio asset sales during 2023 and the early part of 2024 offset by rental revenue from letting completed directly developed assets, and the acquisition of Catalyst during October 2024. Total property sales, which included proceeds from the sales of investment properties, assets held for sale ('AHFS') and overages, amounted to £215.8m (2023: £125.9m), reflecting both the increased development property sales and the sale of the Ansty Strategic Land site for £53.5m. Rental income collection has been consistently strong and like-for-like income increased through management actions, including lettings of completed direct developments at the Advanced Manufacturing Park (Rotherham) and rent reviews. The £181.6m of revenue also included PPA and development revenue totalling £19.3m (2023: £1.7m), with the increase year-on-year being driven by completion of a UK head office for a customer at the Advanced Manufacturing Park, Rotherham, as well as development for Microsoft at Skelton Grange. In 2025, we have already completed headline sales of £10.4m and remain confident in our ability to achieve the 2025 budgeted sales targets.

1 Dougie Maudsley, Director of Finance, undertook the role of Interim Chief Financial Officer for a period whilst Kitty was on maternity leave.

The Investment Portfolio increased to £297.2m at the end of 2024 (2023: £221.4m) reflecting the impact of increased valuations driven by management actions, market rental growth, and the £43.7m acquisition of Catalyst, a 285,000 sq. ft, Grade A, urban logistics estate in Rotherham, South Yorkshire adjacent to the Group's established Advanced Manufacturing Park. The Group is targeting a core Investment Portfolio of approximately £0.9bn by the end of 2029, through a combination of retained developments and selective acquisitions with the target of this becoming 100% Grade A by the end of 2027.

BNP Paribas, Jones Lang LaSalle and Savills, our independent valuers, completed a full valuation of our portfolio as at 31 December 2024, resulting in full-year revaluation gains of £86.0m (2023: gains of £64.9m), including the movement in the market value of development properties. These external independent valuations have regard to conditions in the residential and industrial and logistics markets as well as the positive factors resulting from management actions at our sites. Outside the valuation movements, profits on sales were £11.2m (2023: losses of £6.8m). Overall, this led to total value gains of £97.2m (2023: £58.1m gains).

The fair value of investment properties increased by £60.8m (2023: £71.4m increase), which fed through to an underlying operating profit of £74.6m (2023: £54.2m) and profit after tax of £57.2m (2023: £38.0m).

Over the year, the net asset value of the Group grew by 8.5% to £691.7m (31 December 2023: £637.7m). With EPRA adjustments for development property valuations included, EPRA NDV at 31 December 2024 increased by 8.5% to £719.5m (31 December 2023: £662.9m) representing a per share increase of 8.4% to 222.3p (31 December 2023: 205.1p).

The Group remains well capitalised and, at 31 December 2024, had available liquidity of £192.4m (31 December 2023: £192.2m). Net debt was £46.7m (31 December 2023: £36.4m) resulting in an LTV at 31 December 2024 of 5.4% (31 December 2023: 4.7%). Following the repayment of development loans, none of the Group's drawn debt was subject to fixed rates (31 December 2023: 35%).

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 Accounting Return: the movement in EPRA NDV plus dividends per share paid in the year expressed as a percentage of opening EPRA NDV per share.
- EPRA NDV per share: EPRA NDV aims to represent shareholder value under an orderly sale of the business, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability net of any resulting tax. EPRA NDV per share is EPRA NDV divided by the number of shares in issue 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, Share Incentive Plan and Deferred Share Bonus awards).
- Value gains: the realised profits from the sale of properties and unrealised profits from property valuation movements including joint ventures, and the mark-to-market movement on development properties and overages.
- Net LTV: Group debt net of cash held expressed as a percentage of portfolio value.

Financial review continued

A full description of all non-statutory measures is set out in the appendix to the financial statements and reconciliations between all statutory and non-statutory measures are provided in the appendix to the consolidated financial statements. From 2025 the Group plans to report on an additional APM, Total Property Return, calculated in line with the MSCI Property Index Methodology. This will provide increased information to shareholders on the Group's relative performance and support the implementation of relative operational performance measures for the short-term and long-term incentive schemes under the revised Remuneration Policy.

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

Income Statement

	2024				2023			
	Capital Growth £m	**Income Generation £m**	**Central Overheads £m**	**Total £m**	Capital Growth £m	Income Generation £m	Central Overheads £m	Total £m
Revenue	**160.1**	**21.5**	**–**	**181.6**	49.0	23.4	–	72.4
Cost of sales	**(145.8)**	**(4.7)**	**–**	**(150.5)**	(54.0)	(6.0)	–	(60.1)
Gross profit	**14.2**	**16.8**	**–**	**31.1**	(5.0)	17.4	–	12.4
Administrative expenses	**(6.4)**	**(1.1)**	**(25.7)**	**(33.2)**	(5.1)	(3.1)	(19.2)	(27.4)
Other gains/(losses)	**59.7**	**18.4**	**–**	**78.1**	65.2	4.3	–	69.4
Other operating expense	**–**	**–**	**(1.4)**	**(1.4)**	–	–	(0.1)	(0.1)
Operating profit/(loss)	**67.5**	**34.1**	**(27.1)**	**74.6**	55.1	18.5	(19.3)	54.2
Share of profit / (loss) of JVs	**(0.7)**	**2.2**	**–**	**1.5**	0.9	0.7	–	1.6
Net interest credit / (expense)	**2.9**	**0.1**	**(9.7)**	**(6.7)**	0.5	–	(6.5)	(6.0)
Profit/(loss) before tax	**69.7**	**36.5**	**(36.8)**	**69.4**	56.4	19.2	(25.8)	49.8
Tax charge	**–**	**–**	**(12.1)**	**(12.1)**	–	–	(11.9)	(11.9)
Profit/(loss) after tax	**69.7**	**36.5**	**(48.9)**	**57.2**	56.4	19.2	(37.7)	38.0

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

Revenue in the year was £181.6m (2023: £72.4m), of which Capital Growth contributed £160.1m (2023: £49.0m) and Income Generation contributed £21.5m (2023: £23.4m).

Capital Growth revenue, which primarily relates to the sale of development properties, increased by £111.1m as a result of higher sales of Residential serviced land, as well as the completion of the phase 1 sale at Skelton Grange to Microsoft for which revenue of £47.9m was recognised during the year. Capital Growth revenue also includes fees from PPAs and development management revenue.

Revenue from Income Generation mainly comprised property rental and royalty income from the Investment Portfolio, Natural Resources and Agricultural Land. Revenue of £21.5m (2023: £23.4m) was lower than last year reflecting the 2023 sale of investment properties and the successful sale of a site at Flaxby in early 2024, offset by income from our Catalyst Grade A urban logistics site, acquired in October 2024. Like-for-like headline rent from the Investment Portfolio increased by 4.9% during 2024 following new lettings, lease re-gears and rent reviews on our existing assets. Taking into account the acquisition of the Catalyst Grade A urban logistics site and the letting of assets that practically completed during the year, the total headline rental income for the Investment Portfolio increased by 24% to £17.5m at the year-end, (2023: £14.1m). Cost of sales comprises the inventory cost of development property sales, costs incurred in undertaking build-to-suit development and both the direct and recoverable service charge costs of the Income Generation business. Cost of sales increased to £150.5m (2023: £60.1m), of which £132.0m related to the inventory cost of development property sales (2023: £47.3m). In the year, we saw a decrease in the net realisable value provision on development properties of £5.7m (2023: £4.4m increase) following the valuation process as at 31 December 2024.

Administrative expenses increased in the year by £5.8m (2023: £5.3m increase). This was due to higher salary expenses, resulting from increased employee numbers recruited to deliver future value creation as we step into the next phase of the strategy, higher bonus costs incurred reflecting the strong performance, coupled with inflationary cost pressures, IT spend increasing automation, and costs incurred as part of progressing strategic objectives.

The strong EPRA NDV growth shows the actions of the teams creating value as they work on sites and progress transactions to a conclusion. Administrative expenses expressed as a percentage of operating profit excluding administrative expenses was lower than the previous year at 31% (2023: 34%).

Other gains comprised a £60.4m net increase (2023: £71.1m net increase) in the fair value of investment properties and assets held for sale ('AHFS') combined with the profit on sale of investment properties, AHFS and overages of £17.7m (2023: £1.7m loss), driven primarily by the sale of the Ansty Strategic Land site following receipt of planning permission during the year.

Other operating expense includes a settlement loss incurred following the Group entering a trustee agreed Buy-In Agreement with respect to the Blenkinsopp Pension scheme during the year. The agreement secures all remaining liabilities in the scheme by way of an insurance contract. The costs of £1.4m represent a settlement loss preceding buyout arrangement and as such are expensed through the Income Statement.

Joint venture profits of £1.5m (2023: £1.6m profits) were the result of net rental income and valuation gains at Multiply Logistics North, offset by a small reduction in value of the Aire Valley Land joint venture increasing costs of development. Value gains/(losses) on a non-statutory basis are outlined below.

Non-statutory value gains/(losses)

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

		2024			2023			31 Dec 24	31 Dec 23
£m	Category	**Profit / (loss) on sale**	**Reval. gains/ (losses)**	**Total**	Profit / (loss) on sale	Reval. gains/ (losses)	Total	**Total valuation**	Total valuation
Capital Growth									
Residential Major Developments	Development	**(2.9)**	**20.3**	**17.4**	(5.4)	(9.0)	(14.4)	**223.8**	210.5
Industrial & Logistics Major Developments	Mixed	**0.7**	**5.8**	**6.5**	0.1	43.1	43.2	**138.1**	136.0
Residential Strategic Land	Investment	**–**	**8.6**	**8.6**	(0.1)	6.1	6.0	**61.0**	51.6
Industrial & Logistics Strategic Land	Investment	**12.6**	**31.4**	**44.0**	(0.1)	18.4	18.3	**109.7**	105.9
Income Generation									
Investment Portfolio	Investment	**0.8**	**19.6**	**20.4**	(1.4)	6.2	4.8	**297.2**	221.4
Natural Resources	Investment	**–**	**0.5**	**0.5**	0.1	–	0.1	**21.5**	21.6
Agricultural Land & other	Investment	**(0.1)**	**(0.3)**	**(0.4)**	–	0.1	0.1	**7.5**	21.1
Total		**11.2**	**86.0**	**97.2**	(6.8)	64.9	58.1	**858.8**	768.1

Notes: There are some minor differences on some totals due to roundings. Profit/(loss) on sale is stated net of the impact of transaction fees incurred.

Financial review continued

Profit on sale of £11.2m (2023: £6.8m loss) reflected the impact of the sale of the Ansty Industrial & Logistics Strategic Land site alongside wider sales reflecting pricing broadly in line with book value before transaction costs, the impact of discounting deferred consideration at present value, and retentions not recognised on completion. Revaluation gains were £86.0m (2023: £64.9m gains) and are outlined in the table below.

	2024 £m	2023 £m
Increase in fair value of investment properties	**60.8**	71.4
Decrease in value of assets held for sale	**(0.4)**	(0.3)
Movement in net realisable value provision on development properties	**1.3**	(6.2)
Contribution to statutory operating profit	**61.7**	64.9
Share of profit of joint ventures	**1.5**	1.6
Unrealised (losses)/gains on development properties and overages	**22.7**	(1.6)
Total non-statutory revaluation gains	**86.0**	64.9

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

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

- Industrial & Logistics:
  - Across Major Developments and Strategic Land, there were value gains relating to planning progress, including at Gascoigne Wood and Ansty, as well as progressing the sale of land for data centre use at Skelton Grange through the agreement with Microsoft.
  - The industrial and logistics market continued to benefit from rental growth supporting our Industrial & Logistics Major Development sites, Strategic Land sites and the Investment Portfolio alongside the impact of management actions.
  - Regional investment yields remained stable between December 2023 and December 2024, according to JLL. Value gains were primarily driven by management actions, particularly from renewals and rent reviews, securing new leases, and providing renewable energy to tenants, combined with incentive period completions.
- Residential:
  - Masterplan optimisation at our Residential Major Development sites drove value gains, through our responding flexibly to increasing local housing needs and reducing future costs by working with stakeholders and re-engineering development solutions.
  - Strategic Land gains included the impact of sites progressing through the planning system as well as re-allocating land to Residential where changes in local markets could drive greater value through acceleration.
  - Residential land sales on our Major Development sites at good pricing levels demonstrated the demand for our serviced land product underpinning valuations.
  - The residential market saw house prices increase by 4.7% over the year; however, new house completions remained low and significantly below the UK government target of 300,000 a year. Despite this the demand for short term and serviced land continued to be strong across Harworth sites supporting both sales and underpinning valuations.
- Natural Resources: valuations remained broadly stable with valuation increases resulting principally from higher royalties from wind assets.
- Agricultural Land and Other experienced a small valuation decrease during the year.

The net realisable value provision on development properties as at 31 December 2024 was £8.5m (31 December 2023: £14.1m). This provision is held to reduce the value of seven (31 December 2023: nine) 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 31 December 2024. The transfer from investment to development property takes place once planning is secured and development with a view to sale has commenced.

Cash and sales

Group revenue from property sales in the year of £215.8m (2023: £125.9m), resulted in an overall profit on sale of £11.2m (2023: loss £6.8m). Revenue from sales comprised Residential plot sales of £97.2m (2023: £44.1m), Industrial & Logistics land sales of £101.0m (2023: £11.5m), sales of Investment Portfolio properties of £13.3m (2023: £70.0m) and receipt of overages of £4.3m (2023: £0.3m).

Cash proceeds from sales in the year were £172.3m (2023: £132.0m) as shown in the table below:

	2024 £m	2023 £m
Total property sales	**215.8**	125.9
Less deferred consideration on sales in the year	**(57.8)**	(21.9)
Add receipt of deferred consideration from sales in prior years	**14.3**	28.0
Total cash proceeds	**172.3**	132.0

The increase in Residential headline sales to £104.1m (2023: £52.1m) resulted in higher levels of deferred consideration. Where deferred payment terms are agreed to, security is maintained to mitigate credit risk.

Tax

The income statement charge for taxation for the year was £12.2m (2023: £11.9m), which comprised a current year tax charge of £6.0m (2023: £5.8m) and a deferred tax charge of £6.1m (2023: £6.0m).

The current tax charge resulted primarily from profits from the sale of development properties, investment property, AHFS, profit on the rental of investment property, royalties and other fees after taking into account overheads and interest costs. 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 crystallised.

At 31 December 2024, the Group had deferred tax liabilities of £37.4m (31 December 2023: £30.6m) and deferred tax assets of £1.5m (31 December 2023: £0.5m). The net deferred tax liability was £35.9m (31 December 2023: £30.1m).

Basic earnings per share and dividends

Basic earnings per share for the year increased to 17.7p (2023: 11.8p) reflecting the increase in the valuation of investment properties in 2024, increased profits from sales during the year, coupled with reduced rental income following the successful sale of investment property during 2023 and early 2024.

In addition to the interim dividend of 0.489p, the Board has declared a final dividend of 1.125p (2023: 1.022p) per share, bringing the total dividend for the year to 1.614p (2023: 1.466p) per share. The recommended 2024 final dividend and 2024 total dividend represent a 10% increase in line with our dividend 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.

The table below sets out our top 10 sites by value, which represent 54% of our total portfolio, split according to their categorisation, including currently consented Residential plots and commercial space:

Top 10 sites by value

SITE	REGION	USE	TYPE	CATEGORY	PROGRESS TO DATE
Ironbridge (Telford)	MID	R	MD	Dev. prop	1,000 Residential units consented, land sold representing 312 units, further enabling works underway
		R	SL	Inv. prop	Continue to progress master planning for the scheme in collaboration with the Local Authority
Advanced Manufacturing Park (AMP) (Rotherham)	YAC	I&L	MD	Inv. prop	2.1m sq. ft of Industrial & Logistics space consented, 1.7m sq. ft built or sold, with 0.1m sq. ft nearing completion
		I&L	IP	Inv. prop	0.4m sq. ft of Grade A held in Investment Portfolio
Bardon Hill (Leicester)	MID	I&L	IP	Inv. prop	0.3m sq. ft of fully-let Grade A held in Investment Portfolio
Coalville (Leicester)	MID	R	MD	Dev. prop	2,016 Residential units consented, land sold representing 977 units
Catalyst (Rotherham)	YAC	I&L	IP	Inv. prop	Acquisition of 0.3m sq. ft Grade A urban logistics estate
Wyke Lane (Bradford)	YAC	I&L	IP	Inv. prop	0.3m sq. ft fully-let
Logistics North (Bolton)	NOW	I&L	IP	Inv. prop	104k sq. ft owned freehold retained in Investment Portfolio
		I&L	IP	JV	87k sq. ft controlled through joint venture retained in Investment Portfolio
Stewartby (Bedford)	MID	R	MD	Inv. prop	Outline consent for 1,000 Residential units
Wingates (Bolton)	NOW	I&L	MD	Inv. prop	Up to 1m sq. ft of I&L space consented on Phase 1 and enabling works started
		I&L	SL		The wider scheme allocation under Greater Manchester's Places for Everyone will see a further planning application for 1.9m sq. ft submitted later this year
Waverley (Rotherham)	YAC	R	MD	Dev. Prop	Consent for up to 3,000 Residential units, land sold representing 2,578 units
		I&L	MD	Inv. Prop	Olive Lane, a new mixed-use development reached practical completion in March 2025 and will be retained in Investment Portfolio (20k sq. ft)

As at 31 December 2024, the balance sheet value of our development properties was £190.9m (2023: £250.0m) and their independent valuation by BNP Paribas was £221.9m, reflecting a £31.0m 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, which includes the market value of development properties and overages less notional deferred tax, as our primary net assets metric.

Net asset value

	31 Dec 2024 £m	31 Dec 2023 £m
Properties[1]	**821.6**	734.7
Cash	**117.4**	27.2
Trade and other receivables	**98.2**	48.6
Other assets	**15.3**	13.8
Total assets	**1,052.5**	824.4
Gross borrowings	**(164.1)**	(63.6)
Deferred tax liability	**(35.9)**	(30.1)
Other liabilities	**(160.9)**	(93.0)
Statutory net assets	**691.7**	637.7
Mark to market value adjustment on development properties and overages less notional deferred tax	**27.8**	25.2
EPRA NDV	**719.5**	662.9
Number of shares in issue less Employee Benefit Trust & Equiniti Share Plan Trustees Limited-held shares	**323,640,852**	323,154,373
EPRA NDV per share	**222.3p**	205.1p

1 Properties include investment properties, development properties, AHFS, occupied properties and investment in joint ventures.

EPRA NDV at 31 December 2024 was £719.5m (31 December 2023: £662.9m), which includes the mark to market adjustment on the value of the development properties and overages. The total Portfolio Value at 31 December 2024 was £858.8m, an increase of £90.6m from 31 December 2023 (£768.2m). The Group's share of gains from joint ventures of £1.5m (2023: £1.6m), alongside net investment, resulted in investments in joint ventures increasing to £33.6m (31 December 2023: £30.7m). Trade and other receivables include deferred consideration on sales as set out previously. At 31 December 2024, deferred consideration of £72.9m (31 December 2023: £28.1m) was outstanding, of which 61.0% is due within one year, with the increase driven by the higher level of Residential land sales completed during 2024; where deferred payment terms are agreed, the Group maintains security in order to mitigate credit risk.

Financing strategy

Harworth's financing strategy remains to be prudently geared. The Income Generation portfolio provides a recurring income source to service debt facilities and this is supplemented by proceeds from sales. The Group has an established sales track record that has been built up since re-listing in 2015, with 2024 reflecting a substantial increase in total property sales compared with 2023.

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

Debt facilities

The accordion option within the RCF was exercised during 2024, increasing the total RCF to £240m. 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 objectives. The interest rate on the RCF is based on an LTV ratchet mechanism with a margin payable above SONIA in the range of 2.25% to 2.50%. The Group has no 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.

Financial review continued

The Group had borrowings and loans of £164.1m at 31 December 2024 (2023: £63.6m), being the RCF drawn balance (net of capitalised loan fees) of £164.1m (2023: £33.8m) and infrastructure or direct development loans (net of capitalised loan fees) of £nil (2023: £29.7m). The Group's cash balances at 31 December 2024 were £117.4m (2023: £27.2m) reflecting sales proceeds received in late December 2024. The resulting net debt was £46.7m (2023: £36.4m).

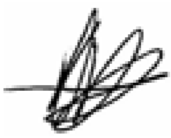
Net debt increased with property expenditure and acquisitions mainly offset by the completion of serviced land and property sales. The movements in net debt over the year are shown below:

	2024 £m	2023 £m
Opening net debt as at 1 January	**(36.4)**	(48.4)
Cash inflow from operations	**42.6**	17.4
Property expenditure and acquisitions	**(116.5)**	(54.9)
Disposal of investment property, AHFS and overages	**80.0**	69.6
Net investments in joint ventures	**(1.3)**	0.7
Interest and loan arrangement fees	**(7.7)**	(4.5)
Dividends paid	**(4.9)**	(4.4)
Tax paid	**(0.5)**	(10.2)
Other cash and non-cash movements	**(2.0)**	(1.7)
Closing net debt as at 31 December	**(46.7)**	(36.4)

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 balance at year-end. Following the repayment of the infrastructure financing outside the RCF during the year, at 31 December 2024, none of the Group's drawn debt was subject to fixed rate interest rates (31 December 2023: 35%), with no hedging instruments in place on the 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.

Due to the timing of sales towards the end of December 2024, the Group held a higher year end cash balance of £117.4m (31 December 2023: £27.2m) of which £90.0m was used to repay RCF debt in the first week of January 2025. This higher cash and gross debt balance impacted the gross debt ratios at 31 December 2024. As at 31 December 2024, the Group's gross LTV was 19.1% (31 December 2023: 8.3%) and its net LTV was 5.4% (31 December 2023: 4.7%). 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 net loan to core income generation portfolio value of 15.7% (31 December 2023: 15.9%). Under the RCF, the Group could withstand a material fall in portfolio value, property sales or rental income before reaching covenant levels.

At 31 December 2024, Group liquidity of £192.4m (31 December 2023: £192.2m) included undrawn capacity under the RCF of £75.0m (31 December 2023: £165.0m) in addition to the year-end cash balance of £117.4m (31 December 2023: £27.2m). Going forwards the RCF, alongside selected use of development and infrastructure loans where appropriate, will continue to provide the Group with sufficient liquidity to execute our growth strategy.



Dougie Maudsley

Interim Chief Financial Officer

17 March 2025

Opposite page: Serviced platforms ready for vertical development
Chatterley Valley, Stoke | NOW | I&L | MD

Long-term viability statement

Viability period and rationale

The Directors have assessed the prospects of the Group and its principal risks over a longer period than the period required by the Going Concern Statement (see the Statement of Directors' Responsibilities on pages 186 to 187).

The Board conducted a review for a period of five years ending 31 December 2029. This period was selected for the following reasons:

- the Group's strategic plan covers a five-year period;
- for a major scheme five years is a reasonable approximation of the time taken from obtaining planning permission and remediating the site to letting property on and/or developing material parts of the site; and
- most leases contain a five-year rent review pattern and therefore five years allows for forecasts to include the reversion arising from such reviews.

The final two years of the period are by their nature less certain and are less detailed in their projections.

Resilience of business model

The Group's strategy focuses on continued growth through increasing direct development of Industrial & Logistics buildings, accelerating land and property sales, broadening the range of Residential products, growing our Strategic Land portfolio, and repositioning our core Investment Portfolio to modern Grade A. When repositioned, the Investment Portfolio will continue to provide a diversified portfolio of income-producing assets for the Group to support coverage of operating and financing costs. This enables the Group to create value in modern Industrial & Logistics buildings while supporting the transition to NZC. Major development sites could be active with phases of development combining to be fifteen years or more and plans for sites can be adapted to the market conditions at the time.

Projections have been prepared in the context of the Group's Strategy and its principal income streams, which are:

- sales of Residential and commercial serviced land, for which there are plans reaching out to 2029;
- rental income from income-producing properties which, at 31 December 2024, had a vacancy rate of 5.6%, a WAULT of 11.4 years and a rent collection of 98%; and
- development and investment management, planning promotion and investment fees.

Regular income from the income-producing portfolio with low vacancy rates helps to support cost coverage. The income-producing properties within the Industrial & Logistics and Natural Resources sectors have a diverse range of tenants. The land and property portfolio is spread across all stages of our business model which gives the opportunity, if required, to advance sites at an earlier stage (through master-planning and planning promotion). While the market as a whole continued to be impacted by higher interest rates and low growth in 2024, the residential market has a fundamental undersupply of housing and demand for our Residential serviced land remained strong during 2024. Over this time, the industrial and logistics market saw increasing rents and resilient demand, despite low economic growth coupled with businesses adapting to the implications of the UK autumn budget impacting the length of occupier decision-making cycles. Having teams in Yorkshire, the Midlands and the North West balances the Group's exposure to any one region.

Adequacy of financial resources

Net debt at year-end of £46.7m represented a 5.4% net LTV. The accordion option within the RCF was exercised during 2024, increasing the Group RCF to a £240m facility. 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 objectives. The interest rate on the RCF is based on an LTV ratchet mechanism with a margin payable above SONIA in the range of 2.25% to 2.50%.

The Group RCF matures in 2027, and it is assumed that the Group facilities will be refinanced on similar terms to the existing facility in line with the requirements of the Group's strategy. The Group's lenders remain supportive, most recently approving the increase in the facility to £240m during Q4 2024.

Principal risks and uncertainties

Reporting on the Group's viability requires the Directors to consider those principal risks that could impair the solvency and liquidity of the Group. Over the last 12 months, the Board has kept the Group's principal risks under regular review and updated them to reflect the macro-economic environment as well as the strategic progress of the Group. The principal risks and uncertainties that the Board considers could impair solvency and liquidity relate to adverse changes in: residential and commercial markets; the availability of appropriate capital; and planning promotion risk, with consideration also given to impacts relating to the NZC Pathway and wider business risks as identified in the 'Effectively managing our risk' section of this Report on pages 68 to 85.

Assessment of long-term prospects and sensitivities

The five-year strategic plan focuses on the expected growth of the business primarily in terms of EPRA NDV and Total Accounting Return including dividends. The strategic plan also incorporates the Group's projected valuations, recurring income, cash flows, covenant compliance, financing headroom and other key financial ratios over the period. These metrics are subject to sensitivity analysis which involves flexing the main assumptions underlying the forecasts both individually and in unison.

The key risks and the scenarios considered as part of the sensitivity analysis are set out below. Throughout the strategic plan period, the Group expects to continue to transform land and property into sustainable places where people want to live and work. Whilst under the sensitivity analysis EPRA NDV growth plus dividend as well as the Group's headroom within its facilities could be impacted temporarily, the long-term business model is expected to remain resilient throughout the cycle, enabling Harworth to continue to deliver the Group's Purpose in a sustainable manner.

RISK	SCENARIO	MITIGATION AND FURTHER ANALYSIS
Markets: Residential and commercial markets	– A downturn in industrial and logistics and/or residential market conditions could lead to a fall in property values or reduced sales. – Notwithstanding strong rent collection, an economic downturn could impact on some tenants' ability to pay rent and lead to loss of rent or restructuring of rental payments. – As a result, expenditure on new land and property acquisitions could be restricted.	– The portfolio provides a spread of sites across the Group's three core regions and properties are diversified across the Residential and Industrial & Logistics sectors, both of which have strong underlying demand fundamentals. This helps to mitigate the impact of market movements. – Pursuant to our strategy, we are working to mitigate any potential downturn by introducing new products at our Residential sites, repositioning our core Investment Portfolio to modern Grade A, aligning the speed of our direct development to market conditions and de-risking development through pre-let or forward funding agreements where appropriate. – The Group actively manages rent collection by working closely with tenants in its Investment Portfolio on payment terms that support both parties. – If necessary, development expenditure can be reduced and rephased to match more closely market demand and conserve cash.
Finance: Availability of appropriate capital	– A market downturn reducing sales volumes would lower income. – Short-term downward valuation movement and lower income receipts could be experienced which would reduce headroom under the financial covenants in the RCF. – Higher interest rates would reduce headroom within interest cover covenants. – Inability to access appropriate equity and/or debt funding to support the strategy.	– At year-end, the Group had low gearing, good liquidity with debt headroom and cash resources providing sufficient financial flexibility to continue to operate across its sites. Adequate headroom on facility limits and financial covenants is projected throughout the five-year period. – The RCF provides a £240m facility which expires in 2027. It is assumed that the Group facilities will be refinanced on similar terms in line with the requirements of the Group's strategy. A review of future financing options, including continuing with the RCF structure, has commenced and the Group will enter discussions with lenders well in advance of the RCF expiry to ensure continuity in funding of the Group's activities. – The RCF can be supplemented by project-specific funding where relevant. All outstanding infrastructure loans were repaid in 2024 using RCF headroom. We continue to pursue and unlock grant funding and site- specific loans where appropriate. – The Group continues to actively review the risk of interest rate increases and consider hedging requirements with respect to projected drawn debt balances. At 31 December 2024 the Group's only drawn debt was on the RCF facility which incurs interest at SONIA + a margin. No hedging was in place at 31 December 2024, but this remains under review, with the Group's hedging strategy to hedge the lower of around half its average debt during the year or its net debt balance at year-end. – Reduced activity on sites as set out above would reduce development expenditure and conserve cash resources. – The Group continues to review portfolio and project-specific financing options.

Long-term viability statement continued

RISK	SCENARIO	MITIGATION AND FURTHER ANALYSIS
Sustainability: Managing climate change transition	– Failure to manage transitional risks associated with climate change covering both operational activity and reporting. – Potential impact of climate change on our sites, slowing development programmes and reducing sales.	– Risks associated with Harworth's sustainability framework were overseen by the ESG Committee in 2024. As our sustainability framework, practices and reporting have evolved, and the framework is now wholly integrated into our business strategy, the Board has decided that the ongoing oversight of sustainability-related risks, opportunities, strategies and performance should move to being considerations of the main Board, with oversight of ESG reporting becoming the responsibility of the Audit Committee. See further in the ESG Committee Report on pages 140 to 141. – A Non-Executive Director with a strong background in sustainability was appointed to the Board in 2022. – We have undertaken initial high-level scenario modelling covering NZC pathway and transition risks. – Development of an Energy and Natural Capital strategy, which includes opportunities for carbon sequestration, biodiversity net gain, carbon trading and use of renewable energy. – All buildings delivered in 2024 met our NZC Pathway targets for embodied emissions and operational energy use in commercial buildings, allowing the Group to mitigate its Scope 3 emissions. – The continued transition of our Investment Portfolio towards Grade A offering all new tenants green leases since 2023, mitigates the Group's environmental impact.
Planning	– Planning promotion risk including uncertainty around local and national changes to planning regime with potential for adverse effect on promotion activity, progress on sites and EPRA NDV growth.	– Strong relationships with local planning authorities and key local stakeholders, supplemented by local political advisers where appropriate, supports the Group's ability to adapt to changing requirements. – Land assembly undertaken using option agreements mitigates planning risk through limiting capital outlay prior to planning being achieved, typically enabling land acquisition at a discount to post-planning market value. – The potential impact of planning reforms is modelled in project appraisals ahead of acquisition.
Other risks including project delivery and organisational development and design	– Supply chain pricing pressures and constraints resulting in development cost increases and delays and/or default by and/or insolvency of counterparties. – Legislative reforms which have the effect of levying an additional cost on development. – Insufficient and/or inappropriate resources, resulting in increased staff costs or reduced productivity.	– We undertake rigorous tender processes and utilise market intelligence regarding contractors' commitments and workload. – Our central technical team monitors contractor "concentration risk" and promotes consistencies and knowledge-sharing across our portfolio. – We continually review changes in legislation alongside potential future changes, building the impacts into future site and strategic planning. – Detailed forward planning and consideration of the appropriate organisational design mitigates the risk of misalignment between resources and targeted strategic outcomes. – There are high levels of employee satisfaction within the business as reported on page 13.

Viability statement

Based on the results of this analysis and having considered the established controls and available mitigation actions for principal risks and uncertainties, the Directors have a reasonable expectation that the Company and the Group will be able to continue in operation and meet their liabilities as they fall due over the period of assessment.

Opposite page: Gareth Thomas, Development Director, presents to guests at an open day for the new forest school at Coalville, Leicester | MID | R | MD


Greenstone Primary
Leicestershire County Council
Harworth

Section 172 statement

In this section, we identify our key stakeholders and explain how we have engaged with them and had regard to their interests when making strategic and significant operational decisions during 2024.

Whilst the Board recognises its statutory obligation under Section 172(1) of the Companies Act 2006, its engagement and collaboration with stakeholders are not merely matters of statutory compliance. Doing so keeps us informed of their evolving needs, which is key to delivering against our Purpose and to drive long-term sustainable growth.

The Board's engagement with, and regard for, stakeholders is both direct (most notably our people and investors) and via management reporting to the Board on stakeholder engagement activity. This includes the appraisal of stakeholder impact in Board project appraisals to focus discussion on:

- how each new project supports the delivery of our Purpose and aligns with our strategy, including review of financial performance metrics;
- the environmental and societal impact of each project in the context of the key pillars of The Harworth Way: Planet, Communities and People; and
- the impact of each project on our external stakeholder groups including a review of risks and opportunities.

Our People

WHY WE ENGAGE	HOW WE ENGAGE
Our people at Harworth are key to the current and future success of the Company. It is their skills, experience and hard work that allow us to create high-quality, sustainable places where people want to live and work.	The Board engages with staff directly through various formats, including employee lunches, site visits, regional team dinners, office visits and the Employee AGM held biennially. The Board also undertakes an annual review of our employee survey results and of employee engagement across the business, and receives feedback from the Chief Executive on people matters at each Board meeting. See more on page 112.
THEIR KEY INTERESTS	**HOW DO WE RESPOND? EXAMPLES OF ACTIONS TAKEN IN 2024**
To work on market-leading projects with pride and enjoyment. To work in, and contribute to, an innovative, collaborative and diverse culture. To be supported in their career and personal development, appropriately rewarded and recognised for their contribution. A sustainable work-life balance. To feel valued and have their views heard and taken into account in decision-making.	We are committed to making Harworth an employer of choice. Our people strategy, which supports our business strategy, is subject to ongoing review, particularly to reflect the growth of the business. The Board, Remuneration Committee, and Nomination Committee receive various updates from the Group Resources and Transformation Director, whose responsibility it is to evolve the people strategy. During 2023, and into the first half of 2024, the Company undertook an in-depth cultural review with the aim of continuing the positive evolution of Harworth's culture. This review sought input from colleagues across all areas of the business and resulted in an evolved Harworth vision, mission and values along with the introduction of a behavioural competency framework. The Board was kept appraised throughout the culture review process, and will continue to have oversight of the rollout and promotion of the new values and behavioural competency framework with the support of a 'culture dashboard'. The Board approved the development of a new Head Office at its AMP Waverley site in Rotherham to allow Harworth to deliver an architecturally significant, fit for purpose, sustainable workspace that can attract, motivate and retain staff and showcase the Group's building delivery services within the heart of one of its flagship sites. The office is expected to be ready for occupation in early 2026.

Investors

WHY WE ENGAGE	HOW WE ENGAGE
Building trust and securing the long-term support of current and prospective shareholders are both important to raise and maintain market appetite for the Company's shares, ultimately delivering returns to shareholders through growth of the share price. To that end, it is critical that we understand and provide the level of visibility of our operational and financial performance that investors need to make informed investment decisions. It has also become increasingly important to demonstrate to investors how Harworth makes a positive societal impact.	Management meets regularly with existing and prospective investors, and with brokers and analysts, including after publication of the Company's full-year and interim results. The Chair meets periodically with our largest shareholders and, if material changes to Executive remuneration are proposed, our Senior Independent Director also meets these stakeholders. We provide business updates regularly via trading statements, investor presentations and regulatory releases, including on material operational milestones, such as significant site acquisitions and disposals and progress in obtaining planning consents. The full-year and interim results, Annual Report and other regulatory announcements, together with the www.harworthgroup.com website, are the Company's principal means of communication with all shareholders during the year. The results and Annual Report are reviewed in detail by the Board to ensure they articulate clearly and effectively both the Company's strategy and the progress it achieves in delivering its strategic objectives. Each year, the Board reviews and approves an investor relations plan for the year ahead. One of our Non-Executive Directors, Martyn Bowes, is a conduit for engagement with one of our largest shareholders.
THEIR KEY INTERESTS	**HOW DO WE RESPOND? EXAMPLES OF ACTIONS TAKEN IN 2024**
Long-term returns. A business that considers and delivers a positive environmental and societal impact. An effective governance framework to support the successful delivery of our strategy.	In response to feedback from existing and prospective investors, we have further enhanced our financial and operational disclosures both in our Annual Report and our regulatory releases. We hosted investors and analysts at a Capital Markets Day in October 2024, which comprised a presentation by members of the management team, focused on the Group's growth opportunity in Industrial & Logistics, its capabilities and track record of successful delivery and its intention to retain more directly developed Grade A space in its Investment Portfolio. This was followed by an interactive Q&A session providing further opportunities to respond to feedback and a tour of Skelton Grange and Gascoigne Wood, two of Harworth's large-scale Industrial & Logistics developments that will deliver positive outcomes to the local economy once completed. Our Chief Executive and Chief Financial Officer held a live presentation via the Investor Meet Company platform, which was open to all existing shareholders and potential investors but was particularly targeted at our retail investors, giving them the opportunity to submit questions before and during the event. We also undertook an extensive shareholder consultation exercise as part of formulating our revised Remuneration Policy, which will be tabled for approval at our 2025 AGM.

Section 172 statement continued

Communities

WHY WE ENGAGE	HOW WE ENGAGE
By understanding the characteristics people want in the communities where they live and work, we are able to create thriving communities and make a positive and sustainable contribution to local areas.	Consultation and collaborative working with the local communities where we are transforming sites are fundamental components of a successful project. These include: integrating principles and measures into our masterplans which align with The Harworth Way and our Communities Framework; early and ongoing engagement with the public on masterplans and all planning applications; liaison with key community groups as developments mature; and careful management of the shared public open space on our sites, often in collaboration with local residents.
THEIR KEY INTERESTS	**HOW DO WE RESPOND? EXAMPLES OF ACTIONS TAKEN IN 2024**
The creation of sustainable places where people want to live and work. Each site is unique; however, key interests for those living and working on our sites typically include: housing or places of work with a high design specification; supporting infrastructure, which has been carefully designed, delivered and 'future-proofed'; skilled employment; thoughtfully constructed blue and green spaces, which have a positive ecological impact and promote wellbeing; education provision; and comprehensive fit for purpose local amenities.	Consideration of the placemaking proposals for, and the impact on local communities of, each project are key components of our appraisals. The ESG Committee reviewed the evolution of Harworth's sustainability framework, with a focus on the "Communities" pillar of The Harworth Way, culminating in the publication of a Communities Framework in April 2024, which lays out our commitment to creating new, and supporting existing, communities. A range of initiatives were undertaken to support the implementation of the Framework including on travel planning and community engagement. We expanded our Communities & Placemaking team who have successfully delivered several community engagement events across our developments, all of which positively encourage community cohesion. Harworth also set up resident mailing lists and resident committees to improve communication, as well as redirected some employee volunteer days to focus on supporting activities that are identified as priorities by the local communities themselves. We opened 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.

As part of the opening of the learn-to-ride cycle track at our Waverley development in Rotherham, pupils from Waverley Junior Academy enjoy a demonstration of the site's pump track by Team GB Junior BMX racer George Hunt. Waverley, Rotherham | YAC | R | MD

Customers

WHY WE ENGAGE	HOW WE ENGAGE
Our principal customers are: tenants; commercial developers; purchasers of our serviced land products including housebuilders; and in the case of mixed tenure products, investors and/or registered providers. As a master developer, we want to ensure there is long-term demand for our developments, and hence need to understand what our customers are looking for when they assess their respective investment and/or operational criteria.	We maintain regular contact outside deal cycles with housebuilders and commercial developers to understand their requirements for ongoing land and development opportunities. We engage pro-actively with commercial tenants to establish their appetite for pre-let commitments and work in partnership with occupiers who engage us for build-to-suit development. As we progress our mixed tenure projects, including our BTR and Affordable Housing portfolios, we are engaging with selected investment partners that have demonstrated a willingness to participate in portfolio specific and long-term forward funding and investment opportunities. Typically, day-to-day engagement with our existing tenants is via our managing agents who help identify where direct involvement and engagement from our investment team are needed.
THEIR KEY INTERESTS	**HOW DO WE RESPOND? EXAMPLES OF ACTIONS TAKEN IN 2024**
A collaborative and reciprocal relationship with Harworth in which they trust us to deliver a high-quality, sustainable product on time, and, for our tenants, a longer-term relationship in which they are treated fairly and their operational needs are understood and met.	Harworth delivers as a leading regenerator of brownfield land by optimising our masterplans, deploying timely and effective investments into remediation and infrastructure, and creating schemes that attract a range of industries, evidenced in June 2024 by the conditional sale of two land parcels to Microsoft for a hyperscale data centre. Following exchange, we worked closely with Microsoft to complete the sale of plot 1 in December 2024, and will continue to engage with Microsoft and other key stakeholders as we focus on the full remediation and servicing of the site to enable the second tranche of the sale. Our energy-efficient Grade A Industrial & Logistics units provide our tenants with a high-quality product. As at 31 December 2024, 45% of the core Investment Portfolio comprised Grade A properties (31 December 2023: 37%). To support and align our sustainability aspirations with those of our tenants, during the year we completed EPC and CRREM reviews for all Investment Portfolio assets to inform discussions with tenants on renewable energy provision as part of creating individual NZC pathways for our assets. We continued to maintain a close interaction with both existing and prospective national and regional housebuilder customers and saw strong demand for our de-risked serviced Residential land product.

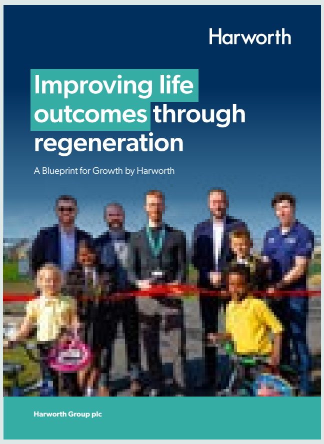
Section 172 statement continued

Suppliers

WHY WE ENGAGE	HOW WE ENGAGE
The successful and timely delivery of our developments depends on strong relationships with suppliers who are professional, trusted and share our values. Understanding their levels of, and approach to, reducing carbon emissions is a vital component of our own journey to NZC.	We apply a consistent "take-on" approval process for all suppliers and maintain regular communication. Whilst we operate a long list of approved suppliers, we usually engage small groups of trusted consultants and contractors on a repeat basis, fostering strong, long-term relationships.
THEIR KEY INTERESTS	**HOW DO WE RESPOND? EXAMPLES OF ACTIONS TAKEN IN 2024**
A long-term partnership with Harworth in which they are treated fairly, maintain good visibility of our future requirements, and receive timely payment, while contributing to Harworth's success.	Ahead of the delivery of each of the BTR and affordable housing portfolios and direct development projects approved during the year, the Board undertook a review of delivery risk including counterparty due diligence undertaken by the management team on all delivery partners. The Board undertook a visit to Wheatley Hall Road, Doncaster focusing on the development at the site of mixed tenure (affordable rent) properties and were joined by senior representatives of Strata Homes, Harworth's delivery partner for the site. We continued to engage with suppliers to understand CO_2 emissions arising from our major construction contracts allowing the Group to report on a wider set of Scope 3 emissions. To date we have monitored emissions from 42 construction projects, providing the foundations to a comprehensive database to guide our NZC Pathway whilst allowing us to build the knowledge base of our suppliers. During the year, considerable progress was made to expand our approach into the delivery of Residential buildings alongside our delivery partners. We improved our supply chain and procurement management framework, which will be rolled out during 2025, principally to facilitate relationship management with our key project delivery partners to support the significant increase in construction activity. This underpins the delivery of our development pipeline and will improve engagement across our supply chain.

Central and Local Government

WHY WE ENGAGE	HOW WE ENGAGE
Harworth has an important part to play in supporting the new Labour government's main priorities over the coming years, both at a national and regional level, in particular targets to build 1.5m homes, promoting economic growth and supporting the energy transition.	We actively participate in central government consultation exercises on policy proposals, both directly as well as through industry bodies such as the British Property Federation. We also engage proactively with senior political figures and civil servants on national matters of significance such as the industrial strategy, devolution proposals and infrastructure priorities, as well as on site-specific matters. We engage with local government, including existing and emerging Mayoral Combined Authorities, and work collaboratively with officers and members from local planning authorities ahead of planning application submissions and on the discharge of planning conditions. We also work with local authorities to promote long-term Strategic Land, and to secure loan or grant funding where available to deliver maximum public benefit from our developments.
THEIR KEY INTERESTS	**HOW DO WE RESPOND? EXAMPLES OF ACTIONS TAKEN IN 2024**
Environmental, societal and economic priorities, both national and local, the achievement of which we can help support.	During the year, we engaged with the leaders and other senior officers from local authorities and Mayoral Combined Authorities across our regions, working collaboratively to deliver local and regional priorities via our current projects and future pipeline. We responded positively and constructively to several significant consultations launched by the new Labour government, as it seeks to ensure the UK's economic security and growth. Of particular note was our response to the consultation on the proposed reforms to the National Planning Policy Framework launched shortly after the election. National housing shortages and the need for infrastructure investment continued to be important factors that inform our project appraisals, as well as demand for places and spaces that enable growth-driving sectors, such as advanced manufacturing, to thrive in the UK. We continue to engage proactively across government to identify opportunities to accelerate the delivery of our sites and the value that they can create for the economy and wider society.



In May 2024 we published our 'Blueprint for Growth', which proposes seven policy reforms aimed at establishing a more supportive business environment that encourages development and enables broader regional economic growth. We undertook an extensive engagement programme around its launch inviting key public sector and central government stakeholders to explore whether solutions could be embedded as part of any legislative revisions to existing policies. These discussions inform, enhance and complement our ongoing wider stakeholder engagement plans.

Effectively managing our risk

Effective risk management is a key focus for the Board and directly informs our strategy. It helps us create value and deliver positive outcomes for our stakeholders in support of our purpose: to transform land and property into sustainable places where people want to live and work.

In this section, we explain how the Board has been assured of, and is satisfied with, the effectiveness of Harworth's risk management and internal control system. We present our approach to risk and set out the Board's analysis of the Group's principal risks and uncertainties, in the context of our strategy.

Our risk management framework

In 2024, we took significant steps to transform our risk management framework, focusing on two key objectives: maintaining a continuous improvement culture responsive to an evolving risk landscape and preparing for the future, notably Provision 29 of the 2024 Corporate Governance Code ('Code') set to take effect for periods starting on or after 1 January 2026. Whilst aspects of our existing risk management framework represented a good foundation for satisfying the new requirements introduced by the revised Code, in January 2024 we established an Enterprise Risk Management ('ERM') function which has subsequently developed a comprehensive roadmap to enhance and standardise practices across the organisation. A maturity assessment was completed, and clear goals and proportionate targets were set to strengthen our approach. The roadmap ensures full engagement from the Board and the wider business, driving alignment towards a shared vision of consistent methodology and enhanced visibility, equipping our teams with the tools to identify, quantify, and address risks effectively and with agility.

Unified risk register system

At the core of this enhancement is the introduction of improved and standardised operational risk registers and a consistent lens through which we view and report risks across all business functions. This unified approach will:

- Establish cohesive risk language throughout the organisation.
- Facilitate more effective cross-functional risk communication.
- Provide a structured foundation for our principal risks register.
- Strengthen overall risk oversight and decision-making processes.

Our approach to risk management remains centred on being transparent about our risk appetite, appraising risk as a fundamental part of decision-making, and responding quickly to changes in our risk profile. As outlined below, we have clear roles and accountabilities regarding risk management.

We recognise that not all risks can be eliminated or sufficiently mitigated at an acceptable cost and that there are some risks which, having regard to the nature of Harworth's business and the track record and experience of the team, we are prepared to accept. Our focus is to ensure an awareness of risk throughout the organisation with a framework in place to respond effectively to changes in risk profile whilst making the most of our opportunities. Our insurance programme also plays an important role when we cannot eliminate certain specific risks.

Construction of homes by Ashberry Homes (a trading division of Bellway Homes Ltd) on a 13.9-acre land parcel, located in the Swinfen Vale region of the Coalville development, following its purchase from Harworth.
Coalville, Leicester | MID | R | MD

RISK FRAMEWORK	INFORMING	REPORTING

The Board

The Board is responsible for determining the Group's risk appetite, monitoring its risk profile, and ensuring that measures and controls are in place to identify and manage risk effectively. Its focus is on principal and emerging risks.

Audit Committee

The Audit Committee supports the Board in managing risk and is responsible for reviewing the appropriateness and effectiveness of risk management activities and internal control processes.

Group Leadership Committee ('GLC')

The GLC plays a critical role in identifying operational risks, implementing and monitoring risk response strategies, and ensuring the effectiveness of key controls to safeguard the business.

In 2024, with support from the ERM function, targeted risk workshops were conducted with GLC members focusing on key control areas linked to principal risks. These workshops were integral to our continuous review and enhancement of the principal and operational risk framework, reinforcing our commitment to robust risk management across the organisation.

We conducted cross-functional deep dives to analyse key risk triggers, revisiting and refining key controls to address existing challenges and new initiatives across the business. Key risk indicators were also reassessed to ensure alignment with these triggers and controls, enabling the early identification of shifts and trends before they escalate, further enhancing our proactive risk management capabilities.

The ERM function

The ERM function supports the business in identifying, assessing, managing, and reporting risks that could impact its objectives. The function is overseen by the Board and other governance committees in the business, who ensure the effectiveness of the ERM framework.

The key purposes of the ERM function as outlined in The Orange Book (published by the UK Government's HM Treasury and widely referenced in corporate and private sector risk management practices) include:

1. Providing a structured approach to risk
2. Enhancing risk awareness and culture
3. Supporting governance and compliance
4. Facilitating risk identification and assessment
5. Enabling risk response and mitigation
6. Monitoring and reporting on risks
7. Supporting decision-making and resilience

(see following page)

Effectively managing our risk continued

Risk owners and champions

At the operational level, risks are managed daily by designated risk owners and supported by risk champions from each business function, with additional oversight from the ERM function.

Looking ahead, we are enhancing our risk management framework by introducing improved and consistent operational risk registers across all business functions. This will provide a structured foundation feeding into the principal risks register, strengthening our overall risk oversight.

A key workstream within this layer, supporting the development teams across the business, is the creation of a standard 'project risk register' format for each Strategic Land and development site, which incorporates consistent risk assessment methodology to identify key risks and threats to each project. The risk registers will also enhance the visibility and understanding of the project risk profiles when reviewed and appraised by the Investment Committee and Board for the purposes of our delegated authorities regime. The new project risk register model incorporates a risk quantification tool that helps teams quickly assess if an emerging risk is material based on the thresholds in our operational approvals policy, Environmental Health and Safety metrics, and other financial and non-financial metrics, which set the risk appetite of the business when it comes to project delivery.

While this initial phase focuses on our Strategic Land and development sites, our roadmap includes plans to extend similar support to the asset managers of our Investment Portfolio and other critical business functions. This phased approach ensures:

- Tailored risk management solutions for each functional area.
- Continuous improvement and adaptation of our risk framework.
- A holistic and integrated approach to organisational risk management.

By implementing these enhancements, we are ensuring risk management resilience as we scale up our activities.

Internal audit

The Internal Audit function acts as an independent and objective assurance function by evaluating the appropriateness and effectiveness of our risk management and internal control processes through independent review, with a direct reporting line to the Audit Committee, including regular contact with the Audit Committee Chair. The Head of Audit and Assurance is responsible for designing and delivering a 36-month rolling internal audit programme, with support from a co-sourced partner. In November 2023, the Audit Committee approved the 2024 internal audit programme. This is a risk-based programme with consideration given to all functions fundamental to business operations. It is designed to provide assurance to the Board over the effectiveness of material controls in place to mitigate key risks to the business. The findings and recommendations from these audits were reported to senior management and to the Audit Committee throughout the year and followed up with action owners to ensure recommendations were addressed in a timely manner. The Audit Committee also reviews annually the effectiveness of the Internal Audit function. See further in the Audit Committee Report on page 132.

Opposite page: Highway realignment marks the commencement of enabling works at Wingates
Wingates, Bolton | NOW | I&L | MD

Effectively managing our risk continued

Following a detailed review undertaken by management and presented to the Audit Committee before this report was published, the Board is assured that the Group's systems of risk management and internal control, including all material financial, operational, compliance and reporting controls, are effective.

Principal risks and uncertainties

The Board is responsible for identifying and evaluating the Group's principal and emerging risks that could potentially impact the execution of our strategy, business model, future performance, solvency, liquidity or reputation. The Board receives a report on these principal and emerging risks at each meeting. During 2024, the Board continued to assess principal risks closely, particularly in light of the strategic 'pivot' towards Industrial & Logistics development and investment announced during the year, and external factors such as the election of, and rollout of policies by, the new UK government, and persistent geopolitical instability and macroeconomic headwinds throughout the year.

In addition, during H2 2024, in-depth principal risk workshops were conducted by the ERM function with business risk champions, further strengthening the 'top-down/bottom-up' review process. During 2025, the Board will undertake a comprehensive review of principal risks, informed by the strategic pivot, the resultant scaling up of development activity and of the Investment Portfolio, and the early outputs from the enhancement and standardisation of our 'bottom-up' operational risk management framework.

Below are the changes made to our principal risks since the 2023 Annual Report. For a detailed explanation of each principal risk, see pages 74 to 85.

RISK	WHAT HAS CHANGED DURING THE YEAR
Risk 2 – Planning	Although the risk profile outlined in this report remains unchanged, we recognise that the planning reforms proposed by the new government should have a positive overall impact on Harworth's planning promotion activities. However, implementation of these reforms, and realisation of their full effects, will take time. Consequently, we anticipate that the residual risk profile will trend downwards in the short-to-medium term.
Risk 7 – Residential and commercial markets	The analysis of this principal risk has been undertaken against a backdrop of challenging and uncertain market conditions. At the time of writing, there are some early signs which suggest that the external economic landscape may improve over the course of the balance of the year, notably if there are further cuts in interest rates. That said, there also remains downside risk in the economic and political environment.
Risk 12 – Digital resilience	This risk has been renamed from 'cyber security' to 'digital resilience' with changes to the risk description, broadening the risk scope beyond cyber-attack. It now includes the mismanagement of information by employees or suppliers, recognising and articulating that internal actions and third-party relationships also pose a risk alongside malicious threats. The revised statement also recognises a more comprehensive articulation of the potential impact of this risk, including intellectual property theft or loss, financial loss, reputational damage and/or business interruption. The residual risk rating has moved from 'low' to 'medium'. These changes result from the growing threat, both with increased malicious activity by third parties, and with Harworth, now a FTSE 250 Company, being more likely to be targeted. The digital resilience controls in place and, being bolstered, will improve Harworth's overall security posture, and keep pace with and support the rollout of our digital transformation project.

The Group Principal Risk Register

The register incorporates the principal risks the Board has identified. Each risk is subject to a consistent risk assessment methodology, the outputs of which are reflected in a principal risk dashboard which details:

- the scope of, and commentary on, the status of each risk;
- inherent risk, residual risk, and risk appetite scores to evaluate the changing status of each risk and monitor the alignment (or misalignment) of risk appetite and risk profile;
- mitigation measures that have either been implemented, are in progress, or are planned;
- Key Risk Indicators ('KRIs') used to measure the profile of each risk: whilst this aspect remains under development, the ERM function aims to improve the quantity and quality of KRIs, and to develop a KRI dashboard for continuous real time monitoring of KRIs where possible.

Assurance over the key controls in place to mitigate principal risks to an acceptable level is obtained via various sources covering all three lines of defence. The Head of Audit and Assurance manages an assurance map which identifies what assurance is taken over the effectiveness of material controls. These controls are in place to mitigate to an acceptable level not only principal risks but also other key financial, operational, compliance, and reporting risks. Any gaps in assurance identified are used to inform the 36-month rolling internal audit programme (see page 138).

The risk heat map below illustrates the status of our principal risks at the date of this report, both before and after mitigating actions.

Principal risks

Acquisitions
1. Availability of and competition for strategic sites

Project Delivery
2. Planning
3. Development supply chain
4. Counterparties: investment partners and service providers
5. Power infrastructure capacity
6. Statutory costs of development

Markets
7. Residential and commercial markets

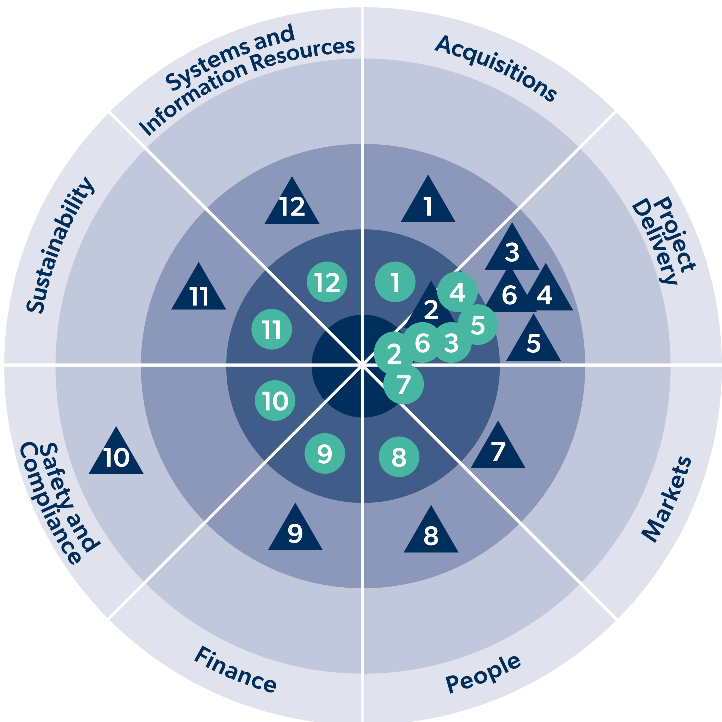
People
8. Organisational development and design

Finance
9. Availability of appropriate capital

Safety and Compliance
10. Health and safety

Sustainability
11. NZC pathway

Systems and Information Resources
12. Digital resilience



Very high
High
Medium
Low
Inherent risk (before mitigating actions)
Residual risk (after mitigating actions)

See our **principal risks tables** on the following pages for how we report on and mitigate our principal risks

Effectively managing our risk continued

RISK 1	COMMENTARY	
Availability of and competition for strategic sites	The availability of, and competition for, financially viable strategic sites are influenced by several factors, including land scarcity, which, combined with the impact of other principal risks to the viability of prospective new schemes, create challenges to securing schemes which meet our financial return aspirations. These factors are partially offset by Harworth's significant embedded value to be unlocked from our high-quality extensive land bank, capable of delivering c.33.6m sq. ft of Industrial & Logistics space and over 30,000 Residential plots. We continue to leverage our relationships with key stakeholders in the market, enhancing strategic partnerships, market intelligence and financial analysis to secure prime locations, optimise developments, and ensure long-term environmental and regulatory compliance.	
DESCRIPTION	MITIGATION	ADDITIONAL MEASURES PLANNED FOR 2025
Failure to acquire strategic land at appropriate prices due to constrained supply or competition.	– Developing and maintaining our relationships with land agents and land owners. – Developing strategic partnerships to secure first access to prime locations whenever possible. – Gathering market intelligence. – Engaging with valuers before major acquisitions and conducting extensive financial analysis to ensure acquisition prices yield appropriate returns. – Optimising master plans and enhancing organic scheme value growth, focusing on locations with existing infrastructure and strong market potential. – Conducting comprehensive evaluations of prospective new sites, which are informed by price and non-price-based risks and opportunities throughout the development cycle.	– Brand awareness: Optimising Harworth's brand value as a master developer and existing reputation for tackling complex projects. – Deploying alternative structures to support land assembly, including via strategic partnerships. – Re-evaluate the long-term Strategic Land and development pipeline in light of the strategic pivot to the Industrial & Logistics sector and undertake a gap analysis of the existing pipeline to inform an updated acquisitions strategy. **Current residual risk status** MEDIUM **Change in residual risk in the year** No change **Link to strategic priorities** 3 £

Strategic priorities

1. **Repositioning our core Investment Portfolio to modern Grade A**
2. **Increasing direct development of Industrial & Logistics space**
3. **Accelerating sales and broadening the range of our Residential products**
4. **Scaling up through land acquisitions and promotion activities**

£ Group targets

H The Harworth Way

Key to change in residual risk in the year

No change

Increase

Decrease

RISK 2	COMMENTARY	
Planning	The UK planning challenges include delays from an inefficient system, resource constraints within local authority planning departments, and frequent changes to government policy. Proposed reforms are, on the whole, but not exclusively, positive for Harworth: they aim to streamline processes, bolster local authority resources, restore housing targets, and boost sustainable development, with goals including the delivery of 1.5m new homes over the next five years and critical infrastructure projects. However, significant impacts are unlikely until later in the parliamentary term. Industry engagement and stability are essential for progress, while private sector projects remain constrained by economic uncertainty and the cost of debt. Added complexities come in the form of land value capture, Greater Manchester's carbon tax, greenbelt and BNG policies, with uncertainties around how these will be implemented in practice (these also inform the profile of Risk 6: statutory costs of development). Harworth employs a comprehensive approach to project underwriting, incorporating detailed planning permission strategies, stakeholder mapping, and market analysis to guide investment decisions and optimise outcomes. This includes monitoring greenbelt exposure, local planning applications, and market trends, engaging with political advisers and industry peers, and actively participating in consultations to influence planning policies.	
DESCRIPTION	**MITIGATION**	**ADDITIONAL MEASURES PLANNED FOR 2025**
Planning promotion risk, including uncertainty around local and national changes to planning regime with adverse effects on promotion activity and/or financial returns.	– Project underwriting proposals include detailed planning permission strategies (including competing sites analysis and BNG considerations), informed by project stakeholder mapping, which continue to be monitored via site project plans. – At every Investment Committee and Board meeting, we review greenbelt exposure at a portfolio level. – Awareness and monitoring of local authority planning resources and outcomes guide our long-term decisions on where Harworth should invest. – We have developed regional political engagement strategies with support from local political advisers. – The Investment Committee's decision-making process is informed by representation at key planning forums, engagement with industry peers, and an in-house and selected panel of external planning promotion experts. – We undertake horizon scanning for planning policy changes and respond to consultations on emerging planning policy in our own capacity and via representative groups, such as the British Property Federation.	– Developing strategic plans to foster relationships with senior political stakeholders, positioning Harworth as a trusted partner with planning authorities. **Current residual risk status** HIGH **Change in residual risk in the year** ▶ **Link to strategic priorities** 1 2 3 £

Effectively managing our risk continued

RISK 3	COMMENTARY	
Development supply chain	Following a sustained period of materials cost inflation and constrained capacity across the construction sector, the cost of materials has stabilised, and pricing is further benefiting from increased competition between contractors. That said, labour costs remain high and set against a subdued and unstable macroeconomic backdrop; the UK construction industry is experiencing a significant increase in insolvencies. In the year to June 2024, 4,303 construction firms became insolvent, accounting for 17% of all insolvencies in England and Wales (source: DLA Piper). This rise in insolvencies heightens the risk of disputes, defaults, and project delays. Harworth continues to focus on robust and efficient procurement, rigorous due diligence and management of contractors, and fostering resilient supplier relationships.	
DESCRIPTION	**MITIGATION**	**ADDITIONAL MEASURES PLANNED FOR 2025**
Exposure to development supply chain leading to greater exposure to pricing pressures and labour constraints, and risk of disputes with and/or default by and/or insolvency of supply chain partners.	– Rigorous tender processes (extensive financial checks and interviews with contractors' Financial Directors where necessary). – Due diligence on contractors – screening contractors before the appointment and ongoing Group-wide review of contractor "concentration risk" and financial health. To this end, we utilise market intelligence regarding contractors' commitments and workload. – We have established a suite of legal precedents to promote consistency in land remediation and direct development procurement and have improved the protections in those precedents to increase our speed of intervention in the event of insolvency. – Performance bonds sought to support all major contracts. – External review of contractor insurance packages for every direct development project.	– We are looking to enhance our control of geotechnical validation data in real-time should the unforeseen occur with a contractor. – We are exploring the prospect of procuring our own performance bond insurance, further mitigating the risk of delay in gaining access to performance bonds in the event of contractor insolvency. – We are also exploring step-in rights on sub-contracting packages should a principal contractor become insolvent. **Current residual risk status** MEDIUM **Change in residual risk in the year** ▶ **Link to strategic priorities** 1 2 £

Strategic priorities

1 **Repositioning our core Investment Portfolio to modern Grade A**

2 **Increasing direct development of Industrial & Logistics space**

3 **Accelerating sales and broadening the range of our Residential products**

4 **Scaling up through land acquisitions and promotion activities**

£ Group targets

H The Harworth Way

Key to change in residual risk in the year

▶ No change

▲ Increase

▼ Decrease

RISK 4	COMMENTARY
Counterparties: investment partners and service providers	We face increased exposure to investment partners (JVs, forward funders, strategic investors) as we continue to grow and develop our sites, seeking opportunities with partners in connection with land assembly, direct development and delivery of alternative Residential products. Our governance and ways of working continue to mature to counter this increased exposure. As our activity levels increase, we are also carefully monitoring critical dependencies amongst our service providers (beyond those in our project delivery supply chain), which could increase our vulnerability to disputes with and/or defaults by and/or insolvencies of those providers. To mitigate these risks, Harworth conducts thorough due diligence and diversifies its partnerships. As we grow and work with investment partners, our governance and management system evolve to address increased exposure. Continuous improvements in our supply chain management system also mitigate our dependency on strategic service providers.

DESCRIPTION	MITIGATION	ADDITIONAL MEASURES PLANNED FOR 2025
Increase in exposure to investment partners and critical dependencies on certain service providers, leading to increased risk from disputes with and/or default by and/or insolvency of these counterparties.	– A consistent process is followed for selecting and "onboarding" counterparties. – Project underwriting proposals include detailed consideration of counterparty risk, where appropriate. – Due diligence to support the appraisal of credit counterparty risk and counterparties' ability to meet their financial commitments is particularly rigorous for new investment partners. – Development of relationships with counterparties and ongoing assessment of their delivery of obligations.	– Transition to a new supply chain management and procurement target operating model. – Implementation of an enhanced relationship management regime for existing JV partners. **Current residual risk status** MEDIUM **Change in residual risk in the year** **Link to strategic priorities** 1 2 3 £

Effectively managing our risk continued

RISK 5	COMMENTARY	
Power infrastructure capacity	Securing power for development sites in the UK has become increasingly challenging, leading to uncertainties, potential cost increases and project delays. The rising demand for renewable energy has strained grid infrastructure, resulting in longer connection timelines. In response, National Energy System Operator ('NESO') is undertaking the Great Grid Upgrade comprising 17 major infrastructure projects to upgrade existing networks. In December 2023, the National Grid Electricity System Operator ('NGESO'), now NESO, published final recommendations to reform the grid connection application process. These changes aim to streamline connections but also introduce new challenges. The "first ready, first connected" approach with regard to transmission and generation applications is now in place. The next phase of the connection reform is a pause in connection applications, which began in January 2025 to allow NESO to implement the new application process. Harworth is actively monitoring the situation as it progresses. We are in regular communications with the relevant Distribution Network Operators ('DNOs') whose feedback has been that demand projects will continue to be processed as normal to support economic growth and development. We are hopeful the NESO reforms will help mitigate risks associated with connection delays, ultimately lowering this risk.	
DESCRIPTION	**MITIGATION**	**ADDITIONAL MEASURES PLANNED FOR 2025**
Challenges in securing power for our sites resulting in potential for adverse impact and uncertainty as to cost and programme for development.	– We are actively engaging with NESO with regard to the progress of the Great Grid Upgrade to monitor the effect on our development sites with a view to seizing opportunities that may arise from these upgrades. – Analysis of power capacity and upgrade potential and timing as part of acquisition analysis. – Early engagement with DNOs and NESO to identify the availability of power capacity, formulate procurement strategy, and seek earlier connection offers and "reservation of capacity" for long-term projects. – Alignment with broader energy system plans via monitoring publicly available information on DNO Geographic Information Systems. – Entry into reservation commitments to secure Harworth's position, where appropriate.	– Continuing to monitor the proposed changes to, and implementation of, the reformed connections system and future application requirements. **Current residual risk status** MEDIUM **Change in residual risk in the year** No change **Link to strategic priorities** 1 2 £

Strategic priorities

1. **Repositioning our core Investment Portfolio to modern Grade A**
2. **Increasing direct development of Industrial & Logistics space**
3. **Accelerating sales and broadening the range of our Residential products**
4. **Scaling up through land acquisitions and promotion activities**

£ Group targets

H The Harworth Way

Key to change in residual risk in the year

No change | Increase | Decrease

RISK 6	COMMENTARY
Statutory costs of development	There persists an upward trend in statutory costs of development in the UK, including the cumulative impact of land value capture via Section 106 obligations and the Community Infrastructure Levy ('CIL'), with the prospect of greater capture via the government's planning reforms, the Residential Property Development Tax, the Building Safety Levy, the costs of meeting increasing sustainability requirements including BNG obligations and emerging carbon tax regimes within local planning policy. Despite these challenges, the government's commitment to reform the planning system and improve infrastructure delivery offers a potential counterbalance. Proposed adjustments to housing targets and enhanced collaboration between developers and local authorities could also help manage statutory obligations more effectively. In response, we undertake horizon scanning, model statutory cost sensitivities during acquisitions, and engage proactively on emerging policies both directly and through strategic collaboration with stakeholders. This approach positions us to navigate these complexities while maintaining a focus on sustainable and profitable development.

DESCRIPTION	MITIGATION	ADDITIONAL MEASURES PLANNED FOR 2025
Legislative reforms which do, or may, impose a tax or levy on development or have the effect of levying an additional cost on development.	– Enhanced horizon scanning regime. – Sensitivity to statutory costs modelled when assessing acquisitions. – Responding to emerging policy both in our own capacity and through key stakeholder groups.	– None planned. **Current residual risk status** MEDIUM **Change in residual risk in the year** **Link to strategic priorities** 2 3 £

Effectively managing our risk continued

RISK 7	COMMENTARY	
Residential and commercial markets	The UK residential and commercial property markets are still expected to (at least begin to) recover in 2025, but the pace of that recovery is likely to be materially slower than previously anticipated as a result of stagnating economic growth and 'higher for longer' gilt and interest rates. A recovery, even if delayed and/or slower, should still present opportunities for Harworth across both of our core sectors, supporting increases in residential property values and a rebound in commercial investment activity. In 2024, we made notable progress in progressing our short, medium, and long-term Industrial & Logistics pipeline, advancing our strategy to grow our Investment Portfolio to £0.9bn by 2029. Key achievements included securing planning permission for 6.8m sq. ft and allocations or draft allocations for an additional 4.2m sq. ft. With these milestones, Harworth is well-positioned to move into the development phase, supported by stabilising market conditions and a near-term pipeline capable of delivering c.£0.6bn of GDV by the end of 2027. Our strategy has evolved to prioritise growth in income-generating Industrial & Logistics assets, ensuring long-term resilience and value creation for our stakeholders. We remain confident of achieving our strategic objectives.	
DESCRIPTION	**MITIGATION**	**ADDITIONAL MEASURES PLANNED FOR 2025**
Downturn in Industrial & Logistics and/or Residential market conditions leading to falls in property values	– Advisers regularly supplement generic market commentary by providing feedback on the status of Residential and Industrial & Logistics markets in our core regions. – Our delivery teams and the Investment Committee regularly review site project plans, informed by prevailing market conditions. – Collaborating with a firm of architects to evolve our building specifications, which are updated every six months in line with current/future market movements and occupier demand. – Management actions to drive value and adapt to prevailing market conditions, including periodic reviews of business strategy, including funding models. – Introduction of mixed tenure products to support accelerated realisation on Residential development sites. – Available market data on tenants and proactive engagement with key/high-risk tenants, which may impact cash flow.	– We will continue to implement our strategy, informed by evolving market conditions. – Expand our network of external advisers who proactively gather and provide market insights and data on emerging opportunities and risks. This will strengthen our strategic market perspective and further enhance decision-making. **Current residual risk status** MEDIUM **Change in residual risk in the year** ▶ **Link to strategic priorities** 1 2 4 £

Strategic priorities

1 **Repositioning our core Investment Portfolio to modern Grade A**

2 **Increasing direct development of Industrial & Logistics space**

3 **Accelerating sales and broadening the range of our Residential products**

4 **Scaling up through land acquisitions and promotion activities**

£ Group targets

H The Harworth Way

Key to change in residual risk in the year

▶ No change ▲ Increase ▼ Decrease

RISK 8	COMMENTARY
Organisational development and design	As the workforce continues to grow to support strategy execution and resultant scaling up of activity volumes and pace, the Board recognises the importance of, and continues to monitor closely, a structured change management approach. This approach encompasses organisational development – focusing on culture and values – and organisational design, addressing operations and governance to ensure scalable and sustainable evolution. In 2024, we made considerable progress on our culture and values initiative, gaining valuable insights as we continue to shape our desired organisational culture. Parallel advancements were achieved in operations and governance, with key mitigation activities outlined below. While these achievements mark important milestones, we recognise that organisational development and design require persistent focus. Addressing key risks, such as recruiting and retaining critical skills, remain central to navigating the changes necessary to align with our strategic ambitions and the increasing scale and pace of our activities.

DESCRIPTION	MITIGATION	ADDITIONAL MEASURES PLANNED FOR 2025
Misalignment of workplace culture, capability, systems and/or controls with what the business requires to deliver the strategy.	– Through annual and pulse surveys focusing on engagement, wellbeing and happiness, we continue to gain valuable insights into our organisational culture and progress toward our desired state. – Behavioural Competency Framework: a newly introduced framework integrated into roles, supporting excellence, learning and development, and a refined reward strategy. – Reward and Recognition: ongoing reward benchmarking, a comprehensive reward evaluation project covering pay and benefits, and the execution of transparent Pay, Bonus and Retention Policies. – Diversity, Equity, and Inclusion ('DE&I'): regular measurement, reporting, and publication of DE&I metrics to ensure accountability. – Recruitment and Leadership: transparent recruitment practices and enhanced leadership development programmes to attract and retain top talent. – Organisational Improvements: streamlined communication channels, updated performance management systems, and improved cross-functional collaboration processes to enhance operational efficiency and cohesion. – Digital transformation project: we have completed the 'review' phase, which identified the improvements we need to make to our technology systems to ensure that they are 'future-proofed' to support the operational growth of the business.	– We will review our Target Operating Model to align with our evolving strategic objectives and ensure it supports growth and operational efficiency. – We will continue advancing key aspects of our Culture Project, focusing on enhancing recruitment practices, refining reward strategies, and improving the workplace environment. – Further development of the Harworth Academy will prioritise critical skills analysis, identification of skills gaps, and the delivery of targeted learning and development programmes to build a future-ready workforce. – Our Talent Management Project will progress by implementing tailored development plans, clearly defined career pathways, and robust succession planning for critical roles. – We will implement the first phase of initiatives within our digital transformation project, leveraging technology to optimise processes and drive innovation across the business. **Current residual risk status** MEDIUM **Change in residual risk in the year** ▶ **Link to strategic priorities** 1 2 3 4 H

Effectively managing our risk continued

RISK 9	COMMENTARY	
Availability of appropriate capital	The increase in pace and scale of activity under our strategy, in turn, has the potential to require additional capital. The £200m RCF, signed in early 2022 and increased to £240m through exercising the accordion option in late 2024, supplemented by project-specific funding where appropriate, currently supports the funding needs of the business. Headroom is projected to remain compliant with all covenants, and the business could withstand a material fall in valuations without breaching covenants. Interest rates appear to have peaked but may reduce more slowly than previously expected. To leverage our growing development pipeline, we are likely to need to supplement the RCF with additional capital in future years. Any opportunity to raise additional equity to fund accelerated development, which we keep under review, would be informed by a multitude of factors, including our share price, appetite amongst existing and prospective shareholders, and wider market impact on capital deployment opportunities.	
DESCRIPTION	**MITIGATION**	**ADDITIONAL MEASURES PLANNED FOR 2025**
Inability to access appropriate equity and/or debt funding to support the strategy.	– Regular review of financing strategy to complement our business strategy, supported by external consultants where required. – Forecasting process: covenant forecasting, short-term and medium-term cashflow forecasting accompanying longer-term Strategic Plan forecasting. – In 2022, we signed a new RCF comprising a five-year £200m revolving credit facility together with a £40m accordion facility, which was exercised during 2024, providing a £240m facility. This is supplemented by accessing project-specific funding where relevant. – Strong relationships with lenders. – We continue to pursue and unlock grant funding and review additional funding options.	– Continue to identify scheme-specific and grant funding. – Progress the review of funding options. **Current residual risk status** MEDIUM **Change in residual risk in the year** ▶ **Link to strategic priorities** 1 2 3 4 £

Strategic priorities

1 **Repositioning our core Investment Portfolio to modern Grade A**

2 **Increasing direct development of Industrial & Logistics space**

3 **Accelerating sales and broadening the range of our Residential products**

4 **Scaling up through land acquisitions and promotion activities**

£ Group targets

H The Harworth Way

Key to change in residual risk in the year

▶ No change ▲ Increase ▼ Decrease

RISK 10	COMMENTARY
Health and Safety	We prioritise the health, safety and wellbeing of everyone involved in or impacted by our activities, including site visitors and workers. Above all else, we want everyone undertaking activity on our sites to be safe. This commitment extends across all our sites and operations, from horizontal and vertical development projects to our Investment Portfolio and our office environments. The risks which we proactively manage can be organised into three 'baskets': those which arise by virtue of our land and property ownership, those which arise as a result of our development activity, albeit typically via third-party contractors and consultants, and those which arise in Harworth's capacity as an employer. Our dedicated Environment, Health & Safety ('EHS') function, which operates as a 'second line of defence' as well as undertaking an advisory and support role, oversees a robust risk and compliance management framework encompassing defined roles and responsibilities, policies, systems and processes, and reporting. During 2024, to ensure our health and safety risk management across the business is resilient to the forecast growth in volume and acceleration in the pace of our activities, we undertook a comprehensive, strategic review of our EHS function and framework, covering roles and responsibilities of both 'first line' and 'second line of defence' resourcing; policies; systems, processes and controls; governance and reporting. Reflecting our commitment to continuous improvement, we have identified some gaps in future resource needs, which we have started to fill, changes we should make, and new initiatives we plan to introduce to 'future-proof' our health and safety risk management capabilities.

DESCRIPTION

A health and safety incident causing injury and/or death resulting in liability, penalties, and/or reputational damage.

MITIGATION

- Policies include a Safety, Health and Environmental Management System ('SHEMS') Policy and Employee Health and Safety Policy.
- Our portfolio is subject to a site inspection programme. This is currently undertaken by both operational and EHS functions.
- Our construction projects are subject to desktop and physical health and safety inspections, supported by an EHS 'second line' audit programme, ensuring that we conscientiously discharge our responsibilities as Client under Construction Design and Management ('CDM') regulations.
- Risk registers document the risk profile of each site, reflecting hazards, operational activity and incidents.
- We use a cloud-based SHEMS platform, which supports the site inspection programme and incident tracking. Proactive and reactive remedial actions are managed via this platform, which also supports reporting.
- We have a panel of external EHS advisers who support our Project Delivery teams to monitor proactively the management of health and safety across all our development activities, typically in our capacity as client under CDM.
- EHS Legal Register: The EHS Team keeps a log of existing, changing and upcoming legislation and organises training sessions.
- EHS Committee meetings are held quarterly and attended by the Executive and senior management from all delivery functions. These are supplemented by a programme of attendance by EHS team members at delivery team operational meetings.
- We host compulsory health and safety training for all employees every two years, supplemented by an annual schedule of mandatory online learning.
- We have a programme of health and wellbeing initiatives for employees, including access to internal physical and mental health first aiders and an external Employee Assistance Programme.
- EHS reports are made to the Executive, Board and members of the EHS Committee monthly, and the Head of EHS provides a detailed strategic and operational update to the Board annually, including proposed changes to the SHEMS Policy.

ADDITIONAL MEASURES PLANNED FOR 2025

- An updated EHS strategy was approved by the Board in December 2024, which will ensure future resilience in our EHS risk management capabilities. Examples of the initiatives it identified included the following:
- We will be recruiting additional resource into both the EHS function and our operational teams, to ensure scalable capacity to discharge 'first line' and 'second line' EHS responsibilities.
- Updates to our EHS roles and responsibilities matrix to align with changes to our operating model.
- Our site inspection programme will be updated to (A) implement a more traditional 'first line' and 'second line' assurance regime and (B) reflect better the risk profile of sites, supported by improvements to the formulation of our site Risk Registers.
- Technical enhancements to, and a comprehensive awareness programme for, our SHEMS cloud-based platform.
- Improvements to our reporting of both 'leading' and 'lagging' EHS risk indicators, with greater emphasis on the former.
- Improvements to our contractor applications and selection process.

Current residual risk status

LOW

Change in residual risk in the year

Link to strategic priorities

£ H

Effectively managing our risk continued

RISK 11	COMMENTARY	
Net Zero Carbon pathway	The NZC agenda means transformational change for all businesses. It has a wide-ranging impact on the Group, from our investment case to shareholders through to operational activity, including the need to embed NZC principles into all projects while remaining profitable. It also embraces external factors such as industry and stakeholder metrics and the approach taken by Local and Combined Authorities on, e.g., carbon tax, BNG and social value measures. In April 2023, we published our first NZC Pathway report and, subsequently, our first NZC Pathway Progress Report for 2023 alongside the 2023 Annual Report, as well as our Communities Framework. We consider it crucial that our approach is understandable and deliverable. An NZC Pathway Progress Report will be published alongside this Annual Report for 2024.	
DESCRIPTION	**MITIGATION**	**ADDITIONAL MEASURES PLANNED FOR 2025**
Failure to develop, manage and meet our NZC commitments and/or NZC regulations, resulting in financial loss, reduced availability of funding and/or reputational damage.	– Development of The Harworth Way and NZC Pathway with targets identified and progress report published annually. – Continued transition of our Investment Portfolio to 100% modern Grade A. – Improvements to the capture and analysis of environmental data (including from our supply chain and tenants) with measures in place for verification of the same. – New leases are offered to existing and new tenants on "green" lease terms. – Switched energy procurement for our Investment Portfolio to a new renewable energy tariff. – Work closely with prospective occupiers of our new developments to offer tailored renewable energy provision. – Project appraisals include detailed sustainability analysis. – Development of Harworth's commercial and Residential building specifications. – We are a member of the UK Green Building Council, which facilitates the sharing of knowledge and best practices.	– Continue to improve the capture and analysis of environmental data. – Continued development of a carbon accounting system, including appropriate accreditation. – Continued development of an Energy and Natural Capital strategy. **Current residual risk status** MEDIUM **Change in residual risk in the year** No change **Link to strategic priorities** 1 2 3 4 £ H

Strategic priorities

1. **Repositioning our core Investment Portfolio to modern Grade A**
2. **Increasing direct development of Industrial & Logistics space**
3. **Accelerating sales and broadening the range of our Residential products**
4. **Scaling up through land acquisitions and promotion activities**

£ Group targets

H The Harworth Way

Key to change in residual risk in the year

No change | Increase | Decrease

RISK 12	COMMENTARY
Digital resilience	Cyber threats pose an ever-evolving risk to all businesses. Those operating in the real estate sector, which are often engaged in high-value transactions and project-based activities and rely on valuable information relating to land, property and projects, are particularly vulnerable to ransomware attacks, intellectual property theft, business email compromise and invoice fraud. The materialisation of any one of these threats, or self-harm via careless handling of commercially sensitive information, could prejudice business continuity and/or give rise to significant financial losses and/or serious reputational harm. As Harworth's portfolio, activities and profile grow, so will its vulnerability to cyber threats. It is also important that digital resilience security keeps pace with the changes we are implementing as part of our digital transformation project, referred to in the context of Risk 8 above. Against that backdrop, we consider that the residual risk profile of this Risk 12 has increased from 'low' to 'medium'. Towards the end of 2024, we instructed an external digital resilience audit and will implement its recommendations alongside and in support of the rollout of the digital transformation project. As these improvements are made, we will reassess the risk profile to ensure that it is aligned with our risk appetite.

DESCRIPTION

A successful cyber-attack and/or the mismanagement of information by an employee or supplier threatens business continuity and/or results in intellectual property loss or theft and/or gives rise to financial loss.

MITIGATION

- Identity and data access management: ensuring secure and controlled access to sensitive data and systems.
- Data backup strategy: implementing a backup plan to safeguard critical business data.
- Network monitoring and defence: utilising network monitoring and defence systems to detect and prevent security threats.
- Malware defence systems: deploying malware defence mechanisms to protect against malicious software.
- External IT support and cyber security expertise: We work with an external IT support provider that stays vigilant in the evolving cybersecurity landscape, complemented by a retained cybersecurity specialist.
- Cyber risk insurance: we maintain cyber risk insurance to mitigate the financial impact of potential security breaches.
- Penetration testing and security simulations: we conduct biennial penetration tests, regular phishing simulations, and continuous IT system vulnerability scanning to identify and address weaknesses proactively.
- Business Continuity and Disaster Recovery Plan: Our Business Continuity Plan includes a robust Disaster Recovery Plan to ensure operational resilience during a cyber-attack or system failure.
- Audit Committee oversight: as part of our assurance process, the Audit Committee receives biannual updates on digital resilience risks and mitigation strategies.

ADDITIONAL MEASURES PLANNED FOR 2025

- During Q4 2024, we instructed a comprehensive external audit of digital resilience security. That audit covered all aspects of information security, comprising the framework for protecting all information at Harworth, including cyber security as a crucial subset of that framework. The audit identified opportunities to improve Harworth's overall security 'posture', which will be implemented to support the rollout of our digital transformation project.

Current residual risk status

MEDIUM

Change in residual risk in the year

Link to strategic priorities

H

Streamlined Energy and Carbon Reporting ('SECR') disclosure

We report here our greenhouse gas emissions ('GHG') and energy consumption in compliance with the requirements of The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Aligned with our financial reporting, the GHG emissions data below relates to our financial year ended 31 December 2024. Restated emissions data from the financial years ended 31 December 2022 and 31 December 2023 has been provided for comparison.

Unless otherwise stated, our emissions data is calculated using the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emissions factors from the UK Government's GHG Conversion Factors for Company Reporting 2024. We follow the Environmental Reporting Guidelines, including the Streamlined Energy and Carbon Reporting guidance March 2019 in all instances.

Harworth uses the operational control boundary method to calculate GHG emissions, whereby we report on sources of environmental impact for areas over which we have control.

Occupiers' and contractors' individual energy usage and emissions are not included in our Scope 1 and Scope 2 reporting boundary, as they are not deemed to be within our operational control, but we disclose these in the NZC Pathway Progress Report 2024, where we have also published an extensive methodology which outlines our approach to carbon reporting. As Harworth's operations are wholly based in the UK, 100% of our reported energy consumption and emissions relates to the UK.

We continue to improve our data collection processes, enabling us to capture a more accurate and complete data set for 2022 and 2023, as well as the current year. As a result, we have restated the 2022 and 2023 figures to allow a year-on-year comparison.

Improvements in 2024 include a review and restatement of recharge arrangements at our multi-let investment properties and the inclusion of business travel paid for using Company credit cards (October 2024 onwards). More information on our approach can be found in the NZC Pathway Progress Report 2024.

Progress in 2024:

TOTAL	SCOPE 1	SCOPE 2	SCOPE 3
– Overall year-on-year reduction in Location-Based Emissions of -17% and Market-Based Emissions of -57% in 2024. – Overall increase in Total Scope 1 & 2 energy use in kWh of +12% with the main increase being in Scope 1 fuel usage. This increase in use was more than offset by the emission-reduction measures referenced under Scope 1 and Scope 2, resulting in the overall reduction in emissions noted above.	– Significant reduction in site fuel emissions driven by the use of alternative fuels at our Ironbridge site in place of diesel. – Continuation of our transition from diesel to electric leased vehicles and the associated impact on leased vehicle emissions.	– Overall reduction in Scope 2 emissions resulting from the ongoing business strategy transition to a more energy efficient Grade A portfolio. – We have continued to transition our electricity procurement to Renewable Energy Guarantees of Origin (REGO) backed green electricity, thus reducing our Market-Based Emissions, and will continue this approach in 2025.	– Business travel emissions decreased as a result of the removal of fuel cards for personal vehicles and an increase in electric usage for personal business travel from 15% to 18% based on distance driven. – Renewal of life expired water assets to reduce overall water consumption. – A significant reduction (-70%) in waste resulting from the disposal of assets and updated UK Government GHG conversion factors, correcting an error within these conversion factors in transport emissions associated with disposal of waste.

Greenhouse Gas Emissions (tCO_2e)

HARWORTH GROUP PLC			UNIT	2024	2023
Scope 1	Site Fuel[1]		tCO_2e	**19**	70
	Natural Gas[2]			**149**	126
	Leased Vehicles[3]			**5**	12
	Total			**173**	**207**
Scope 2	Location Based	Leased Vehicles[3]		**3**	1
		Assets[4]		**389**	450
		Total		**393**	**451**
	Market Based	Leased Vehicles[3]		**6**	2
		Assets[4]		**128**	630
		Total		**134**	**632**
Total Scopes 1 & 2	Location Based			**566**	658
	Market Based			**308**	839
Selected Scope 3	Business Travel[5]			**89**	121
	Homeworking[6]			**29**	27
	Waste Disposal[7]			**0**	2
	Water Supply[8]			**5**	13
	Water Treatment[8]			**6**	14
	Total			**128**	**176**
Total Emissions	Location Based			**694**	834*
	Market Based			**436**	1015†
ENERGY CONSUMPTION					
Scope 1			kWh	**2,142,089**	1,425,752
Scope 2				**1,895,696**	2,175,646
Total Scopes 1 & 2				**4,037,785**	3,601,398
Renewable Energy Exported to the National Grid[9]				**-9,790**	-14,677
REVENUE INTENSITY RATIO					
Total Scopes 1 & 2: tCO_2e / £m Rev				**7.8**	**9.1**

* The 2023 figures have been restated from 802 tCO_2e to 834 tCO_2e following the receipt of more accurate data during 2024.
† The 2023 figures have been restated from 984 tCO_2e to 1015 tCO_2e following the receipt of more accurate data during 2024.

1 Fuel used for leased plant on Harworth sites where Harworth directly controls the operation.
2 Includes consumption at owned offices, leased offices, landlord-controlled areas of leased assets, vacant units, and other Harworth assets.
3 Fuel and electricity used in vehicles leased by Harworth.
4 Includes consumption at owned offices, leased offices, landlord-controlled areas of leased assets, vacant units, infrastructure, other Harworth assets and electricity used to charge electric vehicles on our sites.
5 Includes business travel in all employee-owned and leased vehicles and public transport. Where possible we have used vehicle specific CO_2e emission factors to increase accuracy of reporting. Business travel does not include employee commuting.
6 Working hours from home for all employees.
7 Includes waste from landlord-controlled areas of leased assets and head office. Calculated emissions are based on waste weight, type and disposal method.
8 Includes consumption at owned offices, leased offices, landlord-controlled areas of leased assets, vacant units and other Harworth assets.
9 Energy produced and exported to the national grid generated by the solar photovoltaic panels at Harworth's head office.

Task Force on Climate-Related Financial Disclosures

Harworth is committed to implementing the recommendations of the Task Force on Climate-Related Financial Disclosures ('TCFD'). The TCFD aims to provide investors and other stakeholders with useful information on climate-related risks and opportunities that are relevant to our business.

Listing Rules

In this context, we have considered our "comply or explain" obligation under the Financial Conduct Authority's Listing Rules, and confirm that we have made disclosures consistent with the TCFD Recommendations with the exception of certain items, which are summarised below:

- **Strategy, Recommended Disclosure b) in relation to financial planning:** We continue to work towards a quantitative assessment of the impact on our financial planning and performance of the short, medium and long-term risks and opportunities that we have identified in our 2°C and 4°C scenarios. We expect to continue to address data limitations, as Harworth invests in systems and resourcing to capture more data in preparation for meeting the requirements of the UK Sustainability Reporting Standards, as these are fully defined and implemented.
- **Metrics & Targets, Recommended Disclosure b) in relation to Scope 3 GHG emissions:** We have made further progress over the year to consolidate the range of measurement and understanding of our Scope 3 GHG emissions. The measurement of Scope 3 emissions is reliant on the disclosure of data to us by suppliers and customers. Scope 3 emissions reporting for 2024, as published in our NZC Pathway Progress Report 2024, covers a significant proportion of our overall Scope 3 emissions. In 2024 we undertook a spend based materiality study and implemented further measures to capture emissions data from our major construction contracts, incorporating updates to industry guidance on measurement of emissions and from energy use within our Investment Portfolio. Over the course of 2025 we will continue to grow this data set, as outlined in our 2024 NZC Pathway Progress Report, with a view to the future standardisation of emissions reporting through the UK Sustainability Reporting Standards when they are fully introduced.

Further information on The Harworth Way and the Group's NZC Pathway can be found on pages 38 to 45 of this Annual Report, and Harworth's standalone NZC Pathway Progress Report 2024, which has been published at the same time, and is available on our website. GHG emissions data can be found in our Streamlined Energy & Carbon Reporting disclosure on pages 86 to 87.

Governance

Board oversight of climate-related risks and opportunities

The Chief Executive has overall responsibility for climate-related risks and opportunities. The Board is updated regularly on our sustainability and climate-related performance and has overall accountability for and oversight of risk, undertaking a biannual assessment of principal risks, which include climate-related risks. After each meeting of the ESG Committee, the Committee Chair provides an update to the Board on sustainability matters. The Board assesses the climate-related risks and opportunities inherent in material projects, as part of the Board underwriting appraisal process and when assessing business plans, major capital expenditures, acquisitions and sales. The appraisal framework considers the embodied and operational carbon content of direct development projects, in line with the NZC Pathway and industry guidance. It continues to evolve and will be developed further in respect of the Focus Impact Areas of The Harworth Way and specifically the requirements of the NZC Pathway.

Since 2022, ongoing oversight of climate-related issues has been carried out by our ESG Committee, chaired by Angela Bromfield and also comprising the Chair of the Board, Chief Executive, Chief Financial Officer and two other Non-Executive Directors, Martyn Bowes and Marzia Zafar. Our Director of Sustainability is a permanent attendee. The Committee has met at least quarterly and provided the senior forum for oversight of the development and implementation of the Company's sustainability strategy and commitments. The ESG Committee has supported the Board in the assessment and management of climate-based risks and opportunities.

The ESG Committee has been responsible for overseeing the setting of Harworth's ESG targets and progress towards meeting them. It also provided oversight of the formulation of the NZC Pathway. It has monitored external climate-related issues and emerging policy and best practice through regular updates from the Director of Sustainability, which has guided decisions on strategy and ongoing risk management. During the year, the ESG Committee reviewed and recommended for approval to the Remuneration Committee the Group ESG Targets to be incorporated into the annual bonus Group Targets for all employees.

Our approach to sustainability, articulated through the Harworth Way, is central to Board decision-making. That being so, following recommendations from the internal Board effectiveness review conducted in Q4 2024, the Board decided that, from 2025, the oversight of sustainability-related risks, opportunities, strategies, performance and related decisions should move to being considerations of the main Board in which all Directors participate, rather than scrutinised by a separate ESG Committee. The oversight of ESG reporting, itself now being embedded into international accounting standards, will become the responsibility of the Audit Committee. This evolution of our ESG governance framework will be fully implemented in April 2025.

Management's role in assessing and managing climate-related risks and opportunities

The ESG Committee has been supported by Harworth's sustainability team, which was established in 2022 following the appointment of Peter Henry as Director of Sustainability, reporting directly to the Chief Executive. The sustainability team works with members of the Executive and representatives from teams across the business to share knowledge, develop policies and guidance, and consider how best to address climate-related issues in our operations. The sustainability team has reported progress and proposed policies and actions to the ESG Committee. It will continue to perform this role, reporting directly to the main Board and Audit Committee from April 2025.

For our three identified Group climate-related risks outlined below, we continue to allocate a risk owner and risk champions who monitor climate-related risks at portfolio level and brief the Executive on material movements in risk profile.

RISK	RISK OWNER	RISK CHAMPIONS
Net Zero Carbon pathway	Chief Financial Officer	Director of Sustainability
Climate change and biodiversity adaptation and resilience	Chief Financial Officer	Director of Sustainability Director of Technical, Engineering & Delivery Head of Environment, Health & Safety Head of Investment Portfolio
Creating sustainable communities	Chief Financial Officer	Director of Sustainability Director of Technical, Engineering & Delivery Head of Investment Portfolio

We consider stakeholder impact in our project underwriting appraisals, and all underwriting proposals must factor in the environmental and societal impact of each project in line with The Harworth Way. Currently these are largely qualitative assessments, but it is our intention to increase over time our quantitative measurement of impact in our appraisals, budgeting and forecasting. As part of this process, during 2024 we undertook a wide range of analysis in relation to understanding carbon pricing mechanisms that could assist our risk management and decision making during our development projects.

The management team engages with several external bodies, including the UN Global Compact, UK Green Building Council, the British Property Federation, 3Ci (the Cities Commission for Climate Investment), Future Homes Hub and the Construction Industry Research and Information Association, as well as local authorities, to enhance its understanding and management of

Task Force on Climate-Related Financial Disclosures continued

climate change risks and opportunities. The team monitors external climate-related issues and emerging policy and best practice, including via a horizon scanning regime led by our in-house Legal team, with support from our legal panel firms.

The management team also works closely with suppliers including consultants, contractors and manufacturers in relation to climate-related issues, emerging policy and best practice affecting development projects, whilst liaising with tenants on energy use and energy monitoring.

Strategy

Overview of climate-related risks and opportunities

We continue to consider our relevant time horizons to be short-term (to 2027), medium-term (2028–2040); and long-term (2040–2060). Our short-term time horizon is aligned to our growth strategy outlined in September 2021 to become a £1bn business by 2027. Our medium-term time horizon corresponds to approximate development timelines for the majority of our current Major Development and Strategic Land sites. Our long-term time horizon corresponds with the development timeline for those Strategic Land sites which are earliest in their lifecycle.

Our assessment of climate risks and opportunities in the short, medium and long-term assumes a scenario in which a global temperature rise is limited to 2°C by 2100 (aligned to Representative Concentration Pathway ('RCP') 2.6 as outlined by the Intergovernmental Panel on Climate Change, but we have also considered the impact of a scenario in which a global temperature rise reaches 4°C (RCP 8.5). The table below identifies our main assumptions relating to the UK in each scenario, using forecasts from the Climate Change Committee.

When identifying the risks and opportunities outlined in this section, and their impact on our financial planning and performance, we have considered the likelihood of the risk based on current and forecast market data and trends, and the potential impact based on the type, condition and location of our portfolio assets. Given the complex nature of our sites, a qualitative review is undertaken that considers the type and condition of our portfolio assets and their location. This is followed by a detailed discussion held with ESG Committee to consider the potential impacts, financial, strategic, operational and reputational on the Group. We have also considered the mitigation measures that we currently and could potentially implement, which have informed our risk assessment outlined on page 84. In addition, through the planning and delivery phases, all developments follow the regulatory and legislative requirements for assessing and implementing measures to mitigate climate change. Together, these factors determine the prioritisation of individual risks and opportunities in our asset and group-level financial planning.

HARWORTH'S ASSUMPTIONS FOR UK	2°C SCENARIO	4°C SCENARIO
Transition approach	The UK and other nations largely meet their currently pledged decarbonisation commitments, and Harworth follows its NZC Pathway	The UK and other nations take only very limited steps to meet their currently pledged decarbonisation commitments, but Harworth still follows its NZC Pathway
Physical impacts by c.2050	Annual average temperatures: +0.6°C from present Mean sea level rise: +3cm to +37cm from present Heavy rainfall: +10% increase from present – UK heatwaves "like summer 2018 (the joint hottest on record)": 50% chance each year	
Physical impacts by c.2100	– Annual average temperatures: +0.7°C from present – Mean sea level rise: +5cm to +67cm from present – Heavy rainfall: +20% increase from present – UK heatwaves "like summer 2018": 50% chance each year	– Annual average temperatures: +3.0°C from present – Mean sea level rise: +27cm to +112cm from present – Heavy rainfall: +50% to +70% increase from present – UK heatwaves "like summer 2018": 90% chance each year

Short-term risks (to 2027)

2°C scenario	
RISK	**IMPACT ON BUSINESS, STRATEGY AND FINANCIAL PLANNING**
Transition risks	
Policy & Legal: Minimum Energy Efficiency Standards ('MEES') and the introduction of "energy in-use" performance ratings could result in increased costs, a loss of rental income and valuation declines if our Investment Portfolio assets do not meet minimum standards.	We plan to transition our Investment Portfolio to Grade A by 2027. In 2023, we completed Carbon Risk Real Estate Monitor assessments for the majority of our Investment Portfolio, and during 2024, commenced the formulation of a NZC Pathway for every investment asset that we own, with the intention to have these completed and in place by the end of 2025. A workstream reviewing Energy Performance Certificates ('EPCs') and the potential impact of MEES is also ongoing. The outcomes of these reviews will feed into our approach to quantitative assessment of climate risk on an asset-by-asset basis.
Policy & Legal: Increased one-off and operating costs across our Major Development sites arising from regulation and changes to policy in areas such as green energy procurement, electric vehicle charging point installation and BNG.	Our developments already often exceed minimum building regulations and incorporate high-quality placemaking features. We believe this approach improves the sustainability of our assets, and this is reflected in their valuation and rental profile. We have also reviewed our energy tariffs and transferred a significant proportion to REGO backed tariffs, which should provide an opportunity to lower our Scope 2 Market-Based Emissions. We do, however, recognise that the key focus should be on Location-Based Emissions. In 2024, we implemented our first BNG schemes, ahead of mandatory UK legislation requirements, and we have made significant progress during 2024 in implementing BNG requirements into our master developer process. The outcomes of this will feed into our approach to quantitative assessment of nature-based risk and into our development processes.
Market: There could be challenges in acquiring the materials and equipment needed to manage our transition in a timely and cost-effective way, due to significant demand across the market and constrained supply chains.	We will continue to monitor the market, while undertaking rigorous tender processes, and utilise market intelligence regarding supplies of such materials or equipment. By taking action ahead of regulatory deadlines, we will potentially avoid procurement during peak times of demand and constrained supply.
Market: An increase in energy efficiency specifications, both through regulation and increased expectations of occupiers and home buyers, would require additional expenditure on development and fit-out, which could depress land values.	We work with our suppliers and housebuilder partners to deliver high-quality products, which already exceed market expectations, and have developed a commercial building specification to improve environmental performance. In 2024, we worked closely with our housebuilder partners to understand better the carbon emissions related to the construction process in delivering energy-efficient homes. The outcomes of this work should be reflected in the valuation, pricing and rental profile of our land and assets.
Market: The introduction of carbon pricing on high-emission material and activities, or through wider regulation, and premiums for and/or availability of lower-carbon alternatives, could impact the costs of procuring raw materials for remediating and preparing land across our sites.	Our procurement approach and costs associated with land remediation and enablement are considered early in project planning, and we undertake rigorous tender processes. We conduct ongoing monitoring of material costs and use technical resource to mitigate any impact of rising prices. In 2024, planning policy introduced in Greater Manchester included specific NZC requirements. We are assessing the impacts of these requirements on our development appraisals and valuations alongside increasing levels of industry guidance.

Task Force on Climate-Related Financial Disclosures continued

2°C scenario	
RISK	**IMPACT ON BUSINESS, STRATEGY AND FINANCIAL PLANNING**
Reputation: Investor and other stakeholder requirements in respect of sustainability performance increase, creating a risk of reputational damage where expectations are not met, and impacting our ability to raise capital or create new partnerships.	Harworth utilises its environmental reporting processes to monitor sustainability performance. Our NZC Pathway and Communities Framework provide a framework for measuring progress against our objectives. We continue to engage closely with investors, other stakeholders and industry bodies to ensure our environmental reporting continues to develop and meet evolving sustainability assessment and reporting expectations.
Reputation: Communities that are impacted by climate-related events such as flooding on or close to our developments may perceive Harworth to be contributing or not doing enough to mitigate any impacts.	We will continue to monitor the potential impact of climate-related events at our sites and the surrounding area, and engage with local authorities and community groups to ensure they understand Harworth's role and responsibilities. In our master developer role, we seek to mitigate climate-related risks through each stage of project delivery.
Physical risks	
Some increases in the incidence of acute physical risks, such as heatwaves, storms and flooding, could result in increased costs to create, repair, replace and future-proof infrastructure across our Major Development sites and the buildings in our Investment Portfolio.	Resilience is already factored into our development design, for example through developing sustainable urban drainage systems ('SUDS') and sustainable cooling and heating systems for industrial units. We maintain a flood risk register for all sites and undertake a flood risk assessment as part of the masterplanning promotion process.
4°C scenario	
Short-term transition and physical risks would be largely unchanged from the 2°C scenario.	

Short-term opportunities (to 2027)

2°C scenario	
OPPORTUNITIES	**IMPACT ON BUSINESS, STRATEGY AND FINANCIAL PLANNING**
Products & services: By increasing direct development and transitioning our Investment Portfolio to Grade A by 2027, we can provide market-leading Industrial & Logistics space with a high environmental specification.	Grade A assets would be expected to be in higher demand from occupiers, and, therefore, generate higher rental income and valuations. Harworth has committed that all its new Industrial & Logistics developments will be NZC in construction and operation by 2030 and to transition our Investment Portfolio to Grade A by 2027.
Resilience: Our commercial building specification for new direct development will deliver future-proofed assets that require less maintenance and transition costs in the future. Across our sites we promote public transport use, create cycle paths and walkways, undertake biodiversity improvements and use SUDS to mitigate flood risk.	Our commercial build specification includes minimum standards in relation to EPC, Building Research Establishment Environmental Assessment Method ('BREEAM') and carbon emissions. An environmental assessment is integrated into all project appraisals, and we engage with stakeholders to ensure best practice and to identify new opportunities. This improves the desirability of our sites, driving land values higher.

2°C scenario	
OPPORTUNITIES	**IMPACT ON BUSINESS, STRATEGY AND FINANCIAL PLANNING**
Resilience: By accelerating the transition to low-carbon energy generation and storage across our developments, we can improve energy security and mitigate the impact of energy price rises and volatility.	Our Energy & Natural Capital strategy aims to leverage energy generation and storage opportunities across our portfolio. We continue to review the portfolio to identify these opportunities.
Energy efficiency: Reducing energy consumption through low-carbon transport, encouraging flexible working and energy-saving measures such as timed and LED lighting.	As part of our NZC Pathway, we are introducing several measures to improve energy efficiency, which will reduce costs and improve productivity.
Energy source: Our portfolio is well-placed to meet increased demand for land for renewable energy schemes and offsetting, particularly on parts of our sites where other types of development would not be viable. The scale of our sites means it is often easier and more cost effective to implement on-site renewable energy generation than in other settings where space is more constrained, such as urban areas.	The Energy & Natural Capital team supports all areas of the business in identifying opportunities to introduce energy generation and storage into our schemes, providing additional revenue streams and an opportunity to offset emissions from within our portfolio.
4°C scenario	
Short-term opportunities would be largely unchanged from the 2°C scenario.	

Medium-term risks (2028–2040)

2°C scenario

Transition risks will continue and intensify, with stricter regulation on energy efficiency and planning, potentially with a greater focus on the retrofitting and future-proofing of older assets, which may increase the costs of direct development and those borne by our housebuilder customers. Occupier expectations of sustainability will also increase, particularly amongst small and medium-sized businesses, which may not have previously had the resources, financial capacity, or regulatory requirement to focus on this issue. Infrastructure obsolescence due to changes in demand for climate-resilient technologies could result in shorter asset lifecycles and impose additional costs on the business. Harworth will mitigate the impact of these changes through the transition of our Investment Portfolio to modern Grade A, and our commitment to be NZC in operation and construction on new commercial developments by 2030.

The development of carbon taxes may increase the costs of remediating and preparing strategic land sites due to the amount of energy use required. This could impact the viability or profitability of progressing some sites through the planning system, and, therefore, the valuation of our land bank.

Investors will become less tolerant of environmental underperformance as they face pressure to decarbonise their own portfolios to achieve NZC goals. Harworth's response to this risk is to ensure our environmental performance improves through our decarbonisation strategy, and that our disclosures evolve in line with best practice.

Additional physical risks may emerge, with slight rises in river peak flows and associated flood losses. Summers will become warmer with an increased risk of heat stress, leading to minor increases in the cost of cooling buildings and adaptation measures at our sites to protect those most vulnerable.

4°C scenario

Under this scenario, the physical risks outlined in the 2°C scenario may intensify further and become more frequent, increasing the speed of infrastructure obsolescence and the cost of adaptation measures.

Medium-term opportunities (2028–2040)

2°C scenario

Opportunities may arise from cheaper and more effective technologies to achieve energy efficiency, allowing Harworth to generate more of its operating energy from on-site renewables. There is also likely to be a greater promotion of public transport, for example bringing old railway lines back into use with new low carbon and automated transport technologies. Harworth's status as master developer will allow us to include these features in our sites and mitigate challenges from the outset. This will benefit the connectivity and land value of our sites, many of which have former railway sidings and lie adjacent to major road networks.

Task Force on Climate-Related Financial Disclosures continued

There may also be greater demand for land used for offsetting, as buyers approach their own NZC deadlines and implement BNG requirements, which would provide additional opportunities for our significant land bank and portfolio. Harworth has an advantage in being a master developer, as this allows us to mitigate challenges through our own site planning and design.

4°C scenario

Under this scenario, demand for adaptation measures, low-carbon transport and land for offsetting are all likely to decrease, owing to less focus on climate transition risks. This lower demand would be reflected in the valuation of Harworth sites. There may be fewer opportunities to achieve energy efficiencies and cost savings through new technologies than under a 2°C scenario, as it is assumed there would be less investment and fewer incentives to encourage the development of these technologies.

Long-term risks (2040–2060)

2°C scenario

The prevalence of physical risks is likely to be higher. These could include material increases in the frequency of acute risks such as flooding, particularly in low-lying areas of Yorkshire & the Humber, such as Doncaster. This could lead to significant decreases in land values and increased costs of repairs, mitigation measures and insurance premiums at our sites in these areas. Chronic risks such as hotter summers will also mean increased energy consumption in our buildings and maintenance costs, due to increased demand from occupiers for air cooling technologies, and adaptation measures to ensure adequate rainwater collection and storage at our sites. There is also the potential for fundamental changes in construction methods and materials, which could increase building costs and thereby depress land values.

Transition risks will also intensify, with even higher environmental specifications for Industrial & Logistics assets and housing. The expectations of investors and other stakeholders with regards to environmental performance will increase further, particularly as 2050 decarbonisation targets expire.

4°C scenario

Physical risks could be significantly higher. The Met Office's UK Climate Projections 2018 predict that UK sea levels could rise by over a metre by 2100 in this scenario, which could significantly increase flooding risk in low-lying parts of Yorkshire & the Humber, such as Doncaster. Average summer temperatures for the Yorkshire & Humber, North West and East Midlands regions are likely to rise on average by over 3°C by 2100 under this scenario, which could lead to increased costs in cooling and repairing buildings, and those costs arising sooner than under a 2°C scenario. These increased physical risks could have significant impacts on the economy in general, leading to lower levels of economic output and higher unemployment, impacting demand for our sites and our ability to raise finance.

Long-term opportunities (2040–2060)

2°C scenario

Access to secure and sustainable sources of energy and water, and reliable transport and communications infrastructure will become critical for ensuring the resilience of residential and industrial and logistics developments. Harworth's expertise in future-proofing and resilience in the design of its developments will allow us to be at the forefront of meeting these needs, making our sites more attractive. There is also the potential for technological advances to make future-proofing of buildings more cost effective, thereby reducing the costs of adaption.

4°C scenario

As physical risks could be significantly higher, the demand for future-proofing and resilience in the design of developments is likely to be greater, meaning we could realise land value increases sooner than in a 2°C scenario.

Conclusions of risks and opportunities analysis

Our assessment of climate risks and opportunities in the short, medium and long-term, using different global temperature rise scenarios, has concluded that, based on information currently available, the Group's strategy is set up well to manage risks, mitigate impacts on the business, strategy and financial planning, and enhance the business as opportunities arise. Although the impact could be high under certain scenarios, our approach to masterplanning our sites and development will allow us to reflect changing environmental conditions and underpins the resilience of the business model to climate-related risks.

Risk management

Identifying and assessing portfolio-level risk

The Board reviews the Group's principal and emerging risks formally at the half-year and year-end and monitors the profile of these risks throughout the year. 'Net Zero Carbon Pathway' is considered by the Board to be a principal risk. 'Climate change and biodiversity adaptation and resilience' and 'Creating sustainable communities' are considered to be operational risks. All Principal Risks are monitored and managed through the Principal Risk Dashboards.

The Principal Risk Dashboards are our main tool for monitoring the principal risk profile of the business, including identifying inherent risk to the business and the key controls in place to mitigate these risks down to an acceptable residual risk level. The effectiveness of these controls is assessed throughout the year with strong second-line functions performing ongoing monitoring, and third and fourth-line independent assurance obtained where necessary via Internal Audit and third party experts. The adequacy of the assurance given to the management team and Board is monitored via an assurance map maintained by the Head of Audit & Assurance which identifies weakness and gaps in assurance which are subsequently addressed. This assurance map and the Principal Risk Dashboards are dynamic documents and remain subject to continuous review and evolution. Further information on these risk management processes can be found on page 69.

For our Group climate-related risks we consider inherent risk (before factoring in the mitigation measures in place), to be high, but view residual risk (after factoring in our risk mitigation and controls) as medium.

Identifying and assessing asset-level risk

All project appraisals must factor in the environmental risks inherent in each project. Currently, these are largely qualitative assessments, but we intend to begin quantified measurement of their impact for acquisitions and direct development from 2025 onwards.

Managing risks

Portfolio-level risk management is undertaken through the Principal Risk Dashboards, informed by ongoing monitoring of portfolio-specific data, investor and other stakeholder expectations and market developments. We engage closely with industry bodies such as the UK Green Building Council and receive periodic updates on sector activity from our suppliers. At an asset-level, risk management is undertaken through project appraisals and site reports.

Steps taken to manage and mitigate our Climate transition risks include:

- One of our key strategic objectives is to transition our Investment Portfolio to modern Grade A by 2027.
- We have developed a commercial building specification: new buildings will target BREEAM Excellent and EPC rating A whilst meeting prescribed emissions and energy targets.
- We will continue to develop disclosure of climate-related metrics to demonstrate progress and address stakeholder expectations.
- We will maximise opportunities for on-site renewable energy generation.
- We will continue to implement energy efficiency measures, including use of electrical infrastructure and installation of automatic and energy saving lighting.
- We will utilise our land portfolio to maximise opportunities in relation to carbon sequestration and biodiversity enhancement in line with our Energy and Natural Capital Strategy.

Steps taken to manage and mitigate our climate physical risk include:

- More efficient infrastructure delivery methods and adaptation measures such as SUDS installed across sites.
- Regular flood risk assessments and proactive responses to any issues arising.

An outline of our processes for mitigating, transferring, accepting, or controlling risks can be found on pages 68 to 85.

Task Force on Climate-Related Financial Disclosures continued

Metrics & targets

Metrics used to assess climate-related risks and opportunities

	CURRENT METRICS USED	2024	2023	2022	TARGET
Transition risks	GHG emissions data: Scope 1, Scope 2[2] and categories of Scope 3 emissions associated with our business operation	GHG emissions data can be found in our Streamlined Energy and Carbon Reporting disclosure on pages 86 to 87.			
	% Investment Portfolio that is EPC Grade C or above	**82%**	75%	66%	100% by 2027
	Proportion of commercial building space developed in year incorporating renewable energy provision	**100%**	100%	–%[1]	100% from 2023
	Proportion of energy consumed by Harworth operations that is generated from renewable sources	**82%**	70%	–%[1]	100% by 2025
	Proportion of Group targets for our annual bonus scheme for all employees relating to ESG factors	**10%**	10%	10%	n/a
	Score achieved for the ESG element of our Group targets	**100%**	100%	90%	At least 50%
Physical risks	Proportion of development taking place on land designated by the Environment Agency as flood zone 1 (low probability) or flood zone 2 (medium probability) following any mitigation measures	**100%**	100%	100%	Maintain at 100%
Opportunities	% Core Investment Portfolio that is Grade A[3]	**45%**	37%	18%	100% by 2027
	Acreage of Harworth-owned land used for sequestration or offsetting	**160 acres**	120 acres	0 acres	390 acres

1 Not measured in 2022.

2 Scope 2 emissions, including consumption at Company offices, landlord-controlled areas of leased assets, vacant units, infrastructure, other Harworth assets and electricity used to charge electric vehicles.

3 Grade A is a widely-used industry term that is understood to mean "best in class" space which is new or relatively new, high-specification and in a desirable location, allowing the unit to attract a rent that is above the market average.

Further details on the methodologies used to calculate NZC targets are set out in our NZC Pathway Progress Report and methodology statement. Group targets and scores are set out in the Directors' Remuneration Report.

Additional metrics currently being explored from 2024

Transition risks:

- Data on remaining categories of Scope 3 emissions
- % sites with EV charging capabilities
- Cost of offsetting and kg CO_2 offset per annum

Physical risks:

- Spending on infrastructure projects that will reduce risks of physical climate impacts at sites

Opportunities:

- Cost savings from improved energy efficiency and sourcing
- % of Company shares held by ESG-focused funds

Targets to measure climate-related risks and opportunities

Harworth's NZC Pathway is our commitment to reaching NZC by 2030 for Scope 1, Scope 2, and those Scope 3 emissions relating to business travel and employee commuting, and to reaching NZC by 2040 for all emissions. More information can be found in our NZC Pathway Progress Report 2024, which has been published alongside our Annual Report.

The Strategic Report has been approved by the Board of Directors and signed on its behalf by:

Chris Birch
General Counsel and Company Secretary

17 March 2025

Opposite page: Harworth colleagues and conference attendees gather outside the Harworth Regeneration Pavillion at UKREiiF.

Governance Report

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A snapshot of our leadership and the Board's focus in 2024

Governance is a supporting pillar of The Harworth Way. High standards of corporate governance underpin the effective operation of the business and the long-term sustainable success of the Company, for the benefit of all stakeholders. We aim to evolve and improve our governance structures continually in alignment with industry best practice.

How the Board spent its time in 2024

January

- Update from Brokers
- Culture project update
- Annual update on digital strategy
- Approval of Board Reserved Matters Policy

March

- Approval of 2024 Budget
- Midlands regional update
- Site visits to Isley Woodhouse and Cinderhill
- Approval of 2023 full year results announcement

April

- Sign off on publication of Net Zero Carbon ('NZC') Pathway Progress Report for 2023 and Communities Framework
- Feedback from full year investor roadshow
- Employee AGM
- Approval of new Head Office
- Review of Enterprise Risk Management roadmap

September

- Approval of 2024 interim results announcement
- Annual update on progress against Net Zero Carbon Pathway

August

- Approval for the acquisition of Catalyst, a 285,000 sq. ft modern Grade A Industrial & Logistics park neighbouring the Group's existing flagship Advanced Manufacturing Park in Rotherham

July

- Principal risks workshop

June

- Strategy Day (leading to announcement of our evolved strategy)
- Final approval for £106.6m serviced land sale to Microsoft at Skelton Grange (Leeds) for development of a hyperscale data centre, representing Harworth's largest land sale to date
- North West regional update

November

- Yorkshire & Central regional update
- Site visit to Wheatley Hall Road The Board were joined by Strata Homes (Harworth's delivery partner)
- Feedback from half year investor roadshow
- Culture project update
- Review of employee survey results
- Internal Board effectiveness review report

December

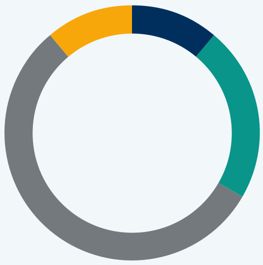
- Investor relations strategy and timetable for 2025
- Review of draft 2025 Budget
- Annual update on Environment, Health and Safety

KEY:

- Operations and governance
- People and culture
- Strategy
- Financial
- Stakeholder engagement (excluding people)
- Risk management
- Sustainability

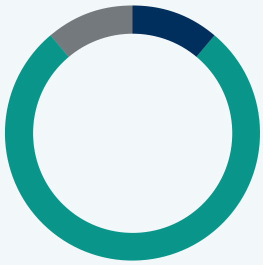
Board composition statistics

Independence



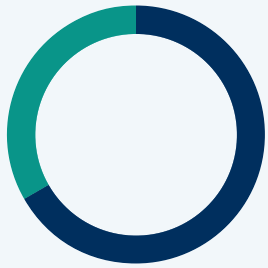
- Chair 1
- Executive Directors 2
- Independent Non-Executive Directors 5
- Non-Executive Directors 1

Tenure



- 0–3 years 1
- 3–6 years 7
- 6+ years 1

Gender diversity



- Female 6
- Male 3

Board and Committee meetings[1]

Name	Board	Rem Co	Audit Co	Nom Co	ESG Co
Alastair Lyons	7/8	6/6		2/2	4/4
Lynda Shillaw	8/8			2/2	4/4
Kitty Patmore[2]	6/8				3/4
Angela Bromfield	8/8	6/6		2/2	4/4
Ruth Cooke	8/8		5/5	2/2	
Lisa Scenna	8/8	6/6	4/5		
Patrick O'Donnell Bourke	8/8		5/5		
Marzia Zafar	8/8				4/4
Steven Underwood[3]	7/8				
Martyn Bowes	8/8				2/4

1 There were eight scheduled Board meetings, including the Strategy Day, during 2024. There were also Board calls to sign off the 2023 full-year results, and to approve certain transactions, which are not reflected in the table above.

2 Kitty Patmore commenced maternity leave in September 2024. Dougie Maudsley was appointed as Interim Chief Financial Officer during this period; however, he did not assume a role as a statutory Director.

3 Steven Underwood served as a Director during the year and retired from the Board with effect from 31 December 2024.

Chair's Introduction

Alastair Lyons,
Chair

> The Board seeks to uphold high standards of corporate governance and ensure that the Company meets its legal and regulatory obligations."
>
> **Alastair Lyons,** Chair

Dear shareholder,

On behalf of the Board, I am pleased to present this year's Corporate Governance Report.

The Board's primary focus during 2024 was on the evolution, proposed by management, of the strategy originally outlined by Lynda Shillaw in 2021, and on the plans developed to implement this evolved direction following its agreement by the Board. As I comment in my Statement, within the four growth drivers of the strategy we are increasing our focus on Industrial & Logistics development and intend to retain more prime Grade A properties in our Investment Portfolio. We shall continue to seek out opportunities to acquire sites that have residential potential in order to provide a steady funding platform for the direct development of Industrial & Logistics sites. Whilst continuing to target the achievement of £1bn EPRA NDV by the end of 2027, we have added the objective of growing our Investment Portfolio to £0.9bn by the end of 2029, with 85% of our balance sheet being in Industrial & Logistics. All the operational considerations brought to the Board by management are judged in the context of their contribution to these goals, and the Board has been equally focused on assessing the external risks to their achievement and the adequacy and appropriateness of the resources planned by management to enable their delivery.

The Board maintains its oversight of the Company's progress through the management reports presented to the Board, the detailed scrutiny undertaken by the Board committees, and its informal engagement with the business through site visits, meetings with management, and employee engagement. In so doing, the Board seeks to uphold high standards of corporate governance and ensure that the Company meets its legal and regulatory obligations. As is evident from my and Lynda's Statements, and the Operational and Financial Reviews, the Company made notable progress during 2024 in each of its four strategic pillars, notwithstanding that a challenging and uncertain macroeconomic and geopolitical environment persisted throughout the year. The Board remains confident that, with the support of an established and effective corporate governance structure, and with a highly competent and committed management and workforce, the business is well-placed to navigate challenges and capitalise on opportunities through the property cycle in pursuit of its strategic objectives.

The areas identified below are developed in more detail in the Strategic Report (pages 4 to 96) and in the balance of this Corporate Governance Report, which comprises: the Statement of Corporate Governance, the Nomination Committee Report, the Audit Committee Report, the ESG Committee Report, the Directors' Remuneration Report, the Directors' Report, and the Statement of Directors' Responsibilities.

Implementing our strategy

The increased focus on Industrial & Logistics development that underlies the evolution of our strategy reflects the opportunity, identified by management, to deliver product into a sector which is key to UK economic growth and where there is critical undersupply of high-quality space. Aligned with this evolution of the strategy, the Board approved the following key operational decisions during the period:

1

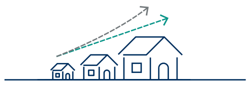
Repositioning our core Investment Portfolio to modern Grade A

- Acquisition of Catalyst, a 285,000 sq. ft modern Grade A Industrial & Logistics park neighbouring the Group's existing flagship Advanced Manufacturing Park in Rotherham.

2

Increasing direct development of Industrial & Logistics space

- Direct development of 107,000 sq. ft of modern Grade A Industrial & Logistics space, of which 73,000 sq. ft went into our Investment Portfolio.
- Enabling works underway for 1m sq. ft of development.



3

Accelerating sales and broadening the range of our Residential products

- Conditional £106.6m serviced land sale to Microsoft at Skelton Grange (Leeds) for development of a hyperscale data centre, representing Harworth's largest land sale to date.

4

Scaling up through land acquisitions and promotion activities

- Acquisition of Strategic Land which will support 1m sq. ft of Industrial & Logistics development, such that the long-term pipeline now has the potential to deliver 33.6m sq. ft of Industrial & Logistics space.
- Acquisition of part of an allocated site near Grimsby for 3,044 plots in strategic partnership with a local landowner.

Sustainability

Harworth's commitment to sustainability is embedded in the Group's culture, strategy and operations as we continue to focus on making a lasting positive impact on the planet and the communities in which we operate. As I comment in my Statement, our approach to sustainability, articulated as The Harworth Way, is central to Board decision-making, and as such we have decided that the oversight of sustainability related risks, opportunities, strategies and performance should move to being considerations of the main Board in which all Directors participate rather than scrutinised by a separate ESG Committee. The oversight of ESG reporting, itself now being embedded into international accounting standards, will become the responsibility of our Audit Committee. This evolution of our ESG governance framework reflects recommendations from our internal Board effectiveness review conducted in Q4 2024, and will be fully implemented in April 2025.

During the year, several elements of The Harworth Way have evolved. These include the growing maturity of the "Planet" and "Communities" pillars and the expansion of the "People" pillar. (See further on pages 38 to 45, and see also the NZC Pathway Progress Report for 2024, which has been published alongside this Annual Report and can be found on the Company's website.)

Chair's Introduction continued

Risk and assurance

During the year, the Board held two risk workshops to consider the status and profile of the Group's principal risks. The Board remains confident in the resilience of Harworth's business model, financial position, and risk management systems. A detailed explanation of those systems, of the principal risks and uncertainties affecting the Group, and the steps we are taking to mitigate these risks, can be found on pages 68 to 85.

An Internal Audit function was established at the start of 2023 to introduce a more programmatic third line of defence assurance of internal controls. At the end of 2023, an internal audit plan for 2024 was agreed with the Audit Committee, and subsequently implemented by the Internal Audit function with support from a co-sourced internal audit partner, RSM. At the start of the year, we further strengthened our risk management resources by establishing an Enterprise Risk Management ('ERM') function designed to perform a second-line assurance role supporting risk owners in identifying and appraising operational risks; setting risk appetite; developing operational and compliance controls; and designing risk reporting. The Enterprise Risk Manager also supports the Board in its ongoing assessment of principal risks. The Audit Committee Report (page 132) outlines the progress made by the ERM function during 2024. The establishment of internal audit and enterprise risk functions over the last two years represent important milestones for the business and evidence the increasing maturity of our governance structure, forming part of our preparation for the implementation of revisions to the UK Corporate Governance Code ('Code') with respect to the Board's role in monitoring and reviewing the Company's risk management and internal control framework. (See further details in the Audit Committee Report on pages 137 and 138).

People and culture

Employee engagement is always high on the Board's agenda, with the Board undertaking regional and site visits, joining employees for informal lunches and dinners, and continuing to receive feedback at each Board meeting from the Chief Executive on matters affecting our people. A successful Employee AGM was held in April 2024, which provided an opportunity for all employees to engage directly with the Non-Executive Directors. Not only was this an opportunity for the Board to gain an insight into the work of our employees and the challenges they face, it also allowed staff to ask questions of, share feedback, and raise any concerns with, the Board. As part of the Employee AGM, our Non-Executive Directors held small "town hall" sessions directly with staff without the presence of senior executives.

During 2023, and into the first half of 2024, the Company undertook an in-depth cultural review with the aim of continuing the positive evolution of Harworth's culture and its alignment with the business strategy, while maintaining an outstanding employee experience. This review sought input from colleagues across all areas of the business and resulted in an evolved Harworth Group vision, mission and values along with the introduction of a behavioural competency framework. The Board was kept appraised throughout the culture review process, and will continue to monitor the rollout of, and adherence to, the new values and behavioural competency framework with the support of a "culture dashboard". (See further on the culture project in the "People" section of the Strategic Report on page 45).

Remuneration

During the year, the Remuneration Committee undertook the triennial Remuneration Policy ('Policy') review with the assistance of our remuneration consultants, Deloitte LLP. This review had regard to the development of the business since the last Policy review, and our evolved strategy, and was supported by external benchmarking. The Committee consulted with, and received feedback from, the Company's largest shareholders and several proxy advisers. The new Policy was recommended to, and approved by, the Board in February 2025 and will be tabled for approval at this year's Annual General Meeting ('AGM'). The Policy is set out in full on pages 150 to 162, and an explanation of the rationale for the proposed changes to the Policy is on pages 143 to 148.

Board composition

The Nomination Committee regularly reviews the composition of the Board and its Committees. At the 2024 AGM, Steven Underwood was proposed for re-election but in the knowledge that he would be retiring with effect from 31 December 2024, given that by then he would have served almost 14.5 years as a Director (starting as a representative Director of the Peel Group, a material shareholder of the Company, and remaining on the Board in a personal capacity following the reduction of Peel Group's shareholding). On behalf of the Board, I offer my thanks to Steven for his commitment to Harworth, enabling the Company to benefit from his extensive experience in real estate development in the North of England. Given the evolution of Harworth's strategy to focus on Industrial & Logistics development and investment, and Ruth Cooke's primarily residential real estate background and expertise, Ruth will be retiring from the Board at the 2025 AGM.

Notwithstanding the retirements of Steven and Ruth, the proportion of independent Non-Executive Directors on the Board remains compliant with the Code. That said, having regard to the evolution of the strategy, the Nomination Committee has determined that Steven's retirement will leave a gap in skills, experience and knowledge on the Board. As a result, during the second half of 2024, the Nomination Committee started a recruitment process to identify and appoint another independent Non-Executive Director with in-depth experience in industrial and logistics real estate development. When made, this appointment will be announced in accordance with UK Listing Rule 6.4.6R.

Subject to this appointment, the Nomination Committee concludes that the composition of the Board is appropriately balanced, and, on the recommendation of the Committee, the Board proposes the re-election of all other Directors at the 2025 AGM.

Board performance review

I led an internal review of the Board's effectiveness in Q3 2024, following which a short action plan to implement recommendations was agreed by the Board (see further in the Statement of Corporate Governance on page 108). The Company's next external Board effectiveness review will take place in H2 2025, and the recommendations from this review will be reported in the 2025 Annual Report.

Annual General Meeting

Our AGM will be held at 10.00 am on Monday 19 May 2025 at The Brearley Room, AMP Technology Centre, Advanced Manufacturing Park, Brunel Way, Waverley, Rotherham, S60 5WG. Along with the Chief Executive, Chief Financial Officer and Company Secretary, I will be at this location in person, with our other Directors joining online. I very much look forward to welcoming shareholders to the meeting.

Alastair Lyons
Chair

17 March 2025

Danieli is the latest occupier at the AMP, joining the likes of Boeing and McLaren, following practical completion by Harworth of a bespoke, build-to-suit unit: AMP, Rotherham | YAC | I&L | MD

Board of Directors

Alastair Lyons
Chair

Date of Appointment
07/03/2018

Length of service
7 years

Independent
Yes

Committee membership
N Chair R

Skills and Experience
Alastair is Chair of Vitality UK, and until 31 December 2024 he was Chair of Welsh Water. He was Chair of the Admiral Group from 2000 to 2017, Deputy Chair of Bovis Homes from 2008 to 2018, Chair of Serco from 2010 to 2015 and of Towergate Insurance from 2011 to 2015. Previously in his executive career, Alastair was Chief Executive of the National Provident Institution and the National and Provincial Building Society, Managing Director of the Insurance Division of Abbey National plc and Director of Corporate Projects at National Westminster Bank plc. He has a broad base of business experience with a particular focus on the real estate, outsourcing, water, and insurance sectors. He was awarded the CBE in 2001 for services to social security having served as a Non-Executive Director of the Department for Work and Pensions and the Department of Social Security, and he was also a Non-Executive Director of the Department of Transport.

External appointments
Chair of Vitality UK.

Lynda Shillaw
Chief Executive

Date of Appointment
01/11/2020

Length of service
4 years 4 months

Independent
No

Committee membership
N D

Skills and Experience
Prior to Lynda's appointment as Chief Executive, she was Group Property Director at Town Centre Securities plc, where she led the management of its land and property and its development pipeline. Before that, she was Divisional CEO, Property at the Manchester Airports Group ('MAG'), where she was responsible for MAG's investment portfolio and development land bank, including its "Airport City" joint venture. This followed a long career managing both investment and development real estate portfolios for BT and Co-operative Group before joining Lloyds Banking Group as Global Head of its real estate lending division.

Lynda was a Non-Executive Director of The Crown Estate from 2018 until 2021, and a Non-Executive Director of Vivid Housing Association from 2017 to 2023. She currently chairs the BPF Regional Policy Committee.

External appointments
None.

Katerina (Kitty) Patmore
Chief Financial Officer

Date of Appointment
01/10/2019

Length of service
5 years 5 months

Independent
No

Committee membership
D Chair

Skills and Experience
Prior to joining Harworth, Kitty was Director with responsibility for Finance and Operations at Harwood Real Estate, which managed one of the largest private rented housing investment portfolios in the UK. She led the finance function with responsibility for investor relations and capital markets, including leading an LSE Main Market fundraising process. Kitty started her career in banking at Barclays specialising in structured real estate finance before moving into real estate mezzanine finance across the UK and Europe for a private debt fund, DRC Capital.

Kitty is also a Non-Executive Director of LondonMetric Property plc and chairs its Audit Committee.

External appointments
Non-Executive Director of LondonMetric Property plc.

Key

A Audit Committee
D Disclosure Committee
N Nomination Committee
R Remuneration Committee

Angela Bromfield
Senior Independent Director

Date of Appointment
01/04/2019

Length of service
5 years 11 months

Independent
Yes

Committee membership
R Chair N

Skills and Experience
Angela is a Non-Executive Director at Marshalls plc, where she chairs the Remuneration Committee, is the designated employee engagement Non-Executive Director, and is a member of the ESG, Nomination and Audit Committees. Angela is also a Non-Executive Director at C&C Group plc, where she chairs the Remuneration Committee and is a member of the Nomination Committee. Between 2016 and 2022, Angela was a Non-Executive Director at Churchill China plc.

Angela has extensive commercial strategy, marketing and communications executive experience. She was Strategic Marketing & Communications Director at Morgan Sindall plc until 2013 and prior to that held senior roles at Tarmac Group, Premier Farnell plc and ICI plc.

External appointments
Non-Executive Director of Marshalls plc and of C&C Group plc.

Patrick O'Donnell Bourke
Non-Executive Director

Date of Appointment
03/11/2020

Length of service
4 years 4 months

Independent
Yes

Committee membership
A Chair

Skills and Experience
Patrick is a Non-Executive Director and currently Chair of the Audit Committee of Pantheon Infrastructure plc ('Pantheon'). He is due to be taking on the role of Chair of Pantheon following its AGM in 2025. Patrick was also Chair of Ecofin US Renewables Infrastructure Trust plc from 2020 until 2025, a Non-Executive Director of Calisen plc from 2020 to 2021, and a Non-Executive Director of Affinity Water Limited from 2013 to 2020.

Patrick has significant senior international experience in investing in, and managing, infrastructure and utilities. His most recent executive role was that of Group Finance Director for John Laing Group plc from 2011 to 2019. Prior to that, he was Group Finance Director of Viridian Group plc from 2000 to 2006, before becoming Group Chief Executive from 2007 to 2011 after Viridian was taken private. Previously, he was Group Treasurer for Powergen plc and spent nine years in investment banking with Barclays de Zoete Wedd and Hill Samuel, having qualified as a chartered accountant with Peat Marwick (now KPMG).

External appointments
Non-Executive Director of Pantheon Infrastructure plc.

Ruth Cooke
Non-Executive Director

Date of Appointment
19/03/2019

Length of service
6 years

Independent
Yes

Committee membership
N A

Skills and Experience
Ruth is currently Chief Executive of GreenSquareAccord, a housing association operating across the North, Midlands and South West. Before that, she was Finance Director (from 2008 to 2012) and then Chief Executive (from 2012 to 2018) of Midland Heart, a Birmingham-based housing association. Prior to that, she held senior finance and resourcing roles at Knightstone, a housing association based in the South West, and Anchor Trust, a provider of housing and care to those aged 55 and above. Ruth has held a number of voluntary and non-executive positions in the social housing and retirement community sector. She is currently Vice-Chair of the National Housing Federation and Vice-Chair of the West Midlands Housing Association Partnership. She is also a member of the Institute of Chartered Accountants and a corporate treasurer.

External appointments
Chief Executive of GreenSquareAccord. Vice-Chair of the National Housing Federation and Vice-Chair of the West Midlands Housing Association Partnership.

Board of Directors continued

Lisa Scenna
Non-Executive Director

Date of Appointment
01/09/2020

Length of service
4 years 6 months

Independent
Yes

Committee membership
R A

Skills and Experience
Lisa is a Non-Executive Director of Genuit Group plc, where she is the Senior Independent Director, chairs the Remuneration Committee and is a member of the Nomination and Audit Committees. She is also a Non-Executive Director of Gore Street Energy Storage Fund plc, where she is a member of the Audit, Remuneration, Nomination and Management Engagement Committees.

Lisa is also a Non-Executive Director of Cromwell Property Group, an Australian listed company. In May 2024, she was appointed as a Non-Executive Director of Ingenia Communities Group, another Australian listed company, where she chairs the Remuneration Committee and is a member of the People and Culture Committee. Lisa is also a Non-Executive Director of one of Dexus's fund management platforms (based in Australia).

Lisa has over 30 years' experience working at executive level in large multinational corporations, with a strong background in real estate development and asset management.

External appointments
Non-Executive Director of Genuit Group plc and of Gore Street Energy Storage Fund plc. Non-Executive Director of Cromwell Property Group and Ingenia Communities Group (both listed in Australia). Non-Executive Director of Dexus Capital Funds Management Limited (based in Australia).

Marzia Zafar
Non-Executive Director

Date of Appointment
01/06/2022

Length of service
2 years 9 months

Independent
Yes

Skills and Experience
Marzia is Deputy Director for Strategy & Decarbonisation at Ofgem. Prior to this, she was Director of Sustainability & Policy at Kaluza Technologies.

Marzia brings to Harworth a wealth of experience in sustainability, having spent over 20 years working on policies and strategies to enable energy transition for regulators, businesses and not-for-profit sectors. She was Director of Insights at the World Energy Council (the UN-accredited global energy body) and worked with business and government leaders to facilitate global, national and regional energy strategies. Prior to that, Marzia spent 11 years with the California Public Utilities Commission, initially as a Senior Energy Policy Adviser, and then as Director for Policy and Planning. In this role, Marzia contributed to drafting California's Energy Action Plan to make greater use of renewable energy and led the strategy for the deployment of smart meters.

External appointments
Deputy Director for Strategy & Decarbonisation at Ofgem.

Key

A Audit Committee

D Disclosure Committee

N Nomination Committee

R Remuneration Committee

Martyn Bowes

Non-Executive Director
Representing the Pension Protection Fund

Date of Appointment

24/03/2015
(Previously Non-Executive Director of Harworth Estates Property Group Limited ('HEPGL') from 19 March 2013)

Length of service

10 years (12 years including appointment to HEPGL)

Independent

No

Skills and Experience

Martyn spent much of his early career in banking, including Barclay's Capital as Managing Director, Real Estate Finance from 2001 to 2007. Since leaving Barclays he has pursued a portfolio business career, which in 2012 involved a takeover with fellow Directors of the South of England based Welbeck Land real estate business. Martyn now acts as Finance Director for Welbeck Land and also maintains other interests in real estate (including as an advisor to the Manhattan Loft Corporation) and healthcare.

External appointments

Director of multiple private limited companies predominantly within the Welbeck Land Group.

Chris Birch

General Counsel & Company Secretary

Date of Appointment

06/06/2016

Length of service

8 years 9 months

Independent

No

Committee membership

D

Skills and Experience

Chris trained with Eversheds LLP (now Eversheds Sutherland LLP), where he qualified as a solicitor in 2005 and spent 12 years as a corporate restructuring lawyer, before joining Harworth as General Counsel and Company Secretary in June 2016.

External appointments

None.

Steven Underwood served as a Director during the year and retired from the Board with effect from 31 December 2024.

Ruth Cooke will not be seeking re-election at the 2025 AGM and will retire from the Board with effect from that date. Marzia Zafar will replace Ruth on the Audit Committee, with a wider review of Committee membership to be undertaken in 2025.

During the year, Angela Bromfield chaired the ESG Committee, and its other members were Alastair Lyons, Marzia Zafar, Martyn Bowes, Lynda Shillaw and Kitty Patmore. As set out in the ESG Committee Report, sustainability oversight and decisions will move to being considerations of the main Board, and oversight of ESG reporting will become the responsibility of the Audit Committee, to be fully implemented in April 2025.

Statement of Corporate Governance

The UK Corporate Governance Code

In January 2024, the FRC published a revised version of the Code, effective from accounting periods beginning on or after 1 January 2025. The 2024 Code can be found on the Financial Reporting Council's website at www.frc.org.uk. During the period under review, Harworth was subject to the 2018 Code. The Board confirms that, throughout the year ended 31 December 2024, the Company complied with the principles and provisions set out in the 2018 Code. The 2018 Code can also be found on the Financial Reporting Council's website at www.frc.org.uk.

In this report, we outline the primary areas on which the Board focused during the year to ensure compliance with the Code.

Board Leadership and Company Purpose

Key activities and discussions

The Board continued to focus on growing Harworth to £1bn of EPRA NDV by the end of 2027, maintaining regular oversight of the Company's progress in implementing its strategy. In June, the Board held a Strategy Day reviewing how most effectively to deliver the Group's strategic objectives, resulting in the evolution of its strategy.

Outcomes

Evolution of the strategy by focusing on growing the Group's Investment Portfolio through increasing focus on the development of Industrial & Logistics sites, growing recurring rental income alongside generating value gains to underpin sustainable shareholder returns.

Future priorities

The Board will monitor actions by the management team to ensure the business has the requisite resources, systems and processes to support delivery of the evolved strategy; continue to review the progress achieved in its delivery; and continue to review regularly our financial and operational performance.

Stakeholders considered

All stakeholders, as set out in our s.172 Statement (pages 62 to 67).

Strategic Report, pages 4 to 96

Division of Responsibilities

Key activities and discussions

Following feedback from the internal Board effectiveness review, the Board considered that, given the maturity of the Group's sustainability strategy and reporting, the role of the ESG Committee should be reviewed.

Outcomes

Given that (A) Harworth's sustainability strategy and reporting had matured substantially since the formation of the ESG Committee in 2021, and (B) Harworth's approach to sustainability is embedded in the Group strategy and central to Board decision-making, the Board determined that responsibility for oversight of sustainability related risks, opportunities, strategies and performance should move to the Board, and oversight of ESG reporting should become the responsibility of the Audit Committee.

Future priorities

The evolution of the ESG governance framework and reallocation of responsibilities will be fully implemented in April 2025, with sufficient time to be allocated in the Board timetable to continue to oversee progress against our sustainability commitments (including NZC transition) in alignment with our business strategy.

Stakeholders considered

Our people, communities and investors.

Statement of Corporate Governance, pages 108 to 121

Composition, Succession and Evaluation

Key activities and discussions

Given the strategic focus on Industrial & Logistics development, the Nomination Committee determined that Steven Underwood's retirement from the Board (effective 31 December 2024) would leave a gap in skills, experience and knowledge. During the second half of the year, the Committee started a recruitment process to identify and appoint another independent Non-Executive Director with in-depth experience in industrial and logistics real estate development.

Outcomes

With the appointment of a new Non-Executive Director who has extensive experience in the Industrial & Logistics sector, the Group will bolster the skills, experience and knowledge on the Board, to deliver the strategy of increasing direct development and growing a high-quality Investment Portfolio.

Future priorities

When made, the appointment will be announced in accordance with UK Listing Rule 6.4.6R, and the new Director will undertake a comprehensive and tailored induction programme.

Stakeholders considered

A diverse Board comprising individuals with varied skills, experience and perspectives is important for all stakeholders, as set out in our s.172 Statement (pages 62 to 67).

Nomination Committee Report, pages 122 to 130

Audit, Risk and Internal Control

Key activities and discussions

The Audit Committee oversaw the establishment of a new ERM function, which is supporting the evolution of our approach to principal and operational risk management.

Supported by the new ERM function, the Board held two risk workshops to consider the status and profile of the Group's principal risks as uncertain economic and geopolitical conditions persisted throughout the year.

An internal audit programme, approved by the Audit Committee, was delivered to plan in 2024.

Outcomes

The Board closely monitors principal risks to ensure they are managed effectively, and opportunities are identified, in pursuit of our strategic objectives. During the year, the Board determined that the residual risk status of the "markets" risk had reduced to medium given economic conditions had stabilised in Harworth's core markets with an improving outlook, and expanded what is now the "digital resilience" risk to encompass broader threats beyond cyber-attacks, increasing its residual risk status to medium due to heightened external threats and Harworth's FTSE 250 status. The Board continues to closely monitor the "planning" risk given proposed government reforms, as well as the "markets" risk as economic conditions remain uncertain.

The establishment of Internal Audit and Enterprise Risk functions over the last two years provides enhanced assurance around our risk management and internal control systems which, alongside our readiness for the implementation of Provision 29 of the 2024 Code in 2026, supports the effective delivery of the strategy as the scale and pace of our operational activities grows.

Future priorities

The Board will continue to review the status of the principal risks at each meeting and undertake a more detailed review biannually (or at any time if there are significant movements in risk profile).

The Audit Committee will continue to monitor the evolution of our risk management and internal controls systems in readiness for the implementation of Provision 29 of the 2024 Code in 2026.

Stakeholders considered

Our principal risks take account of all stakeholders as set out in our s.172 Statement (pages 62 to 67).

Strategic Report: Effectively managing our risk, pages 68 to 85

Audit Committee Report, pages 132 to 139

Remuneration

Key activities and discussions

The Remuneration Committee led a review of the Remuneration Policy, including consultation with shareholders and several proxy advisers.

Outcomes

Revisions have been made to the Remuneration Policy informed by the growth of the business since the last Policy review, and the evolution of our strategy, to ensure that it remains supportive of the Group's long-term ambitions and is competitively positioned to incentivise the executive talent and experience needed in a highly specialised sector.

Future priorities

Shareholder approval of the revised Remuneration Policy will be sought at our 2025 AGM.

Subject to approval, the Board will oversee implementation of the Policy, including its application to the wider workforce, to recruit, motivate and retain our people to deliver successfully against the strategy and to align the interests of employees and shareholders.

Stakeholders considered

Our people and investors.

Directors' Remuneration Report, pages 142 to 178

Key areas of Board focus in 2025

Continued oversight of the development of appropriate commercial and funding plans to implement our strategy, ensuring the financial and operational performance of the business remains strong

Oversight of progress against Harworth's NZC Pathway and Communities Framework, including review of targets

Recruitment process to be completed by the Nomination Committee, and recommendation made to the Board, for the appointment of a new Non-Executive Director

Our people: oversight of implementation of the people strategy to support delivery of the business strategy, including: evolution of the organisation design, recruitment, engagement, welfare, succession planning, talent development and diversity

In-depth assessment of the Group's principal risks and oversight of the implementation of the relevant mitigation strategies

External Board effectiveness review

Statement of Corporate Governance continued

Board Leadership and Company Purpose

Purpose and strategy

Harworth's Purpose: "to transform land and property into sustainable places where people want to live and work", underpins our strategy, business model, and all Board activity and decisions. The Board's primary focus during 2024 was on the evolution of the strategy originally outlined by Lynda Shillaw in 2021 to grow Harworth to £1bn of EPRA NDV by the end of 2027. In June 2024, the Group announced what we have come to refer to as a "pivot" in the strategy, being to increase the volume of Industrial & Logistics direct development, with the intention to grow the Investment Portfolio, through that direct development together with selective acquisitions, to £0.9bn by the end of 2029, in turn growing recurring rental income alongside value gains to underpin sustainable shareholder returns.

This strategy requires an upwards shift in the pace and scale of what we do and a focus on the Industrial & Logistics sector, leveraging our specialist expertise to optimise the development of our substantial pipeline whilst continuing to create value from sales of high-quality serviced land. This "pivot" is exciting and ambitious, building on the key attributes that have made Harworth successful to date, in particular its passionate, innovative and collaborative professional workforce, a substantial land bank, end-markets with strong fundamentals, and a commitment to creating sustainable communities, all of which contribute towards our aim to deliver long-term market-leading returns for investors.

The performance of the business is overseen by the Board throughout the year, measuring its achievements against the strategic objectives, and a Board-approved in-year budget and five-year strategic plan, with the Board satisfying itself as to the adequacy of management's response to variations in performance against the plan. Financial and operational reforecasts are presented to the Board on a periodic basis and the Chief Executive, Chief Financial Officer ('CFO'), Chief Operating Officer ('COO'), Chief Investment Officer ('CIO') and General Counsel give operational and financial updates at each Board meeting, which they all attend.

Opening of the Thoresby Vale Country Park. Thoresby Vale, Nottingham | YAC | R | MD

Marzia Zafar, Non-Executive Director, enjoys a lighter moment with Andrew Weaver, Chair of Strata Homes, during a Board site visit.
Riverdale Park, Doncaster | YAC | R | MD

Statement of Corporate Governance continued

Culture and workforce engagement

The Board understands the importance of culture, setting the tone of the organisation from the top and embedding it throughout Harworth. Our culture is key to the successful implementation of our strategy.

Harworth aims to foster a diverse, inclusive, ambitious and high-performing culture to attract, develop and inspire the best people to deliver our strategy. During 2023, and into the first half of 2024, the Company undertook an in-depth cultural review with the aim of preserving, and continuing the positive evolution of, Harworth's culture as the workforce grows to support the delivery of our business strategy, while maintaining an outstanding employee experience. This review sought input from colleagues across all areas of the business and resulted in an evolved Harworth vision, mission and values along with the introduction of a behavioural competency framework. The Board was kept appraised throughout the culture review process, and will continue to monitor the rollout and promotion of the new values and behavioural competency framework with the support of a "culture dashboard". (See further on the culture project in the "People" section of the Strategic Report on page 45).

The Board seeks to engage with our people and assess and promote our positive and collaborative culture in the following ways:

- Meeting and engaging with staff in various formats, including employee lunches, site visits, regional and central function team dinners, office visits and the biennial Employee AGM (see the following page).
- An annual review of employee engagement presented by the Group Resources and Transformation Director, based on the annual employee survey results.
- Feedback from the Chief Executive at each Board meeting on progress of the people strategy, including culture.
- Where there are departures at a senior level, the Board seeks to understand from the Executive the motivations for, and impact of, those departures.
- Access to the staff newsletter, which provides information on the issues, topics and activities that are important to all our people on a day-to-day basis and are critical to the positive evolution of our culture through consistent, frequent communication. This includes our monthly focus on wellbeing, a Chief Executive update, operational highlights and achievements, and a monthly "spotlight" topic.
- We have a well-established speak up and whistleblowing process that facilitates colleagues' ability to raise matters of concern more formally, and in confidence, should they wish. The Audit Committee reviews speak up reports and the process is outlined in the Audit Committee Report on page 139.

Our new values reflect Harworth's commitment to sustainability, growth, innovation and collaboration.

Build the Future: We are committed to creating a legacy that promotes sustainability.

Inspire Growth: We set ambitious goals and embrace change.

Innovate & Create: We constantly evolve, explore possibilities, and innovate to deliver lasting results.

One Harworth: We work together with respect, where individuality is valued and appreciated.

Opposite page: Harworth employees enjoy the biannual Employee AGM

Feedback from employees:

"I find it useful to have contact with the Board and hear what they have to say – I think it helps with making people feel more connected to the wider business."

"I have never met the Board of the Company that I worked for before and it shows how much Harworth invests in its employees and values them."

"I really enjoyed the Q&A sessions with the NEDs. A great opportunity to pose our questions and they provided great feedback that was delivered in what felt like an honest way. Lynda & Kitty's sessions also provided me personally with more insight into our business and the level of future planning."

CASE STUDY

Culture and workforce engagement in action: Employee AGM

We held our Employee AGM in April 2024, which brought together all employees and provided an opportunity for them to engage directly with the Board. The Employee AGM comprised:

- A briefing from the Chief Executive and CFO following the 2023 Results announcement and investor roadshow. Lynda and Kitty regularly undertake similar briefings to our employees.
- Q&A with the Chief Executive and CFO.
- Non-Executive Director introductions.
- Employees then split into breakout groups to participate in a "town hall" style forum, each group with a couple of Non-Executive Directors. The Executive were not present for this element to minimise employees feeling inhibited from being open in their discussions.

The Employee AGM was very well-attended, and, as in previous years, was well-received and valued by employees. Much of the session was centred on engagement with the Non-Executive Directors and feedback from the business reflects that most value came from the "town hall" sessions where employees put questions directly to Non-Executive Board members. Not only did this allow staff to ask questions of, and share feedback and raise any concerns with, the Non-Executive Directors, it was also an opportunity for Non-Executive Directors to gain an insight into the work of employees and the challenges they faced.

The next employee AGM will be held in 2026.

Statement of Corporate Governance continued

Stakeholders

Our Strategic Report on pages 4 to 96 outlines how we engage with our key stakeholders and how the Board complies with its obligations under Section 172(1) of the Companies Act 2006.

Board independence

Conflicts of interest

Each Director must disclose actual or potential conflicts of interests, either by way of general notice or at the beginning of each Board or Committee meeting. The Articles of Association provide that the Board can authorise actual and potential conflicts of interest of Directors. Where conflicts of interest arise, the relevant Director may not receive Board papers and may be excluded from discussions, depending upon the nature and materiality of the conflict, and would be excluded from voting on the relevant subject matter.

Martyn Bowes is a Board representative of the Pension Protection Fund and the Board has approved any actual or potential conflicts of interest that arise as a result. Steven Underwood, who was a Director during the year and retired from the Board on 31 December 2024, is Chief Executive of Peel Group and is an Executive Director of certain Peel Group companies which may deal with Harworth at an operational level from time to time and/or may pursue certain acquisition opportunities in competition with Harworth. Steven had previously declared by way of general notice, and the Board had approved, a potential conflict of interest in that regard.

External appointments

Upon appointment, each Director is required to notify the Company Secretary of their external Board appointments, other significant commitments and any actual or potential conflict of interest. Where a Director proposes to take on an additional external responsibility, this is reviewed first by the Nomination Committee, which, having considered the time commitment and potential for conflicts of interest, makes a recommendation to the Board. The Board makes a final decision on all new external appointments.

The external appointments of each Board member are set out in the Directors' biographies on pages 104 to 107. The external appointments approved during the year are disclosed in the Nomination Committee Report on page 125.

Effectiveness of Directors

Inductions

The Company Secretary oversees the delivery of a comprehensive and tailored induction programme for all new Directors, which includes:

- provision of a detailed induction pack ahead of appointments taking effect;
- briefings from the Chair, the Chief Executive, CFO, COO, CIO and General Counsel;
- a series of one-to-one meetings with members of the Group Leadership Committee;
- site visits; and
- meetings with external advisers where relevant, such as the external auditors, remuneration consultants and the Company's valuers.

Knowledge of business and markets

To give constructive challenge and support to the Executive, all Non-Executive Directors must maintain a good knowledge and understanding of Harworth's business and the markets in which it operates. To that end, the Board timetable typically includes:

- site visits, which help to improve knowledge and understanding of key projects and, at the same time, are an opportunity for Non-Executive Directors to get to know our operational teams better;
- annual health and safety updates from the head of our Environment, Health & Safety division (supplemented by monthly updates included in each Board pack); and
- regular updates from each of the regional and functional teams, focusing on progress against strategic objectives, markets and resourcing and including project-specific reviews. These are often timetabled to precede, and give context to, site visits.

Ongoing support and CPD

All Directors have access to the advice and services of the Governance (Company Secretarial) team which also facilitates the continuous professional development ('CPD') of all Directors. To that end:

- external CPD briefings are made available to Directors, with a short synopsis prepared by the Assistant Company Secretary;
- external advisers host CPD workshops for the Board and Committees;
- the Company Secretary provides written and verbal updates to the Board and its Committees, as appropriate, on governance and regulatory changes;
- Directors are made aware of, and have the opportunity to attend, external CPD updates; and
- the Company Secretary shares with the Board a "horizon scanning tracker", which is prepared quarterly by our in-house legal team, principally for the Group Leadership Committee, and identifies forthcoming and anticipated legal changes which will or may impact Harworth's activities.

Division of Responsibilities

There is a clear division of responsibilities between the Board, its Committees, and senior management at an operational level. During the year, we reviewed our delegated authorities framework and made some revisions to our Board Reserved Matters Policy and Operational Approvals Policy. These policies reserve certain matters for the Board and ensure that operational decisions are made at the most appropriate level in the business. Our governance framework aims to support the Board in focusing on strategic proposals, while also giving it oversight of major operational projects that affect the long-term success of the business.

The delegated authorities framework is subject to annual review, led by the Company Secretary and approved by the Board, to ensure that it keeps pace with Harworth's evolving business.

The Board has delegated certain responsibilities to the Remuneration, Audit, Nomination, and Disclosure Committees. The terms of reference of those Committees are reviewed annually and appear on the website at www.harworthgroup.com/investors/governance/.

As outlined in the Chair's Statement, the Group's approach to sustainability is central to Board decision-making and as such, given the relative maturity of our sustainability strategy and reporting, the Board has decided that the oversight of sustainability related risks, opportunities, strategies and performance should move to being considerations of the main Board in which all Directors participate, rather than scrutinised by a separate ESG Committee, and the oversight of ESG reporting should become the responsibility of the Audit Committee. This evolution of our ESG governance framework will be fully implemented in April 2025.

The Chief Executive has responsibility for proposing and then implementing the Company's strategy and leading the day-to-day management of the business, with the agreement of the Board on reserved matters. The Chief Executive appoints the Executive, the Corporate Governance Committee, Investment Committee and Group Leadership Committee to support her in implementing the strategy. The Executive comprises the Chief Executive, CFO, COO, CIO and General Counsel.

Our ongoing governance structure and key responsibilities of the Board, Committees, and individual roles are summarised on pages 116 to 119.

Statement of Corporate Governance continued

The Board

- Responsible for the long-term success of the Group, ensuring there is appropriate regard by the Company for the interests of its stakeholders.
- Sets strategy and oversees its implementation, including approval of annual budget and strategic plan.
- Responsible for the overall financial and operational performance and resilience of the business.
- Oversight of performance and reporting against our sustainability framework (including the NZC Pathway and Communities Framework) including targets and KPIs.
- Approval of sustainability policies, processes and initiatives in line with the overall strategic plan.
- Oversight of the people strategy.
- Oversight of health and safety policies, systems and processes for all sites and projects.
- Sets risk appetite for, and has oversight of, the principal risks.
- Approves underwriting proposals for all new sites, direct developments and development management engagements.
- Appointment of Board members and the Executive.
- Responsible for the establishment and maintenance of an appropriate corporate governance structure.

Board Committees

Audit Committee

- Reviews the integrity of the Group's Financial Statements and formal announcements on its financial performance.
- Oversight of ESG reporting (from April 2025).
- Oversight of the Group's financial and narrative reporting processes.
- Reviews the Group's operational risks, the effectiveness of the risk management system and of our internal controls and processes, and the Internal Audit function and programme.
- Reviews the independence and effectiveness of the external auditor and the Internal Audit function.

See pages 132 to 139 for the full report

Remuneration Committee

- Determines and recommends to the Board the Company's Remuneration Policy, ensuring alignment with strategy.
- Determines the remuneration packages of the Executive Directors and other members of the Executive team.
- Monitors performance against bonus targets and long-term incentive underpins.
- Reviews workforce remuneration and related policies.
- Determines awards under our share schemes.

See pages 142 to 178 for the full report

Nomination Committee

- Reviews the size and composition of the Board to ensure a balance of skills, experience and knowledge on the Board and its Committees.
- Oversight of succession planning for the Board and Executive.
- Leads the process for Board appointments making recommendations to the Board.
- Appraises and recommends to the Board proposed external appointments of Directors.
- Oversight of progress in improving diversity across the business.

See pages 122 to 130 for the full report

Disclosure Committee

Ensures compliance with disclosure obligations under the UK Market Abuse Regulation and the FCA's UK Listing Rules and Disclosure Guidance and Transparency Rules.

Chief Executive

The Chief Executive has established the following Management Committees to support her in discharging the authority delegated to her by the Board.

See next page for the Chief Executive's key responsibilities

Executive

- Supports in the day-to-day running of the business and the formulation and implementation of the strategy.
- Consults on strategic and operational matters delegated to the Chief Executive.
- Reviews performance of the business against agreed operational and financial KPIs.

Corporate Governance Committee

- Responsible for certain decisions relating predominantly to resourcing and transformation, including reward, recruitment, organisation design and transformation projects.
- Monitors certain matters relating to resourcing and transformation, including the learning and development programme and succession plans.

Investment Committee

- Delegated authority for material development and investment activities.
- Reviews all material projects and departures from project plans including matters reserved for the Board before they are presented for approval.
- Consults on strategy, budgeting, people matters, transformation projects and sustainability initiatives.

Group Leadership Committee

- Ensures effective communication and collaboration between all operating divisions and functions sharing knowledge and experience, including site and project information, market intelligence, innovation opportunities and contacts.
- Monitors the risk profile of the business.

Environment, Health, and Safety ('EHS') Committee

- Senior leaders across the business meet quarterly, and at short notice if required, with a strategic focus on: EHS data (trends and areas of concern); significant incidents; internal EHS projects/initiatives; and external EHS matters (legislative horizon scanning, industry trends and/or intelligence).
- Monitors the risk profile of the business.

Statement of Corporate Governance continued

Responsibilities of the Board and Executive

Alastair Lyons
Chair

- Leads the Board and is responsible for its overall effectiveness by facilitating a culture of openness and debate.
- Ensures that Harworth has a defined purpose and clear values, strategy, and objectives.
- Ensures the Company has the appropriate leadership to achieve its strategy and objectives.
- Ensures the Board comprises diverse individuals with the necessary skills and experience to achieve the appropriate oversight of the Company's activities.
- Ensures that the Board receives regular reporting on performance of the Company.
- Ensures that Directors receive accurate, timely and clear information, and that there is adequate time available for discussion of agenda items and an effective decision-making process in place.
- Ensures there is ongoing and effective communication with shareholders, and that the Board engages appropriately with other key stakeholders.
- Ensures that the effectiveness of the Board is subject to annual evaluation, including an external evaluation every three years.

Lynda Shillaw
Chief Executive

- Leads on the formulation of purpose and strategy, which, once agreed by the Board, falls to the Chief Executive to implement and communicate effectively.
- Leads the establishment and maintenance of Harworth's culture and values.
- Responsible for the design of Harworth's operational structure and for the recruitment and retention of an appropriately skilled and experienced management team.
- Oversight of operational risk management, including health and safety and the system of internal controls.
- Responsible for the formulation and implementation of Harworth's people strategy and for effective internal communications.
- Responsible for Harworth's relationships with both actual and potential shareholders and for effective engagement with key stakeholders.
- Responsible for ensuring the Group's strategy embeds ESG principles and objectives, including leading on the formulation of ESG targets.

Kitty Patmore
Chief Financial Officer

- Leads on all financial matters, including tax and treasury.
- Responsible for preparing the annual budget and strategic plan and the maintenance of regularly updated reforecasts of the Group's financial and operational performance.
- Responsible for all statutory financial reporting, including the preparation of the interim and year-end financial statements and Annual Report.
- Responsible for ensuring the adequacy of the Group's financial resources, formulating the Group's funding strategy and raising new equity and debt capital as appropriate.
- Leads the monitoring of performance against the Company's ESG targets.
- Responsible for ensuring clear, effective, and timely measurement and reporting of financial and non-financial key performance indicators to the Board.
- Responsible for internal financial controls, systems and processes.

Angela Bromfield
Senior Independent Director ('SID')

- Provides a sounding board for the Chair.
- Acts, where appropriate, as an interlocutor between the Chair and other Directors.
- Available to shareholders as an alternative point of contact.
- Leads the process for appointing a new Chair.
- Leads the annual appraisal of the Chair's performance.

Chris Birch
General Counsel & Company Secretary

- Secretary to the Board and the provision of secretarial resource to Board Committees.
- Ensures that all Board reserved matters are referred to the Board for review and approval.
- Advises on regulatory compliance and corporate governance.
- Responsible for the preparation of Board and Committee agendas and the collation and distribution of papers.
- Leads on arranging inductions for, and CPD of, Directors.
- Responsible for governance, both at Board and operational levels, including non-financial internal controls, systems and processes, and responsible for risk management.
- Leads the Legal, Governance, Audit and Assurance and EHS teams.

Andrew Blackshaw
Chief Operating Officer

- Responsible for operational delivery by Harworth's regional teams.
- Ensures there are appropriate resources across the regional teams to implement the strategy and deliver the business plan.
- Leads on the delivery of our mixed tenure products across the portfolio.
- Jointly responsible, with the CFO and CIO, for ensuring that the regional teams work effectively alongside our finance and central support teams.
- Jointly with the CIO, leads the half-year and year-end valuation process.

Jonathan Haigh
Chief Investment Officer

- Responsible for the expertise, support and resources provided by our Technical, Energy & Natural Capital and Asset Management teams to the regional teams.
- Responsible for the management of our Investment Portfolio in accordance with our strategy, including strategic disposals and the incorporation of directly developed assets into the portfolio.
- Leads on portfolio and strategic acquisitions and projects.
- Oversight of the direct development programme across the portfolio.
- Jointly responsible, with the CFO and COO, for ensuring that the central teams work effectively alongside our finance and regional teams.
- Jointly with the COO, leads the half-year and year-end valuation process.

Statement of Corporate Governance continued

Composition, Succession and Evaluation

Composition and succession

The Nomination Committee regularly reviews the composition of the Board and its Committees. At the 2024 AGM, Steven Underwood was proposed for re-election but in the knowledge that he would be retiring with effect from 31 December 2024, given that by then he would have served almost 14.5 years as a Director (starting as a representative Director of the Peel Group, a material shareholder of the Company, and remaining on the Board in a personal capacity following the reduction of Peel Group's shareholding). Given the evolution of Harworth's strategy to focus on Industrial & Logistics development and investment, and Ruth Cooke's primarily residential real estate background and expertise, Ruth will also be retiring from the Board at the 2025 AGM.

Notwithstanding the retirements of Steven and Ruth, the proportion of independent Non-Executive Directors on the Board remains compliant with the Code. That said, having regard to the evolution of the strategy, the Nomination Committee has determined that Steven's retirement will leave a gap in skills, experience and knowledge on the Board. As a result, during the second half of 2024, the Nomination Committee started a recruitment process to identify and appoint another independent Non-Executive Director with in-depth experience in industrial and logistics real estate development. When made, this appointment will be announced in accordance with UK Listing Rule 6.4.6R.

Subject to this appointment, the Nomination Committee concludes that the composition of the Board is appropriately balanced, and, on the recommendation of the Committee, the Board proposes the re-election of all other Directors at the 2025 AGM.

Board performance review

The Board undertakes annual reviews of its effectiveness. Even prior to its entry into the FTSE 250 Index in September 2024, the Company considered it good practice to instruct an externally facilitated evaluation every three years, as prescribed by the Code for FTSE 350 companies. The last external Board performance review was undertaken over Q4 2021 and Q1 2022 and information about this review is included in the 2021 Annual Report on pages 98 and 99. The Company's next external Board effectiveness review will take place during 2025, and the recommendations from this review will be reported in the 2025 Annual Report.

In H2 2024, the Chair conducted an internal review of the Board and its Committees. This took the form of one-to-one meetings between the Chair and each Director and member of the Executive. The findings were reported to the Board in November 2024, where it discussed a range of possible actions to enhance its effectiveness. Below is a summary of some of the agreed actions from the review and progress to date:

Theme	Actions agreed	Outcomes
Board composition	Seek to replicate the skillset and experience that Steven Underwood brought to the Harworth Board (experience in real estate development in the North of England).	As outlined above, the Nomination Committee is undertaking a recruitment process to identify and appoint another independent Non-Executive Director with in-depth experience in industrial and logistics real estate development.
Strategic focus	Given the evolution of the strategy that was agreed in 2024, to increase the time available at Board meetings for strategic discussions on the component elements of the evolved strategy.	2025 Board timetable updated to include discussions on key elements of the delivery of the evolved strategy at regular Board meetings.
Committee effectiveness	Review whether it remains appropriate to have ESG considerations undertaken by a separate committee.	Following discussions at the ESG Committee and Board, and a review of transition proposals presented by management, the Board determined that the oversight of sustainability related risks, opportunities, strategies and performance should move to being considerations of the main Board in which all Directors participate rather than scrutinised by a separate ESG Committee, and oversight of ESG reporting should become the responsibility of the Audit Committee. These changes will be fully implemented in April 2025.

An evaluation of the Chair's performance is led by the SID alongside each internal Board effectiveness review. Angela Bromfield met with other Non-Executive Directors and the Executive in late 2024 to review the Chair's performance. Following that review, she considered and discussed with the Chair the comments and feedback received and confirmed that the performance of the Chair was considered effective and that he continued to demonstrate appropriate commitment to his role.

The Chair, taking into account the views of the other Directors, maintains an ongoing review of the performance of the Chief Executive.

The Chief Executive appraises the performance of the members of the Executive twice a year. Similar appraisals are undertaken by Executive members of the performance of their direct reports on the Group Leadership Committee.

Annual General Meeting

The Annual Report and Notice of AGM are sent to shareholders at least 20 working days before the meeting.

The 2025 AGM will be held at 10.00 am on Monday 19 May 2025 at The Brearley Room, AMP Technology Centre, Advanced Manufacturing Park, Brunel Way, Waverley, Rotherham, S60 5WG. Along with the Chief Executive, CFO and Company Secretary, I will be at this location in person, with our other Directors joining online. The Board encourages shareholders to attend, participate and exercise their right to vote at the AGM.

The resolutions to be proposed at the AGM, together with the explanatory notes, appear in the separate Notice of AGM accompanying this Annual Report. Separate resolutions are proposed on each substantially separate issue. The Notice of AGM is also available on our website.

There are three ways to submit voting instructions before the meeting, which are available from the publication date of the Notice of AGM:

1. By completing and returning a paper proxy form as per the instructions on the form. Shareholders who elect to receive hard copy documents will receive a proxy form with the Notice of AGM. Otherwise it is available from our registrars (see contact details on page 263).
2. Electronically at www.shareview.co.uk. Those that have already signed up for a Shareview portfolio can login and register their vote, or shareholders can create an online portfolio using the shareholder reference number on the proxy form or online voting card.
3. Via the CREST or Proxymity system for those that are users of either platform.

For each resolution, the proxy appointment forms provide shareholders with the option to direct their proxy vote either for or against the resolution or to withhold their vote. All valid proxy appointments are properly recorded and counted. Information on the number of shares represented by proxy, the proxy votes for and against each resolution, and the number of shares in respect of which the vote was withheld for each resolution, together with the voting result, are given at the meeting and made available on the Company's website. A vote withheld will not be counted in the calculation of the proportion of the votes for and against a resolution.

There have been no material votes against recommended resolutions at recent AGMs. Wherever practicable, the Board seeks to ensure that shareholder views are canvassed in advance on any unusual or potentially controversial proposals. That said, if there were any significant votes against a proposal, the Board would take action to understand the reasons behind that vote and explain the same to shareholders, in line with the principles of the Code.

This Statement of Corporate Governance was approved on behalf of the Board by:

Alastair Lyons
Chair

17 March 2025

Nomination Committee Report

Alastair Lyons
(Chair)

Angela Bromfield

Ruth Cooke

Lynda Shillaw

Dear shareholder,

This report sets out the activities of the Nomination Committee during 2024 and its priorities for 2025, which focus on reviewing Board and Committee composition and succession planning to ensure a balanced and diverse Board, as well as maintaining oversight of equity, diversity and inclusion across the business.

The Committee's terms of reference, which were reviewed and updated during the year, are available on the Company's website at www.harworthgroup.com/investors/governance/. Throughout 2024, the Committee acted in accordance with the principles of, and fulfilled its obligations under, the Code.

Membership and meetings

There were no changes to Committee membership during the year. The Committee held two scheduled meetings in the year. Given Steven Underwood's retirement as a Director at the end of the year, and the Committee's judgement that this will leave a gap in skills, experience and knowledge on the Board, the Committee started a recruitment process for a new Non-Executive Director during the second half of the year. It also assessed succession and development planning for the Board and Executive; reviewed management's plans for changes to organisation design; and reviewed the effectiveness of the initiatives in place to improve diversity throughout the business.

Membership and attendance at meetings in 2024 are shown below:

		Independent	Committee tenure at 31 December 2024	Scheduled meetings attended/ eligible to attend
Alastair Lyons	Chair	Yes	6 years 10 months	2/2
Angela Bromfield	Member	Yes	5 years	2/2
Lynda Shillaw	Member	No	4 years 2 months	2/2
Ruth Cooke	Member	Yes	2 years 11 months	2/2

The Committee's key activities in 2024

The key activities of the Committee during 2024 are shown below:

Recruitment	Board composition and succession	External appointments	Organisation design and diversity

Recruitment process for a new Non-Executive Director
Review of Board and Committee composition
Review of succession plans for the Board and Executive
Annual review of time commitment of Non-Executive Directors
Review of proposed external appointments for Lisa Scenna and Patrick O'Donnell Bourke
Review of progress in improving diversity across the business
Review of organisation design

The Committee's priorities for 2025

- Complete recruitment process for a new Non-Executive Director
- Ongoing review of Board and Committees composition and succession planning for the Board and Executive
- Ongoing review of the effectiveness of initiatives to promote equity, diversity and inclusion across the business

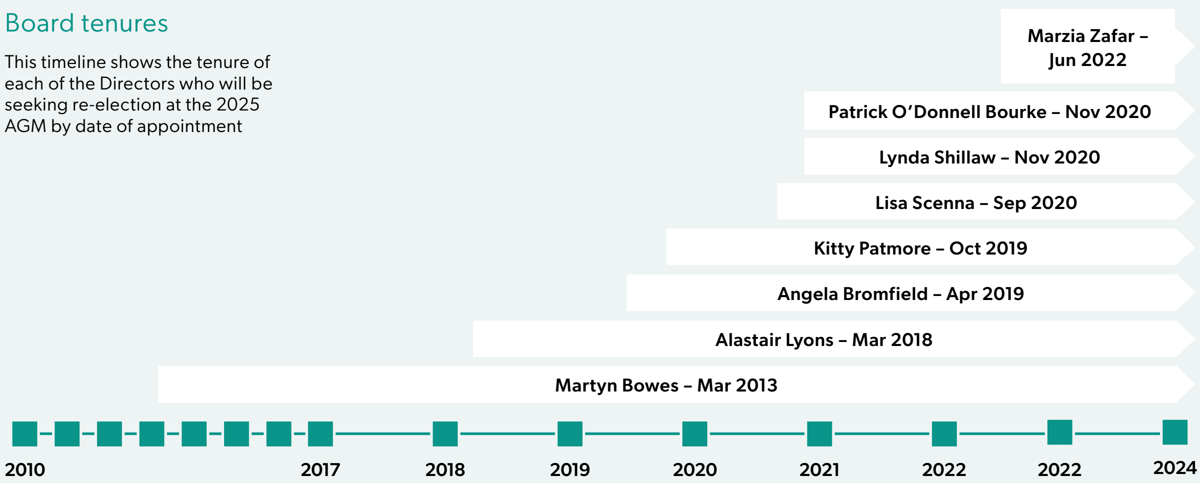
Board and Committee composition and succession planning

The Board comprises the Chair, who is considered independent, the Chief Executive, the CFO and, at the date of this report, six Non-Executive Directors, one of whom is not considered independent. Angela Bromfield continues in the role of SID.

The composition of, and succession plans for, the Board and its Committees are reviewed regularly by the Committee to ensure that the membership of the Board provides appropriate diversity and balance of skills, knowledge, and experience and the Board and each Committee comprise the right number of independent Directors. Such reviews take account of output from the Board effectiveness reviews. During the period, the Committee undertook a review of the succession plans for Executive and Non-Executive Directors.

Board tenures

This timeline shows the tenure of each of the Directors who will be seeking re-election at the 2025 AGM by date of appointment



Nomination Committee Report continued

Succession: Non-Executive Directors

During the period, Steven Underwood (Non-Executive Director) served on the Board but retired with effect from 31 December 2024, given that by then he had served almost 14.5 years as a Director (starting as a representative Director of the Peel Group, a material shareholder of the Company, and remaining on the Board in a personal capacity following the reduction of Peel Group's shareholding). Steven brought to the Board extensive experience in real estate development and investment, including in the Industrial & Logistics sector, in the North of England.

Ruth Cooke has advised the Committee that she will not be seeking re-election at the 2025 AGM and will be retiring from the Board, given the evolution of Harworth's strategy to focus on Industrial & Logistics development and investment, and Ruth's primarily residential real estate background and expertise.

Notwithstanding the retirements of Steven and Ruth, the proportion of independent Non-Executive Directors on the Board remains compliant with the Code. That said, having regard to the evolution of the strategy to Industrial & Logistics development and investment which we enacted during 2024, the Committee has determined that Steven's retirement will leave a gap in skills, experience and knowledge on the Board. As a result, during the second half of 2024, the Committee engaged Warren Partners to lead a recruitment process to identify and appoint another independent Non-Executive Director with in-depth experience in industrial and logistics real estate development, gained preferably in the North of England. The Company does not retain Warren Partners in any other capacity, and Warren Partners has no other connection with the Company or individual Directors. As with recruitment throughout the business, the Committee works with executive search consultants to ensure they support Harworth's approach to diversity in providing a diverse selection of candidates for Board appointments, for the selection to then be based upon merit and objective criteria. A number of diverse high-quality candidates have been identified by Warren Partners, some of whom the Committee have selected to be invited for interview. At the date of this report, the Committee continues with the recruitment process. When appropriate, the Committee will make a recommendation to the Board, and when made, the appointment will be announced in accordance with UK Listing Rule 6.4.6R.

Subject to this appointment, the Nomination Committee concludes that the composition of the Board is appropriately balanced, and all Directors (excluding Ruth Cooke) are proposed for re-election at the 2025 AGM.

Board Committee membership

Membership of our Committees complied with the Code throughout the year. Given the upcoming retirement of Ruth Cooke in May 2025, an initial review of Committee memberships has been undertaken to ensure that the composition of our Committees draws effectively on the skills, experience and knowledge across our cohort of Non-Executive Directors and remains compliant with the Code. Following Ruth Cooke's retirement, Marzia Zafar will replace Ruth on the Audit Committee. Marzia has a wealth of experience in sustainability, having spent over 20 years working on policies and strategies to enable energy transition across many sectors, and will be well-placed on the Audit Committee as it assumes responsibility for oversight of our ESG reporting following reallocation of the ESG Committees' responsibilities effective April 2025 (see further in the ESG Committee Report on pages 140 to 141). Once the appointment of a new independent Non-Executive Director has been made, the Committee will again review Committee membership, including appointing an additional independent Non-Executive Director to succeed Ruth Cooke as a member of this Committee.

The Non-Executive Directors have no financial or contractual interests in the Group, other than interests in ordinary shares as disclosed in the Directors' interests section of the Directors' Remuneration Report on page 176.

External appointments of Directors

The Committee reviews all proposals for external appointments of Executive and Non-Executive Directors. Before making a recommendation to the Board, the Committee considers the time commitment required by the proposed appointment and its likely impact on the prospective appointee's commitment to their role at Harworth, together with the prospect of conflicts of interest arising. The Board makes the final decision on all new external appointments.

During 2024, the Committee reviewed the following proposed appointments of:

- Lisa Scenna as a Non-Executive Director of Ingenia Communities (an Australian listed company); and
- Patrick O'Donnell Bourke to succeed as Board Chair of Pantheon Infrastructure plc, effective Q2 2025.

The above appointments were recommended to, and approved by, the Board.

Succession: Executive Directors and wider membership of the Executive

Succession plans are in place for each member of the Executive and those plans are reviewed regularly (typically annually) by the Committee.

In addition to the tables on page 126, further analysis of the composition of the Executive (at the date of this report) is shown below.

Age	Male	Female
30–40 years		■
41–50 years	■	
51–60 years	■■	■

Tenure	Male	Female
0–3 years	■■	
3–6 years		■■
6–10 years	■	

Board composition: diversity

The Board remains mindful of the benefits afforded by diversity, in its widest sense, both in the boardroom and across the business. We are proud of the gender balance we have achieved on the Board, and the steps we have taken to improve ethnic minority representation. We consider opportunities to improve Board diversity to enhance the effectiveness of Board discussion, analysis and decisions, but appointments will continue to be made on merit.

Harworth confirms that, as at 31 December 2024, it met, and at the date of this report continues to meet, the Board diversity targets prescribed by UK Listing Rule 6.6.6R(9), as follows:

TARGET	OUR PROGRESS
At least 40% of individuals on the board of directors are women.	60%* of our Board are women.
At least one of the following senior positions on the board of directors is held by a woman: – the chair; – the chief executive; – the senior independent director; or – the chief financial officer.	Three out of four senior positions on the Board are held by women, as follows: – Chief Executive, Lynda Shillaw; – Senior Independent Director, Angela Bromfield; and – Chief Financial Officer, Kitty Patmore.
At least one individual on the board of directors is from a minority ethnic background.	One member of the Board is from a minority ethnic background.

* Percentage includes Steven Underwood who remained a Director until and including 31 December 2024 and Ruth Cooke who is not seeking re-election at the 2025 AGM. The same applies to the gender and ethnicity analysis on the next page.

Nomination Committee Report continued

Numerical data on the gender identity and ethnic background of our Board members and Executive management as at 31 December 2024 is set out in the tables below. For this purpose, "Executive management" refers to our "Executive" and comprises the Chief Executive, CFO, COO, CIO and General Counsel.

Board composition: gender identity representation

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive management	Percentage of Executive management
Male	4	40%	1	3	60%
Female	6	60%	3	2	40%
Non-binary	–	–	–	–	–
Other gender identity	–	–	–	–	–
Not specified/Prefer not to say	–	–	–	–	–

Board composition: ethnicity representation

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive management	Percentage of Executive management
White British or other White (including minority-white groups)	9	90%	4	5	100%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	1	10%	–	–	–
Not specified/Prefer not to say	–	–	–	–	–

The data for reporting against the Board diversity targets and numerical disclosures has been collected in two ways:

- For the Executive, we have relied upon the existing data stored on our HR platform where employees report their preferred gender identity and ethnic group.
- The Non-Executive Board members, whose details are not held on the HR platform, were asked to complete a questionnaire and select their preferred gender identity and ethnic group in line with the categories in the tables above.

Analysis of diversity across the workforce is detailed later in this report. Further analysis of the composition of the Board (at the date of this report) is shown below. The Directors' biographies appear on pages 104 to 107.

Board composition: further analysis

Composition	Male	Female
Chair	■	
Executive Directors		■■
Independent NEDs	■	■■■■
Non-independent NEDs[1]	■	

Age	Male	Female
30–40 years		■
41–50 years		■
51–60 years	■	■■■
61–70 years	■	■
71–75 years	■	

Tenure	Male	Female
0–3 years		
1–3 years		■
3–6 years	■	■■■■■
6–9 years	■	
Over 9 years	■	

The figures in this table include Ruth Cooke, who is a Director at the date of this report but will be retiring from the Board at the 2025 AGM.

1 Martyn Bowes is the representative of the Pension Protection Fund and is not, therefore, independent.

Diversity, inclusion and equal opportunities

The Board recognises the benefit of a diverse (in its widest sense) Board and workforce comprising individuals with different backgrounds, experience, perspectives and ideas. In common with much of the real estate and construction sectors, achieving that objective remains a challenge, but we are committed to it.

The Committee takes the lead in monitoring the effectiveness of the initiatives we have introduced to improve diversity, and the progress made. A review is undertaken annually, with the results reported to the Board. A summary of the measures established in 2024 and in previous years is set out on the following page. The Company's Equity, Diversity and Inclusion ('ED&I') Policy (adopted in 2022) formalises our commitment to making Harworth a diverse and inclusive organisation. With this ED&I Policy, and supporting initiatives, we aim to find and nurture the best talent, as well as increase employee engagement and retention, all of which are essential to achieving our strategy and delivering long-term sustainable success.

We have published our gender pay gap statistics since 2017 despite not being obliged to do so, as the Board feels it is important to have a transparent benchmark against which to measure our progress. We publish below the same analysis again in respect of 2024, alongside the comparative results for 2023.

Gender pay gap reporting

In each case the reference point is 31 December.

Proportion of men and women in each quartile band

		Males	Females
Lower quartile	**2024**	**29%**	**71%**
	2023	34%	66%
Lower middle	**2024**	**56%**	**44%**
	2023	57%	43%
Upper middle	**2024**	**70%**	**30%**
	2023	69%	31%
Upper quartile	**2024**	**82%**	**18%**
	2023	83%	17%

Gender pay gap analysis

	2024	2023
Mean gender pay gap	**27%**	20%
Median gender pay gap	**33%**	38%
Mean bonus gender pay gap	**10%**	0%
Median bonus gender pay gap	**69%**	70%

Whilst we believe that our gender pay gap is a function of historic trends across the property and construction sectors, this does not diminish the importance of, or the Board's commitment to, reducing it as quickly and effectively as we can.

Our commitment to gender representation at the most senior level is championed through our two female Executive Directors. However, an increase in the proportion of female employees in the lower quartile band and little to no change in the other quartile bands has driven the increase in our mean gender pay gap measures. Our median gender pay gap has reduced as the median hourly rate for female employees has increased slightly more than male employees, resulting from promotions and role assessments.

We are conscious that, notwithstanding the female representation on our Board and in the two most senior Executive roles, we must continue our efforts to accelerate gender rebalancing across the workforce with a focus on the wider senior leadership team.

Nomination Committee Report continued

Promoting a diverse workforce

The Committee reviews and oversees the implementation of initiatives to promote diversity and inclusion across the business.

The following measures, some of which have been long-established, are designed to ensure that opportunities for recruitment, development and promotion are available to everyone, regardless of background or personal circumstances.

MEASURES PREVIOUSLY ESTABLISHED	MEASURES ESTABLISHED IN 2024
– Diversity is an active and important consideration in the Committee's succession plans for the Board and Executive which is evident from appointments to both Executive and Non-Executive roles on the Board in recent years. – Whilst appointments will always be based on merit, Harworth is committed to giving everyone, regardless of gender, ethnicity, sexuality or background, every opportunity to apply for, and be appointed to, roles across the business and, as such, the desire to encourage diversity is a prominent consideration when we are recruiting for all roles. To that end, our recruitment, interview and onboarding processes have been designed to ensure we are attracting and retaining employees in a way that appeals to a diverse population and promotes an inclusive culture. – Adoption of a new ED&I Policy in 2022, which had a wider remit than the previous Diversity and Equal Opportunities Policy (adopted in 2018), with the objective of increasing emphasis on inclusivity and culture. – Hybrid Working and Core Business in Core Hours policies, which recognise the benefits of different working patterns and practices to accommodate the different personal commitments of our employees. – Market leading maternity, adoption and paternity leave and pay policies. We are proud of our progressive stance in this area. – A new Menopause Policy was introduced in 2022 recognising an employer's role to support sensitively this potentially distressing life stage. We also have a certified menopause champion. – A number of employees work part time, whether that be a reduced number of days or reduced hours every day. – We provide a wide range of options for time off, paid and unpaid, which allows employees to personalise and manage their work/life balance, and we have found these measures to be in line with, or above, market median. – In 2023 we introduced a new Reward Policy to ensure we had a transparent and fair approach to pay and promotion.	– Increased holiday entitlement (whilst reducing volunteer days which were largely unused) in line with advanced EDI trends we are seeing externally to facilitate a "moments that matter" approach to leave. – A range of internal communication methods introduced, including a monthly newsletter with mixed media communication formats, weekly email bulletins, regular employee voice sessions and people drop-in sessions. We recognise that communication is an inclusivity enabler for both existing and potential employees for the purposes of ensuring we have an approach which supports individuals within neurominority groups. – We relaunched our Employee Forum with representatives across all areas of the business, and all meetings include a standing agenda item on EDI and wellbeing. – We established new corporate values which include a "One Harworth" component. This is defined as valuing individuality to work together with respect. – The Company became a member of Inclusive Employers, an organisation which supports businesses to become more inclusive and diverse. Through this, we facilitate a range of optional webinars for our employees. – We continued to partner with local schools, academies, colleges, universities and other organisations in the communities that we serve, taking part in careers events and providing other support, to help extend our reach into different talent pools.

Assessing the diversity of our workforce

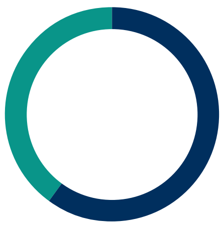
For consistency, where comparisons below are given between 2023 and 2024, in each case the position reflected is at 31 December.

At 31 December 2024, the total headcount was 138 employees.

Although the gender and ethnic diversity balance of the Board and Executive is set out on page 126, it is displayed again below in the context of the whole workforce.

Board

GENDER BALANCE



	2024	2023
Female	**6**	6
Male	**4**	4

Executive

GENDER BALANCE

	2024	2023
Female	**2**	2
Male	**3**	3

Investment Committee

GENDER BALANCE

	2024	2023
Female	**2**	2
Male	**12**	12

Group Leadership Committee

GENDER BALANCE

	2024	2023
Female	**5**	5
Male	**20**	19

Wider workforce[1]

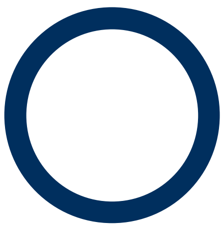
GENDER BALANCE

	2024	2023
Female	**50**	43
Male	**63**	53

ETHNIC DIVERSITY BALANCE (Board)

	2024	2023
White	**9**	9
Ethnic Minority	**1**	1

ETHNIC DIVERSITY BALANCE (Executive)

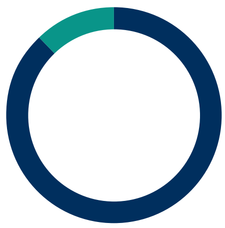


	2024	2023
White	**5**	5
Ethnic Minority	**–**	–

ETHNIC DIVERSITY BALANCE (Investment Committee)

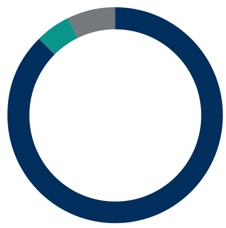
	2024	2023
White	**13**	13
Ethnic Minority	**1**	1

ETHNIC DIVERSITY BALANCE (Group Leadership Committee)



	2024	2023
White	**22**	22
Ethnic Minority	**2**	3

ETHNIC DIVERSITY BALANCE (Wider workforce)



	2024	2023
White	**99**	88
Ethnic Minority	**6**	8
Unknown	**8**	–

1 Excludes the Group Leadership Committee.

Nomination Committee Report continued

Gender diversity

We are pleased to have achieved gender balance on the Board, with our business being led by female Executive Directors demonstrating our commitment to gender representation at the most senior level. This was recognised in the February 2025 FTSE Women Leaders Review (a Government-backed, business-led voluntary initiative focused on increasing the representation of women on Boards and leadership teams) where Harworth was at the top of the FTSE 250 chart for Women on Boards – companies with the highest female representation. Notwithstanding this achievement, and whilst we continue on a trajectory of gradual improvement, we recognise that more work is needed to accelerate gender rebalancing across the wider Group Leadership Committee and workforce. We are hopeful that the examples set by our Chief Executive and CFO will send a positive signal to female employees and external candidates for roles at Harworth such that gender diversity across the business continues to improve.

We are also working to actively address the legacy gender disparity by creating opportunities for women to move into more senior positions by focusing on leadership training and middle management, recognising that developing talent at all levels is key to driving long-term change.

Ethnic diversity

We are mindful that, whilst we have made a start with regard to ethnic diversity in the business, including on the Board and Group Leadership Committee, we have much further to go and we are committed to improving the figures year on year.

It is important to stress that, while our desire to improve diversity will be a consideration in decisions on recruitment and promotion, selection continues to be based on merit and ability.

Equal opportunities for all

Since Harworth's formation in 2012 we have been committed to creating a working environment that is free from discrimination, harassment and victimisation, where everyone feels valued and respected. This includes:

- promoting equality and fairness for all in our employment;
- making reasonable adjustments for disabled employees and giving full and fair consideration to disabled applicants for roles in our business; and
- providing equal opportunities for the continuing professional development and promotion within our business of any disabled employees.

Annual General Meeting

All Directors are subject to annual re-election by shareholders. The Directors' biographies appear on pages 104 to 107.

The Committee has concluded that all Directors seeking re-election continue to be effective and to demonstrate commitment to their role. They have the requisite skills, knowledge and experience to continue to discharge their duties effectively.

The Board considers that each Director provides valuable input to the operation of the Board and that their contribution is important to the Company's long-term sustainable success, bringing a diverse range of skills from different sectors and experience. As such, on the recommendation of the Committee, the Board considers it appropriate to propose the re-election of all Directors (excluding Ruth Cooke who, as outlined earlier in this report, is standing down) at the AGM to be held on 19 May 2025.

I will be available at the meeting to respond to any questions or discuss matters relating to the Committee's activities.

Alastair Lyons
Chair of the Nomination Committee

17 March 2025

Opposite page: Lynda and Kitty participate in a Q&A session at the Harworth Summer Conference.

Audit Committee Report

Patrick O'Donnell Bourke
(Chair)

Ruth Cooke

Lisa Scenna

Dear shareholder,

I am pleased to report to shareholders on the work of the Audit Committee during the year ended 31 December 2024. This report sets out the Committee's responsibilities and highlights its activities during 2024 and its priorities for 2025.

The Committee's terms of reference, which were reviewed and updated during the year, are available on the Company's website: www.harworthgroup.com/investors/governance/. Throughout 2024, the Committee acted in accordance with the principles of, and fulfilled its obligations under, the Code and had regard to the FRC's Audit Committees and the External Audit: Minimum Standard.

Membership and meetings

There were no changes to Committee membership during the year, which continued to comprise three independent Non-Executive Directors. I chaired the Committee, and its other members were Ruth Cooke and Lisa Scenna. The experience of each member of the Committee at the date of this report is summarised on pages 105 and 106. The Board is satisfied that I have recent and relevant financial experience. I am also Chair of the Audit & Risk Committee of Pantheon Infrastructure plc, an investment trust focused on international infrastructure assets. I was previously Chair of the Audit & Risk Committee of Calisen plc, which was then a constituent of the FTSE 250, as well as Chair of the Audit Committee of Affinity Water Limited. My most recent executive position was that of Group Finance Director for John Laing Group plc. I am a chartered accountant, and so too are Ruth Cooke and Lisa Scenna. Throughout the year, the Board was also satisfied that the Committee had competence relevant to the sectors in which the Company operates, given that I have extensive experience in infrastructure investment and management, Lisa Scenna has a strong background in real estate development and asset management, and Ruth Cooke is the Chief Executive Officer of a business operating in the real estate sector.

Ruth Cooke is not seeking re-election at the 2025 AGM and, as outlined in the Nomination Committee report, Marzia Zafar will replace Ruth as a member of this Committee following Ruth's retirement from the Board. Marzia has a wealth of experience in sustainability, having spent over 20 years working on policies and strategies to enable energy transition across many sectors, and will be well-placed on this Committee as it assumes responsibility for oversight of ESG reporting following reallocation of the ESG Committee's responsibilities effective April 2025 (see further in the ESG Committee Report on pages 140 to 141).

The Chief Executive, CFO and external auditors normally attend Committee meetings. The Chair of the Board and other members of senior management, including the Head of Audit and Assurance are also invited to attend, as appropriate. The Head of Audit and Assurance has direct access, and reports regularly, to me as Chair of the Committee.

In performing its duties, the Committee has access to the services of the General Counsel and Company Secretary and, if required, external professional advisers.

Audit Committee Report continued

The key activities of the Committee during 2024 and its priorities for 2025 are shown below and on the next page:

Key
- Financial reporting
- External audit
- Internal audit
- Risk management and internal controls
- Governance

FEBRUARY
- Review of 2023 year-end valuations
- Initial review of going concern analysis
- Review of movements in year-end provisions
- Review of draft of 2023 results RNS
- Review of draft of 2023 Annual Report and Financial Statements
- Update by Head of Audit and Assurance
- Review of the effectiveness of risk management and internal controls
- Review of procedures for detection of fraud and prevention of bribery

MARCH
- Updated going concern analysis
- External audit of 2023 accounts
- Finalisation of 2023 results and recommendation to the Board
- Finalisation of 2023 Annual Report and Financial Statements and recommendation to the Board

JULY
- 2023 audit de-brief and review of external auditor's appointment (without external auditor present)
- Areas of focus for 2024 interim results
- Annual review of appointments of valuers
- Annual review of the Group's tax strategy and policy
- Update by Head of Audit and Assurance
- Digital resilience update
- Approval of revisions to Gifts & Entertainment Policy

SEPTEMBER
- Feedback from external auditor (without management present)
- Review of 2024 half-year valuations
- Review of going concern analysis
- Review of movements in provisions at the half-year
- External auditor's report on 2024 interim results and 2024 full-year audit strategy
- Review of 2024 interim results and recommendation to the Board
- Update by Head of Audit and Assurance

NOVEMBER
- 2024 interim results de-brief and review of external auditor's appointment and fees (without external auditor present)
- Planning for 2024 external audit
- Appointment of valuers for year-end valuations, including Jones Lang LaSalle as valuer of the Investment Portfolio properties, representing the first stage of our valuer rotation exercise, together with an update on the second stage planned for 2025
- 2025 insurance programme renewal
- Update by Head of Audit and Assurance, including approval of 2025 internal audit plan
- Annual assessment of the effectiveness of the Internal Audit function (without Head of Audit and Assurance present)
- Report on audit of subsidiary management companies
- Review of auditor appointment of subsidiary management companies
- Digital resilience update
- Annual review of Committee's terms of reference
- External briefing on developments in sustainability reporting

During 2024, there were five scheduled meetings of the Committee. Attendance at meetings in 2024 is shown below:

		Independent	Committee tenure at 31 December 2024	Scheduled meetings attended/ eligible to attend
Patrick O'Donnell Bourke	Chair	Yes	4 years 2 months	5/5
Ruth Cooke	Member	Yes	5 years 10 months	5/5
Lisa Scenna	Member	Yes	4 years 2 months	4/5

Audit Committee Report continued

The Committee's priorities for 2025

- Review reporting of 2024 full-year results and 2025 interim results, including going concern and viability analysis and significant financial judgements by management.
- Oversee and appraise external audit undertaken by Ernst & Young LLP ('EY'), including the transition to a new audit partner for 2025.
- Monitor and assess the effectiveness of the risk management system.
- Oversee the Internal Audit function, approve internal audit plan, and monitor the effectiveness of internal controls via updates from Internal Audit function.
- Oversee the second stage of our valuer rotation exercise including a review of the proposed appointment of valuers for the balance of the portfolio.
- Oversee the 2026 insurance programme renewal.
- Monitor the maturity of the Group's digital resilience programme.
- Review sustainability reporting following publication of 2024 disclosures.

Financial reporting

The Committee reviews the contents of the full-year results, Annual Report and interim results and makes a recommendation to the Board for their approval. Ahead of the interim and full-year results announcements and publication of the Annual Report, the following processes are followed by the Committee to satisfy itself as to the integrity of the statements and disclosures contained therein, and to ensure that all financial reporting is fair and balanced and provides an understandable assessment of the Company's position and prospects:

REPORTS FROM MANAGEMENT	VALUATIONS	EXTERNAL AUDIT	GOING CONCERN
Reports from management include a detailed explanation of valuation assumptions and movements, commentary on provisions, and analysis of movements in the balance sheet and cash position.	– The Committee Chair (and other Committee members if available) attends the half-year and year-end valuation review meetings in conjunction with the Company's valuers, external auditors and management team. – The valuers attend Committee meetings ahead of publication of the interim and full-year results to explain valuation methodology and processes, comment on market conditions, and take questions from Committee members. – Valuation experts from EY also attend those Committee meetings to explain the work they have undertaken in reviewing the half-year or year-end (as appropriate) valuations, and to take questions from Committee members.	– At the start of H2, the Committee reviews the plan and timetable for the procedures the external auditor will undertake in respect of the interim results. These include acceleration of some year-end audit work. In September and/or November each year, the Committee examines the full year-end external audit plan and timetable before detailed audit work commences. – The Committee reviews the external auditor's report on the work it has undertaken for the interim and full-year results. The lead audit partner attends Committee meetings to take questions from Committee members. – The Committee meets the external auditor annually independently of management, ensuring it has full visibility of matters that have been the subject of particular scrutiny by the external auditor and/or discussions between it and management. – For the 2024 audit, there were no specific areas the Committee asked the external auditor to look at beyond those identified in the audit plan.	– The Committee receives early sight of going concern analyses. – The Committee reviews the long-term viability and going concern assessments prepared by management and the Directors' responsibility statements (including the assumptions underpinning them) and recommends to the Board their adoption.

The Committee also reviews drafts of the interim and Annual Reports in advance of their publication and comments thereon. Since it was established in 2021, the ESG Committee reviews and seeks assurance on disclosures relating to climate change, including for SECR and TCFD reporting. Subject to that review, the ESG Committee recommends the adoption of those disclosures to the Audit Committee, and this endorsement is incorporated into the Audit Committee's recommendation to the Board to approve publication of the Annual Report. Following publication of this 2024 Annual Report, responsibility for ESG reporting assurance will pass from the ESG Committee to this Committee following the Board's decision to reallocate the responsibilities of the ESG Committee.

In addition, the Committee reviews the controls in place to ensure the completeness and accuracy of the Company's financial disclosures. As part of this, as in previous years, for the 2024 results the Committee noted (i) the reviews undertaken during the preparation of the Annual Report and Financial Statements by various internal and external parties, including the external auditor and valuers, to ensure consistency and balance; and (ii) the internal verification exercise undertaken in respect of the financial and operational metrics referred to in the Strategic Report and Directors' Report. As part of the Committee's review of the Group's internal controls system (see page 137), it considered, concluded, and recommended to the Board that the disclosures in, and the process and controls underlying the production of, the 2024 Annual Report, are appropriate to enable the Committee to determine that the report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. The Board's conclusions in this regard are set out in the Statement of Directors' Responsibilities on page 186.

In preparation for the application of Provision 29 of the 2024 Code, which will apply to the financial period commencing on 1 January 2026, the Head of Audit and Assurance is undertaking an assurance mapping exercise which will form the basis for a comprehensive review of assurance of our material controls, including reporting controls, and of the effectiveness of the same.

Significant reporting issues considered by the Committee for the 2024 financial statements

Valuation of the property portfolio

The property portfolio accounts for the vast majority of the Group's total assets. This portfolio includes investment property, development property, assets held for sale, overages, owner-occupied properties and joint ventures. The portfolio is valued by independent external valuers, BNP Paribas, Jones Lang LaSalle, and Savills, in accordance with the Royal Institution of Chartered Surveyors Valuation – Professional Standards. Within these valuations, the key judgements are as follows:

a. the future intention and plans for the properties/site;
b. value per acre;
c. where relevant, the expected timing and/or outcome of planning submissions;
d. future rental amounts and financial stability of tenants;
e. future rental yields;
f. applicability and availability of comparable sales evidence;
g. anticipated risk of delivery of a site's masterplan;
h. costs to bring sites forward for sale or development; and
i. where transactions are agreed or close to being agreed, the probability of conditions to completion being satisfied.

The valuation of the Group's property portfolio lies at the core of its financial reporting and the Committee has a particular duty to ensure it is reported in a fair, balanced and understandable manner.

At both the half-year and the year-end, the Committee reviewed the reports prepared by the external valuers and challenged them on methodology, market conditions, assumptions and judgements underlying the disclosures in the consolidated balance sheet. The Committee also challenged management on the key assumptions underlying certain asset valuations. In its review, the Committee noted the current market conditions against which the valuation exercise was undertaken. The Committee also took into account the work carried out by the external auditor's valuation team, and overall is satisfied that the relevant balances are appropriately stated in the financial statements.

Audit Committee Report continued

Going concern and viability

These are addressed in the Long-Term Viability Statement (pages 58 to 60) and the Statement of Directors' Responsibilities (pages 186 to 187), and also in the Notes to the Financial Statements (page 206). For both the half-year and the year-end, management prepared forecasts on several bases: a base case; a sensitised forecast that reflected a number of severe but plausible downsides; and a specific climate change scenario case. The outputs, which were reviewed in detail and discussed and/or challenged by the Committee, project that the Group can continue to operate with available liquidity and banking facilities under plausible downside scenarios. The Committee is satisfied that the disclosures in the financial statements on going concern and long-term viability are appropriate.

Alternative Performance Measures ('APMs')

Harworth continues to believe that the use of APMs alongside statutory measures is essential in communicating the performance and position of the Group to its stakeholders. A full description of the measures is set out in Note 2 to the financial statements with a reconciliation between statutory measures and APMs set out in the appendix to the financial statements.

The Committee reviewed the appropriateness, prominence and consistency of the APMs disclosed.

Revenue

In addition to these areas the Committee also discussed revenue recognition with the external auditors and is satisfied that revenue has been recognised appropriately.

External audit

The Committee is responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor. EY has served as the Company's external auditor since the 2020 financial year, following their appointment by shareholders at the 2020 AGM. This appointment resulted from a competitive tender process overseen by the Committee in 2019, which gave fair and objective consideration to both "Big Four" and challenger firms. Details of this tender process were included in the 2019 Annual Report. The external auditor's appointment is subject to annual review by the Committee, with the most recent review conducted in July 2024 alongside the Committee's assessment of the 2023 year-end audit effectiveness. EY has served as the external auditor for five consecutive years, having first audited the financial year ended 31 December 2020. In accordance with applicable audit legislation, companies are required to conduct a mandatory rotation of auditors after 10 years, which can be extended to 20 years if there is a competitive tender process at the 10-year mark. The Committee proposes to conduct its next competitive tender process in the 2029 financial year. The Committee believes this timing is in the best interests of shareholders as it enables a comprehensive competitive tender process ahead of the mandatory rotation deadline, and will ensure the process adheres to the FRC's Audit Committees and the External Audit: Minimum Standard and corporate governance best practice. Following the 2024 year-end audit, EY's audit partner will have managed the audit for five years and will therefore step down from the audit, as required by the FRC's Ethical Standard. During H2 2024, management undertook a process to select a new key audit partner, which was overseen by the Committee, culminating in the appointment of Kate Jarman, who management and the Committee consider to have the requisite skills, knowledge and experience to undertake the role.

Having reviewed:

- the independence and objectivity of the external auditor, including consideration of potential conflicts of interest and of any non-audit work undertaken for the Company (for 2024, see analysis on the next page);
- the effectiveness of the last external audit;
- the quality control processes that the external auditor has in place, including any regulator's public comments on the same;
- the quality of the audit team, including the experience of the new audit partner, the team and its capacity;
- the quality of the audit through feedback from the management team;
- the proposed scope of the audit; and
- the quantum of fees payable for the audit (see analysis on the next page).

The Committee is recommending the re-appointment of EY at the forthcoming AGM for the external audit of the Company's financial statements for the year ending 31 December 2025.

The Board recognises the importance of safeguarding auditor objectivity and takes the following steps to ensure that external auditor independence is not compromised:

- The Committee reviews the audit appointment annually.
- The Company has a policy that, save for audit-related services (such as regulatory and statutory reporting, and work relating to any circulars required by the Listing Rules) and exceptional circumstances (but only with the Committee's prior approval), the external auditor will not provide non-audit services to the Group.
- The Group retains Deloitte to provide advice and assistance on most tax matters, pension accounting and remuneration consulting services. KPMG is retained to advise on tax matters relating to some of the Group's joint venture agreements. RSM provides co-sourced internal audit support.
- The Committee reviews on a regular basis all fees paid for both audit and non-audit activity, with a view to assessing the reasonableness of fees, value of delivery, and any independence issues that may have arisen or may potentially arise in the future. An analysis of all audit and non-audit fees incurred in 2024 is shown below.
- The Committee reviews the external auditor's report to the Directors and the Committee confirming its independence in accordance with auditing standards.

Whilst EY audits the accounts of the main subsidiary entities in addition to those of the Company and the Group consolidation, BHP, a regional chartered accountancy firm, audits the accounts of certain Group management companies and joint venture companies. The Committee receives a report each year from BHP on its audit of the management companies, and at the same time reviews BHP's appointment.

Analysis of audit and non-audit fees

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Audit fees		
Fees payable to the external auditor and its associates for the audit of:		
The Company and the consolidated financial statements	**398**	380
The Company's subsidiaries pursuant to legislation	**68**	40
Non-audit fees		
Other assurance services	**–**	189[1]
	466	609

1 Audit related services supporting a site-specific project disposal (pre-approved by the Audit Committee).

Valuers

The Royal Institution of Chartered Surveyors introduced mandatory rotation rules for valuers for regulated purpose valuations, which came into effect on 1 May 2024, but allowed for a transition period to May 2026 where a valuer is operating under an existing arrangement, allowing the client to organise an orderly transfer of the appointment. In response to those rules, management formulated a plan to rotate the Group's incumbent appointments away from its longstanding valuers, BNP Paribas and Savills. That plan provided for the appointment of a new valuer for Investment Portfolio properties for the 2024 year-end valuations (Jones Lang LaSalle), and for the appointment of a new valuer in 2025 for the balance of the Group's portfolio for the 2025 year-end valuations (to be selected), before the end of the transition period. The Committee has been, and continues to be, consulted on implementation of the plan.

Risk management and internal controls

The Board has overall responsibility for risk and has delegated to the Committee the responsibility for overseeing the effectiveness of the Group's risk management and internal control systems. An explanation of the Group's risk management framework, including the work undertaken by the Board to identify and review the Group's principal risks, the Directors' appetite for each of those risks, and the adequacy of the measures in place to mitigate them, is set out in the "Effectively managing our risk" section on pages 68 to 85.

Audit Committee Report continued

The Committee assesses the effectiveness of the Group's risk management and internal controls framework. As part of this assessment, the Committee receives reports of risk management activities performed during the year and updates from the Group Risk Register, the operational tool used to monitor the Group's principal risks. Each risk is subject to a consistent risk assessment methodology, the outputs of which are reflected in a risk "dashboard" which details:

- the scope and commentary on the status of each risk;
- inherent risk, residual risk and risk appetite scores to evaluate the changing status of each risk and monitor the alignment (or misalignment) of risk appetite and risk profile; and
- mitigation measures (internal controls) that have either been implemented, are in progress, or are planned.

Harworth's ERM function aims to improve the quantity and quality of Key Risk Indicators ('KRIs'), and to develop a KRI dashboard to allow for continuous real-time monitoring of KRIs where possible.

Ahead of publication of the year-end results and Annual Report, management presents a detailed assessment of the effectiveness of the Group's principal financial, operational and compliance controls, which is supported by the outputs from the internal audits carried out during the year.

In 2024, management took significant steps to transform Harworth's risk management framework, focusing on two key objectives: maintaining a continuous improvement culture responsive to an evolving risk landscape, and preparing for the future, notably Provision 29 of the updated Code set to take effect for periods starting on or after 1 January 2026. Whilst aspects of the existing risk management framework represented a good foundation for satisfying the new requirements introduced by the updated Code, in January 2024 management established an ERM function which has subsequently developed a comprehensive roadmap to enhance and standardise practices across the organisation. A maturity assessment was completed, setting clear goals and proportionate targets to strengthen the approach and ensure full engagement from the wider business.

The Committee is satisfied that the risk management and internal controls systems in place, and the assurance regime for the same described below, are effective to support delivery of the Group's strategy. Informed by the Committee's recommendation, the Board's assessment of the effectiveness of those systems can be found on page 69.

Internal audit

The Head of Audit and Assurance is responsible for designing and delivering a 36-month rolling internal audit programme with support from a co-sourced partner. This role has a dotted reporting line to me as Chair of the Committee and I engage with the Head of Audit and Assurance regularly.

In November 2023, the Committee approved the 2024 internal audit programme, which included audits of: acquisitions pipeline management; financial appraisal model; cost management within development projects; effectiveness of the site inspection regime; environmental compliance review over waste management; commercial direct development project management; compliance with the operational approvals process; key managing agent contract management; several project reviews; and certain advisory assignments. The findings and recommendations from these audits were reported to the Committee throughout the year. Overall, no significant control issues were identified which had not previously been identified by management with a plan already in place to address these in progress, although some process and control improvements were recommended, the majority of which have been adopted and have been, or are being, implemented.

In addition to the audits listed above, the Head of Audit and Assurance undertook a gap analysis of Harworth's existing fraud risk management procedures in Q3 2024, in preparation for the "failure to prevent fraud" offence introduced by the Economic Crime and Corporate Transparency Act 2023. An action plan has been developed to ensure the Group's fraud prevention, detection, and response measures are updated where necessary ahead of the 1 September 2025 effective date.

In November 2024, the Committee reviewed the effectiveness of the Internal Audit function, without the Head of Audit and Assurance being present, and informed by feedback from the management team, wider business, and external auditors. The Committee concluded that, under the stewardship of the Head of Audit and Assurance, the scope and quality of internal controls continued to improve. At the same meeting, the Committee approved a detailed internal audit plan for 2025 and an outline plan for 2026 and 2027. The audit programme, however, remains flexible to changing assurance needs during the year and the outputs from internal audit activity will continue to be reported to the Committee in real time.

Business continuity

The Group's Business Continuity Plan ('BCP') is reviewed and updated by management annually. The last review was in Q4 2024, where small changes were made in respect of personnel and systems, and which was reported to the Committee in February 2025. A test of the BCP will be undertaken in H2 2025, with the results due to be presented to the Committee. In addition, the digital incident response plan will be tested as part of the Group's digital resilience programme, with the results due to be presented to the Committee during 2025.

Insurance

The Committee had oversight of the 2025 insurance programme renewal, challenging management both on the overall programme and on individual aspects of certain policies. The scope of the insurance programme remained largely unchanged, and the Committee was pleased to see that pricing had reduced overall.

Whistleblowing/Speak Up

The Committee has responsibility for reviewing and monitoring the Group's whistleblowing policy and procedures, and the appropriate investigation of whistleblowing reports. The Company operates an external "Speak Up" platform, which offers employees and external stakeholders another means of reporting concerns (on a confidential basis if preferred) alongside the Group's internal reporting mechanisms. There were no incidents of whistleblowing, or reports made to the Speak Up platform, during 2024.

Compliance

The Committee is responsible for monitoring the effectiveness of, and compliance with, the Group's policies and procedures for combating modern slavery, bribery and corruption, and preventing the facilitation of tax evasion. The Company's 2024 Modern Slavery Statement can be found on our website at www.harworthgroup.com/investors/governance/, together with policies on anti-corruption and bribery and anti-facilitation of tax evasion.

Audit Committees and the External Audit: Minimum Standard ('Minimum Standard')

In May 2023, the FRC published the Minimum Standard. Since becoming a constituent of the FTSE 350 Index in September 2024, the Company seeks to apply the Minimum Standard. During the year, the Committee reviewed the Minimum Standard and has included disclosures where required within this report. The introduction of the Minimum Standard did not result in substantive changes to the operation of the Audit Committee, but the Committee has updated its terms of reference to incorporate provisions of the Minimum Standard.

An explanation of the application of Harworth's accounting policies can be found in Note 1 to the financial statements (see pages 206 to 215).

During the year, there were no shareholder requests for specific audit matters, nor any regulatory inspections of the quality of the Company's audit.

Competition and Markets Authority ('CMA') Order

The Company confirms that it has complied with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 relating to tendering and non-audit services.

I will be available online at the AGM to respond to any questions relating to the Committee's activities.

Patrick O'Donnell Bourke
Chair of the Audit Committee

17 March 2025

ESG Committee Report

Angela Bromfield
(Chair)

Alastair Lyons

Martyn Bowes

Marzia Zafar

Lynda Shillaw

Kitty Patmore

Dear shareholder,

I am pleased to report to shareholders on the work of the ESG Committee during the year ended 31 December 2024.

Given our purpose to transform land and property into sustainable places where people want to live and work, Harworth has a long-standing structured approach to ESG and an ongoing commitment to sustainability, which is embedded in the Group's strategy, culture, values and operations. The ESG Committee was established in 2021 to provide oversight of, and guidance on, Harworth's sustainability framework, practices and reporting. It has overseen the evolution of the Group's approach to sustainability, articulated as The Harworth Way, as well as the development of ESG-related disclosures including publication of our NZC Pathway and Communities Framework (both available on the Company's website).

After much detailed work overseen by the ESG Committee, the process of evolving our sustainability framework, practices and reporting has now been completed, and the framework is now wholly integrated into our business strategy. The Board has, therefore, decided that the ongoing oversight of sustainability related risks, opportunities, strategies and performance should move to being considerations of the main Board in which all Directors participate rather than of a separate ESG Committee.

The oversight of ESG reporting, itself now being embedded into international accounting standards, will become the responsibility of our Audit Committee. To support the transition of this responsibility to the Audit Committee, Marzia Zafar will replace Ruth Cooke on the Audit Committee following Ruth's retirement from the Board in May 2025. Marzia has a wealth of experience in sustainability, having spent over 20 years working on policies and strategies to enable energy transition across many sectors, and will be well-placed on the Audit Committee as it assumes responsibility for oversight of our ESG reporting. This evolution of our ESG governance framework reflects recommendations from the internal Board effectiveness review conducted in Q4 2024, and will be fully implemented in April 2025.

Membership and meetings

I chaired the Committee, and its other members were Alastair Lyons, Lynda Shillaw, Kitty Patmore, Martyn Bowes and Marzia Zafar.

The Committee met quarterly and meetings were also attended by our Director of Sustainability. Membership and attendance at those meetings is shown on the next page:

		Independent	Committee tenure at 31 December 2024	Meetings attended/ eligible to attend
Angela Bromfield	Chair	Yes	3 years 9 months	4/4
Alastair Lyons	Member	Yes	3 years 9 months	4/4
Martyn Bowes	Member	No	3 years 9 months	2/4
Lynda Shillaw	Member	No	3 years 9 months	4/4
Kitty Patmore[1]	Member	No	3 years 9 months	3/4
Marzia Zafar	Member	Yes	2 years 7 months	4/4

1 Kitty Patmore commenced maternity leave in September 2024.

2024 key activities

During the year, the Committee:

- Conducted a comprehensive review of our TCFD reporting, with particular focus on supply chain considerations and addressing specific recommendations from EY's external review.
- Reviewed the external verification of our 2023 SECR disclosure, conducted by Turley, an external consultancy, which confirmed our disclosures and greenhouse gas calculations met to a high standard SECR legislative requirements and related guidance.
- Reviewed, and recommended for approval to the Remuneration Committee, the ESG metrics and targets to be incorporated into the 2024 annual bonus scheme for all employees.
- Reviewed, and recommended for approval to the Audit Committee, the Group's sustainability disclosures in the 2023 Annual Report and 2024 interim results announcement.
- Oversaw the continued development of The Harworth Way, including the implementation of its principles as part of day-to-day operations.
- Reviewed investor feedback and comments on ESG following the 2023 year-end and 2024 interim results announcements.
- Assessed progress against our NZC Pathway and oversaw the continued development of the methodology for the capture, calculation and reporting of carbon emissions data. The NZC Pathway Progress Report for 2024, which includes disclosure of a wider range of Scope 3 emissions from our master developer process than had previously been able to be captured, has been published alongside this Annual Report and can be found on the Company's website.
- Considered the Company's impact on local communities, including a review of our Communities Framework which was published in 2024 and can be found on the Company's website.
- Oversaw preparation for a CDP submission, which further enhanced our reporting of environmental data.
- Received regular briefings from the Director of Sustainability covering the UK ESG landscape and outlook.
- Participated in the Board effectiveness review process, including consideration of the recommendation that relevant ESG responsibilities should become considerations of the main Board and Audit Committee.

In Q1 2025, the Committee has reviewed and recommended for approval to the Audit Committee the sustainability disclosures in this Annual Report, as well as reviewing the NZC Pathway Progress Report for 2024 prior to publication. As part of their membership of the wider Board, the Committee members will ensure that the Board's responsibilities and Audit Committee terms of reference are appropriately updated to cover the reallocation of the ESG Committee's responsibilities.

As the commercial and regulatory landscapes continue to evolve in response to climate change, social considerations and corporate responsibility, the Board of Harworth remains committed to evolving our sustainability approach ensuring we have a sustainable business that delivers for all stakeholders.

I will be available online at the AGM to respond to any questions or discuss matters relating to the Committee's activities.

Angela Bromfield
Chair of the ESG Committee

17 March 2025

Directors' Remuneration Report

Angela Bromfield
(Chair)

Alastair Lyons

Lisa Scenna

Dear shareholder,

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2024.

This report includes:

- my Annual Statement as Chair of the Remuneration Committee;
- the new Directors' Remuneration Policy (the 'Policy'). This sets out the policy intended to apply for the three years from 2025 which is subject to a binding shareholder vote at the 2025 AGM; and
- the Annual Report on Remuneration. This outlines how we implemented our current policy in 2024 and how we intend to apply the new Policy in 2025. This is subject to an advisory vote by shareholders.

Performance outcomes for 2024

Harworth delivered record revenue and land sales in 2024, in particular landmark sales at Skelton Grange and Ansty. Significant management actions during the year included planning successes, growing momentum in our enabling works programme, several strategic acquisitions, and lettings ahead of estimated rental values across the Investment Portfolio, which is now 45% Grade A (2023: 37%). The programme of enabling works supports in-flight and pipeline direct development to achieve our ambition of 800,000 sq. ft of Industrial & Logistics development each year by the end of 2027. EPRA NDV increased by 8.4% to 222.3p per share (2023: 205.1p), which led to a Total Return of 9.1% (2023: 5.1%), representing sector leading results ahead of the MSCI All Property Index.

Notwithstanding the turbulent and uncertain macro-economic and geopolitical backdrop which currently persists, about which we remain rightly cautious, Harworth is well-positioned in structurally undersupplied sectors that are fundamental to the UK's growth, with an extensive consented pipeline, strong balance sheet and specialised skillset. These attributes position us well as we move through 2025 and beyond, towards our targets of £1bn of EPRA NDV by the end of 2027 and a core investment portfolio of £0.9bn by the end of 2029.

Lynda Shillaw's and Kitty Patmore's bonus opportunity for 2024 were 150% and 125% of salary respectively based on a combination of financial measures (50% of the opportunity), strategic measures (20% of the opportunity), ESG measures (10% of the opportunity) and personal objectives (20% of the opportunity).

Taking into account performance against these measures, the Committee approved a bonus outcome equal to 100% of maximum (which equates to 150% and 125% of salary for Lynda Shillaw and Kitty Patmore respectively). Full details are set out on pages 167 to 170.

The Committee believes that the level of bonus outcome is appropriate in the context of the shareholder experience and having regard to the strong performance resulting from the positive management actions that created value during the year.

The Committee's Priorities for 2025:

- Ensure the new Remuneration Policy is effectively implemented following shareholder approval at the 2025 AGM
- Operation of the 2025 annual bonus and grant of 2025 performance flexed Restricted Share Plan awards
- Approve grant of options for SAYE Plan and Share Incentive Plan awards

The average bonus outcome for eligible employees (excluding the Executive Directors) was 94% of their maximum entitlement.

The third tranche of the 2020 Restricted Share Plan ('RSP') award granted to Kitty Patmore, the second tranche of the 2021 RSP awards granted to Lynda Shillaw and Kitty Patmore, and the first tranche of the 2022 RSP awards granted to Lynda Shillaw and Kitty Patmore will vest in full on 18 March 2025. The vested shares under the second tranche of the 2021 RSP Awards will be subject to a holding period until March 2026. The vested shares under the first tranche of the 2022 RSP Awards will be subject to a holding period until March 2027. The Committee reviewed performance against the underpins, as well as underlying financial performance, and found no cause to reduce the vesting outcomes. Full details are set out on page 171.

Policy review

Our current policy was approved at the 2022 AGM and is approaching the end of its three-year term. The Committee has, therefore, undertaken a comprehensive review of the Executive remuneration framework to ensure that it remains supportive of the Group's long-term growth ambitions and is competitively positioned to incentivise and retain the Executive talent and experience we need in a highly specialised sector.

The review has been underpinned by strong performance

Following her appointment as Chief Executive in November 2020, Lynda Shillaw proposed, and the Board endorsed, an ambitious growth strategy for the Group which was well received by shareholders.

The Group's EPRA NDV has increased from £516m (160p per share) at the end of 2020 to £719.6m (222p per share) at the end of 2024, representing growth of 39.5%, notwithstanding the challenging and uncertain market backdrop that has persisted for much of that period. The Group is targeting growth of 39% over the next three years to reach its strategic goal of £1bn EPRA NDV by the end of 2027.

In addition to performing well on an absolute basis, the Group has performed strongly relative to peers. Harworth's Total Shareholder Return over the four-year period to 31 December 2024 was 86% compared to 0% for the FTSE All Share Real Estate Index. Harworth's cumulative Total Property Return over the four-year period to 31 December 2024 was 69%, significantly exceeding the MSCI UK All Property Index returns over the same period of 11%.

Harworth has undoubtedly increased in size and complexity over the last four years and is now a multi-faceted business having a significantly broader footprint within the real estate sector. It is also now a FTSE 250 business, with a market capitalisation at the end of 2024 of c.£552m (which has grown by over 60% since Lynda Shillaw's appointment) and, as at 31 December 2024, had a headcount of 138 full-time equivalent employees (which has grown by c.86% since Lynda Shillaw's appointment).

Proposed changes to the RSP

Harworth has operated an RSP for Executive Directors and management since 2019. As part of the review, the Committee considered a variety of incentive structures ranging from keeping the current structure to moving towards a more traditional long-term performance-based structure. The Committee continues to believe that a core RSP award remains appropriate. It supports the strategy to deliver long-term sustainable growth and addresses the challenge of setting long-term performance targets in a cyclical market.

The Committee is also cognisant of Harworth's strong financial and operational performance in recent years, both in absolute terms and relative to its listed peers, and its stretching growth ambitions to achieve £1bn EPRA NDV by the end of 2027, with the strategy evolving during 2024 to focus more on growth of the income generating Industrial & Logistics portfolio – see strategic targets on pages 18 to 22. Reflecting what the Company has set itself to achieve over the next three years in order to deliver against the end 2027 EPRA NDV ambition, the Committee believes that, alongside sustainable growth through the cycle, the Executive Directors and management should also be incentivised to continue to outperform the market. To that end, the Committee proposes to introduce an outperformance element to the RSP, designed to incentivise and reward the delivery of superior returns relative to the wider listed property sector. We refer to this proposed evolution as a "performance flexed RSP structure".

While incorporating an outperformance element within our RSP is admittedly innovative, the Committee is cognisant that the UK Executive remuneration landscape is evolving to embrace more tailored structures, provided that there is a clear and demonstrable link to: (i) the corporate and talent strategy of the business; and (ii) the interests of long-term shareholders. Indeed, many of the shareholders that we engaged with welcomed this innovative proposal for our RSP, and the conversations proxy advisory bodies have had with us focused on ensuring that the remuneration structure aligned with Harworth's business model and strategy while continuing to foster good practice and alignment with shareholder expectations. We approached the review of the incentive structure with this mindset. The Committee firmly believes that our proposed performance flexed RSP structure is simple, transparent and strikes an appropriate balance between supporting the delivery of sustainable, long-term decision-making which "looks through" the property cycle (via the core award), and incentivising to deliver strong market outperformance (via the outperformance element).

The Committee was also mindful of the evolving debate on hybrid arrangements (which comprise distinct performance-based long-term incentive and RSP awards) and considered that such an arrangement was not in Harworth's best interests at this stage. The Committee considers that there is a fundamental and important difference between our proposed structure and a hybrid arrangement. Under a hybrid arrangement, the performance based long-term incentive award would vest on a graded scale between threshold (minimum) and stretch (maximum) targets. Under our proposed structure, the outperformance element provides for "cliff-edge" vesting – i.e. it will only vest if Harworth achieves a challenging stretch target over a three-year period. There is no ability for the Executive Directors to earn any element of outperformance if the pre-requisite level of strong market outperformance is not delivered.

The Committee was also comfortable that such "cliff-edge" vesting does not detract from the core award's promotion of long-term decisions, given that vesting of the outperformance element will be measured over a three-year period, necessitating a focus on long-term, rather than in-year, decision-making. The outperformance element will also form only a modest component of the overall RSP award and, in a "maximum" performance scenario, a small proportion of overall remuneration.

RSP outperformance element

The Committee carefully considered the performance criteria for the outperformance element taking into account feedback from shareholders. The Committee believes that Total Property Return, which measures the income and growth in value from the Group's property portfolio, is directly aligned to the performance that the Executive Directors are being asked (and incentivised) to deliver – to achieve the strategic goal of becoming a £1bn business (in terms of EPRA NDV) by the end of 2027, execute the evolved strategy, and continue to outperform against real estate peers. The Committee also believes that strong Total Property Return performance will translate into shareholder returns. However, the Committee is also mindful that, during consultation, several shareholders expressed a strong preference for a portion of the outperformance element to be subject to a Total Shareholder Return performance measure, to provide stronger alignment with the shareholder experience over the longer-term. It is, therefore, proposed that 50% of the outperformance element is subject to Total Property Return performance and 50% is subject to Total Shareholder Return performance, both measured over a three-year period.

Total Property Return performance measure

The most common approach to structuring a relative Total Property Return performance measure is to compare performance against an established MSCI real estate index. The Committee has explored different MSCI indices and bespoke benchmarks and, after careful consideration, believes that the MSCI UK All Property Total Return Index is currently the most appropriate benchmark for Harworth. This index covers assets across all real estate sectors and UK geographies, with strong representation of industrial assets and residential assets, both being sectors across which Harworth is currently very active.

It is, therefore, proposed that 50% of the outperformance element of the 2025 performance flexed RSP award will vest if Harworth's Total Property Return performance over the three-year period ending 31 December 2027 outperforms the upper quartile of the MSCI UK All Property Total Return Index.

The Committee considered Harworth's Total Property Return performance over recent years relative to the upper quartile of the MSCI UK All Property Total Return Index, which reflected that Harworth had outperformed the upper quartile of the MSCI UK All Property Total Return Index in some but not all of the previous five years. The Committee also had regard to Harworth's future Total Property Return expectations informed by the most recent Strategic Plan presented to the Board in January 2025. With these reference points in mind, and taking into account typical market practice (noting that, where companies operate relative Total Shareholder Return or Total Return performance measures within incentive plans, upper quartile is often the stretch target for maximum vesting), the Committee believes that outperforming the upper quartile of the index is a demanding and ambitious metric that will reflect stretching performance against the market.

The MSCI UK Industrials Total Return Index was also explored as a potential benchmark, reflecting Harworth's evolved strategy to focus on the growth of the income-generating Industrial & Logistics portfolio. This index largely comprises funds with income-generating assets (and therefore few land and property regeneration or development assets) and the Committee did not, therefore, consider this index to be appropriate at this time. It is likely to become more relevant in the future as the Group's portfolio evolves to include more income-generating assets, and this will be kept under review over the coming years.

Total Shareholder Return performance measure

The Committee has explored different comparator groups for the Total Shareholder Return performance measure and believes that a comparator group comprising the FTSE 250 Real Estate companies (excluding agencies) is the most appropriate for Harworth.

It is, therefore, proposed that 50% of the outperformance element of the 2025 performance flexed RSP award will vest if Harworth's Total Shareholder Return performance over the three-year period ending 31 December 2027 outperforms the upper quartile of the FTSE 250 Real Estate companies (excluding agencies). Outperforming the upper quartile is considered an appropriate target for the outperformance element to vest, reflecting that upper quartile is often the stretch target for maximum vesting within conventional performance share plan structures.

Performance underpins and Committee discretion

As well as upside potential under the revised structure, the Committee continues to believe that it is appropriate for performance flexed RSP awards to be subject to downside risk through the underpin framework. As part of the policy review, the Committee has considered the underpins which have applied since the introduction of the RSP in 2019. These are based on: no breach of financial covenants; satisfactory underlying performance compared to the real estate sector; and no material failure in corporate governance, or health and safety. The Committee continues to believe that this selection of underpins reflects an appropriate overall balance, safeguarding the financial stability of the business while providing sufficient focus on our corporate governance and health and safety responsibilities. Details of the underpins are set out on page 171.

In addition to the underpins, the Committee retains discretion to reduce the vesting outcome of a performance flexed RSP award if it is not considered to be reflective of the underlying performance of the business or the shareholder experience.

RSP quantum

Under the current policy, the normal RSP opportunity is equal to 75% of salary.

In the view of the Committee, shared by the Board and many of the shareholders with whom we have consulted about the revised Policy, Lynda Shillaw and Kitty Patmore have performed exceptionally well since their appointments as Chief

After careful consideration, the Committee proposes to set the performance flexed RSP award opportunity for the Executive Directors under the new Policy as follows:

- A core award opportunity equal to 100% of salary.
- An outperformance element of 0.33x core award.
- Meaning an overall maximum opportunity of 133% of salary.

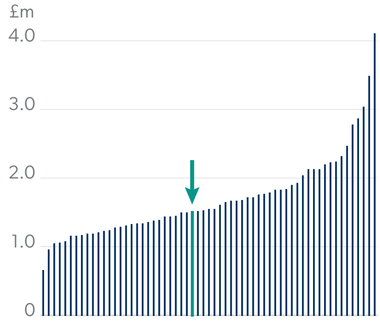
Executive and CFO respectively. Under their leadership, the Group has made strong progress towards becoming a £1bn business by the end of 2027, and has delivered market-leading performance along the way. As explained above, Harworth has increased considerably in size and complexity over the last four years.

The Committee has benchmarked the proposed Chief Executive and Chief Financial Officer performance flexed RSP opportunity and total compensation opportunity against:

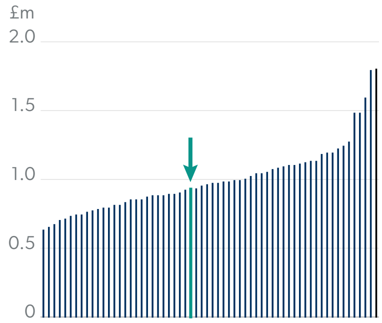
1. LSE Main Market listed companies (excluding financial services) with a market capitalisation ranging from £300m to £900m. Harworth's market capitalisation (12 month average: c.£500m, 3 month average: c.£570m) is positioned towards the median of this comparator group.
2. LSE Main Market listed real estate peers (NewRiver, Henry Boot, Helical, CLS, Empiric Student Property, Workspace). Harworth's market capitalisation is positioned towards the upper end of this comparator group.

Increasing the core award opportunity to 100% of salary will position the Chief Executive's and CFO's on-target total compensation opportunity around median compared to the market capitalisation comparator group and real estate comparator group. The Committee strongly believes that positioning the on-target remuneration arrangements for our Executive Directors at the median of the market is justified not only by the size of the business (which has recently become a constituent of the FTSE 250 Index) relative to the benchmarking comparator groups, but also by the calibre of the Executive Directors that we have in role.

CEO target total compensation opportunity vs market cap comparator group



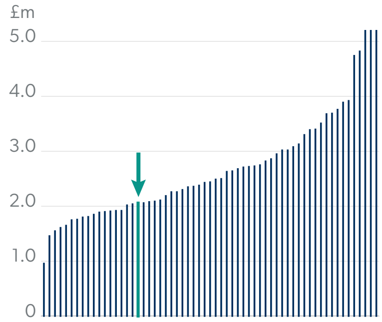
CFO target total compensation opportunity vs market cap comparator group



As noted above, the maximum opportunity, including the outperformance element, will only vest in full if Harworth delivers stretching outperformance against the market over the longer-term (i.e. if Harworth's three-year Total Property Return outperforms the upper quartile of the MSCI UK All Property Total Return Index and three-year Total Shareholder Return outperforms the upper quartile of the FTSE 250 Real Estate companies (excluding agencies)). The Committee considers that a vesting of 133% of salary for delivering stretching outperformance against the market (alongside strong underlying financial business performance) is reasonable, noting that:

- This level of maximum opportunity will be positioned below the lower quartile compared to the market capitalisation benchmarking comparator group, reflecting the downside protection afforded by the core award.
- Maximum total compensation opportunity for the Chief Executive and Chief Financial Officer will be positioned around the lower quartile compared to the market capitalisation benchmarking comparator group.

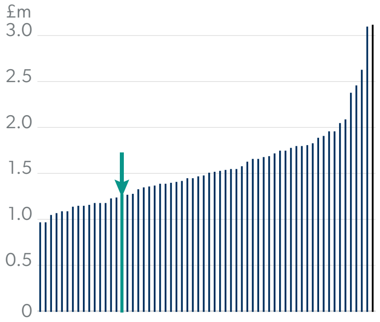
CEO maximum total compensation opportunity vs market cap comparator group



In summary, the Committee considers the proposed performance flexed RSP quantum to be appropriate on the basis that:

- The award opportunity reflects the growth and scaling of Harworth, as well as its increased complexity, over the last three years since the last policy review. Harworth is also well-positioned to unlock further long-term growth potential under the evolved strategy.
- We take pride in our exceptional Executive leadership team. It is the key to our success and therefore essential that we continue to provide a reward package which reflects the calibre of our Executive Directors and retains and incentivises them to deliver the Group's growth ambitions.
- Pay differentials between Executive Directors and below Board levels are a key consideration when setting salaries and incentive opportunities for leadership roles. The growth and scaling of Harworth in recent years has led to us having a more experienced and marketable Executive leadership team who receive remuneration commensurate with their experience and marketability. Repositioning the award opportunity for the Executive Directors will ensure that a reasonable differential can be maintained between them and the remainder of the Executive leadership team, while providing scope for growth in performance flexed RSP participation for those below Board.
- The outperformance element will only vest if strong market outperformance is delivered over the longer-term.
- The award opportunity is supported by market data.

CFO maximum total compensation opportunity vs market cap comparator group



Other minor changes proposed to aid competitiveness and support simplification

It is proposed that the historic approach of setting the share price to determine the number of shares at the start of the policy period is removed to align with market practice and remove unnecessary complexity. In addition, given that the same construct is applied across the Group as a whole, undue challenges were faced in explaining the changes in individual award levels each year.

Under the current policy, an RSP award vests in equal tranches after three, four and five years. Vested tranches are then released (i.e. the point at which shares can be sold) after five years from grant. Under the new Policy, in line with market practice, it is proposed that a performance flexed RSP award vests after three years. The vested award is then released after the end of a two-year holding period. There is no change to the overall timeframe between grant and release of award: a five-year timeframe will continue to apply.

No material changes to the annual bonus structure are proposed. The only minor adjustment is to set the threshold level of vesting at 25% (currently 10%) of the maximum for financial performance measures (when the threshold targets have been met) to provide a more meaningful vesting outcome for achieving threshold performance and which is more aligned with the typical threshold vesting levels across the FTSE 250.

Post-cessation shareholding requirements

A post-cessation shareholding requirement is in place such that, for the first 12 months following an Executive Director stepping down from the Board, they must retain shares with a value of 200% of salary (or their actual shareholding if it is lower than 200% of salary), with that requirement tapering down to 0% over the following 12 months. The Committee continues to believe that this approach is appropriate reflecting the reward structure that we have in place.

RSP awards are subject to a combined vesting and holding period of five years, and awards are not accelerated on departure (unless there are exceptional circumstances). When an Executive Director ceases employment, any vested awards will continue to be released over a period of up to two years following the end of their holding period. Furthermore, if the Executive Director is treated as a good leaver, any unvested awards will continue to be capable of vesting on a pro-rated basis and will be released over a period of up to five years. As an illustration, if an Executive Director leaves after five years in post, then on cessation of their employment, assuming they are treated as a good leaver, they will hold outstanding core RSP awards (on a net-of-tax basis) equal to c.150% of salary on cessation of employment and c.100% of salary one year post-cessation.

We, therefore, believe that the RSP alongside our current post-cessation shareholding requirement achieves the objective of ensuring there is ongoing alignment of Executive Directors' interests with the shareholder experience post-cessation of their employment.

Shareholder consultation

Over recent months, we have undertaken an extensive consultation with the Company's major shareholders (representing c.85% of the Company's issued share capital), which has shaped the proposed changes to the RSP.

Overall, shareholders were supportive of the proposed changes acknowledging that the performance flexed RSP, while a unique structure, aligns with and supports Harworth's business and strategy. As noted above, reflecting on the most prevalent piece of feedback received from shareholders (that a portion of the outperformance element of the RSP should be subject to Total Shareholder Return performance), it is proposed that 50% of the outperformance element is based on Total Property Return performance and 50% based on Total Shareholder Return performance.

The Investment Association, ISS and Glass Lewis also provided valuable input as the Committee sought to finalise the proposed changes to the RSP, including acknowledging that the performance flexed RSP structure is different to a traditional hybrid structure (for the reasons detailed earlier in this report) and providing clear guidance to set out in the Directors' Remuneration Report the rationale for the proposed approach, together with supporting benchmarking data.

We have included in the governance section of our website (www.harworthgroup.com/investors/governance/) the initial and closing letters sent to shareholders and proxy advisory bodies as part of the consultation process. These provide further detail on the wider business context underpinning the proposals, other long-term incentive structures considered, and further information on benchmarking.

On behalf of the Committee, I would like to extend our sincere thanks to all those who participated in the consultation.

Implementation of the Policy for 2025

Base salary

Lynda Shillaw and Kitty Patmore were each awarded a 3% salary increase with effect from 1 January 2025. This compares to an average increase of 3% for the wider workforce.

Annual bonus

Lynda Shillaw's and Kitty Patmore's bonus opportunity for 2025 is equal to 150% and 125% of salary respectively.

30% of the bonus opportunity will be based on Total Accounting Return, 30% on Total Property Return relative to the MSCI UK All Property Total Return Index, and 40% on strategic measures aligned to the key strategic pillars under the evolved strategy and ESG priorities. The Committee believes that the proposed performance measures provide an appropriate balance to incentivise Executive Directors to continue to deliver strong operational and financial performance, and outperform the market, alongside executing the evolved strategy.

The Committee is mindful that Total Property Return relative to the MSCI UK All Property Total Return Index features as a performance measure in both the annual bonus and performance flexed RSP. The Committee believes this is currently appropriate for Harworth for the following reasons:

- Total Property Return (alongside Total Accounting Return) are key metrics based on which Harworth's performance is judged by external stakeholders: the Executive Directors should, therefore, be incentivised and rewarded for outperforming the returns of the broader UK real estate sector over the short and long term.
- There is symmetry in terms of potential upside and downside. If Harworth performs well against the MSCI UK All Property Total Return Index then the Executive Directors will see the benefit in both the annual bonus and performance flexed RSP awards. Equally, if Harworth does not outperform the MSCI UK All Property Total Return Index then the Executive Directors will be penalised on both the annual bonus and performance flexed RSP awards.
- There are currently no other financial metrics that are considered more directly relevant to an assessment of Harworth's performance for the annual bonus than Total Property Return and Total Accounting Return.

Performance targets are considered to be commercially sensitive at this point in the year and they will be fully disclosed in the 2025 Annual Remuneration Report.

33% of any amount earned by Lynda Shillaw and 20% of any amount earned by Kitty Patmore will be deferred into shares for two years. The higher level of deferral for Lynda Shillaw reflects that she is awarded a higher bonus opportunity.

Performance flexed RSP

Lynda Shillaw and Kitty Patmore will each be granted performance flexed RSP awards comprising a core award at 100% of salary and an outperformance element equal to 0.33x the core award, meaning an overall maximum opportunity of 133% of salary.

50% of the outperformance element will vest if Harworth's Total Property Return over the three-year period ending 31 December 2027 outperforms the upper quartile of the MSCI UK All Property Total Return Index. The remaining 50% of the outperformance element will vest if Harworth's Total Shareholder Return over the three-year period ending 31 December 2027 outperforms the upper quartile of the FTSE 250 Real Estate companies (excluding agencies).

The awards will vest after three years. Vested awards will then be released after the end of a two-year holding period. Details of performance underpins are set out on page 171.

Chair and Non-Executive Directors

During the year, the Board (without the Chair being present) reviewed the Non-Executive Chair's fee and (without the Non-Executive Directors being present) reviewed the Non-Executive Directors' fees in the context of the development of Harworth's value, size, and complexity since the fee levels were last externally benchmarked in 2021. It was agreed that, with effect from 1 January 2025, the Non-Executive Chair's fee will increase from £187,715 to £211,750 (12% increase) and the Non-Executive Directors' base fee will increase from £53,076 to £58,500 (10% increase). It was also agreed that the additional fees for acting as SID, or chairing the Remuneration Committee or Audit Committee would increase from £9,371 to £10,300. The fee for chairing the ESG Committee would increase from £6,615 to £10,300, to apply until the end of April 2025 when the responsibilities of the ESG Committee will be reallocated to the Board and Audit Committee as explained in the ESG Committee report (pages 140 to 141). Details of the Chair and Non-Executive Director fees are set out on page 167.

The Committee and Board consider these fee levels to be appropriate for a business of our size and complexity, noting that the fees are positioned around the median compared to Main Market listed companies (excluding financial services) with a market capitalisation ranging from £300m to £900m, and reflect the experience and calibre of the Non-Executive Chair and Non-Executive Directors.

Conclusion

We greatly appreciate the feedback and the level of support we have received from our shareholders regarding our approach to remuneration and the changes outlined above. We are firmly of the view that they are in the best interests of the business and its shareholders.

We remain committed to a responsible approach to Executive pay, as I trust this Directors' Remuneration Report demonstrates. We believe that the policy operated as intended in respect of the 2024 financial year and consider that the remuneration received by the Executive Directors was, and that proposed for 2025 is, appropriate, taking in the round the Group's and the Executive Directors' performance.

Angela Bromfield
Chair of the Remuneration Committee
17 March 2025

Directors' Remuneration Policy

Changes to the Directors' Remuneration Policy and summary of decision-making process

During 2024, the Committee carried out a comprehensive review of the current remuneration policy. The outcome of the review and changes to the policy are outlined on pages 143 to 148.

In determining the Policy, the Committee followed a robust process which included extensive discussion on the content of the Policy at four Committee meetings. The Committee considered input from the Executive Directors and its independent advisers and consulted with the Company's major shareholders (representing c.85% of the Company's issued share capital).

In undertaking the review, the Committee kept in mind the Group's core reward principles (set out below) as well as the factors in Provision 40 of the 2018 UK Corporate Governance Code, which applied to the 2024 financial year and Provision 38 of the 2024 UK Corporate Governance Code, which will apply to the Policy period (see page 163).

CORE REWARD PRINCIPLES
The incentive structure should reward the delivery of the Group's strategic ambition, long-term sustainable decision-making and value creation in a cyclical market.
The total reward package should be competitively positioned against the market, to ensure Executives are appropriately incentivised and fairly rewarded.
The total reward package should be sufficiently weighted towards long-term value creation.
The incentive structure should reward strong market outperformance.
As far as possible, each of the components of the reward package should be capable of tailored application to, and being understood by, the wider workforce to support, where appropriate, the alignment of reward between the Executive Directors and the wider workforce.

In June 2024 Harworth completed the sale of a 16-acre serviced land parcel to Taylor Wimpey for £19.55m at Benthall Grange, our major mixed-use development on the site of the former Ironbridge Power Station. The site will deliver over 1,000 new homes, alongside a range of commercial, leisure and community uses.
Ironbridge, Telford | MID | R | MD

This section of the report sets out the Policy for Directors which will be put to a binding shareholder vote at the 2025 AGM. Subject to shareholder approval, the Policy will come into effect from the close of the 2025 AGM.

Policy table

FUNCTION	OPERATION	OPPORTUNITY	PERFORMANCE MEASURES
Base salary To recognise the individual's skills and experience and to provide a competitive base reward.	Base salaries are ordinarily reviewed annually, with reference to: salary levels for similar roles at comparable companies; individual contribution to performance; and to the experience of the Executive Director. Any adjustments will typically be determined in the first quarter of the year and take effect retrospectively from 1 January in that year.	Any base salary increases are applied in line with the outcome of the review as part of which the Committee also considers average increases across the Group. Salary increases will generally be in line with the range of increases awarded to salaried employees (in percentage terms). Increases above this level may be awarded in certain circumstances including, but not limited to: where there has been an expansion in role and responsibility; to reflect an Executive Director's development in role (e.g. to align a new hire's salary with the market over time); where there is a significant change in the Group's size and/or complexity; where the current salary level has fallen behind the market over time.	None
Pension To provide an opportunity for Executive Directors to build up income on retirement.	All Executive Directors are either members of the Group pension scheme or receive a cash pension allowance. Salary is the only element of remuneration that is pensionable.	Aligned with the contribution rate available to the majority of the wider workforce (currently 10% of salary).	None
Benefits To provide benefits which are competitive in the market in which the Executive Director is employed.	Executive Directors receive benefits which consist primarily of the provision of a car allowance, private medical cover and life insurance although can include any such benefits that the Committee deems appropriate, and the Company may make a payment in respect of any associated tax liability where the Committee considers this to be appropriate.	The monetary value of benefits vary by role and individual circumstances: eligibility and cost is reviewed periodically. The Committee retains the discretion to approve a higher cost in appropriate circumstances (e.g. relocation) or in circumstances where factors outside the Company's control have changed materially (e.g. increases in insurance premiums).	None

Directors' Remuneration Report continued

FUNCTION	OPERATION	OPPORTUNITY	PERFORMANCE MEASURES
Annual bonus To incentivise and reward strong performance against financial and personal annual targets, thus delivering value to shareholders and being consistent with the delivery of the strategic plan.	The scheme is based on a combination of financial performance, strategic and/or personal objectives. At the end of the year, the Committee determines the extent to which targets have been achieved. If the maximum bonus opportunity exceeds 100% of salary, up to one third of any amount earned (not only the proportion earned above 100% of salary) will be deferred into shares in the Company for two years. For example, if the bonus opportunity is equal to 125% of salary, 20% of any amount earned will be deferred for two years. If the bonus opportunity is equal to 150% of salary, 33% of any amount earned will be deferred for two years. Dividend equivalents may be paid on vested shares based on dividends paid during the deferral period. Such amounts will normally be paid in shares.	Maximum opportunity of up to 150% of base salary in respect of a financial year. For 2025, the maximum annual bonus opportunity will be 150% of salary and 125% of salary for the Chief Executive and Chief Financial Officer respectively. For financial metrics, up to 25% of maximum may be earned for threshold performance with 100% of maximum earned for meeting or exceeding the maximum performance level. For performance between threshold and maximum, the vesting profile will be determined by the Committee taking into account the stretch in the targets. Vesting of the bonus in respect of strategic performance or personal objectives will be between 0% and 100% based on the Committee's assessment of the extent to which the relevant metric or objective has been met.	Performance measures, targets and weightings are set at the start of the year, to reflect the Group's annual strategic plan and, for personal objectives, individual contribution to that plan. At least 50% of the bonus opportunity is based on financial measures. The remainder is based on strategic and/or personal objectives, with no more than 20% of the bonus opportunity based on personal objectives. Overall payout under the annual bonus may be subject to additional underpins, determined by the Committee at the start of the year. The Committee has discretion to amend the payout should any formulaic output not reflect the Committee's assessment of overall business performance or if the Committee considers the formulaic outturn is not appropriate in the context of other factors considered by the Committee to be relevant (e.g. the experience of shareholders or employees). Any such adjustments would be fully explained in the relevant Remuneration Report.

FUNCTION	OPERATION	OPPORTUNITY	PERFORMANCE MEASURES
Performance flexed Restricted Share Plan ('RSP') To support the delivery of long-term decision-making which "looks through" the property cycle and incentivises strong market outperformance.	Annual awards will be made in the form of conditional share awards or nil-cost options. The awards will comprise a core award and an outperformance element. Vesting of the outperformance element will be subject to one or more financial performance targets. Vesting of the awards will be subject to specific performance underpins. Awards will normally vest after three years. Vested awards will be subject to a two-year holding period. Dividend equivalents may be paid on vested shares based on dividends paid during the vesting period and/or holding period. Such amounts will normally be paid in shares.	Core award: up to 100% of salary in respect of a financial year. Outperformance element: up to 0.33x core award. Meaning an overall maximum opportunity of up to 133% of salary in respect of a financial year.	The outperformance element will be subject to one or more financial targets, set by the Committee, normally over a three-year period. For 2025, 50% of the outperformance element will be based on Total Property Return performance relative to the MSCI UK All Property Total Return Index, and 50% based on Total Shareholder Return performance relative to the FTSE 250 Real Estate companies (excluding agencies). Details are set out on page 177. The vesting outcome of an award may be reduced by the Committee if a performance underpin is not achieved. In addition, the Committee has discretion to amend the vesting outcome should it not reflect the Committee's assessment of overall business performance or if the Committee considers the outcome is not appropriate in the context of other factors considered by the Committee to be relevant (e.g. the experience of shareholders or employees). Any such adjustments would be fully explained in the relevant Remuneration Report.

Directors' Remuneration Report continued

FUNCTION	OPERATION	OPPORTUNITY	PERFORMANCE MEASURES
Share Incentive Plan ('SIP') and Save-As-You-Earn plan ('SAYE)' To motivate and to facilitate share ownership on an all-employee basis.	These plans are reviewed annually and, if offered, are offered to all eligible employees in accordance with their terms and applicable legislation.	An Executive Director may contribute up to £500 per month (or such other limit as may be permitted under the relevant legislation) (SAYE) and £1,800 per annum (or such other limit as may be permitted under the relevant legislation) (SIP) into these tax-efficient all-employee plans. Under the SAYE, the per share option exercise price is set at a discount of up to 20% (or such other amount as may be permitted under the relevant legislation) to the share price when participation is offered. Under the SIP, the Company may match the shares up to a 2 for 1 basis (or on such other basis as may be permitted under the relevant legislation). Under the SIP, the Company may also make an award to an Executive Director of up to £3,600 of free shares in any year (or such other limit as may be permitted under the relevant legislation).	None

Notes to the policy table

Performance measure selection and approach to target setting

Annual bonus

The measures used under the annual bonus plan are selected annually to reflect the Group's financial and strategic priorities for the year identified in the budget and strategic plan. Additional underpins may be set, for example to ensure appropriate consideration of all relevant aspects of health and safety.

Financial and strategic performance targets are set annually and calibrated to reward Executive Directors for strong operational performance taking into account the Group's budget and strategic plan.

Performance flexed RSP

The financial target(s) for the outperformance element is/are selected annually. For the 2025 award, 50% of the outperformance element will be based on Total Property Return performance relative to the MSCI UK All Property Total Return Index, and 50% based on Total Shareholder Return performance relative to the FTSE 250 Real Estate companies (excluding agencies).

The terms of the underpins will be determined on an annual basis taking into account the Committee's assessment of the metrics which will best reflect overall business health over the vesting period. Underpins will ordinarily be qualitative, and the Committee will use its judgement to assess "in the round" whether the level of vesting is appropriate having regard to the underpins and business performance.

Recovery provisions

The annual bonus and performance flexed RSP are subject to malus and clawback provisions as follows:

- any bonus paid in cash may be recovered for up to two years following payment;
- a deferred bonus award may be reduced or cancelled during the two-year deferral period; and

- a performance flexed RSP award may be cancelled (if shares have not been delivered to satisfy it) or recovered from a participant (if shares have been delivered) up to the second anniversary of vesting.

Malus or clawback may be applied in the event of misconduct, material financial misstatement, error in calculation of outcomes, material failure of risk management and internal controls, a significant health and safety event or environmental incident, conduct leading to financial loss or reputational damage, unreasonable failure to protect the interests of employees and customers, material corporate failure, material breach of banking covenants or an unauthorised breach of the Group's internal gearing policy, or in any other circumstance that the Committee considers appropriate.

A clawback period of two years following payment of an annual bonus and vesting of a performance flexed RSP award is considered appropriate on the basis that:

- it is reasonable to assume that an event relating to the performance / vesting period requiring clawback would be discovered within a two-year period;
- it is considered a reasonable period to support the enforceability of clawback; and
- it is aligned with market practice across the FTSE 250.

SAYE and SIP

SAYE options and awards under the SIP are not subject to performance measures in line with the treatment of such awards for all employees and in accordance with the applicable tax legislation.

Variations

The Committee may vary or substitute any performance measure or underpin if an event occurs which causes it to determine that it would be appropriate to do so, provided that any such variation is fair and reasonable and (in the opinion of the Committee) the change would not make the performance measure or underpin less demanding. If the Committee were to make such a variation, an explanation would be given in the next Remuneration Report.

Operation of share plans

The Committee will operate its share plans in accordance with their rules. Share awards may be made in the form of conditional share awards, options (including nil cost options) or forfeitable share awards. Awards granted over shares may be settled in cash. In the event of a variation of the Company's share capital or a demerger, special dividend or other event which, in the Committee's opinion may affect the price of shares, the Committee may alter the terms of awards under its share plans and the number of shares subject to those awards in accordance with the terms of the relevant plan.

Remuneration policy for other employees

All our people contribute to the achievement of the Group's long-term success. As such, when making decisions in respect of the Executive Directors, the Committee considers the reward arrangements for the wider workforce.

Harworth's approach to annual salary reviews is consistent across the Group, with consideration given to the level of experience, responsibility, individual performance and salary levels in comparable companies.

The majority of employees are eligible to participate in an annual bonus scheme with similar measures to those used for the Executive Directors. Opportunities and specific performance measures vary by organisational level with business area-specific metrics incorporated where appropriate.

We want the interests of our people to be strongly aligned with our shareholders and the overall performance of the business. We actively support and encourage employee share ownership across the Group, so that our employees may share in the success of the business.

Employees in Level 4 roles and above participate in the RSP, with award sizes varying by organisational level. Over 60% of the Group's employees currently participate in the RSP.

Harworth operates a SAYE plan under which awards are granted annually. Around 70% of the Group's employees currently participate in the SAYE plan.

Harworth offers free shares under the all-employee SIP, awarding all eligible employees £3,600 of free shares in 2024, being the maximum amount permitted under UK tax legislation, as well as Partnership and Matching Shares for eligible employees. Subject to affordability, the Company intends to continue to award Free Shares to eligible employees on an annual basis at the maximum amount permitted, and to continue to offer Partnership and Matching Shares.

Shareholding guidelines

The Committee continues to recognise the importance of aligning Executive Directors' interests with shareholders' through building up a significant shareholding in the Company. Shareholding guidelines are in place that require Executive Directors to acquire a holding equivalent to 200% of base salary. Until the relevant shareholding levels are acquired, 50% of any performance flexed RSP awards vesting and 50% of any deferred bonus awards vesting (post-payment of tax) are required to be held. Shares subject to performance flexed RSP awards which have vested but which remain subject to a holding period, and shares subject to deferred bonus awards, count towards the guidelines on a net of assumed tax basis. Details of the Executive Directors' current personal shareholdings are provided in the Annual Remuneration Report.

A post-cessation shareholding requirement is in place such that, for the first 12 months following an Executive Director stepping down from the Board, they must retain such number of their "relevant shares" as have a value (at the time of stepping down) equal to the shareholding guideline that applies during service (200% of base salary), with that requirement tapering down to 0% over the following 12 months. If the Executive Director holds less than the required number of "relevant shares" at any time, they must retain the "relevant shares" they hold. Shares which the Executive Director has purchased are not "relevant shares" for these purposes. Shares subject to RSP and performance flexed RSP awards which have vested but not been released, or have been released but not exercised, and shares subject to deferred bonus awards count towards the post-cessation guideline on a net of tax basis. Unless the Committee determines otherwise, when considering the extent to which this requirement is satisfied, an Executive Director or former Executive Director shall be deemed to have disposed of shares which are not "relevant shares" before any "relevant shares" that person holds.

Non-Executive Director remuneration

Non-Executive Directors are appointed on a rolling annual basis. All Non-Executive Directors offer themselves for re-election at each AGM. The appointment and re-appointment and the remuneration of Non-Executive Directors are matters reserved for the full Board.

	Date of letter of appointment	Appointment date to the Board	Current appointment expiry date[1]
A. Lyons	23 November 2017	7 March 2018	7 March 2026
A. Bromfield	19 February 2019	1 April 2019	1 April 2026
R. Cooke[2]	27 February 2019	19 March 2019	19 May 2025
L. Scenna	29 June 2020	1 September 2020	1 September 2025
P. O'Donnell Bourke	2 November 2020	3 November 2020	3 November 2025
M. Zafar	31 May 2022	1 June 2022	1 June 2025
M. Bowes[3]	1 March 2015	24 March 2015	24 March 2026

1 All Non-Executive Directors are subject to annual rolling appointments by reference to the date of their original appointment to the Board.
2 Ruth Cooke will not be seeking re-election at the 2025 AGM, scheduled for 19 May 2025, and will retire from the Board with effect from that date.
3 Martyn Bowes was previously a Non-Executive Director of Harworth Estates Property Group Limited from 19 March 2013.

The Non-Executive Directors are not eligible to participate in the Company's performance-related bonus plan, long-term incentive plans or pension arrangements.

Full terms and conditions for each of the Non-Executive Directors are available at the Company's registered office during normal business hours and will be available at the AGM for 15 minutes prior to the meeting and during the meeting.

FUNCTION	OPERATION	OPPORTUNITY	PERFORMANCE MEASURES
Fees and benefits To attract and retain Non-Executive Directors of the highest calibre with broad commercial and other experience relevant to the Company.	Fee levels are ordinarily reviewed annually, with any adjustments typically effective 1 January in the year following review. The fees of the Non-Executive Chair and other Non-Executive Directors are determined by the Board. Additional fees are payable for additional Board duties, including but not limited to, acting as Senior Independent Director and as Chair of any of the Board's Committees. Additional fees may be paid in the event that Non-Executive Directors are required to commit substantial additional time above that normally expected of their role. Fee levels are benchmarked against similar roles at comparable companies. Time commitment and responsibility are taken into account when reviewing fee levels. The Non-Executive Directors may be eligible to receive benefits linked to the performance of their duties, including but not limited to travel and other expenses, and the Company may make a payment in respect of any associated tax liability where the Committee considers this to be appropriate.	There is no overall maximum, but fees are set taking into account the responsibilities of the role and expected time commitment. It is generally expected that increases to Non-Executive Director fee levels will be in line with the range of increases awarded to salaried employees (in percentage terms). However, in the event that there is a material misalignment with the market or a change in the complexity, responsibility or time commitment required to fulfil a Non-Executive Director role, the Board has discretion to make an appropriate adjustment to the fee level. Where benefits are provided to Non-Executive Directors, they will be provided at a level considered to be appropriate taking into account the individual circumstances. Overall fees paid to the Non-Executive Chair and Non-Executive Directors will remain within the limits set by the Company's Articles of Association.	None

Pay for performance scenarios

The charts below provide an illustration of the potential future reward opportunities for the Executive Directors, and the potential split between the different elements of remuneration under three different performance scenarios: 'Minimum', 'On-target' and 'Maximum', along with an illustration assuming a 50% increase in the share price for the purposes of the performance flexed RSP awards.

Potential reward opportunities are based on the Policy, applied to base salaries effective 1 January 2025. The annual bonus and performance flexed RSP awards are based on the level of maximum opportunities applied in 2025. Performance flexed RSP award values are based on the face value at award rather than vesting (other than as regards that element of the charts assuming a 50% increase in the share price).

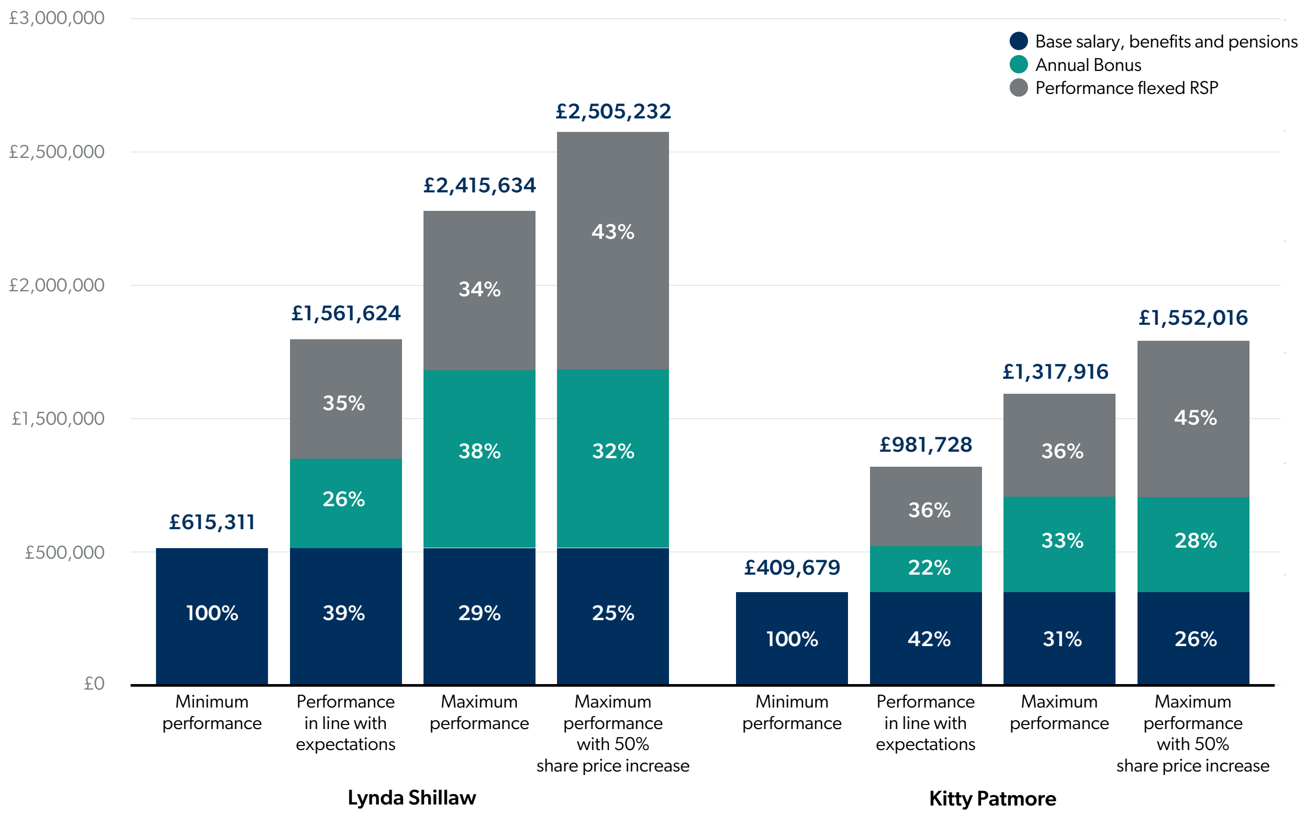
Directors' Remuneration Report continued

The 'Minimum' scenario reflects base salary, pension and benefits (i.e. fixed remuneration) which are the elements of the Executive Directors' remuneration packages not linked to performance. Base salaries and pensions (10% of salary) as at 1 January 2025 as set out on page 176, benefits are based on the value of such benefits in 2024 which are taken from the single total figure remuneration table on page 166.

The 'On-target' scenario reflects fixed remuneration as above, plus bonus payout of 50% of maximum annual bonus opportunity (for 2025, 150% of salary for the CEO and 125% of salary for the CFO) and the core award of the performance flexed RSP vesting in full (for 2025, 100% of salary).

The 'Maximum' scenario reflects fixed remuneration as above, plus full payout of all incentives (for 2025, annual bonus of 150% of salary for the CEO and 125% of salary for the CFO and performance flexed RSP of 133% of salary).

The final scenario is based on the same assumptions as the 'Maximum' scenario, but also assumes, for the purposes of the performance flexed RSP award element of the chart, that the share price increases by 50%.



Approach to recruitment remuneration

External appointment

In the cases of hiring or appointing a new Executive Director from outside the Company, the Committee may make use of all the existing components of remuneration, as follows:

COMPONENT	APPROACH	MAXIMUM ANNUAL GRANT VALUE
Base salary	The base salaries of new appointees will be determined by reference to relevant market data, experience and skills of the individual, internal relativities and current base salary. Where new appointees have initial base salaries set below market, any shortfall may be managed with phased increases subject to the individual's development in the role.	
Pension	New appointees will receive pension contributions or an equivalent cash supplement in line with the existing Policy.	
Benefits	New appointees will be eligible to receive benefits which may include (but are not limited to) the provision of a Company car or cash alternative, private medical cover, life insurance and any necessary relocation expenses.	
Annual bonus	The structure described in the policy table will usually apply to new appointees with the relevant maximum usually being pro-rated to reflect the proportion of employment over the year. Targets for any personal element will be tailored to each Executive Director.	Up to 150% of salary in respect of a financial year.
Performance flexed RSP	New appointees will be eligible to participate in the performance flexed RSP, as described in the policy table.	Core award: up to 100% of salary in respect of a financial year. Outperformance element: up to 0.33x core award. Meaning an overall maximum opportunity of up to 133% of salary in respect of a financial year.

In determining appropriate remuneration, the Committee will take into consideration all relevant factors (including quantum and nature of remuneration for the appointee's previous employment, and the jurisdiction from which the candidate was recruited) to ensure that arrangements are in the best interests of both Harworth and its shareholders. The Committee may make an award in respect of a new appointment to "buy out" remuneration arrangements forfeited on leaving a previous employer, which may be awarded in addition to the remuneration structure outlined in the table above. The Committee will generally seek to structure "buy out" awards on a comparable basis to the remuneration arrangements forfeited and will consider relevant factors including time to vesting, any performance measures attached to these awards and the likelihood of those measures being met. Any such "buy out" awards will typically be made under the annual bonus or RSP rules, although in exceptional circumstances the Committee may exercise the discretion available under Listing Rule 9.3.2 R to make awards using a different structure. Any "buy out" awards would normally have a fair value no higher than the awards forfeited (as determined by the Committee).

However, this discretion will not be used to offer non-performance related incentive payments (for example a "guaranteed sign-on bonus") and the maximum level of variable remuneration which may be granted (excluding any "buy out" award) is up to 283% of salary.

Other elements of remuneration may be included in appropriate circumstances, such as:

- an interim appointment being made to fill an Executive Director role on a short-term basis (including if exceptional circumstances require that the Non-Executive Chair or other Non-Executive Director takes on an executive function); or
- if an Executive Director is recruited at a time in the year when it would be inappropriate to provide an annual bonus or long-term incentive award for that year. Subject to the limit on variable remuneration set out below, the quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis.

Internal promotion

In cases of appointing a new Executive Director by way of internal promotion, the Committee and Board will act consistently with the Policy for external appointees detailed above. Where an individual has contractual commitments made prior to their promotion to Executive Director level, the Company will continue to honour these arrangements. The remuneration policy for other employees is set out on page 155. Incentive opportunities for below Board employees are typically no higher than Executive Directors, but measures may vary.

Non-Executive Directors

In recruiting a new Non-Executive Director, the Committee will utilise the Policy as set out in the table on page 157.

Service contracts and treatment for leavers and change of control

Executive Director service contracts, including arrangements for early termination, are carefully considered by the Committee. The Chief Executive has a rolling service contract requiring nine months' notice of termination on either side. The Chief Financial Officer has a rolling service contract requiring six months' notice of termination on either side. Such contracts contain no specific provision for compensation for loss of office, other than an obligation to pay for any notice period waived by the Company, where pay is defined as salary plus benefits only. Executive Director service contracts are available to view at the Company's registered office. The Committee may offer a notice period of up to 12 months (on either side) for any incumbent or newly appointed Executive Director.

When considering exit payments, the Committee reviews all potential incentive outcomes to ensure they are fair to both shareholders and participants. The table below summarises how the awards under the annual bonus and performance flexed RSP are typically treated in specific circumstances, with the final treatment remaining subject to the Committee's discretion:

REASON FOR LEAVING	CALCULATION OF VESTING / PAYMENT
Annual Bonus	
Leaving other than as a "Good Leaver"[1]	No annual bonus payable for the year of departure. An unvested deferred bonus award will ordinarily lapse.
"Good Leaver"[1]	Bonus for year of departure: Cash bonuses will typically be paid to the extent that financial, strategic and/or personal objectives set at the beginning of the plan year have been met. Any resulting bonus will be pro-rated for time served during the year, unless the Committee determines otherwise, and paid at the usual time. The Committee has discretion to pay the bonus earlier in appropriate circumstances. The Committee has discretion to pay the whole of any bonus earned for the year of departure and preceding year in cash in appropriate circumstances. Unvested deferred bonus award: Typically vest in full on the normal vesting date. The Committee has discretion to vest the award earlier in appropriate circumstances.
Change of Control	Bonus for year of relevant event: Cash bonuses will typically be paid to the extent that financial, strategic and/or personal objectives set at the beginning of the plan year have been met. Any resulting bonus will typically be pro-rated for time to the relevant event, unless the Committee determines otherwise. Unvested deferred bonus award: Vest in full on occurrence of the relevant event.

REASON FOR LEAVING	CALCULATION OF VESTING / PAYMENT
Performance flexed RSP	
Leaving before vesting other than as a "Good Leaver"[1]	An unvested performance flexed RSP award will ordinarily lapse.
"Good Leaver"[1] before vesting	If a participant ceases employment as a "good leaver" while holding an unvested performance flexed RSP award, the award will continue and vest following the end of the ordinary vesting period, subject to the application of the underpin and performance target(s) for the outperformance element in the ordinary way and, unless the Committee determines otherwise, a reduction to reflect the proportion of the underpin assessment period that has elapsed at the date of cessation. The unvested award will ordinarily be released following the end of the holding period. The Committee has discretion to vest and release the award at cessation or to release any award as soon as it vests in appropriate circumstances.
Cessation after vesting	If a participant ceases employment while holding a performance flexed RSP award which is subject to a holding period, it will ordinarily continue and be released following the end of the holding period. The Committee has discretion to release the award at cessation. However, if a participant ceases employment due to dismissal for misconduct during the holding period, that award will lapse.
Change of Control	In the event of a change of control of the Company or other relevant corporate event, unvested performance flexed RSP awards will usually vest. In the case of any unvested award, the number of shares in respect of which the award vests shall be determined by the Committee taking into account: – the extent to which the performance target(s) for the outperformance element is satisfied at the date of the relevant event, or the extent to which the Committee determines it would have been satisfied at the end of the ordinary assessment period; – whether it is appropriate to reduce vesting to reflect the extent to which the underpin is not satisfied at the date of the relevant event, or the extent to which the Committee determines it would have been satisfied at the end of the ordinary assessment period; and – unless the Committee determines otherwise, the proportion of the underpin assessment period that has elapsed at the date of the relevant event. A vested award which remains subject to a holding period will be released in full.

1 'Good leaver' is defined as a participant ceasing to be employed by the Group by reason of death, disability, ill health, redundancy, retirement or any other reason that the Committee determines in its absolute discretion.

Options under the SAYE plan and awards under the SIP may vest and, where relevant, be exercised in the event of a cessation of employment or change of control in accordance with the rules of the relevant plan. The plans do not permit the exercise of discretion and, accordingly, the treatment for Executive Directors will be the same as for all other participants.

The terms applying to any "buy out" award on cessation of employment would be determined when the award was granted.

The Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Director's office or employment. Any such payments may include but are not limited to paying any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his/her cessation of office or employment.

External appointments

The Board will consider any request by an Executive Director to take potential Non-Executive Director appointments on a case by case basis, taking account of the overriding requirements of the Group and the extent to which the Non-Executive Director opportunity supports the agreed personal development objectives of the Executive Director.

Legacy arrangements

The Committee reserves the right to make remuneration payments and payments for loss of office, and to exercise any discretion available in relation to any such payment, notwithstanding that they are not in line with the Policy set out above:

- where the terms of the payment were agreed before the Policy came into effect; and
- where the terms of the payment were agreed at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration of the individual becoming a Director of the Company.

For these purposes, 'payments' include the satisfaction of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' no later than the time the award is granted.

Consideration of conditions elsewhere in the Company

The Committee oversees the Group-wide review of salary and benefits as part of its work. We aim to create an inclusive and fair environment where people can develop their skills and experience, and contribute fully to Harworth's success. The Company holds an Employee AGM biennially which forms part of a wider programme of formal and informal employee engagement by the Board, providing a platform for employees to discuss a range of topics with the Board, including Executive and wider workforce remuneration.

When making decisions on Executive Director remuneration, the Committee considers pay and conditions across the Group as well as any feedback from employees via the Employee Engagement Survey and Employee AGM. Following the publication of this Policy, the Executive Directors and Chair of the Remuneration Committee intend to host a briefing and Q&A session on the revised Policy for all employees.

Consideration of shareholder views

The Committee maintains a regular dialogue with the Company's major shareholders. In late 2024 and early 2025, we conducted an extensive shareholder consultation regarding this Policy. Details of the consultation are set out on page 148.

The Committee will continue to monitor trends and developments in corporate governance, market practice and shareholder views to ensure the structure of the Executive remuneration remains appropriate.

Mark Nicholson, Senior Development Manager, welcomes guests to the Harworth Regeneration Pavillion at UKREiiF

Annual Remuneration Report

This part of the Directors' Remuneration Report describes how we implemented our current policy in 2024 and how we intend to apply our new Policy in 2025.

The Annual Remuneration Report will be subject to an advisory vote by shareholders at the 2025 AGM.

Role of the Remuneration Committee

The role of the Committee is to determine and recommend to the Board the Remuneration Policy for the Executive Directors and set the remuneration for the Executive Directors and wider Executive team. The Policy is designed to support the Group's strategy and help attract, retain, and incentivise an Executive team with the requisite skills, knowledge and experience to deliver strong, sustainable value for shareholders. The table below describes how, when determining the new Policy, the Committee addressed the factors in Provision 40 of the 2018 UK Corporate Governance Code, which applied to the 2024 financial year, and Provision 38 of the 2024 UK Corporate Governance Code, which will apply to the Policy period.

Alignment to strategy and culture	The Committee seeks to ensure a healthy culture exists across the entire Group and believes that the Executive Directors and wider Executive team set the standards for behaviour and conduct across the Group. Bonus awards are focused on Group performance to foster collective accountability and deliver a consistent reward structure across all levels of management. The Group financial and strategic performance measures ensure that the extent to which bonuses are earned reflects the delivery of our strategy for the benefit of shareholders. Our performance flexed RSP strikes a balance between supporting the delivery of long-term decision-making which 'looks through' the property cycle, and incentivising Executives to deliver strong market outperformance over the strategy period which aligns with the next Policy period.
Clarity and simplicity	A core reward principle of our Policy is to operate a simple and transparent framework which can be readily cascaded. The remuneration framework is made up of three key elements: fixed pay (including base salary, pension and benefits); annual bonus; and our long-term incentive, the performance flexed RSP. The structure is simple to understand for both participants and shareholders and promotes both near-term achievement and long-term stewardship.
Risk	Annual bonus opportunities are set so as to reflect the long-term nature of our business and at levels which reward high performance, but do not encourage inappropriate business risk. The Committee has discretion to reduce vesting outcomes under the annual bonus and performance flexed RSP where it considers that they would not otherwise be representative of the underlying business performance or the experience of shareholders or employees over the vesting period. Annual bonus and performance flexed RSP awards are also subject to malus and clawback provisions.

Directors' Remuneration Report continued

Proportionality and fairness	A significant proportion of an Executive Director's reward is linked to performance through the incentive framework, with a clear line of sight between performance against the selected measures and the delivery of long-term shareholder value. Performance measures and the underlying targets for incentives are reviewed by the Committee each year to ensure that they are directly aligned with the Group's strategic priorities, and targets are calibrated to reward Executive Directors for strong performance. Awards under the performance flexed RSP vest after three years and vested awards are subject to a two-year holding period, therefore aligning Executive Directors' interests with those of shareholders for the longer-term. Executive Directors are also required to build material shareholdings in the Group (200% of base salary). A post-cessation shareholding requirement applies which ensures that their interests are aligned with those of the Group for two years post-cessation of employment. Through the SIP and SAYE Plan we encourage and enable material long-term share ownership for all employees, further supporting both alignment with shareholders and the long-term nature of our business and its returns.
Predictability	The range of possible rewards to individual Executive Directors is set out in the scenario charts on page 158.

Committee membership and attendance

Membership and attendance at meetings in 2024 are shown below:

		Independent	Committee tenure at 31 December 2024	Scheduled meetings attended/ eligible to attend
Angela Bromfield	Chair	Yes	5 years 9 months	6/6
Alastair Lyons	Member	Yes	6 years 10 months	6/6
Lisa Scenna	Member	Yes	4 years 4 months	6/6

During the year, the Committee held six scheduled meetings. The key activities of the Committee during 2024 are shown below:

January	Review 2024 bonus measures and targets
February	Approve 2024 bonus measures and targets Assessment of 2023 bonus outcomes for Executive team (in the context of bonus outcomes for wider workforce) Assessment of the vesting of the third tranche of the 2019 RSP awards, second tranche of the 2020 RSP awards and first tranche of the 2021 RSP awards Approval of 2024 RSP awards Approval of 2024 SIP awards
July	Remuneration Policy review
September	Remuneration Policy review Approval of 2024 RSP awards to new joiners Approval of 2024 SAYE awards
November	Remuneration Policy review

December	Remuneration Policy review
	Review draft 2025 bonus measures and targets
	Review Committee terms of reference
	Review effectiveness of Committee advisers

The Committee's terms of reference were reviewed during the period and re-approved with minor changes made to align with the 2024 Code (which applies from 1 January 2025), and are available on the Company's website: www.harworthgroup.com/investors/governance/. Throughout 2024, the Committee acted in accordance with the principles of, and fulfilled its obligations under, the 2018 Code (which applied during the year).

Advisers to the Committee

The Company Secretary is secretary to the Committee. The following individuals may be invited to attend Committee meetings to provide advice and to support the Committee to make informed decisions:

- Chief Executive;
- CFO;
- Group Resources and Transformation Director; and
- representatives of Deloitte LLP (see further below).

No individuals are involved in decisions relating to their own remuneration. The minutes of Committee meetings are circulated to all Directors, where appropriate.

During the year under review, the Committee received advice on Executive remuneration matters from Deloitte LLP (**'**Deloitte**'**). Deloitte was appointed by the Committee on 18 October 2018 as its independent adviser following a competitive selection process. Deloitte is a founder member of the Remuneration Consultants Group and, as such, voluntarily operates under its Code of Conduct in relation to Executive remuneration matters in the UK. The Committee has satisfied itself that Deloitte provided objective and independent advice during 2024.

Deloitte's fees in relation to remuneration advice provided to the Committee during 2024 were £155,500 plus VAT, charged on a time and expenses basis. Deloitte also provided advice to the Group during 2024 in relation to corporate tax, pensions and share plans. The Committee did not consider that these engagements impaired Deloitte's independence.

Shareholding voting and engagement

The table below shows the results of votes at the Harworth Group plc Annual General Meetings on: (1) 20 May 2024 on the resolution relating to the approval of the Annual Remuneration Report; and (2) 24 May 2022 on the resolution relating to the approval of the Remuneration Policy.

	Votes				
	For	For as a percentage of votes cast	Against	Against as a percentage of votes cast	Withheld
Approval of Annual Remuneration Report (2024)	261,369,447	99.95	140,078	0.05	44,893
Approval of Remuneration Policy (2022)	261,511,584	91.58	24,043,640	8.42	53,398

Single total figure of remuneration for Executive Directors (audited)

The table below sets out the remuneration received by each Executive Director of the Company for the year ended 31 December 2024 with a comparison to the previous year.

	L. Shillaw		K. Patmore	
	2024	2023	**2024**	2023
Fixed pay				
Salary	**£525,000**	£442,680	**£341,775**	£325,500
Taxable benefits[1]	**£20,486**	£22,503	**£22,446**[2]	£29,386[2]
Pension benefit[3]	**£52,500**	£44,268	**£34,178**	£32,550
Subtotal	**£597,986**	£509,451	**£398,399**	£387,436
Variable pay				
Single-year variable	**£787,500**	£499,011	**£427,219**	£305,767
Multi-year variable[4]	**£194,647**	£71,055	**£189,128**	£87,999
Other[5]	**£10,567**	£7,200	**£7,200**	£11,080
Subtotal	**£992,714**	£577,266	**£623,547**	£404,846
Total	**£1,590,700**	£1,086,717	**£1,021,946**	£792,282

1 Taxable benefits consist of car allowance, private medical cover, and the use of a chauffeur service for business travel and commuting. Other benefits include life insurance.

2 The taxable benefits for Kitty Patmore for 2023 and 2024 include reimbursement for in-year private medical cover. Kitty also received £5,117 in 2023 as a reimbursement for private medical cover for the period from her appointment to 31 December 2022, which the Company had previously omitted to reimburse due to an administrative oversight, and is not included in the 2023 taxable benefits figure cited above.

3 Kitty Patmore participated in the Company's defined contribution scheme until May 2023, in relation to which the Company contributed 10% of salary. From June 2023, Kitty Patmore received a pension allowance equivalent to 10% of salary. Lynda Shillaw received a pension allowance equivalent to 10% of salary.

4 Multi-year variable values for 2024 relate to the vesting of the third tranche of the RSP awards granted in 2020 (which Kitty Patmore participated in), the second tranche of the RSP awards granted in 2021 (which Lynda Shillaw and Kitty Patmore participated in) and the first tranche of the RSP awards granted in 2022 (which Lynda Shillaw and Kitty Patmore participated in). Multi-year variable values for 2023 relate to the vesting of the second tranche of the RSP awards granted in 2020 (which Kitty Patmore participated in) and the first tranche of the RSP awards granted in 2021 (which Lynda Shillaw and Kitty Patmore participated in).

5 'Other' includes free shares and matching shares awarded to Lynda Shillaw and Kitty Patmore during 2023 and 2024 under the all-employee SIP, and options granted during 2023 to Kitty Patmore and during 2024 to Lynda Shillaw under the all-employee SAYE Plan. The value of free shares and matching shares is determined based on the face value of the shares at the award date. The value of SAYE options is determined based on the intrinsic value of the award at the grant date.

6 In the 2023 Directors' Remuneration Report the value of the second tranche of the 2020 RSP awards and the first tranche of the 2021 RSP awards which vested on 19 March 2024 was estimated by reference to the average mid-market closing share price for the three-month period ended 31 December 2023 (£1.07). The value has been updated in the table to reflect the mid-market closing share price on the vesting date (£1.36). The share price at the grant date of the 2020 RSP awards (£1.04, based on the mid-market closing share price on the trading day immediately preceding the grant date on 25 June 2020) is £0.32 less than the share price at the vesting date. Therefore, 23.5% of the face value at vesting is attributable to growth in share price between grant and vesting. The share price at the grant date of the 2021 RSP awards (£1.276, based on the average mid-market closing share price for the five trading days immediately preceding the grant date on 6 April 2021) is £0.084 less than the share price at the vesting date. Therefore, 6.2% of the face value at vesting is attributable to growth in share price between grant and vesting.

Single total figure of remuneration for Non-Executive Directors (audited)

The table below sets out remuneration received by each Non-Executive Director of the Company for the year ended 31 December 2024 with a comparison to the previous year, representing payments received in respect of the period during which each individual was a Director of the Company.

	Base fee		Committee Chair fees		SID fee		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
A. Lyons	**£188,715**	£179,729	**-**	-	**-**	-	**£188,715**	£179,729
M. Bowes	**£53,076**	£50,549	**-**	-	**-**	-	**£53,076**	£50,549
A. Bromfield	**£53,076**	£50,549	**£15,986**	£15,225	**£9,371**	£8,925	**£78,433**	£74,699
R. Cooke	**£53,076**	£50,549	**-**	-	**-**	-	**£53,076**	£50,549
P. O'Donnell Bourke	**£53,076**	£50,549	**£9,371**	£8,925	**-**	-	**£62,447**	£59,474
L. Scenna	**£53,076**	£50,549	**-**	-	**-**	-	**£53,076**	£50,549
S. Underwood	**£53,076**	£50,549	**-**	-	**-**	-	**£53,076**	£50,549
M. Zafar	**£53,076**	£50,549	**-**	-	**-**	-	**£53,076**	£50,549

Group targets
Incentive outcomes for year ended 31 December 2024 (audited)

Annual bonus

Lynda Shillaw's and Kitty Patmore's bonus opportunities for 2024 were equal to 150% and 125% of salary respectively, subject to a combination of financial performance measures, strategic performance measures, ESG performance measures and personal objectives. Detailed information of performance against individual targets and subsequent vesting of 2024 annual bonuses are set out in the tables below.

Group financial performance outcome (50% of total bonus opportunity)

The Group has had an exceptional year in terms of financial and strategic performance which is testament to the Executive Directors and wider leadership team. Harworth has delivered sector-leading financial performance, has made strong progress towards delivering its 2027 strategic targets (see pages 6 to 9), and announced its evolved strategy towards building and retaining more Industrial & Logistics assets to unlock further growth potential which has been well-received by shareholders and the wider market.

Financial measure	**Weighting (% of financial element)**	Threshold[1]	Target[2]	Maximum	Actual performance	**Vesting outcome**
Total Return Growth in EPRA NDV plus dividends paid during 2024	**50%**	3.9%	5.8%	7.8%	9.0%	**50%**
Strategic Land pipeline Capital deployed on acquisitions during 2024	**30%**	£15.9m	£46.1m	£55.4m	£108.4m	**30%**
Capital management Reflects focus on utilising capital on activities which deliver most value and complete sales, whilst maintaining cost control and ensuring compliance with the covenants in the Revolving Credit Facility	**20%**	£5.7m	£6.0m	£12.8m	£90.6m	**20%**
Total vesting on financial performance element	50% weighting of total bonus opportunity					**100%**

Broadly straight-line vesting occurs between defined levels of performance

1 10% of maximum opportunity vests at threshold.

2 50% of maximum opportunity vests at target.

Directors’ Remuneration Report continued

Strategic measures (20% of total bonus opportunity)

The strategic measures were based on the Group’s commercial, residential and natural capital milestones for the year (as defined at the start of the year) and the vesting of this element determined by the Committee’s assessment of the extent to which the milestones have been met, as well as progress towards delivering the Group’s key 2027 strategic targets (see pages 6 to 9). Taking into account the Group’s strategic performance in the year, together with the Group’s strong sector-leading financial performance, the Committee considered that full vesting in respect of the strategic element was appropriate.

Strategic measure	Objectives	Actual performance	Vesting outcome
Commercial: Enablement and delivery	Remain on track to deliver an average of 800,000 sq. ft of Industrial & Logistics development each year by the end of 2027. Agreed milestones for the year include: – Delivering planning promotion and commercial development enabling works in line with budgeted cost and timetable – Progressing construction of units in line with budgeted cost and timetable	Planning promotion and commercial development enabling works all delivered in line with or ahead of budgeted cost and timetable. On track to deliver 2027 target. Investment Portfolio at the end of 2024 was 45% Grade A (2023: 37%) and we remain on track to deliver 100% Grade A by the end of 2027. Evolved strategy towards building and retaining more Industrial & Logistics assets to unlock further long term growth potential.	
Residential: Enablement and delivery	Progressing the sales and broadening the range of Residential products, to optimise returns and generate capital for redeployment. Remain on track to sell an average of 2,000 plots per year by the end of 2027. Agreed milestones for the year include: – Completing agreements for the delivery of land sales (or equivalent) for mixed tenure products in line with budget – Accelerating plans for mixed tenure products across sites – Completion of site-specific phases across the ‘NZC’ homes portfolio	Generated revenues in excess of budget through a combination of land sales for mixed tenure products and open market sales strategically converted from mixed tenure to support acceleration of sales and to optimise returns. Planning applications submitted for 441 mixed tenure plots. Affordable housing projects progressed in line with budget. First Later Living scheme designed for delivery at Coalville (89 homes). Marketing for sale scheduled to commence in Q1 2025. Redefined approach to delivering NZC homes in light of insolvency of modular build partner, mitigating Harworth’s downside exposure in the process.	**100%**
Energy and Natural Capital (‘ENC’) strategy	Developing and implementing ENC strategy. Agreed milestones for the year include: – Organisation design and roadmap for implementation of ENC strategy approved and in progress – Driving towards transactions for the delivery of an ENC product	Completion of ENC strategic review. Successful integration of ENC diligence within the appraisal of acquisition opportunities and the development management of pipeline and active sites. Rooftop solar fitted to units on selected sites. Roll-out of retrofit meters to support Scope 3 emissions reporting for tenants. Negotiated conservation covenant and managing agent agreements to support future Biodiversity Net Gain delivery.	

ESG performance outcome (10% of total bonus opportunity)

The ESG measures were based on meeting commitments made in our NZC Pathway and Communities Framework and the vesting of this element determined by the Committee's assessment of the extent to which key milestones for the year were achieved. The Group made strong progress against its NZC Pathway and Communities Framework commitments during the year, adapting to changes in industry guidance and the challenges in the wider market on assessing and reporting carbon emissions. The Committee therefore considered that full vesting in respect of the ESG element was appropriate.

ESG measure	Objectives	Actual performance	Vesting outcome
NZC Pathway	Meeting the business commitments made in the NZC Pathway. Agreed milestones for the year include: – Establishing carbon data assessment for commercial building and development appraisals, and set out implementation plan for future use – Implementing carbon appraisal processes for future development – Development of embodied carbon and energy use intensity targets for Residential buildings	Established data reporting procedures and carbon dashboard to support analysis of emissions from construction projects and investment cases. Carbon monitoring requirements introduced for selected affordable housing schemes. Fully updated the Group's carbon reporting requirements, in light of changes to the RICS Whole Life Carbon Assessment standards, and implemented changes throughout the business. Developed proposal to address the Greater Manchester Combined Authority ('GMCA') Planning Policy and UKNZC Standard Pilot and submitted this to the GMCA as a recommendation for how it may implement the requirements around carbon emissions and energy performance assessments for new planning applications. Developed a comprehensive methodology for emissions reporting during house construction. Worked with affordable housing delivery partners to support establishment of emissions reporting system. This work, along with the GMCA Planning Policy review, will support the Group to develop authentic embodied carbon and energy use intensity targets for Residential buildings.	**100%**
Communities Framework	Progress the development and implementation of Communities Frameworks for pilot projects.	Significant progress made on pilot project for which a Communities Framework has been developed and a precedent format for documents established for use on future schemes. Pilots are also progressing for additional sites with Communities Frameworks being developed.	

Personal performance outcomes (20% of total bonus opportunity)

Lynda Shillaw

Objective	Actual performance	Vesting outcome
Lead a strategic review of the business and the approaches available to unlock further value for shareholders	A comprehensive strategic review was completed in H1 2024. The evolved strategy was announced in June 2024 and presented to shareholders at the Capital Markets Day in October 2024. There has been a positive reaction to the evolved strategy from shareholders and the wider market. Harworth entered the FTSE 250 in September 2024 and its discount to NAV has narrowed over 2024.	**100%**

Kitty Patmore

Objective	Actual performance	Vesting outcome
Support Lynda Shillaw with the strategic review	A comprehensive strategic review was completed in H1 2024. The evolved strategy was announced in June 2024 and presented to shareholders at the Capital Markets Day in October 2024. There has been a positive reaction to the evolved strategy from shareholders and the wider market. Harworth entered the FTSE 250 in September 2024 and its discount to NAV has narrowed over 2024.	**50%**
Develop analytics to support capital optimisation and strategic decision-making regarding portfolio management	Significant work undertaken to develop analytics which supported strategic options presented to the Board, and also the development of the 2025 Budget and Strategic Plan.	**50%**
		100%

Overall bonus outcomes

	Financial		Strategic		ESG		Personal		Overall bonus outcome	
Executive Director	Weighting	Vesting	Weighting	Vesting	Weighting	Vesting	Weighting	Vesting	% of bonus	% of salary
L. Shillaw	50%	50%	20%	20%	10%	10%	20%	20%	**100%**	**150%**
K. Patmore	50%	50%	20%	20%	10%	10%	20%	20%	**100%**	**125%**

In accordance with the Policy, 33% of Lynda Shillaw's earned bonus and 20% of Kitty Patmore's earned bonus will be deferred into shares for two years.

Restricted Share Plan awards vesting (audited)

An RSP award was granted to Kitty Patmore on 25 June 2020 at 50% of salary (2020 RSP award). No award was granted to Lynda Shillaw in 2020 given the date of grant preceded her joining the business.

RSP awards were granted to Lynda Shillaw and Kitty Patmore on 6 April 2021 at 50% of salary (2021 RSP award) and 8 June 2022 at 75% of salary (2022 RSP award).

Vesting is phased over a five-year period, with one third vesting after three years, one third after four years and one third after five years, although all vested shares must be held to the end of year five.

The RSP awards are subject to the following underpins:

Performance underpin	Not met if there is:
Financial health	A breach of financial covenants in the Group's principal banking facilities.
Underlying performance	A material deterioration in the Group's underlying performance which departs significantly from any deterioration across the real estate sector including, but not limited to, by reference to share price, dividend and/or EPRA NDV.
Corporate governance	A material failure in governance or an act resulting in significant reputational damage and/or material financial loss to the Group. This includes giving consideration to any successful prosecutions in relation to health and safety.

The Committee reviewed performance against these underpins, as well as underlying financial performance, and found no cause to reduce the vesting outcomes. The Committee considers the vesting outcomes to be appropriate, recognising that the Group has performed strongly, both financially and strategically, against a backdrop of continued macro-economic uncertainty.

Therefore, the third tranche of the 2020 RSP award granted to Kitty Patmore, the second tranche of the 2021 RSP awards granted to Lynda Shillaw and Kitty Patmore, and the first tranche of the 2022 RSP awards granted to Lynda Shillaw and Kitty Patmore, will vest in full on 18 March 2025. The vested shares under the third tranche of the 2020 RSP awards are not subject to a holding period given that a five year vesting period applied to this tranche. The vested shares under the second tranche of the 2021 RSP awards will be subject to a holding period until March 2026. The vested shares under the first tranche of the 2022 RSP awards will be subject to a holding period until March 2027.

2020 RSP awards

Executive Director	Number of shares granted under tranche 3	Number of shares vesting under tranche 3	Face value at vesting[1,2]
K. Patmore	32,052	32,052	£56,089

1 Face value based on the average mid-market closing share price for the three-month period ended 31 December 2024 (£1.75). The RSP awards did not accrue dividend equivalents during the vesting period.

2 The share price at the grant date of the RSP awards (£1.04, based on the mid-market closing share price on the trading day immediately preceding the grant date on 25 June 2020) is £0.71 less than the above mentioned share price used to calculate the face value of the shares at vesting. Therefore, 40.6% of the face value at vesting is attributable to growth in share price between grant and vesting.

2021 RSP awards

Executive Director	Number of shares granted under tranche 2	Number of shares vesting under tranche 2	Face value at vesting[1,2]
L. Shillaw	52,246	52,246	£91,431
K. Patmore	32,654	32,654	£57,145

1 Face value based on the average mid-market closing share price for the three-month period ended 31 December 2024 (£1.75). The RSP awards did not accrue dividend equivalents during the vesting period.

2 The share price at the grant date of the RSP awards (£1.276, based on the average mid-market closing share price for the five trading days immediately preceding the grant date on 6 April 2021) is £0.47 less than the above mentioned share price used to calculate the face value of the shares at vesting. Therefore, 27.1% of the face value at vesting is attributable to growth in share price between grant and vesting.

2022 RSP awards

Executive Director	Number of shares granted under tranche 1	Number of shares vesting under tranche 1	Face value at vesting[1,2]
L. Shillaw	58,981	58,981	£103,217
K. Patmore	43,368	43,368	£75,894

1 Face value based on the average mid-market closing share price for the three-month period ended 31 December 2024 (£1.75). The RSP awards did not accrue dividend equivalents during the vesting period.

2 The share price used to determine the number of RSP awards granted (£1.787, based on the average mid-market closing share price for the five trading days immediately preceding the announcement of the annual results for 2021) is £0.04 more than the above mentioned share price used to calculate the face value of the shares at vesting. Therefore, none of the face value at vesting is attributable to growth in share price.

RSP awards granted in 2024 (audited)

RSP awards were granted to Lynda Shillaw and Kitty Patmore on 22 April 2024 as follows:

Executive Director	Type of award	Date of grant	Number of shares subject to award	Face value at grant[1]
L. Shillaw	RSP award Nil-Cost Option	22 April 2024	220,341	£298,562
K. Patmore	RSP award Nil-Cost Option	22 April 2024	143,442	£194,364

1 Face value based on the average mid-market closing share price for the five trading days immediately following the annual results for 2023 (£1.355).

Vesting will be phased over a five-year period, with one third vesting after three years, one third after four years, and one third after five years, although all vested shares must be held to the end of year five.

The RSP awards are subject to three specific performance underpins related to financial health, underlying performance and corporate governance as defined on page 171. Furthermore, the Committee has discretion to reduce vesting outcomes where it considers that they would not otherwise be representative of the underlying business performance over the vesting period. The Committee will disclose at the time of vesting how performance underpins and underlying business performance over the vesting period have been taken into account.

Deferred share bonus awards granted in 2024 (audited)

In accordance with the Policy, Lynda Shillaw and Kitty Patmore were respectively required to defer 33% and 20% of their earned 2023 bonuses into shares for two years. Accordingly, Lynda Shillaw and Kitty Patmore were granted deferred share bonus awards on 27 March 2024 which vest on 28 February 2026[1].

Executive Director	Type of award	Date of grant	Number of shares subject to award	Face value[2]
L. Shillaw	DBP Nil-Cost Option	27 March 2024	121,530	£164,673
K. Patmore	DBP Nil-Cost Option	27 March 2024	45,132	£61,154

1 The Committee approved Lynda Shillaw's and Kitty Patmore's bonus awards in respect of 2023 on 29 February 2024, hence the deferred share bonus award vests on 28 February 2026.

2 Face value based on the average mid-market closing share price for the five trading days immediately following the annual results for 2023 (£1.355).

Malus and Clawback

The Group's malus and clawback provisions are set out on page 154. The Group did not use the malus and clawback provisions during the year ended 31 December 2024.

Percentage change in remuneration of Directors and employees

The table below shows the annual percentage change in each of the Directors' remuneration compared to the average employee remuneration.

	% change between 2023 and 2024			% change between 2022 and 2023			% change between 2021 and 2022			% change between 2020 and 2021			% change between 2019 and 2020		
	Salary & fees	Benefits	Bonus	Salary & fees	Benefits	Bonus	Salary & fees	Benefits	Bonus	Salary & fees	Benefits	Bonus	Salary & fees	Benefits	Bonus
Executive Directors															
L. Shillaw[1]	**18.6%**	**9.3%**	**57.8%**	5%	14.6%	51.5%	5.4%	3.8%	–9%	n/a	n/a	n/a	n/a	n/a	n/a
K. Patmore[2]	**5.0%**	**–8.6%**	**39.7%**	5%	51.0%	57.8%	24.0%	17.1%	–14.4%	25%	0%	122.3%	n/a	n/a	n/a
Non-Executive Directors															
A. Lyons	**5.0%**	**–**	**–**	5.0%	–	–	5.4%	–	–	1.5%	–	–	0%	–	–
M. Bowes	**5.0%**	**–**	**–**	5.0%	–	–	5.4%	–	–	1.5%	–	–	0%	–	–
A. Bromfield[3]	**5.0%**	**–**	**–**	5.0%	–	–	16.8%	–	–	28%	–	–	n/a	–	–
R. Cooke[4]	**5.0%**	**–**	**–**	5.0%	–	–	5.4%	–	–	1.5%	–	–	n/a	–	–
P. O'Donnell Bourke[5]	**5.0%**	**–**	**–**	5.0%	–	–	6.3%	–	–	n/a	–	–	n/a	–	–
L. Scenna[6]	**5.0%**	**–**	**–**	5.0%	–	–	5.4%	–	–	n/a	–	–	n/a	–	–
S. Underwood	**5.0%**	**–**	**–**	5.0%	–	–	5.4%	–	–	1.5%	–	–	0%	–	–
M. Zafar[7]	**5.0%**	**–**	**–**	n/a	–	–	n/a	–	–	n/a	–	–	n/a	–	–
Average employee (Company)[8]	**5.0%**	**3.3%**	**80.5%**	6.3%	3.6%	5.8%	19.4%	10.0%	9.5%	13.3%	6.5%	157.4%	7%	34%	14%
Average employee (Group)	**6.3%**	**4.6%**	**27.6%**	3.1%	–12%	5%	5.4%	28.8%[9]	–7.8%	9.4%	3.8%	45.7%	3.3%	5%	(20%)

1 Appointed as Chief Executive with effect from 1 November 2020 and therefore the annual percentage change in remuneration between 2019 and 2020 and between 2020 and 2021 is not applicable.

2 Appointed as CFO with effect from 1 October 2019 and therefore the annual percentage change in remuneration between 2019 and 2020 is not applicable.

3 Appointed as Non-Executive Director with effect from 1 April 2019 and therefore the annual percentage change in remuneration between 2019 and 2020 is not applicable. Appointed as SID and Chair of the Remuneration Committee with effect from 1 November 2020. A fee for chairing the ESG Committee was introduced with effect from 1 January 2022.

4 Appointed as Non-Executive Director with effect from 19 March 2019 and therefore the annual percentage change in remuneration between 2019 and 2020 is not applicable.

5 Appointed as Non-Executive Director with effect from 3 November 2020 and therefore the annual percentage change in remuneration between 2019 and 2020 and between 2020 and 2021 is not applicable.

6 Appointed as Non-Executive Director with effect from 1 September 2020 and therefore the annual percentage change in remuneration between 2019 and 2020 and between 2020 and 2021 is not applicable.

7 Appointed as Non-Executive Director with effect from 1 June 2022 and therefore the annual percentage change in remuneration between 2019 and 2020, between 2020 and 2021, between 2021 and 2022 and between 2023 and 2023 is not applicable.

8 Calculated by reference to employees (excluding Directors) of the Company to satisfy the disclosure obligations under The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019. However, given that the Company only employs a small proportion of the Group's employees, the row below cites the equivalent figures calculated by reference to employees (excluding Directors) of the Company and its subsidiaries.

9 A one-off non-contractual payment of £2,000 was made to all employees (excluding the Executive team) during 2022 to provide some support during the "cost of living crisis". This payment is included within the 2022 benefits figure. There have been no recent changes to the broader benefits available to our employees. Car allowances are determined by internal gradings and applied consistently. Private medical insurance is available to all employees, their spouses/partners and dependants on the same terms.

Chief Executive pay ratio

The Group has fewer than 250 UK employees and is therefore not required to disclose a Chief Executive pay ratio. However, in line with best practice, the Committee considers it appropriate to disclose the pay ratio voluntarily.

The table below sets out the Chief Executive's total remuneration as a ratio against the full-time equivalent remuneration of employees for the years ended 31 December 2021 to 31 December 2024.

Year ended	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
31 December 2024	24:1	17:1	11:1
31 December 2023	16:1	12:1	8:1
31 December 2022	15:1	10:1	7:1
31 December 2021	18:1	12:1	8:1

For each year, the Company has calculated the ratio in line with the reporting regulations using Option A. Option A methodology was selected on the basis that it is a robust approach and is preferred by shareholders and proxy voting agencies. The calculations for the representative employees were performed as at the final day of the relevant financial year.

A substantial proportion of the Chief Executive's total remuneration is performance-related and delivered in shares. The ratios will therefore depend significantly on the Chief Executive's annual bonus and RSP outcomes and may fluctuate year-on-year.

The Board believes that the median pay ratio is consistent with the pay, reward and progression policies for the wider workforce.

The table below sets out the pay and benefits figures used to calculate the ratios and the salary component.

Year ended		Chief Executive[1]	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
31 December 2024	Total pay and benefits	£1,590,700	£65,725	£89,500	£133,951
	Salary	£525,000	£45,840	£64,129	£94,000
31 December 2023	Total pay and benefits	£1,086,717	£66,265	£87,188	£128,102
	Salary	£442,680	£42,520	£61,600	£87,999
31 December 2022	Total pay and benefits	£815,256	£56,033	£78,384	£115,409
	Salary	£421,600	£35,309	£60,000	£77,996
31 December 2021	Total pay and benefits[2]	£823,893	£46,200	£67,839	£107,348
	Salary	£400,000	£42,000	£48,000	£72,500

1 The Chief Executive's total pay and benefits is the total single figure as disclosed on page 166. The Chief Executive's 2023 total pay and benefits has been restated to reflect the value of the first tranche of the 2021 RSP awards at the vesting date. There was no change to the 2023 Chief Executive pay ratio as a result of the restatement.

2 The employee percentile total pay and benefits has been calculated on the same basis as required for the Chief Executive's remuneration for single figure purposes. With the exception that the vesting of awards under the RSP are omitted from the employee calculations.

Relative importance of spend on pay

Total employee pay expenditure			Distribution to shareholders		
2024	2023	% change	2024	2023	% change
£22.5m	£17.7m	27.3%	**£4.8m**	£4.7m	10%

Total employee pay in the year reflected the inflationary increase of c.3% awarded to all employees as well as the 7% increase in headcount during the year, with the average number of employees rising to 130 from 121.

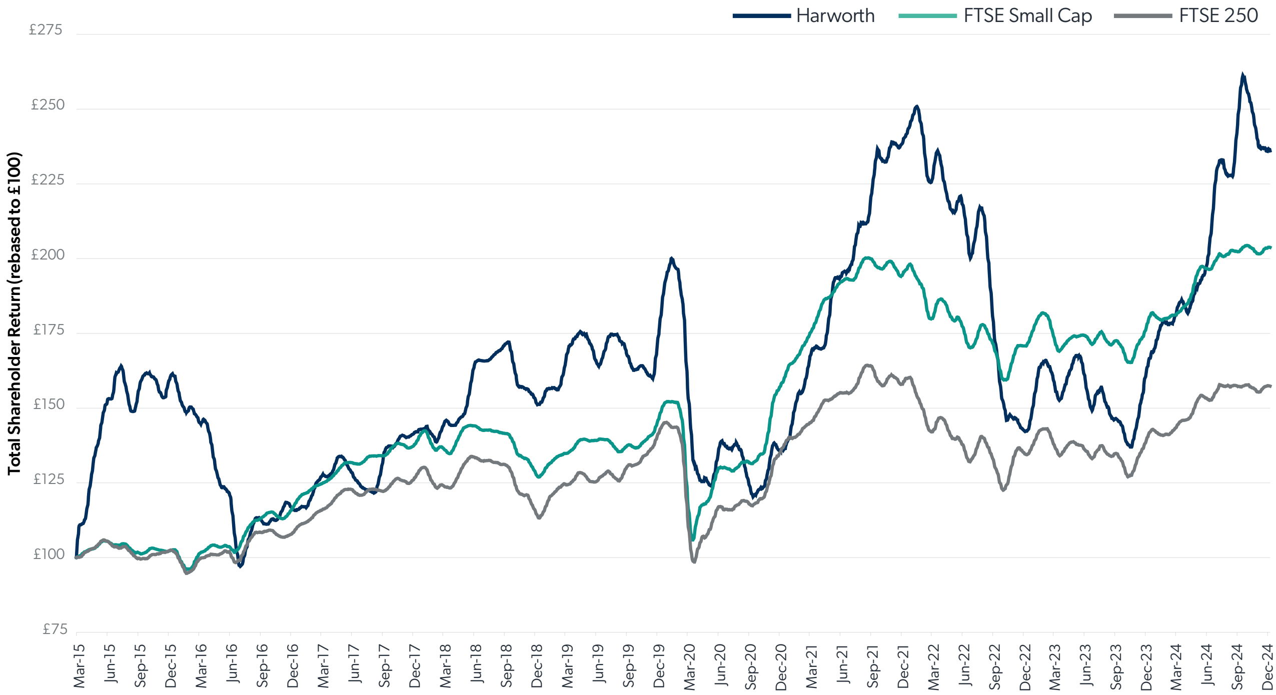
Total dividends declared for 2024 were 1.614p per share (2023: 1.466p per share), resulting in total dividends of £4.8m (2023: £4.7m). The percentage change is shown on a per share basis.

Review of past performance

The following chart shows the Total Shareholder Return ('TSR') of the Company compared to the FTSE SmallCap Index and FTSE 250 Index over the period from the Company's relisting on 24 March 2015 to 31 December 2024. The FTSE SmallCap Index and FTSE 250 Index were chosen as comparators as the Company was a constituent of the FTSE SmallCap Index until September 2024 when it was admitted to the FTSE 250 Index. The table below shows the Chief Executive's 'single-figure' remuneration over the same period.

Historical TSR performance

Growth in the value of a hypothetical £100 holding (including re-investment of dividends) over the period from re-listing on 24 March 2015 to 31 December 2024:



Source: LSEG DataStream

Historical Chief Executive remuneration

	Chief Executive	Single figure remuneration (£'000)	Short-term incentive award as a % of maximum opportunity	Long-term incentive award as a % of maximum opportunity
2024	L. Shillaw	£1,591	100%	100%[1]
2023	L. Shillaw	£1,087	75.2%	100%[2]
2022	L. Shillaw	£815	62.5%	n/a
2021	L. Shillaw	£824	90.5%	n/a
2020	L. Shillaw	£76	n/a	n/a
	O. Michaelson	£559	51.34%	5.05%
2019	O. Michaelson	£669	44.2%	51.5%
2018	O. Michaelson	£901	85.6%	51.8%
2017	O. Michaelson	£1,392	80.6%	n/a[3]
2016	O. Michaelson	£599	90.0%	n/a
2015	O. Michaelson	£480	85.6%	n/a

1 Vesting of the second tranche of the 2021 RSP award and first tranche of the 2022 RSP award.
2 Vesting of the first tranche of the 2021 RSP award.
3 Excludes vesting of Harworth Estates Long-Term Incentive Plan award as this was a one-off scheme put in place by Harworth Estates Property Group Limited in 2013.

Loss of office payments and payment to former Directors (audited)

There were no loss of office payments made to past Directors during the year ended 31 December 2024.

As disclosed in the 2020 Directors' Remuneration Report, on Owen Michaelson's retirement on 31 December 2020, two-thirds of his 2020 RSP awards remained capable of vesting subject to the satisfaction of the performance underpins and the Committee's assessment of underlying business performance during the respective vesting periods.

Two-thirds of the third tranche of the 2020 RSP award will vest (34,722 shares) on 18 March 2025.

Directors' interests (audited)

The following table sets out the beneficial interests of the Directors and their connected persons in the share capital of the Company as at 31 December 2024. None of the Directors have a beneficial interest in the shares of any other Group Company. Details of Directors' share options are also set out in the table below. Current shareholding as a percentage of salary is based on the mid-market closing price for the shares on 31 December 2024 of £1.70.

	Shares held		Options held					
	Beneficially owned	Unvested and not subject to performance[1]	Unvested and subject to performance[2]	Vested and subject to holding period (unexercised)[3]	Unvested and not subject to performance[4]	Shareholding requirement % salary	Current shareholding % salary	Requirement met?
L. Shillaw	261,011	15,077	687,569	52,246	192,223	200%	129%	No
K. Patmore	96,126	15,077	507,519	96,756	67,562	200%	93%	No
A. Lyons	400,000	-	-	-	-	n/a	n/a	n/a
M. Bowes	-	-	-	-	-	n/a	n/a	n/a
A. Bromfield	36,264	-	-	-	-	n/a	n/a	n/a
R. Cooke	-	-	-	-	-	n/a	n/a	n/a
S. Underwood	38,385	-	-	-	-	n/a	n/a	n/a
L. Scenna	-	-	-	-	-	n/a	n/a	n/a
P. O'Donnell Bourke	40,000	-	-	-	-	n/a	n/a	n/a
M. Zafar	-	-	-	-	-	n/a	n/a	n/a

1 Free share awards and matching share awards under the Share Incentive Plan.
2 Nil-cost options granted under the RSP that remained unvested as at 31 December 2024.
3 Nil-cost options granted under the RSP that have vested but remained subject to a holding period as at 31 December 2024.
4 Options granted under the SAYE Plan and nil-cost options granted under the DBP that remain unvested as at 31 December 2024.

As at 17 March 2025, shares held by Lynda Shillaw and Kitty Patmore were 276,907 and 112,022 respectively, as a result of partnership shares and matching shares awarded under the SIP. There have been no further changes to the holdings listed above between 31 December 2024 and 17 March 2025.

Implementation of the Directors' Remuneration Policy for 2025

Base salary

Lynda Shillaw and Kitty Patmore were each awarded a 3% salary increase with effect from 1 January 2025. This compares to an average increase of 3% for the wider workforce.

Executive Director	Annual base salary at 1 January 2024	**Annual base salary at 1 January 2025**
L. Shillaw	£525,000	**£540,750**
K. Patmore	£341,775	**£352,030**

Pension

Lynda Shillaw and Kitty Patmore will each continue to receive a pension allowance equivalent to 10% of salary.

Annual bonus

The maximum annual bonus opportunity for Lynda Shillaw and Kitty Patmore will be 150% and 125% of salary respectively.

The performance measures are outlined below. Performance targets are considered to be commercially sensitive at this point in the year and they will be fully disclosed in the 2025 Annual Remuneration Report.

Measure	Weighting (% of bonus opportunity)
Total Accounting Return	30%
Total Property Return relative to the MSCI UK All Property Total Return Index	30%
Strategic measures aligned to the key strategic pillars under the evolved strategy and ESG priorities Key strategic pillars: Increasing direct development of Industrial & Logistics space; Accelerating sales and broadening the range of Residential products; Scaling up land acquisitions and promotion; Repositioning core Investment Portfolio to modern Grade A	40%
Total	**100%**

The Committee will have discretion, both positive and negative, to amend the bonus outcome if it is not reflective of underlying financial and operational performance, or of the experience of shareholders or employees.

33% of any bonus earned by Lynda Shillaw and 20% of any bonus earned by Kitty Patmore will be deferred into shares for two years. The higher level of deferral for Lynda Shillaw reflects that she is awarded a higher bonus opportunity.

Performance flexed RSP

Lynda Shillaw and Kitty Patmore will each be granted performance flexed RSP awards comprising a core award at 100% of salary and an outperformance element equal to 0.33x the core award. This adds up to an overall maximum opportunity of 133% of salary.

50% of the outperformance element will vest if Harworth's Total Property Return over the three-year period ending 31 December 2027 outperforms the upper quartile of the MSCI UK All Property Total Return Index. The remaining 50% of the outperformance element will vest if Harworth's Total Shareholder Return over the three-year period ending 31 December 2027 outperforms the upper quartile of the FTSE 250 Real Estate companies (excluding agencies).

The awards will also be subject to three specific performance underpins related to financial health, underlying performance and corporate governance as defined on page 171, to be assessed over the three-year period ending 31 December 2027.

Furthermore, the Committee has discretion to amend the vesting outcome where it considers that it is not reflective of underlying financial and operational performance, or the experience of shareholders or employees, over the underpin assessment period. The Committee will consider whether there have been any 'windfall gains' over the vesting period when assessing the vesting outcome.

The awards will vest after three years. Vested awards will then be released after the end of a two-year holding period.

Chair and Non-Executive Director fees

Fees effective from 1 January 2025 are set out below. As noted on page 149, the Committee and Board consider these fee levels to be appropriate for a business of our size and complexity, and reflecting the experience and calibre of the Non-Executive Chair and Non-Executive Directors.

	Annual fee at 1 January 2024	**Annual fee at 1 January 2025**
Chair	£188,715	**£211,750**
Non-Executive Director base fee	£53,076	**£58,500**
Additional fee for acting as SID	£9,371	**£10,300**
Additional fee for chairing the Remuneration Committee or Audit Committee	£9,371	**£10,300**
Additional fee for chairing the ESG Committee[1]	£6,615	**£10,300**

[1] The fee for chairing the ESG Committee will apply until April 2025 when the responsibilities for the ESG Committee are reallocated to the Board and Audit Committee, as outlined in the ESG Committee report on page 140.

Angela Bromfield
Chair of the Remuneration Committee
17 March 2025

Opposite page: Kirstin Powell, Communities and Placemaking Manager, hosts local residents at the Thoresby Vale Country Park opening


Harworth

Directors' Report

Introduction

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2024.

Some of the matters required to be included in this Directors' Report can be found in the Strategic Report or elsewhere in the Governance Report as indicated below:

	REFERENCE
Annual General Meeting	Chair's Introduction, page 103 Statement of Corporate Governance, page 121
Auditors	Audit Committee Report, pages 136 to 137
Composition and operation of administrative, management and supervisory bodies and committees	Statement of Corporate Governance, pages 116 to 117
Directors' interests in shares	Directors' Remuneration Report, page 176
Directors' remuneration	Directors' Remuneration Report, pages 142 to 178
Disclosure of information to auditors	Statement of Directors' Responsibilities, page 187
Diversity	Nomination Committee Report, pages 125 to 130
Employee numbers	Nomination Committee Report, page 129
Employee engagement	Statement of Corporate Governance, page 112
Employees with disabilities	Nomination Committee Report, page 130
Employee share schemes	Directors' Remuneration Report, page 155
Future developments of the business	Strategic Report, page 28
Going concern	Statement of Directors' Responsibilities, pages 186 to 187
Greenhouse gas emissions	Strategic Report, pages 86 and 87
Post balance sheet events	Financial Statements, Note 31, page 255
Risk management and internal controls	Strategic Report, pages 68 to 85 Audit Committee Report, pages 137 to 138
Stakeholders, including regard to the need to foster relationships with suppliers, customers and others	Section 172 Statement, pages 62 to 67
Significant related party transactions	Financial statements, Note 30, pages 254 to 255
Long-Term Viability Statement	Strategic Report, pages 58 to 60
UK Corporate Governance Code	Statement of Corporate Governance, page 108

The liabilities of the Directors in connection with this Report are subject to the limitations and restrictions provided by English Company law.

Company status

Harworth Group plc is a company incorporated in England with company number 02649340. Its head office is in Rotherham. It is listed on the London Stock Exchange. In September 2024, Harworth was admitted to the FTSE 250 Index. All subsidiaries and associated undertakings are listed in Note 15 to the Financial Statements.

Financial results and dividends

The Group's profit before taxation for the financial year ended 31 December 2024 was £69.4m (2023: £49.8m). The net assets attributable to shareholders of the Group increased to £691.7m (2023: £637.7m) over the financial year. During the year, the Group's EPRA NDV per share increased by 8.4% to 222.3p (2023: 205.1p).

The Board is recommending a final dividend of 1.125p per share, which, together with the interim dividend of 0.489p per share paid in October 2024, makes a combined dividend of 1.614p (2023: 1.466p) per share. Payment of the final dividend, if approved at the 2025 AGM, will be made on 23 May 2025 to shareholders on the register at the close of business on 25 April 2025. The ex-dividend date will be 24 April 2025. The dividend paid in the year to 31 December 2024 was 1.511p (2023: 1.373p) per share, comprising the 2023 final dividend of 1.022p per share and the interim dividend of 0.489p per share for 2024.

Share capital and allotment of shares

Details of the Company's issued share capital are shown in Note 26 to the Financial Statements on page 252. There is only one class of share in issue: ordinary shares of 10 pence each.

There are no restrictions on the transfer of shares in the Company, save for the power of the Board to refuse to transfer shares in certain circumstances prescribed by the Articles of Association, and those specified by law or regulation (for example, insider trading laws) and pursuant to the Listing Rules of the FCA whereby certain employees of the Group require the approval of the Company to deal in the shares.

All shares carry equal rights to dividends, voting and return of capital on the winding up of the Company, as set out in the Company's Articles of Association, and are fully paid.

On a show of hands at a general meeting of the Company, every holder of shares present in person and entitled to vote shall have one vote, and on a poll every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The notice of the 2025 AGM specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the meeting. There are no restrictions on any voting rights or deadlines, other than those prescribed by law or the Articles of Association.

The Company is not aware of any arrangement between holders of shares which may result in restrictions on the transfer of securities or voting rights, nor any arrangement whereby a shareholder has waived or agreed to waive dividends (other than the Employee Benefit Trust – see page 184).

The Directors were granted authority at the 2024 AGM to allot shares up to a nominal amount of one-third of the Company's issued nominal share capital, as well as additional authority to allot a further one-third on a rights issue. This authority expires at the conclusion of the 2025 AGM and a resolution will be proposed for its renewal.

Directors' Report continued

The Company's issued share capital as at 31 December 2023 was 324,084,072 ordinary shares of 10 pence each. During 2024 the issued share capital was increased as follows:

Date (2024)	Description	Number of shares issued	Price (discount if applicable)
03 January	Exercise of SAYE options	14,614	£0.739 (40.64%)
24 January	Exercise of SAYE options	7,307	£0.739 (43.80%)
15 February	Grant of SIP Matching Shares	9,764	Nil consideration
15 March	Grant of SIP Matching Shares	852	Nil consideration
19 March	Release of RSP awards	346,678	Nil consideration
15 April	Grant of SIP Matching Shares	5,492	Nil consideration
10 May	Grant of SIP Free Shares	304,500	Nil consideration
15 May	Grant of SIP Matching Shares	14,472	Nil consideration
03 June	Exercise of SAYE options	30,788	£1.023 (27.70%)
12 June	Exercise of SAYE options	17,594	£1.023 (26.93%)
17 June	Grant of SIP Matching Shares	10,502	Nil consideration
19 June	Exercise of SAYE options	3,519	£1.023 (28.21%)
26 June	Exercise of SAYE options	17,595	£1.023 (29.93%)
10 July	Exercise of SAYE options	10,557	£1.023 (38.37%)
24 July	Exercise of SAYE options	18,473	£1.023 (38.93%)
15 August	Grant of SIP Matching Shares	515	Nil consideration
21 August	Exercise of SAYE options	17,595	£1.023 (36.06%)
16 September	Grant of SIP Matching Shares	12,656	Nil consideration
02 October	Exercise of SAYE options	1,759	£1.023 (46.16%)
15 October	Grant of SIP Matching Shares	12,412	Nil consideration

As such, as at 31 December 2024, the Company's issued share capital was 324,955,414 ordinary shares of 10p each.

Since 31 December 2024, the Company's issued share capital has increased to 324,991,682 ordinary shares of 10p each, as follows:

Date (2025)	Description	Number of shares issued	Price (discount if applicable)
15 January	Grant of SIP Matching Shares	9,224	Nil consideration
17 February	Grant of SIP Matching Shares	13,150	Nil consideration
05 March	Exercise of SAYE options	308	£1.46 (9.3%)
17 March	Grant of SIP Matching Shares	13,586	Nil consideration

Under Section 561 of the Companies Act 2006 ('Companies Act'), if the Directors wish to allot unissued shares for cash (subject to certain exceptions, including allotments pursuant to an approved employee share scheme), they must first offer them to existing shareholders in proportion to their holdings (a pre-emptive offer). By a special resolution at the 2024 AGM, the shareholders gave authority to the Directors to disapply the previously mentioned pre-emption and to allot shares for cash other than by way of rights issue to existing shareholders, provided that the aggregate nominal value of such shares does not exceed 5% of the Company's total issued equity capital. The Directors have not made use of this authority since the 2024 AGM. The Directors propose to renew this authority at the 2025 AGM.

Purchase of the Company's own shares

The Company has authority under a shareholders' resolution passed at the 2024 AGM to purchase up to 32,446,328 of the Company's ordinary shares, representing approximately 10% of the Company's total issued share capital in the market during the period expiring at the 2024 AGM. No shares have been purchased by the Company under this authority. A special resolution will be proposed at the 2025 AGM to renew this authority. Any shares purchased under this authority will be cancelled (unless the Directors determine that they are to be held as treasury shares) and the number of shares in issue will be reduced accordingly.

Directors

The Directors who held office during the financial year ended 31 December 2024 and up to the date of this Report are:

Non-Executive Chair

Alastair Lyons

Executive Directors

Lynda Shillaw (Chief Executive)

Katerina Patmore (CFO)

Independent Non-Executive Directors

Angela Bromfield (SID)

Ruth Cooke

Lisa Scenna

Patrick O'Donnell Bourke

Marzia Zafar

Non-Executive Directors (not independent)

Martyn Bowes

Steven Underwood was a Director during the year but retired from the Board with effect from 31 December 2024. Biographical details of the Directors are contained on pages 104 to 107.

The Directors' Remuneration Report, which includes details of Directors' service agreements and their interests in the shares of the Company, is set out on pages 142 and 178 respectively. Copies of the service agreements of the Executive Directors and letters of appointment for the Non-Executive Directors are available for inspection at the Company's registered office during normal business hours and will be available for inspection at the Company's 2025 AGM.

In accordance with the Code, all Directors, except Ruth Cooke, will offer themselves for re-election at the 2025 AGM.

Save as set out on page 114 of the Statement of Corporate Governance, no Director has, or has had, a material interest, directly or indirectly, at any time during the year under review in any contract significant to the Company's business.

The Directors may exercise all the powers of the Company, subject to compliance with relevant laws, the Company's Memorandum and Articles of Association and any directions given by special resolution of shareholders.

Financial risk management

The Group's overall risk management programme includes a focus on credit and liquidity risks to minimise any potential adverse effects on the Group's financial health. Further detail, including use of financial instruments as appropriate as part of managing the interest rate risk on external borrowings, is set out in Note 23 to the Financial Statements.

Directors' indemnities, insurance and independent advice

The Company maintains Directors' and Officers' liability insurance. To the extent permitted by UK law, the Company indemnifies its Directors and senior executives against claims brought against them as a consequence of the execution of their duties as Directors of the Company. The Board has established a procedure by which any Director, for the purpose of furthering their duties, may take independent professional advice at the Company's expense. No Director had reason to use this facility in 2024.

Charitable and political donations

The Group made charitable donations during 2024 in the aggregate sum of £51,784 (2023: £33,047).

No political donations were made during the year (2023: £nil). It remains the Company's policy not to make any cash donations to political parties. This policy is strictly adhered to and there is no intention to change it. However, the definitions of "political donation" and "political expenditure" used in the Companies Act remain very broad, which may have the effect of covering some normal business activities that would not be considered political donations or political expenditure in the usual sense. These could include support for bodies engaged in law reform or governmental policy review or involvement in seminars and functions that may be attended by politicians. To avoid any possibility of inadvertently contravening the Companies Act, the Directors obtained authority from shareholders at the 2024 AGM for certain political donations and expenditure, subject to financial limits, and will seek to renew this authority at the 2025 AGM.

Directors' Report continued

Employee Benefit Trust[1]

The Harworth Group plc Employee Benefit Trust ('EBT') holds shares in the Company for the purposes of satisfying awards that may vest under the Company's employee share plans, including deferred bonus awards granted to Executive Directors. Shares issued pursuant to Share Incentive Plan awards are held by Equiniti Share Plan Trustees Limited pending maturity. At 31 December 2024, the EBT held 230,713 (2023: 63,657) ordinary shares of 10 pence each in the Company and Equiniti Share Plan Trustees Limited held 1,445,184 (2023: 1,017,580) ordinary shares of 10 pence each in the Company, being in aggregate 1,675,897 (2023: 1,081,237) shares, which represent 0.52% of the Company's issued share capital as of 31 December 2024. The EBT has waived its right to receive dividends on shares that it holds beneficially in respect of awards that have not vested.

1 The number of shares held by Equiniti Share Plan Trustees Limited is higher than the number of the Company's own shares held as stated in Note 26 of the Financial Statements due to Partnership shares held under the SIP.

Amendment of Articles of Association

The Articles of Association may be amended by special resolution of the shareholders.

General meetings

An AGM must be called on at least 21 days' clear notice, although the Company typically gives not less than 20 working days' notice of its AGM following the FRC's Guidance on Board Effectiveness.

All other general meetings are also required to be held on at least 21 days' clear notice unless the Company offers shareholders an electronic voting facility. A special resolution reducing the period of notice for general meetings (other than AGMs) to not less than 14 days was passed at the 2024 AGM. The Directors are proposing to seek renewal of that authority at the 2025 AGM.

Substantial shareholdings and agreements with shareholders

As at the date of this Report, the Company had been notified, pursuant to paragraph 5 of the FCA's Disclosure and Transparency Rules, of the following notifiable voting rights:

Name of holder	Number of ordinary shares	Percentage of total voting rights
London and Amsterdam Trust Company	85,100,257	26.19%
Goodweather Holdings Limited[1]	84,610,000	26.04%
Pension Protection Fund	57,716,672	17.76%

1 Goodweather Holdings Limited is a member of the Peel Group.

The Company's relationship with the Pension Protection Fund ('PPF') is governed by a relationship agreement pursuant to which, amongst other things, the PPF is entitled to appoint a representative Director to the Board.

Change of control provisions

Under the terms of the RCF entered into between National Westminster Bank plc, Santander UK plc, HSBC UK Bank plc and Harworth Estates Property Group Limited ('HEPGL') in March 2022, if any person or Group of persons acting in concert gains direct or indirect control of HEPGL the facility is capable of being cancelled, in which event all outstanding loans and bonds, guarantees or letters of credit together with accrued interest shall become immediately due and payable.

Transactions with related parties

Transactions entered into with related parties during 2024 are disclosed in Note 30 to the Financial Statements.

The Directors' Report was approved by the Board of Directors and signed on its behalf by:

Chris Birch
General Counsel and Company Secretary

17 March 2025

Opposite Page: Joshua Johnson, Communities and Placemaking Coordinator, plants trees at Chevington with local school children

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors have elected to prepare the Group and Company Financial Statements in accordance with UK-adopted international accounting standards ('IFRSs'). Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

In preparing these Financial Statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- in respect of the Group Financial Statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- in respect of the Company Financial Statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company and/or the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Company and the Group Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Responsibility statements

The Directors (see the list of names and roles on pages 104 to 107) confirm, to the best of their knowledge:

- that the consolidated Financial Statements, prepared in accordance with UK-adopted international accounting standards give a true and fair view of the assets, liabilities, financial position and profit of the Company and undertakings included in the consolidation taken as a whole;
- that the Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- that they consider the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Going concern basis

These 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 its assumptions with particular consideration to the key risks and uncertainties and the current macro-economic environment as well as taking into account available borrowing facilities. The going concern period assessed is until June 2026 which has been selected as it can be projected with a good degree of expected accuracy.

A key focus of the assessment of going concern is the management of liquidity and compliance with borrowing facilities for the period to June 2026. A £240m RCF facility is available to the Group and is aligned to the Group's strategy and provides significant liquidity and flexibility to enable it to pursue its strategic objectives. 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 £192.4m as at 31 December 2024.

The Group benefits from diversification across its Capital Growth and Income Generation businesses including its industrial and renewable energy property portfolio. Taking into account the independent valuation by BNP Paribas and Savills, the Group net LTV remains low at 5.4%, within the Board's target range and with headroom to allow for falls in property values. Rent collection remained strong, with 98% collected to date for 2024.

In addition to a base cashflow forecast, a sensitised forecast was produced that reflected a number of severe but plausible downsides. These downsides included:

1. a severe reduction in sales to the housebuilding sector as well as lower investment property sales;
2. notwithstanding strong rent collection in 2024, a prudent material increase in bad debts across the portfolio over the majority of the going concern assessment period;
3. a material decline in the value of land and investment property values; and
4. increases in interest rates, impacting the cost of the Group's borrowings.

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 June 2026, the Group expects to continue to have sufficient liquidity 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 liquidity 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.

Disclosure of information to the auditor

Each of the Directors who were in office at the date of approval of this Report also confirms that:

- so far as they are aware, there is no relevant audit information of which the auditor is unaware; and
- each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant information and to establish that the Group's and Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 Companies Act.

This Statement of Directors' Responsibilities was approved by the Board and signed by order of the Board.

Chris Birch
General Counsel and
Company Secretary

17 March 2025

Financial Statements

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Independent auditor's report to the members of Harworth Group Plc

Opinion

In our opinion:

- Harworth Group plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2024 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted international accounting standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Harworth Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise:

Group	Parent company
Consolidated income statement for the year then ended	Balance sheet as at 31 December 2024
Consolidated statement of comprehensive income for the year then ended	Statement of changes in equity for the year then ended
Consolidated balance sheet as at 31 December 2024	Statement of cash flows for the year then ended
Consolidated statement of changes in equity for the year then ended	Related notes 1 to 31 to the financial statements, including: material accounting policy information
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 31 to the financial statements, including: material accounting policy information	

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the group and parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting the audit.

Opposite page: Swans atop Waverley Reservoir
Waverley, Rotherham | YAC | R | MD

Independent auditor's report to the members of Harworth Group Plc

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included

- Confirming our understanding of management's going concern assessment process, through our walkthrough of the Group's financial close process and also engaging with management early to ensure all factors we identified were considered in their assessment;
- Obtaining management's going concern assessment, including the cash forecasts and covenant calculations for the going concern period which covers the period to 30 June 2026. The Group has modelled a base scenario and a severe downside scenario in its cash forecasts and covenant calculations in order to incorporate unexpected changes to the forecasted liquidity of the Group;
- The downside scenario considered a severe but plausible reduction in property sales, decline in land and investment property values, and an increase in overheads and interest rates. In this scenario the Group continues to have sufficient cash reserves and headroom on lending facilities and associated covenants;
- Testing the assumptions included in each modelled scenario for the cash forecasts and covenant calculations, considering the impact of the challenging macro-economic environment on forecasted property sales, property values, overheads, and interest cost. We also considered the appropriateness of the models used to calculate the cash flow forecasts and covenant calculations to determine if they were appropriate to be able to make an assessment on going concern;
- Considering the mitigating factors that could be applied to the cash flow forecasts and covenant calculations that are within control of the Group, for example, reducing uncommitted development expenditure. This included review of the Company's non-operating cash outflows;
- Verifying the credit facilities available to the Group comprising the five-year, £240m revolving credit facility which is due to expire in March 2027;
- Performing reverse stress testing in order to identify what factors would lead to the Group utilising all liquidity or breaching the financial covenants during the going concern period;
- Performing our own independent sensitivity analysis to assess the impact of changes in key assumptions, including forecasted property sales; and
- Reviewing the Group's going concern disclosures included in the Annual Report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for the period to 30 June 2026.

In relation to the group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	– We performed an audit of the complete financial information of one full scope reporting component, being the group as a whole.
Key audit matters	– Valuation of investment property – Carrying value of development property – Revenue recognition
Materiality	– Overall group materiality of £10.5m which represents 1% of total assets.

An overview of the scope of the parent company and group audits

In the current year our audit scoping has been updated to reflect the new requirements of ISA (UK) 600 (Revised). We have followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion. We performed risk assessment procedures to identify and assess risks of material misstatement of the Group financial statements and identified significant accounts and disclosures. When identifying components on which audit work needed to be performed to respond to the identified risks of material misstatement of the Group financial statements, we considered our understanding of the Group and its business environment, the potential impact of climate change, the applicable financial framework, the group's system of internal control at the entity level, the existence of centralised processes, applications and any relevant internal audit results.

We determined that centralised audit procedures can be performed across all Group significant accounts and therefore identified one full scope component for the Group. Our scoping to address the risk of material misstatement for each key audit matter is set out in the Key audit matters section of our report

Climate change

Stakeholders are increasingly interested in how climate change will impact Harworth Group plc. The Group has determined the most significant future impacts from climate change which are explained on pages 88 to 96 in the required Task Force On Climate Related Financial Disclosures and on page 72 in the principal risks and uncertainties. They have also explained their climate commitments on page 95. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The group has explained in the accounting policies (note 1) its articulation of how climate change has been reflected in the financial statements. There are no significant judgements or estimates relating to climate change in the notes to the financial statements.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on page 84 and whether these have been appropriately reflected in the valuation of the property portfolio following the requirements of IAS 40 'Investment Property' in relation to investment property and IAS 2 'Inventories' in relation to the development property. As part of this evaluation, we performed our own risk assessment, supported by our climate change and property valuation internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work, whilst we have not identified the impact of climate change on the financial statements to be a standalone key audit matter, we have considered the impact on the following key audit matters: valuation of investment property and carrying value of development property. Details of the impact, our procedures and findings are included in our explanation of key audit matters below.

Independent auditor's report to the members of Harworth Group Plc

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk
Valuation of investment property (2024: £584.0m, 2023: £433.9m) *Refer to the Audit Committee Report (pages 132 to 139); Accounting policies (page 210); and Note 14 of the Consolidated Financial Statements (page 227)* At 31 December 2024 investment property held a value of £584m (2023: £434m), with a valuation gain of £61m (2023: £71m gain) reported in the year. Property valuations are calculated by the independent external valuers with a number of key assumptions specific to each individual property. Depending on type of site this could include: estimated land values per acre, likelihood of planning permission being granted, construction costs, actual and estimated rental values and yields. There is a risk that the carrying value is misstated given the complexity of the calculation, and the inherent uncertainty and judgement within these assumptions. In addition, there is a risk that management inappropriately override the valuation determined by the external valuer.	Our testing approach to investment properties included: – Performing a walkthrough to understand the key process and identification of key controls including management's challenge of the external valuers throughout the valuation process. – Assessing the appropriateness of the valuations, with the assistance of our EY Real Estate specialists, through: • Assessing the competence and objectivity of both the external valuers and third party surveyors; • Attending a sample of sites, alongside the external valuers to gain a detailed understanding of the portfolio and the valuation process and to observe the specialist's inspection; • Reading the external valuer reports for a sample of sites and holding discussions directly with the external valuer regarding its valuation approach; including its consideration of climate risk; • Validating, for a sample of sites, the appropriateness of the key assumptions applied by the external valuer in forming its valuation by comparing to third party evidence of market activity (e.g. land values including recent comparable sales, construction costs, rental values and yields) as well as assessing the reasonableness of judgements made such as the likelihood of planning permission being granted and any other property specific adjustments made. As part of these procedures we consider any contrary evidence that could imply the valuation approach and assumptions made are not appropriate. Using this information we calculate an independent valuation range for each sampled site and assess whether management's valuation falls within this range; • Testing the underlying data provided to the external valuer by management, by checking a sample to source documents (e.g. acreage, third party costs to complete assessments and rental contracts); and • Testing the appropriateness of any material adjustments from the valuation determined by the external valuer to the book value recorded.

Key observations communicated to the Audit Committee

Based on the work performed, we consider that the external valuers' methodologies used in developing the estimate are consistent with valuation practice given the characteristics of the assets being measured.

Our work did not identify evidence to contradict the external valuers' significant assumptions used in developing the estimate as of the balance sheet date.

Our procedures performed over the adjustments made to the valuations have confirmed that these are in line with our expectations and appropriately recorded.

We consider that the valuation of investment properties held as of the balance sheet date is appropriate.

Risk	Our response to the risk
Carrying value of development property (2024: £191.9m, 2023: £250.0m) *Refer to the Audit Committee Report (page 132 to 139); Accounting policies (page 209); and Note 16 of the Consolidated Financial Statements (page 238)* Development property has a book value of £191m (2023: £250m) at 31 December 2024. The Group's portfolio consists of a range of assets at varying stages of development, across various sectors and geographies. A risk exists that the carrying value of development property is overstated given the complexity of the calculation and the inherent judgements in determining the net realisable value, such as gross developable value per acre/plot, costs to complete and profit hurdle. In addition, there is a risk that management inappropriately override the valuation determined by the external valuer. A substantial element of management bonuses are impacted by EPRA NDV (European Public Real Estate Association Net Development Value) and there is therefore an incentive for management to maximise NDV resulting in the carrying value being inappropriate.	Our testing approach to development properties included: – Performing a walkthrough to understand the key process and identification of key controls including management's challenge of the external valuers throughout the valuation process. – Assessing the appropriateness of the valuations, with the assistance of our EY Real Estate specialists, through: • Assessing the competence and objectivity of both the external valuer and third party surveyors; • Attending a sample of sites, alongside the external valuer to gain a detailed understanding of the portfolio and the valuation process and to observe the specialist's inspection; • Reading the external valuer reports for a sample of sites and holding discussions directly with the external valuer regarding its valuation approach; including its consideration of climate risk; • Validating, for a sample of sites, the appropriateness of the key assumptions applied by the external valuer in forming its valuation by comparing to third party evidence of market activity (e.g. development values including recent comparable sales, costs to complete) as well as assessing the reasonableness of judgements made such as the profit hurdle and any other property specific adjustments made. As part of these procedures we consider any contrary evidence that could imply the valuation approach and assumptions made are not appropriate. Using this information we calculate an independent valuation range for each sampled site and assess whether management's valuation falls within this range; • Testing the underlying data provided to the external valuer by management, by checking a sample to source documents (e.g. acreage and third party costs to complete assessments); and • Testing the appropriateness of any material adjustments from the valuation determined by the external valuer. In addition, we then compared the valuation post adjustments to the carrying value to assess the appropriateness of the NRV provision recorded.

Key observations communicated to the Audit Committee

Based on the work performed, we consider that the external valuers' methodologies used in developing the estimate of net realisable value are consistent with valuation practice given the characteristics of the assets being measured. Our work did not identify evidence to contradict the external valuers' significant assumptions used in developing the estimate as of the balance sheet date.

We consider that the carrying value of development properties held as of the balance sheet date is appropriate.

Independent auditor's report to the members of Harworth Group Plc

Risk	Our response to the risk
Inappropriate recognition of revenue (2024: £181.5m, 2023: £72.4m) *Refer to the Audit Committee Report (page 132 to 139); Accounting policies (page 207); and Note 3 of the Consolidated Financial Statements (page 217)* Revenue for the year ended 31 December 2024 is £182m (2023: £72m), made up of £140m (2023: £47m) from the sale of development property, £22m (2023: £23m) from income generation activities, £19m from build-to-suit development (2023: £1m) and £1m (2023: £1m) from other revenue activities. There is a risk that management could override controls impacting on the amount of revenue recognised via posting journal entries that fall outside of the standard flow of transactions (all revenue streams) or by purposefully recording property sales in the incorrect period. In addition, complexity within the sales contracts could lead to property sales being measured inappropriately due to error or through management override.	Our approach included: – Performing walkthroughs to understand the key processes and identify key controls; and – We have analysed 100% of the revenue journal entry population across all revenue streams by adopting a data analytics approach to corroborate our expectation of the relationship between revenue, trade receivables and/or cash receipts. Our focus was on transactions posted to revenue that fall outside of this routine process as well as consolidation entries made. Development Property Sales: – Testing all material property disposals to confirm revenue recognised in the year is in line with the contract terms and completion date; and – Testing all material January 2025 disposals to confirm revenue should be recorded post year end.

Key observations communicated to the Audit Committee
We are satisfied revenue has been recognised appropriately and that there was no evidence of management bias.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £10.6 million (2023: £8.3 million), which is 1% (2023: 1%) of total assets. We believe that total assets provides us with the most appropriate basis for determining overall materiality given that key users of the Group's financial statements are primarily focused on the valuation of the Group's assets.

We determined materiality for the Parent Company to be £2.4 million (2023: £2.1 million), which is 1% (2023: 1%) of total assets.

During the course of our audit, we reassessed initial materiality and amended it for the year end results.

Specific materiality

We assessed that for account balances related to the income generation segment of the business, a misstatement of less than overall materiality for the financial statements could influence the economic decisions of users. We determined specific materiality for these areas to be £1.6m which equates to 15% of overall materiality based on the quantum of these account balances. During the course of our audit, we reassessed initial materiality and amended it for the year end results.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2023: 75%) of our planning materiality, namely £7.9m (2023: £6.3m). We set performance materiality at this percentage due to this being our fifth year of engagement and, from our prior year experience, an expectation of a low level of audit differences.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.5m (2023: £0.4m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report , including Strategic report, Governance report and supplementary information set out on pages 1 to 187 and 256 to 263, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Independent auditor's report to the members of Harworth Group Plc

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 186 and 187;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on pages 58 to 60;
- Directors' statement on whether they have a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on pages 186 and 187;
- Directors' statement on fair, balanced and understandable set out on page 186;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 72 to 85;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 137 and 138; and
- The section describing the work of the audit committee set out on pages 132 to 139.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 186 and 187, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those that relate to the reporting framework (UK adopted International Accounting Standards, the Companies Act 2006 and the UK Corporate Governance Code). We understood how Harworth Group Plc is complying with those frameworks by making inquiries of management, those responsible for legal and compliance procedures and the Company Secretary.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management and those charged with governance to understand where it considered there was a susceptibility to fraud. We also considered performance targets and the propensity to influence efforts made by management to manage earnings. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing higher risk journal entries and were designed to provide reasonable assurance that the financial statements were free from fraud and error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual consolidation journals and journals indicating unusual transactions based on our understanding of the business; enquiries of Legal Counsel, Group management and focused testing, as referred to in the key audit matters section above. In addition, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Accounts with the requirements of the relevant accounting standards, UK legislation and the UK Corporate Governance Code 2018.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the audit committee, we were appointed by the company on 13 July 2020 to audit the financial statements for the year ending 31 December 2020 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is five years, covering the years ended 31 December 2020 to 31 December 2024.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Victoria Venning (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

17 March 2025

Consolidated income statement

for the year ended 31 December 2024

	Note	**Year ended 31 December 2024 £'000**	Year ended 31 December 2023 £'000
Revenue	3	**181,585**	72,427
Cost of sales	3	**(150,508)**	(60,077)
Gross profit	3	**31,077**	12,350
Administrative expenses	3	**(33,185)**	(27,435)
Other gains	3	**78,113**	69,426
Other operating expense	3	**(1,371)**	(112)
Operating profit	3	**74,634**	54,229
Finance costs	6	**(9,900)**	(6,421)
Finance income	6	**3,166**	445
Share of profit of joint ventures	15	**1,487**	1,554
Profit before tax		**69,387**	49,807
Tax charge	8	**(12,150)**	(11,851)
Profit for the year		**57,237**	37,956

All activities in the year are derived from continuing operations.

Earnings per share from continuing operations attributable to the owners of the Group during the year

	Note	**Pence**	Pence
Basic earnings per share	11	**17.7**	11.8
Diluted earnings per share	11	**17.3**	11.5

The Notes on pages 206 to 255 are an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 31 December 2024

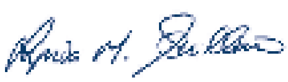
	Note	**Year ended 31 December 2024 £'000**	Year ended 31 December 2023 £'000
Profit for the financial year		**57,237**	37,956
Other comprehensive (expense)/income – *items that will not be reclassified to profit or loss:*			
Net actuarial loss in Blenkinsopp Pension scheme	24	**(239)**	(10)
Revaluation of Group occupied property		**(515)**	(167)
Deferred tax on other comprehensive income items	8	**–**	3
Total other comprehensive expense		**(754)**	(174)
Total comprehensive income for the year		**56,483**	37,782

Consolidated balance sheet

as at 31 December 2024

	Note	As at 31 December 2024 £'000	As at 31 December 2023 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	**1,529**	1,670
Right of use assets	13	**1,443**	512
Trade and other receivables	17	**25,638**	11,296
Investment properties	14	**585,489**	433,942
Investments in joint ventures	15	**33,553**	30,722
		647,652	478,142
Current assets			
Inventories	16	**205,985**	263,073
Trade and other receivables	17	**72,580**	37,289
Assets held for sale	18	**8,910**	18,752
Cash	19	**117,382**	27,182
		404,857	346,296
Total assets		**1,052,509**	824,438
LIABILITIES			
Current liabilities			
Borrowings	20	**–**	(29,744)
Trade and other payables	21	**(135,998)**	(88,087)
Lease liability	13	**(271)**	(158)
Current tax liabilities	8	**(8,130)**	(2,643)
		(144,399)	(120,632)
Net current assets		**260,458**	225,664
Non-current liabilities			
Borrowings	20	**(164,125)**	(33,830)
Trade and other payables	21	**(15,226)**	(1,757)
Lease liability	13	**(1,196)**	(397)
Deferred income tax liabilities	8	**(35,853)**	(30,089)
Retirement benefit obligations	24	**(45)**	(11)
		(216,445)	(66,084)
Total liabilities		**(360,844)**	(186,716)
Net assets		**691,665**	637,722
SHAREHOLDERS' EQUITY			
Called up share capital	26	**32,495**	32,408
Share premium account	27	**25,157**	25,034
Fair value reserve		**216,704**	225,177
Capital redemption reserve		**257**	257
Merger reserve		**45,667**	45,667
Investment in own shares		**(138)**	(99)
Retained earnings		**314,286**	271,322
Current year profit		**57,237**	37,956
Total shareholders' equity		**691,665**	637,722

The financial statements on pages 198 to 255 were approved by the Board of Directors on 17 March 2025 and were signed on its behalf by:



Lynda Shillaw
Chief Executive

Company Registered Number 02649340

Company balance sheet

as at 31 December 2024

	Note	**As at 31 December 2024 £'000**	As at 31 December 2023 £'000
ASSETS			
Non-current assets			
Investment in subsidiaries	15	**212,239**	210,844
Trade and other receivables	17	**21,199**	23,337
Retirement reimbursement asset	24	**45**	11
Deferred income tax assets	8	**568**	143
		234,051	234,335
Current assets			
Trade and other receivables	17	**3,544**	302
Current tax asset	8	**383**	–
Cash	19	**504**	90
		4,431	392
Total assets		**238,482**	234,727
LIABILITIES			
Current liabilities			
Trade and other payables	21	**(59,840)**	(41,478)
Current tax liabilities	8	**–**	(849)
		(59,840)	(42,327)
Net current liabilities		**(55,409)**	(41,935)
Non-current liabilities			
Retirement benefit obligations	24	**(45)**	(11)
		(45)	(11)
Total liabilities		**(59,885)**	(42,338)
Net assets		**178,597**	192,389
SHAREHOLDERS' EQUITY			
Called up share capital	26	**32,495**	32,408
Share premium account	27	**25,157**	25,034
Capital redemption reserve		**257**	257
Merger reserve		**45,667**	45,667
Investment in own shares		**(138)**	(99)
Retained earnings		**85,929**	98,444
Current year loss	9	**(10,770)**	(9,322)
Total shareholders' equity		**178,597**	192,389

The financial statements on pages 198 to 255 were approved by the Board of Directors on 17 March 2025 and were signed on its behalf by:

Lynda Shillaw
Chief Executive

Company Registered Number 02649340

Consolidated statement of changes in equity

for the year ended 31 December 2024

	Note	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 January 2023		**32,305**	**24,688**	**45,667**	**174,520**	**257**	**(50)**	**325,277**	**602,664**
Profit for the financial year		–	–	–	–	–	–	37,956	37,956
Fair value losses on investment property		–	–	–	76,744	–	–	(76,744)	–
Transfer of unrealised gains on disposal of investment property		–	–	–	(25,920)	–	–	25,920	–
Other comprehensive (expense)/income:									
Actuarial loss in Blenkinsopp pension scheme	24	–	–	–	–	–	–	(10)	(10)
Revaluation of group occupied property		–	–	–	(167)	–	–	–	(167)
Deferred tax on other comprehensive expense items	8	–	–	–	–	–	–	3	3
Total comprehensive income for year ended 31 December 2023		**–**	**–**	**–**	**50,657**	**–**	**–**	**(12,875)**	**37,782**
Transactions with owners:									
Purchase of own shares		–	–	–	–	–	(49)	–	(49)
Share-based payments		–	–	–	–	–	–	1,314	1,314
Dividends paid	10	–	–	–	–	–	–	(4,438)	(4,438)
Share issue	26, 27	103	346	–	–	–	–	–	449
Balance at 31 December 2023		**32,408**	**25,034**	**45,667**	**225,177**	**257**	**(99)**	**309,278**	**637,722**
Profit for the financial year		–	–	–	–	–	–	57,237	57,237
Fair value gains on investment property		–	–	–	63,334	–	–	(63,334)	–
Transfer of unrealised gains on disposal of investment property		–	–	–	(71,292)	–	–	71,292	–
Other comprehensive (expense)/income:									
Actuarial loss in Blenkinsopp pension scheme	24	–	–	–	–	–	–	(239)	(239)
Revaluation of group occupied property		–	–	–	(515)	–	–	–	(515)
Deferred tax on other comprehensive expense items	8	–	–	–	–	–	–	–	–
		–	–	–	(8,473)	–	–	64,956	56,483
Transactions with owners:									
Purchase of own shares		–	–	–	–	–	(39)	–	(39)
Share-based payments		–	–	–	–	–	–	2,188	2,188
Dividends paid	10	–	–	–	–	–	–	(4,899)	(4,899)
Share issue	26, 27	87	123	–	–	–	–	–	210
Balance at 31 December 2024		**32,495**	**25,157**	**45,667**	**216,704**	**257**	**(138)**	**371,523**	**691,665**

Company statement of changes in equity

for the year ended 31 December 2024

	Note	Called up share capital £000	Share premium £000	Merger reserve £000	Capital redemption reserve £000	Investment in own shares £000	Retained earnings £000	Total equity £000
Balance at 1 January 2023		**32,305**	**24,688**	**45,667**	**257**	**(50)**	**101,619**	**204,486**
Loss for the financial year		–	–	–	–	–	(9,322)	(9,322)
Actuarial gain in Blenkinsopp pension scheme	24	–	–	–	–	–	(10)	(10)
Deferred tax on other comprehensive expense items		–	–	–	–	–	3	3
Total comprehensive expense for the year ended 31 December 2023		**–**	**–**	**–**	**–**	**–**	**(9,329)**	**(9,329)**
Transactions with owners:								
Purchase of own shares		–	–	–	–	(49)	–	(49)
Share-based payments		–	–	–	–	–	1,270	1,270
Dividends paid	10	–	–	–	–	–	(4,438)	(4,438)
Share issue	26,27	103	346	–	–	–	–	449
Balance at 31 December 2023		**32,408**	**25,034**	**45,667**	**257**	**(99)**	**89,122**	**192,389**
Loss for the financial year		–	–	–	–	–	(10,770)	(10,770)
Actuarial loss in Blenkinsopp pension scheme	24	–	–	–	–	–	(239)	(239)
Deferred tax on other comprehensive expense items		–	–	–	–	–	61	61
Total comprehensive expense for the year ended 31 December 2024		**–**	**–**	**–**	**–**	**–**	**(10,948)**	**(10,948)**
Transactions with owners:								
Purchase of own shares		–	–	–	–	(39)	–	(39)
Share-based payments		–	–	–	–	–	1,884	1,884
Dividend paid	10	–	–	–	–	–	(4,899)	(4,899)
Share issue	26,27	87	123	–	–	–	–	210
Balance at 31 December 2024		**32,495**	**25,157**	**45,667**	**257**	**(138)**	**75,159**	**178,597**

Consolidated statement of cash flows

for the year ended 31 December 2024

	Note	**Year ended 31 December 2024 £'000**	Year ended 31 December 2023 £'000
Cash flows from operating activities			
Profit before tax for the financial year		**69,387**	49,807
Net finance costs	6	**6,734**	5,976
Other gains	3	**(78,113)**	(69,426)
Share of profit of joint ventures (including impairment)	15	**(1,487)**	(1,554)
Share-based transactions [1]	25	**2,287**	1,404
Depreciation of property, plant and equipment and right of use assets	12,13	**406**	282
Pension contributions in excess of charge	24	**(205)**	(113)
Operating cash outflows before movements in working capital		**(991)**	(13,624)
Decrease in inventories		**57,088**	5,186
(Increase)/decrease in receivables		**(52,774)**	18,868
Increase in payables		**39,297**	6,937
Cash generated from operations		**42,620**	17,367
Interest paid		**(7,568)**	(4,302)
Corporation tax paid		**(516)**	(10,212)
Cash generated from operating activities		**34,536**	2,853
Cash flows from investing activities			
Interest received		**810**	445
Investment in joint ventures		**(3,048)**	(250)
Distribution from joint ventures		**1,703**	911
Net proceeds from disposal of investment properties, AHFS and overages		**80,028**	69,568
Property acquisitions		**(69,478)**	(19,046)
Expenditure on investment properties and AHFS		**(47,009)**	(35,808)
Expenditure on property, plant and equipment		**(600)**	(396)
Cash generated (used in)/from investing activities		**(37,593)**	15,424
Cash flows from financing activities			
Net proceeds from issue of ordinary shares		**137**	400
Proceeds from other loans		**5,510**	5,939
Repayment of other loans		**(37,134)**	(3,299)
Proceeds from bank loans		**205,000**	45,000
Repayment of bank loans		**(75,000)**	(46,000)
Loan arrangement fees paid		**(151)**	(162)
Payment in respect of leases		**(206)**	(118)
Dividends paid	10	**(4,899)**	(4,438)
Cash generated from/(used in) financing activities		**93,257**	(2,678)
Increase in cash		**90,200**	15,599
Cash at 1 January		**27,182**	11,583
Increase in cash		**90,200**	15,599
Cash at 31 December		**117,382**	27,182

[1] Share-based transactions reflect the non-cash expenses relating to share-based payments included within the income statement.

Company statement of cash flows

for the year ended 31 December 2024

	Year ended 31 December 2024 £'000	Restated – Note 1 Year ended 31 December 2023 £'000
Cash flows from operating activities		
Loss before tax for the financial year	**(11,557)**	(8,010)
Net interest receivable	**1,839**	668
Share-based transactions [1]	**546**	278
Pension contributions in excess of charge, net of movement in reimbursement asset	**(239)**	(10)
Operating cash outflows before movements in working capital	**(9,411)**	(7,074)
Decrease/(increase) in receivables	**(90)**	(5)
(Decrease)/increase in payables	**(460)**	1,069
Cash (used in)/generated from operations	**(9,961)**	(6,010)
Interest paid	**(3,270)**	(2,256)
Corporation tax paid	**(718)**	–
Cash (used in)/generated from operating activities	**(13,949)**	(8,266)
Cash flows from investing activities		
Repayment received from subsidiary undertakings	**1,498**	6,989
Advances made to subsidiary undertakings	**(2,363)**	(1,679)
Interest received	**1,432**	1,588
Cash generated from investing activities	**567**	6,898
Cash flows from financing activities		
Repayment of loans made to subsidiary undertakings	**(5,207)**	(4,461)
Loans from subsidiary undertakings	**23,765**	8,524
Net proceeds from issue of ordinary shares	**137**	400
Dividends paid	**(4,899)**	(4,438)
Cash generated from/(used in) financing activities	**13,796**	25
Increase/(decrease) in cash	**414**	(1,343)
Cash at 1 January	**90**	1,433
Increase/(decrease) in cash	**414**	(1,343)
Cash at 31 December	**504**	90

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

Notes to the financial statements

for the year ended 31 December 2024

1. Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all of the years presented, unless otherwise stated.

General information

Harworth Group plc, company number 02649340, (the 'Company') is a company limited by shares, incorporated and domiciled in the United Kingdom. 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 consolidated financial statements for the year ended 31 December 2024 consolidate the results of the Company and its subsidiaries (together referred to as the 'Group').

Basis of preparation

The Consolidated and Company financial statements of Harworth Group plc have been prepared on the going concern basis and in accordance with UK adopted International Accounting Standards ('IFRS') and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets and liabilities at fair value through profit or loss. The consolidated financial statements are presented in pound sterling and all values are rounded to the nearest thousand (£'000), except when otherwise indicated.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and the financial statements and notes. The Directors believe that the Group is well placed to manage its business risks successfully. The principal risks that may impact the Group's performance and their mitigation are outlined in the "Effectively Managing Our Risk" statement starting on page 68. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to fund its operations for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the annual financial statements.

Going-concern basis

These 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 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, including compliance with financial covenants therein. The going concern period assessed is until June 2026 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 June 2026. A £240m RCF facility is available to the group and is aligned to the Group's strategy and provides significant liquidity and flexibility to enable it to pursue its strategic objectives. 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 £192.4m as at 31 December 2024.

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 valuation carried out by BNP Paribas, JLL and Savills as at 31 December 2024, the Group LTV remains low at 5.4%, within the Board's target range and with sufficient headroom to allow for any falls in property values. Rent collection remained strong, with 98% collected to date for 2024.

In addition to the Company's base cashflow forecast, sensitised forecasts were produced that included a severe but plausible downside scenarios. This downside included: 1) a severe reduction in sales to the housebuilding sector as well as lower investment property sales; 2) notwithstanding strong rent collection, a prudent material increase in bad debts across the portfolio over the majority of the going concern assessment period; 3) a material decline in the value of land and investment property values and; 4) increases in interest rates, impacting the cost of the Group's borrowings.

1. Accounting policies continued

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 of the plausible downside scenarios, for the going concern period to June 2026, 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 had 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.

Prior year restatement – Parent company cash flow reclassification

The parent company cash flow statement has been restated for the year ended 31 December 2023. The company previously presented net cash flows in relation to the intercompany loans receivable within financing activities. This has been reclassified to within investing activities.

The impact of correcting this error is that cash flows from investing activities have increased by £5,310,000 and cash flows from financing activities have decreased by £5,310,000.

In addition, cashflows in relation to these intercompany loans have been represented to show repayments and increases separately (gross) rather than as one net figure.

There is no impact on the Company Balance sheet, Company Statement of Changes in Equity or on the result for the year, and no impact on the Consolidated Balance sheet, Consolidated Statement of Changes in Equity, Consolidated Statement of Comprehensive Income or Consolidated Cash flow statement.

Revenue recognition

Revenue comprises rental and other land-related income arising on investment properties, income from construction contracts, planning promotion agreements, promotion fees and overages and the sale of development properties.

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. All such revenue is reported net of discounts, and value added and other sales taxes.

Rental income

Under IFRS 16 'Leases', rental and other land related income is recognised on a straight-line basis over the term of the lease. Lease incentives, including rent-free periods and payments to tenants, are allocated to the consolidated income statement on a straight-line basis over the lease term as a deduction from rental and other land-related income.

1. Accounting policies continued

Revenue from contracts with customers

Under IFRS 15 'Revenue from Contracts with Customers', revenue is measured based on the consideration specified in a contract with a customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

On entering two or more contracts at the same time, or near the same time, with the same customer (or related parties of the customer), the contracts shall be combined and evaluated on a combined basis. If one or more of the criteria under IFRS15.17 are met, the contracts are accounted for as a single contract. Consideration is apportioned on relative standalone selling price.

Income from construction contracts is recognised in line with the accounting policy for construction contracts. Revenue is recognised when the Group is acting as a principal under a contract with primary responsibility for the contract.

Revenue from planning promotion agreements, promotion fees and overages is recognised at the point in time when the associated performance obligations contained within the agreements are satisfied.

Royalty income relates to revenue paid by customers who extract natural resources from some of the Group's property and is recognised at the transaction prices set out in the customer contracts in line with the volumes or values of resources extracted as determined by individual contracts.

Service charge income is recognised as revenue in the period to which it relates.

Sales of development properties, including land parcels sold to housebuilders for residential development, usually have performance obligations such as transferring legal title that are satisfied at a point in time. Revenue is recognised when control of the property passes to the buyer on completion of contracts. Any variable consideration including overages is estimated at the point of sale, taking into consideration the time to recover overage amounts as well as other factors which may give rise to variability. Revenue is only recognised to the extent that it is highly probable that there will not be a significant reversal in the future. Where sale contracts contain specific performance obligations, the contract price is apportioned to the obligations and the revenue is recognised as the obligations are satisfied in accordance with IFRS 15. Any deferred consideration is discounted to present value with the discount being unwound to the consolidated income statement as finance income.

Construction contracts

Contracts for the construction of substantial assets are accounted for as construction contracts. Revenue on construction contracts is recognised over time, as the performance obligations are satisfied. Revenue is recognised over time if the Group's performance creates or enhances an asset that the customer controls as the asset is created. Otherwise, the revenue is recognised at a point in time. The revenue is reported in Other Property Activities within Note 3. Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion. The assessment of the stage of completion is dependent on the nature of the contracts but will generally be based on the estimated proportion of the total contract costs which have been incurred to date. If a contract is expected to be loss making, a provision is recognised when the contract is, or has become, onerous in accordance with IAS 37.

Interest income and expense

Interest income and expense are recognised within 'finance income' and 'finance costs' in the income statement using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability.

1. Accounting policies continued

Inventories

Inventories comprise development properties, land held for development, options to purchase land and planning promotion agreements.

Development properties are included in the consolidated balance sheet at the lower of cost and net realisable value. Net realisable value is the expected net sales proceeds of the developed property in the ordinary course of business less estimated costs to complete and anticipated selling costs. Properties re-categorised to development properties from investment properties are transferred at deemed cost, being the fair value at the date of re-categorisation. Properties are re-categorised as development properties once planning is secured and where development with a view to sale has commenced.

Where individual parcels of land held for development are disposed of out of a larger overall development site, costs are apportioned based on acreage, or other specific allocation where appropriate, after taking into account the cost or net realisable value of any remaining residual land which may not form part of the overall development site or which may not be available for development. Where the Group retains obligations attached to the development site as a whole, accruals are made relating to these disposals on the same allocation basis.

Land held for development is land that has planning permission and is being developed for onward sale.

Options to purchase land are agreements that the Group has entered into with landowners whereby the Group has the option to purchase their land within a limited timeframe. The landowners are not generally permitted to sell to any other party during this period, unless agreed by the Group. All costs, including the cost of entering into the option, are capitalised. At each reporting date, recoverability of the costs is considered by management and where required provisions are made such that the agreements are held at the lower of cost and net realisable value.

Planning promotion agreements are agreements that the Group has entered into with landowners whereby the Group provides planning and promotion services in exchange for a fixed fee and/or a set percentage of the proceeds or profit of the eventual sale of the land that is the subject of the agreement. The Group promotes the land through the planning process at its own expense. If the land is sold, the Group receives a fee for its services.

The Group incurs various costs in promoting land held under promotion planning agreements, in some instances the agreements allow for the Group to be reimbursed certain expenditure following the conclusion of a successful sale. These costs are held in inventory at the lower of cost and net realisable value.

Investments in subsidiaries

Investments held by the Company in subsidiary undertakings are carried at cost less impairments to write them down to their recoverable amount.

Investments in joint ventures

Joint ventures are those entities over whose activities the Group has joint control established by contractual agreement. Interests in joint ventures through which the Group carries on its business are classified as jointly controlled entities and accounted for using the equity method. This involves recording the investment initially at cost to the Group and then, in subsequent years, adjusting the carrying amount of the investment to reflect the Group's share of the joint venture's results less any impairment in carrying value and any other changes to the joint venture's net assets such as dividends.

Impairments in subsidiaries

Investments in subsidiaries are reviewed for impairment if there is any indication that the carrying amount may not be recoverable.

When a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of 'value in use' (being the present value of expected future cash flows of the relevant cash-generating unit) or 'fair value less costs to sell'. Where there is no binding sale agreement or active market, fair value less costs to sell is based on the best information available to reflect the amount the Company could receive for the cash-generating unit in an arm's length transaction.

1. Accounting policies continued
Impairment testing is carried out under the principles described in IAS 36 'Impairment of assets' which includes a number of restrictions on the future cash flows that can be recognised in respect of restructurings and improvements related to capital expenditure.

Investment properties
Investment properties are those properties which are not occupied by the Group and which are held for long-term rental yields, capital appreciation or both. Investment properties also include property that is being developed or constructed for future use as investment property by the Group. Investment properties comprise freehold land and buildings and are measured at fair value. At the end of a financial year the fair values are determined by obtaining an independent valuation prepared in accordance with the current edition of the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors. External, independent valuation firms having appropriate, recognised professional qualifications and recent experience in the location and category of property being valued are used. A transfer to the fair value reserve is made for all fair value gains in the year from retained earnings. Where there have been previous fair value gains transferred to the fair value reserve and fair value losses have been incurred in the year then a transfer is made to retained earnings to offset as much of the fair value losses as possible.

At each subsequent reporting date, and in between where a indicator of requirement is present, investment properties are re-measured to their fair value. Movements in fair value are included in the income statement.

Investment properties are re-categorised as development properties and moved to inventory once planning is secured and where development with a view to sale has commenced.

A transfer from the fair value reserve to retained earnings is made if any net realisable value provision is required on any development property where gains had previously been recorded as an investment property.

At each subsequent reporting date, investment properties are re-measured to their fair value. Movements in fair value are included in the income statement.

Where specific investment properties have been identified as being for sale within the next 12 months, a sale is considered highly probable and the property is immediately available for sale, their fair value is shown under assets held for sale ('AHFS') within current assets, measured in accordance with the provisions of IAS 40 'Investment Property'.

Profit or loss on disposal of investment properties
Disposals are accounted for when control of the investment property is passed to a customer, typically at the point of legal completion and when title passes. Profits or losses on disposal arise from deducting the asset's net carrying value, selling costs and where appropriate a proportion of future costs attributable to the development of the overall land area from the net proceeds (being net purchase consideration less any clawback liability arising on disposal) is recognised in the income statement. Net carrying value includes valuation in the case of investment properties.

In the case of investment properties, any fair value reserve for the property disposed of is treated as realised on disposal of the property and transferred to retained earnings.

Investment properties in the course of construction
Directly attributable costs incurred in the course of constructing a property, not including interest, are capitalised as part of the cost of the property. Any resultant change in value is therefore recognised through the next revaluation.

Government grants
Government grants are recognised when there is reasonable assurance that the conditions associated with the grants have been complied with and the grants will be received. Grants related to the development of Investment Property and Development Property are deducted from the cost of the related asset. Grants for the reimbursement of operating expenditure are deducted from the related category of costs in the income statement. Once a government grant is recognised, any related deferred income is treated in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'.

1. Accounting policies continued

Financial assets

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Financial assets include cash received from the sale of certain development properties but held in separate bank accounts over which third party infrastructure loan providers have a charge.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are assessed for their recoverability under the Expected Credit Loss model on a periodic basis with a provision being made if required under this model. Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Gains or losses arising from changes in the fair value of financial assets are presented in the income statement within 'other gains' in the year in which they arise.

Interest income is recognised on financial assets by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial liabilities

Liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss or as other liabilities, as appropriate. A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires.

All loans and borrowings are classified as other liabilities. Initial recognition is at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Pension obligations

The Group contributes to defined contribution schemes for its current employees. The cost is charged to the consolidated income statement as incurred.

Blenkinsopp pension

The Group's only defined benefit pension liability is in respect of the Blenkinsopp Section of the Industry-Wide Mineworkers Pension Scheme.

During the years to 31 December 2024 and 31 December 2023 all contributions have been paid to this scheme by the Company.

In the Company balance sheet, a net liability equal to the IAS 19 (revised) liability is recognised, and an equal amount within non-current assets, due to its ability to call upon an indemnity from Harworth Estates Mines Property Limited for this liability if required. Harworth Estates Mines Property Limited is a wholly owned subsidiary of the Group.

1. Accounting policies continued

Share-based payments

Equity-settled share-based payments to employees of the Company and its subsidiary undertakings are measured at the fair value of the equity instruments at the date of grant and are expensed on a straight-line basis over the vesting period in the consolidated income statement. The fair value of the equity instruments is determined at the date of grant taking into account any market-based vesting conditions attached to the award. Non-market based vesting conditions are taken into account in estimating the number of awards likely to vest. The estimate of the number of awards likely to vest is reviewed regularly and the expense charge adjusted accordingly.

Operating segments

Management has determined the operating segments based upon the operating reports reviewed by the Investment Committee that are used to assess both performance and strategic decisions. Management has identified that the Investment Committee is the Chief Operating Decision Maker in accordance with the requirements of IFRS 8 'Operating Segments'.

The Group is organised into two operating segments: Income Generation and Capital Growth. Group costs are not a reportable segment. However, information about them is considered by the Investment Committee in conjunction with the reportable segments.

The Income Generation segment focuses on generating rental returns from the investment portfolio, rental returns and royalties from energy generation, environmental technologies and the agricultural portfolio, and generating income from recycled aggregates and secondary coal products. The Capital Growth segment focuses on delivering value by developing the underlying investment and development property portfolios, and includes planning and development activity, value engineering, proactive asset management and strategic land acquisition.

All operations are carried out in the United Kingdom.

Consolidation

SUBSIDIARIES

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, and liabilities and contingent liabilities, assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Costs related to acquisitions, other than those associated with the issue of debt or equity securities, are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated.

1. Accounting policies continued

In line with the requirements of IFRS 3, and the change to the definition of a "business acquisition" the Group is required to review the impact of the concentration test, when accounting for the acquisition of new subsidiaries. Under the concentration test, the Group considers whether substantially all of the fair value of the gross assets acquired are concentrated within a single asset (or a group of similar assets). In these situations where the concentration test requirements are met the Group accounts for the acquisition of a subsidiary using the following methodology:

1. Identify the individual identifiable assets acquired and liabilities assumed that it recognises at the date of the acquisition.
2. Determines the individual transaction price for each identifiable asset and liability by allocating the cost of the group based on the relative fair value of those assets and liabilities at the date of acquisition, and then.
3. Apply the initial measurement requirements in applicable IFRSs to each identifiable asset acquired and liability assumed. The Group will account for any difference between the amount at which the asset or liability measured and its individual transaction price applying the relevant requirements.

Share capital and reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where shares are issued in direct consideration for acquiring shares in another company, and following which the Group holds at least 90% of the nominal share capital of that company, any premium on the shares issued as consideration is included in a merger reserve rather than share premium.

The merger reserve reflects the premium on the shares issued to the Pension Protection Fund as part of the consideration for the purchase of 75.1% of the issued share capital of Harworth Estates Property Group Limited in 2016.

The fair value reserve reflects the accumulation of fair value adjustments as detailed in the investment property and property, plant and equipment accounting policies.

Property, plant and equipment

Land and buildings relate to Group-occupied properties. These properties are stated at their fair value, based on market values, less any subsequent accumulated depreciation or accumulated impairment loss. Depreciation is provided where it is considered significant having regard to the estimated remaining useful lives and residual values of individual properties. Surpluses on revaluations are recorded in other comprehensive income and credited to the fair value reserve. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. Deficits on revaluations are charged against the fair value reserve to the extent that there are available surpluses relating to the same asset and are otherwise charged to profit or loss.

Office equipment is stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged on these assets so as to write off the cost or valuation of assets over their estimated useful lives of three to four years, using the straight-line method.

Derivatives and hedging

Derivative financial instruments such as interest rate swaps are entered into in order to manage interest rate risks. Such derivative instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

1. Accounting policies continued

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedge item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedge risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they are designated.

The effective portion of the gain or loss on the hedging instrument is recognised through other comprehensive income, while any ineffective portion is recognised immediately in profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale of the hedged item occurs.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

When a derivative is held as an economic hedge for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item. A derivative instrument that is a designated and effective hedging instrument is classified consistent with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and non-current portion only if: 1) a reliable allocation can be made; and 2) it is applied to all designated and effective hedging instruments.

Tax

CURRENT TAX

The charge or credit for current tax is based on the results for the year adjusted for items that are either not subject to taxation or for expenditure which cannot be deducted in computing the tax charge or credit. The tax charge or credit is calculated using taxation rates that have been enacted or substantively enacted at the balance sheet date.

DEFERRED TAX

Deferred tax is recognised using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax is recognised in respect of all taxable temporary differences and all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, with certain limited exceptions:

- Deferred tax liability is not recognised when it arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- In respect of taxable or deductible temporary differences associated with investments in subsidiaries and joint ventures, deferred tax liability is not recognised when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future while deferred tax asset is not recognised when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

1. Accounting policies continued

Deferred tax is calculated at the tax rates that are expected to apply in the years in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the income statement, except where it applies to items credited or charged to other comprehensive income or equity in which case the deferred tax is also dealt with in other comprehensive income or equity.

The carrying value of the Group's investment properties is assumed to be realised by sale at the end of use. The capital gains tax rate applied is that which would apply on a direct sale of the property recorded in the Balance Sheet regardless of whether the Group would structure the sale via the disposal of the subsidiary holding the asset, to which a different tax rate may apply. The deferred tax is then calculated based on the respective temporary differences and tax consequences arising from recovery through sale.

Critical accounting estimates and judgements

The preparation of the 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 financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are as follows:

ESTIMATION OF FAIR VALUE OF INVESTMENT PROPERTIES

The fair value of investment property reflects, amongst other things, rental income from current leases, assumptions about rental income from future leases and the possible outcome of planning applications, in the light of current market conditions. The valuation has been arrived at primarily after consideration of market evidence for similar property, although in the case of those properties where fair value is based on their ultimate redevelopment potential, development appraisals have been undertaken to estimate the residual value of the landholding after due regard to the cost of, and revenue from, the development of the property.

In determining fair value measurement, the impact of potential climate-related matters, including legislation, which may affect the fair value measurement of investment property has been considered.

The values reported are based on significant assumptions and a change in fair values could have a material impact on the Group's results. This is due to the sensitivity of fair value to the assumptions made as regards to variances in development costs compared to management's own estimates.

Investment properties are disclosed in note 14.

ESTIMATION OF VALUATION OF DEVELOPMENT PROPERTIES

For the purposes of calculating net realisable value for both EPRA reporting and ensuring that development properties are stated at the lower of cost and net realisable value, the Group obtains an independent valuation of these properties, prepared in accordance with the current edition of the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors.

If the net realisable value of the property is lower than cost, a provision is made to reduce the value of the property.

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 flow of the Group which is not a measure defined or specified in IFRS.

Overview of our use of APMs

The Directors believe that APMs assist in providing additional useful information on the underlying trends, performance and position of the Group. APMs assist 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 used by Harworth 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 BNP Paribas and Savills (independent external property valuers), are included within our APMs;
2. Recategorising 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 our APMs as our joint ventures conduct similar operations to Harworth, albeit in different ownership structures; and
3. Comparability with industry peers – Harworth discloses some APMs which are European Public Real Estate Association ("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:

- Total Return – The movement in EPRA NDV plus dividends per share paid in the year expressed as a percentage of opening EPRA NDV per share
- EPRA NDV per share – EPRA NDV divided by the number of shares in issue less shares held by the Employee Benefit Trust and 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 LTV – Group debt net of cash held expressed as a percentage of portfolio value

Set out in the appendix to these financial statements is a reconciliation of the statutory measures to the APMs for the current reporting period and its comparative.

3. Segmental Information

Segmental Income Statement

31 December 2024

	Capital Growth				
	Sale of Development Properties £'000	Other Property Activities £'000	Income Generation £'000	Central £'000	Total £'000
Revenue (1)	**140,253**	**19,841**	**21,491**	**–**	**181,585**
Cost of sales	(126,320)	(19,534)	(4,654)	–	(150,508)
Gross profit (2)	**13,933**	**307**	**16,837**	**–**	**31,077**
Administrative expenses (4)	–	(6,367)	(1,107)	(25,711)	(33,185)
Other gains (3)	–	59,722	18,391	–	78,113
Other operating expense	–	–	–	(1,371)	(1,371)
Operating profit/(loss)	**13,933**	**53,662**	**34,121**	**(27,082)**	**74,634**
Finance costs	–	(119)	–	(9,781)	(9,900)
Finance income	–	2,974	125	67	3,166
Share of (loss)/profit of joint ventures	–	(717)	2,204	–	1,487
Profit/(loss) before tax	**13,933**	**55,800**	**36,450**	**(36,796)**	**69,387**

(1) Revenue					
Revenue is analysed as follows:					
Sale of development properties	140,253	–	–	–	140,253
Revenue from PPAs	–	593	–	–	593
Build-to-suit development revenue	–	18,690	–	–	18,690
Rent, service charge and royalties revenue	–	412	21,358	–	21,770
Other revenue	–	146	133	–	279
	140,253	**19,841**	**21,491**	**–**	**181,585**

(2) Gross profit					
Gross profit is analysed as follows:					
Gross profit excluding sales of development properties	–	307	16,837	–	17,144
Gross profit on sale of development properties*	8,248	–	–	–	8,248
Net realisable value provision on development properties	(5,664)	–	–	–	(5,664)
Release of previous net realisable value provision on development properties	6,950	–	–	–	6,950
Release of previous net realisable value provision on disposal of development properties	4,399	–	–	–	4,399
	13,933	**307**	**16,837**	**–**	**31,077**

3. Segmental Information continued

Segmental Income Statement

31 December 2024

(3) Other gains/(losses)					
Other gains/(losses) are analysed as follows:					
Increase in fair value of investment properties	–	43,004	17,813	–	60,817
Decrease in the fair value of AHFS	–	(201)	(165)	–	(366)
Profit on sale of investment properties	–	12,476	826	–	13,302
Profit/(loss) on sale of AHFS	–	97	(83)	–	14
Profit on sale of overages	–	4,346	–	–	4,346
	–	**59,722**	**18,391**	**–**	**78,113**

(4) Administrative expenses					
Administrative expenses are analysed as follows:					
Wages and salaries	–	(5,255)	(902)	(16,398)	(22,555)
Legal and professional	–	(531)	(408)	(3,683)	(4,622)
Other administrative expenses	–	(581)	203	(5,630)	(6,008)
	–	**(6,367)**	**(1,107)**	**(25,711)**	**(33,185)**

* Gross profit on sale of development properties includes a reduction of £4.3m (2023: £2.0m) relating to the discounting of deferred consideration receivable.

Segmental Balance Sheet

31 December 2024

	Capital Growth £'000	Income Generation £'000	Central £'000	Total £'000
Non-current assets				
Property, plant and equipment	–	–	1,529	1,529
Right of use assets	–	–	1,443	1,443
Other receivables	25,638	–	–	25,638
Investment properties	281,635	303,854	–	585,489
Investments in joint ventures	18,935	14,618	–	33,553
	326,208	**318,472**	**2,972**	**647,652**
Current assets				
Inventories	205,985	–	–	205,985
Trade and other receivables	61,404	10,948	228	72,580
AHFS	2,450	6,460	–	8,910
Cash	–	–	117,382	117,382
	269,839	**17,408**	**117,610**	**404,857**
Total assets	**596,047**	**335,880**	**120,582**	**1,052,509**

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

3. Segmental Information continued

Segmental Income Statement

31 December 2023

	Capital Growth				
	Sale of Development Properties £'000	Other Property Activities £'000	Income Generation £'000	Central £'000	Total £'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 (4)	–	(5,062)	(3,147)	(19,226)	(27,435)
Other gains (3)	–	65,066	4,360	–	69,426
Other operating expenses	–	–	–	(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 profit 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 (loss)/profit excluding sales of development properties	–	(54)	17,382	–	17,328
Gross loss 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 previous net realisable value provision on disposal of development properties	1,869	–	–	–	1,869
	(4,978)	**(54)**	**17,382**	**–**	**12,350**

3. Segmental Information continued

Segmental Income Statement

31 December 2023

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

(4) Administrative expenses					
Administrative expenses are analysed as follows:					
Wages and salaries	–	(4,174)	(1,083)	(12,413)	(17,670)
Legal and professional	–	(310)	(840)	(2,062)	(3,212)
Other administrative expenses	–	(578)	(1,224)	(4,751)	(6,553)
	–	**(5,062)**	**(3,147)**	**(19,226)**	**(27,435)**

Segmental Balance Sheet

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	–	–	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. Operating profit

	Note	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Operating profit before tax is stated after charging:			
Net realisable value provision (release)/charge on development properties	16	**(5,685)**	4,360
Staff costs	5	**22,555**	17,670
Depreciation of property, plant and equipment and right of use assets	12, 13	**406**	282

5. Employee information

The monthly average number of persons (excluding Non-Executive Directors) employed by the Group during the year was:

	Group		Company	
	Year ended 31 December 2024 Number	Year ended 31 December 2023 Number	Year ended 31 December 2024 Number	Year ended 31 December 2023 Number
Management and administration	**131**	121	**3**	3

Remuneration details of these persons were as follows:

	Group		Company	
	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Wages and salaries	**17,162**	13,768	**3,087**	3,087
Share-based payment expense	**2,287**	1,404	**301**	301
Social security costs	**2,026**	1,603	**407**	407
Post employment benefits	**1,080**	895	**33**	33
	22,555	17,670	**3,828**	3,828

Key management remuneration relates to the members of the Investment Committee:

	Group	
	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Short term employee benefits	**5,883**	5,364
Post employment benefits	**312**	218
Share-based payment expense	**1,004**	775
	7,199	6,357

Detailed information relating to Directors' remuneration is disclosed in the Directors' remuneration report on pages 142 to 178 and forms part of these financial statements.

6. Finance costs and finance income

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
– Bank interest	**810**	42
– Unwind of discounting on deferred consideration	**2,356**	403
Total finance income	**3,166**	445
Finance costs		
– Bank interest	**(6,201)**	(2,778)
– Facility fees	**(1,235)**	(1,524)
– Amortisation of up-front fees	**(727)**	(671)
– Other interest	**(1,737)**	(1,448)
Total finance costs	**(9,900)**	(6,421)
Net finance costs	**(6,734)**	(5,976)

During the year no interest has been capitalised in investment or development properties (2023: £nil).

7. Auditors' remuneration

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Fees payable to the Company's auditors and its associates for the audit of the Company and the consolidated financial statements	**398**	380
Fees payable to the Company's auditors and its associates for other services:		
– The audit of the Company's subsidiaries pursuant to legislation	**68**	40
– Other assurance services	**–**	189
	466	609

8. Tax

Analysis of tax (charge)/credit in the year	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Current tax		
Current year	**(7,931)**	(6,749)
Adjustment in respect of prior periods	**1,925**	907
Total current tax charge	**(6,006)**	(5,842)
Deferred tax		
Current year	**(5,807)**	(4,779)
Adjustment in respect of prior periods	**(337)**	(987)
Difference between current tax rate and rate of deferred tax	**–**	(243)
Total deferred tax (charge)/credit	**(6,144)**	(6,009)
Tax charge	**(12,150)**	(11,851)
Other comprehensive income items		
Deferred tax – current year	**–**	3
Total	**–**	3

8. Tax continued

The tax charge for the year is lower (2023: higher) than the standard rate of corporation tax in the UK of 25% (2023: 23.5%). The differences are explained below:

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Profit before tax	69,387	49,807
Profit before tax multiplied by rate of corporation tax in the UK of 25% (2023: 23.5%)	(17,347)	(11,705)
Effects of:		
Adjustments in respect of prior periods - deferred taxation	337	(987)
Adjustments in respect of prior periods - current taxation	1,925	907
Defined benefits pension scheme	(342)	–
Non-taxable income	107	–
Expenses not deducted for tax purposes	(327)	(542)
Revaluation gains	2,734	252
Share of profit of joint ventures	372	365
Difference between current tax rate and rate of deferred tax	–	(243)
Share options	94	102
Utilisation of unrecognised deferred tax assets	176	–
Other adjustments	121	–
Total tax charge	(12,150)	(11,851)

The difference between current tax rate and rate of deferred tax of £nil (2023: £0.2m) relates to the unwinding of balances previously recognised at 25% and the reduction of the deferred tax liabilities recognised at 25% as a result of in year movements.

At 31 December 2024, the Group had a current tax liability of £8.1m (2023: £2.6m).

The Company has recognised a current tax asset in 2024 of £0.4m (2023: liability £0.8m).

Deferred tax

The following is the analysis of deferred tax liabilities presented in the consolidated balance sheet:

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Deferred tax assets	1,520	503
Deferred tax liabilities	(37,373)	(30,592)
	(35,853)	(30,089)

8. Tax continued

The movements on the deferred income tax account were as follows:

	Investment Properties £'000	Tax Losses £'000	Other Temporary Differences £'000	**Total £'000**
At 1 January 2023	(25,980)	–	1,839	**(24,141)**
Recognised in the consolidated income statement	(4,612)	–	(1,397)	**(6,009)**
Recognised in the consolidated statement of comprehensive income	–	–	3	**3**
Recognised in the consolidated statement of equity	–	–	58	**58**
At 31 December 2023 and 1 January 2024	(30,592)	–	503	**(30,089)**
Recognised in the consolidated income statement	(6,781)	–	637	**(6,144)**
Recognised in the consolidated statement of equity	–	–	380	**380**
At 31 December 2024	(37,373)	–	1,520	**(35,853)**

In the Spring Budget 2021, the Government announced an increase in the corporation tax rate from 19% to 25% from 1 April 2023. The rate was enacted at the balance sheet date and as such the deferred tax balances have been calculated in full on temporary differences under the liability method using the rate expected to apply at the time of the reversal of the balance. As such, the deferred tax assets and liabilities as at 31 December 2024 have been reflected at 25%.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Deferred tax assets of £5.4m at 31 December 2024 (2023: £7.7m) have not been recognised owing to the uncertainty as to their recoverability.

The Company has recognised a deferred tax asset in 2024 of £0.6m (2023: £0.1m).

9. Result of the parent entity

As permitted by section 408 of the Companies Act 2006, the Company's income statement and statement of comprehensive income have not been included separately in these financial statements. The loss for the financial year was £10.8m (2023: £9.3m) and the total comprehensive expense for the financial year was £11m (2023: £9.3m). The distributable reserves of the Company are £75.2m (2023: £89.1m).

10. Dividends

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Interim dividend of 0.489p per share for the year ended 31 December 2024	**1,589**	–
Full year dividend of 1.022p per share for the year ended 31 December 2023	**3,310**	–
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
	4,899	4,438

The Board has declared a final dividend to be paid of 1.125p (2023: 1.022p) per share to be paid in May 2025, bringing the total dividend for the year to 1.614p (2023: 1.466p). The recommended 2024 final dividend and 2024 total dividend represent a 10% increase.

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

11. 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 year.

	Year ended 31 December 2024	Year ended 31 December 2023
Profit from continuing operations attributable to ordinary shareholders (£'000)	**57,237**	37,956
Weighted average number of shares used for basic earnings per share calculation	**323,497,275**	322,767,356
Basic earnings per share (pence)	**17.7**	11.8
Weighted average number of shares used for diluted earnings per share calculation	**331,274,223**	328,653,655
Diluted earnings per share (pence)	**17.3**	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 employee share schemes that are dilutive.

12. Property, plant and equipment

Group Cost or fair value	Land and Buildings £'000	Office Equipment £'000	Total £'000
As at 1 January 2023	502	635	1,137
Additions at cost	–	396	396
Transfers from investment property	967	–	967
Decrease in fair value	(169)	–	(169)
As at 31 December 2023 and 1 January 2024	1,300	1,031	2,331
Additions at cost	403	197	600
Decrease in fair value	(515)	–	(515)
As at 31 December 2024	**1,188**	**1,228**	**2,416**
Depreciation			
As at 1 January 2023	–	(537)	(537)
Depreciation charge	–	(124)	(124)
As at 31 December 2023 and 1 January 2024	–	(661)	(661)
Depreciation charge	–	(226)	(226)
As at 31 December 2024	**–**	**(887)**	**(887)**
Net book value			
Net book value at 31 December 2024	**1,188**	**341**	**1,529**
Net book value at 31 December 2023	1,300	370	1,670

At 31 December 2024, the Group had entered into contractual commitments for the acquisition of £0.2m of property, plant and equipment (2023: £nil).

13. Right of use assets

Group Right of use assets	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Buildings	**1,391**	466
Vehicles	**52**	46
	1,443	512
Lease liabilities		
Current	**271**	158
Non-current	**1,196**	397
	1,467	555

Group Depreciation charge of right of use assets	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Buildings	**149**	143
Vehicles	**31**	15
	180	158

The Group leases a number of offices and vehicles. Rental contracts are typically made for fixed periods of three to five years but may have extension options.

13. Right of use assets continued

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Lease assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

14. Investment properties

Investment properties at 31 December 2024 and 31 December 2023 have been measured at fair value. 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 £'000	Natural Resources £'000	Investment Portfolio £'000	Major Developments £'000	Strategic Land £'000	Total £'000
At 1 January 2023	5,694	19,726	210,407	44,244	120,292	400,363
Direct acquisitions	655	–	–	–	15,829	16,484
Subsequent expenditure	45	1,350	677	22,104	11,558	35,734
Disposals	–	–	(11,136)	(788)	(7,041)	(18,965)
Increase/(decrease) in fair value	116	89	5,583	3,196	62,388	71,372
Transfers between divisions	–	–	18,551	(10,416)	(8,135)	–
Transfers to development properties	–	–	–	–	(51,865)	(51,865)
Transfers to property, plant and equipment	–	–	(967)	–	–	(967)
Transfer to AHFS	–	(1,264)	(14,800)	–	(2,150)	(18,214)
At 31 December 2023	**6,510**	**19,901**	**208,315**	**58,340**	**140,876**	**433,942**
Direct acquisitions	–	–	44,833	30,494	15,462	90,789
Subsequent expenditure	36	624	1,494	41,733	3,111	46,998
Disposals	–	–	(648)	–	(40,022)	(40,670)
(Decrease)/increase in fair value	(278)	688	17,402	3,656	39,349	60,817
Transfers between divisions	–	(1,285)	11,149	(8,119)	(1,745)	–
Transfer to AHFS	–	(2,167)	(2,720)	–	(1,500)	(6,387)
At 31 December 2024	**6,268**	**17,761**	**279,825**	**126,104**	**155,531**	**585,489**
Properties included within AHFS (note 18)	–	3,740	2,720	–	2,450	8,910
At 31 December 2024	**6,268**	**21,501**	**282,545**	**126,104**	**157,981**	**594,399**

Subsequent expenditure is recorded net of government grants of £nil (2023: £1.6m).

14. Investment properties continued

Included within investment properties (agricultural land) is a provision of £0.2m (2023: £0.2m) relating to the restoration liability on sites formerly rented to mining tenants. This provision is treated as a reduction of the individual property valuations.

During the year no development property was re-categorised as investment property to reflect a change in use (2023: £nil). During the year none of the investment property was re-categorised to development properties (2023: £51.9m). During the year no investment property was re-categorised as land and buildings (2023: £1.0m). Properties that have obtained planning permission and where development with a view to sale has commenced are held as development properties in inventories. Until sites receive planning permission and their future use has been determined, Harworth's view is that the land is held for a currently undetermined future use and should thus be held as investment property. Where there is a subsequent change in use, typically in properties and land that have received planning permission and where development with a view to sale has commenced, these are re-categorised as development properties in inventories.

Investment property is transferred between divisions to reflect a change in the activity arising from the asset.

The fair value disclosures for investment properties are presented on a combined basis along with those properties in AHFS as summarised in the following table:

	Income Generation			Capital Growth		
	Agricultural Land £'000	Natural Resources £'000	Investment Portfolio £'000	Major Developments £'000	Strategic Land £'000	Total £'000
Investment properties	6,268	17,761	279,825	140,431	141,204	585,489
Properties included within AHFS (note 18)	–	3,740	2,720	–	2,450	8,910
Total properties (excluding development properties)	**6,268**	**21,501**	**282,545**	**140,431**	**143,654**	**594,399**

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Market value as estimated by the external valuer	**605,933**	461,288
Capital incentives and rent-free periods included within other receivables	**(6,357)**	(5,149)
Contingent interest in adjoining land included within external valuations	**(5,729)**	(4,118)
Other adjustments	**552**	673
Fair value for financial purposes	**594,399**	452,694

Valuation process

The properties were valued in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards (the 'Red Book') by BNP Paribas Real Estate, Jones Lang LaSalle and Savills. All are independent firms acting in the capacity of external valuers with relevant experience of valuations of this nature. The valuations are on the basis of Market Value as defined by the Red Book, which RICS considers meets the criteria for assessing Fair Value under International Financial Reporting Standards. The valuations are based on what is determined to be the highest and best use. When considering the highest and best use a valuer will consider, on a property by property basis, its actual and potential uses which are physically, legally and financially viable. Where the highest and best use differs from the existing use, the valuer will consider the cost and the likelihood of achieving and implementing this change in arriving at its valuation. Most of the Group's properties have been valued on the basis of their development potential which differs from their existing use.

14. Investment properties continued

At each financial year end, management:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

The different valuation levels are defined as:

Level 1: valuation based on quoted market prices traded in active markets.

Level 2: valuation based on inputs other than quoted prices included within Level 1 that maximise the use of observable data either directly or from market prices or indirectly derived from market prices.

Level 3: where one or more inputs to valuation are not based on observable market data.

The Directors determine the applicable hierarchy that each investment property falls into by assessing the level of significant unobservable inputs used in the valuation technique. As a result of the specific nature of each investment property, valuation inputs are not based on directly observable market data and therefore all investment properties were determined to fall into Level 3.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the date of the event or change in circumstance that caused the transfer. There were no transfers between hierarchy levels in the year ended 31 December 2024 (2023: none).

Valuation techniques underlying management's estimation of fair value are as follows:

Agricultural land

Most of the agricultural land is valued using the market comparison basis, with an adjustment made for the length of the remaining term on any tenancy and the estimated cost to bring the land to its highest and best use. Where the asset is subject to a secure letting, it is valued on a yield basis, based upon sales of similar types of investment.

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Market value £'000	**6,397**	6,653
Weighted Average Land value per acre £'000	**3**	3

The land value per acre is considered to be a significant unobservable input and details are provided below. All things being equal, a higher value per acre would lead to an increase in the valuation of an asset and vice versa. The table below sets out a sensitivity analysis for the key source of estimation uncertainty with the resulting increase/(decrease) in the fair value at 31 December 2024:

	2024		2023	
	Increase in Sensitivity Value £'000	**Decrease in Sensitivity Value £'000**	Increase in Sensitivity Value £'000	Decrease in Sensitivity Value £'000
Change in land value per acre by 5%	**320**	**(320)**	333	(333)

14. Investment properties continued

Natural resources

Natural resource sites in the portfolio are valued based on a discounted cash flow for the operating life of the asset with regard to the residual land value.

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Market value £'000	**21,503**	19,499
Weighted Average Land value per acre £'000	**16**	19

The land value per acre is considered to be a significant unobservable input and details are provided below. All things being equal, a higher value per acre would lead to an increase in the valuation of an asset and vice versa. The table below sets out a sensitivity analysis for the key source of estimation uncertainty with the resulting increase/(decrease) in the fair value at 31 December 2024:

	2024		2023	
	Increase in Sensitivity Value £'000	**Decrease in Sensitivity Value £'000**	Increase in Sensitivity Value £'000	Decrease in Sensitivity Value £'000
Change in land value per acre by 5%	**1,075**	**(1,075)**	1,082	(1,082)

Investment Portfolio

The industrial & logistics investment properties are valued on the basis of market comparison with direct reference to observable market evidence including current rent and estimated rental value (ERV), yields and capital values and adjusted where required for the estimated cost to bring the property to its highest and best use. The evidence is adjusted to reflect the quality of the property assets, the quality of the covenant profile of the tenants and the reliability/volatility of cash flows. The Group's portfolio has a spread of yields. New income acquisitions are generally acquired at high yields where value can be added. Subject to market backdrop, properties that are newly built by Harworth typically have lower yields. As assets are enhanced and improved, these would also be expected to be valued at lower yields.

ERV, reversionary rental yields, net income and net initial yield are considered to be significant unobservable inputs. Details of the aggregate ERV and weighted average reversionary rental yields used for the Investment Portfolio properties are provided in the following table:

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Market value (£'000)	**288,853**	226,650
Aggregate ERV (£'000)	**17,570**	16,187
Equivalent rental yield %	**6.7**	7.2

All other factors being equal, a higher equivalent yield would lead to a decrease in the valuation of an asset and an increase in the current or estimated future rental stream, or market demand for the asset, would have the effect of increasing the capital value, and vice versa. However, there are inter-relationships between the significant unobservable inputs which are partially determined by market conditions, which would impact on these changes.

14. Investment properties continued

The table below sets out a sensitivity analysis for the key sources of estimation uncertainty with the resulting increase/(decrease) in the fair value of Investment Portfolio assets at 31 December 2024:

	2024		2023	
	Increase in Sensitivity Value £'000	Decrease in Sensitivity Value £'000	Increase in Sensitivity Value £'000	Decrease in Sensitivity Value £'000
Change in net income by 5%	14,443	(14,427)	11,427	(11,427)
Change in portfolio net initial yield by 50 basis points	(29,883)	30,230	(24,109)	28,653

The property rental income earned by the Group from its occupied investment property, all of which is leased out under operating leases amounted to £16.9m (2023: £17.5m). Direct operating expenses arising on investment property generating rental income in the year amounted to £4.5m (2023: £5.4m).

The Group has considered performing sensitivity analysis on the ERV and reversionary rental yields on each site. However, it was found that this variable was so inherent within the overall valuation calculation that it was not possible to be able to specifically identify the financial impact of altering this variable in isolation. The Directors have determined that the sensitivities shown for the change in both net income and net yield offer more relevant insight to the risks faced by the Group.

The RCF and other loans are secured by way of fixed equitable charges over investment and development properties.

Major developments

Major development sites are generally valued using residual development appraisals, a form of discounted cash flow which estimates the current site value from future cash flows measured by current land and/or completed built development values, observable or estimated development costs, and observable or estimated development returns.

Where possible development sites are valued by direct comparison to observable market evidence with appropriate adjustment for the quality and location of the property asset, although this is generally only a reliable method of measurement for smaller development sites.

The discounted cash flows utilise gross development value, which takes account of the future expectations of sales over time, less costs, as at today's value, to complete remediation and provide the necessary site infrastructure to bring the site forward. Sales prices, build costs and profit margins are considered to be significant unobservable inputs for sites valued using residual development appraisals and details of these are provided below:

	As at 31 December 2024				As at 31 December 2023			
	Market value (£'000)	Sales price per sq. ft	Build cost per sq. ft	Profit Margin %	Market value (£'000)	Sales price per sq. ft	Build cost per sq. ft	Profit Margin %
Major developments	125,308	£133–£187	£71–£84	15%	57,554	£131–£147	£69–£75	15%

All other factors being equal, a higher land value reflecting future expectations on sales would lead to an increase in the valuation of an asset, an increase in costs would lead to a decrease in the valuation of an asset. However, there are inter-relationships between the significant unobservable inputs which are partially determined by market conditions, which would impact on these changes.

14. Investment properties continued

The table below sets out a sensitivity analysis for the key sources of estimation uncertainty with the resulting increase/(decrease) in the fair value of Major Development investment properties at 31 December 2024:

	2024		2023	
	Increase in Sensitivity Value £'000	**Decrease in Sensitivity Value £'000**	Increase in Sensitivity Value £'000	Decrease in Sensitivity Value £'000
Change in sales price of 5%	**13,589**	**(13,588)**	8,649	(8,745)
Change in build cost of 5%	**(8,694)**	**8,715**	(6,224)	6,036

The Group has considered performing sensitivity analysis on the Profit Margin required on each site. However, it was found that this variable was so inherent within the overall valuation calculation that it was not possible to be able to specifically identify the financial impact of altering this variable in isolation. The Directors have determined that the sensitivities shown for the change in both sales price and build cost offer more relevant insight to the risks faced by the Group.

Strategic land

Strategic land is valued on the basis of discounted cash flows, with future cash flows measured by current land values adjusted to reflect the quality of the development opportunity, the potential development costs estimated by reference to observable development costs on comparable sites, and the likelihood of securing planning consent. Valuations are then benchmarked against observable land values reflecting the current existing use of the land, which is generally agricultural and, where available, observable strategic land values. The land value per acre and planning consent risk factor are considered to be significant unobservable inputs and details are provided below:

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Market value £'000	**163,872**	148,792
Weighted Average Land value per acre £'000	**84**	75

All things being equal, a higher value per acre would lead to an increase in the valuation of an asset and vice versa. The table below sets out a sensitivity analysis for the key source of estimation uncertainty with the resulting increase/(decrease) in the fair value at 31 December 2024:

	2024		2023	
	Increase in Sensitivity Value £'000	**Decrease in Sensitivity Value £'000**	Increase in Sensitivity Value £'000	Decrease in Sensitivity Value £'000
Change in land value per acre by 5%	**8,194**	**(8,194)**	7,440	(7,440)
Change in Discount rate by 5%	**(19,234)**	**19,234**	(10,904)	10,904

The Group has considered performing sensitivity analysis on both the Quality of Development Opportunity & Potential Development Costs. However, it was found that these variables were so inherent within the overall valuation calculation that it was not possible to be able to specifically identify the financial impact of altering the single variable in isolation. The Directors have determined that the sensitivities shown for the change in land value and the change in planning consent risk factors offer more relevant insight to the risks faced by the Group.

14. Investment properties continued

Acquisition of Investment Property

On the 2nd October 2024 the Group acquired the entire share capital and voting rights of SPV (Star UK PAS V Propco Limited) for a total consideration of £44.5m. As part of the transaction the Group acquired five logistics units located just off junction 33 of the M1 at Sheffield/Rotherham. The properties are known as the Catalyst site at Sheffield Business Park.

The acquisition was made via Harworth No.1 Limited ("HN1L") – which is a 100% owned subsidiary of Harworth Estates Limited ("HEL").

At the date of purchase 3 of the properties were already leased out to 3rd party tenants – thereby adding to the company's existing Income Generation portfolio.

At the point of Acquisition, the consideration was made up of the following elements:

	At date of Acquisition £'000
Fair value of consideration paid:	
Cash paid to acquire net assets	21,100
Repayment of debt	21,800
Interco loan repayment	200
Stamp duty costs	100
Acquisition costs	1,200
Total	**44,500**

In line with the requirements of IFRS 3, and the change to the definition of a "business acquisition" the company has considered the impact of the concentration test when accounting for the acquisition of "Catalyst".

Under the concentration test, the Group has considered whether substantially all of the fair value of the gross assets acquired is concentrated within a single asset (or a group of similar assets).

Having performed the calculation, it is evident that the acquisition of the business was to acquire the property held within the limited company. The property acquired represented 99% of the net assets of the acquired entity and therefore the assets acquired do not represent a business. Instead, the assets of the acquired company, under the concentration test should instead be accounted for, on consolidation, as an acquisition of activities and assets.

The company accounts for the acquisition under IFRS 3. For any identifiable asset or liability initially measured at an amount other than cost, the company initially measures that asset or liability at the amount specified in the applicable IFRS Standard. The company then deducts from the transaction price of the group the amounts allocated to the assets and liabilities initially measured at an amount other than cost, and then allocates the residual transaction price to the remaining identifiable assets and liabilities based on their relative fair values at the date of the acquisition.

14. Investment properties continued

Following the approach set out in IFRS 3, detailed above, the company has recorded the following assets and liabilities at the point of acquisition:

	At date of Acquisition £'000
Fair Value applied to net assets acquired	
Investment property	44,800
Accrued rental income	300
Cash	100
Trade creditors	(100)
Accruals	(300)
Deferred income	(300)
Total	**44,500**

Following the acquisition of the site the company has continued to operate the site within its existing Income Generation portfolio with the following impact to the Group's overall profitability. Also shown below is the total impact to the Group's profitability had the company acquired the activities and assets on 1st January 2024.

	1 January–1 October 2024 £'000	Since acquisition (2 October 2024) £'000	**From 1 January 2024 (Total) £'000**
Revenue	1,319	493	**1,812**
Cost of sales and administrative expenses	(1,050)	(38)	**(1,088)**
Interest expense	(1,331)	(380)	**(1,711)**
Revaluation gains	4,680	325	**5,005**
Total Profit/(loss)	**3,618**	**400**	**4,018**

15. Investments

Investment in subsidiaries (Company balance sheet)

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Cost and net book amount:		
At 1 January	**210,844**	209,864
Grant of equity instruments to employees of subsidiaries	**1,395**	980
At 31 December	**212,239**	210,844

Investments in subsidiaries are stated at cost less provision for impairment. As permitted by section 616 of the Companies Act 2006, where the relief afforded under section 612 of the Companies Act 2006 applies, cost is the aggregate of the nominal value of the relevant number of the Company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiary undertakings.

15. Investments

The Company held investments in the following subsidiaries as at 31 December 2024:

Company name	Activity	Description of shares held	Proportion of nominal value of issued share capital held by the Company %	Held directly or indirectly by the Company
Harworth Estates Property Group Limited	Trading	Ordinary	100	Direct
Cadley Park Management Company Limited	Trading	Ordinary	100	Indirect
Cutacre Country Park Management Company Limited	Trading	Ordinary	100	Indirect
EOS Inc Limited	Trading	Ordinary	100	Indirect
Harworth Estates (Agricultural Land) Limited	Trading	Ordinary	100	Indirect
Harworth Estates (Waverley Prince) Limited	Trading	Ordinary	100	Indirect
Harworth Estates Curtilage Limited	Trading	Ordinary	100	Indirect
Harworth Estates Investments Limited	Trading	Ordinary	100	Indirect
Harworth Estates Limited	Trading	Ordinary	100	Indirect
Harworth Estates Mines Property Limited	Trading	Ordinary	100	Indirect
Harworth Estates Overage Limited	Trading	Ordinary	100	Indirect
Harworth Estates Residential Development Limited	Trading	Ordinary	100	Indirect
Harworth Estates Warwickshire Limited	Trading	Ordinary	100	Indirect
Harworth Surface Water Management (Bardon) Limited	Trading	Ordinary	100	Indirect
Harworth Surface Water Management (North West) Limited	Trading	Ordinary	100	Indirect
Harworth TRR Limited	Trading	Ordinary	100	Indirect
Logistics North MC Limited	Trading	Ordinary	10.86	Indirect
Thoresby Vale Management Company Limited	Trading	Ordinary	100	Indirect
Harworth Estates Northumberland Woodland Limited	Trading	Ordinary	100	Indirect
Coze Homes Limited	Trading	Ordinary	100	Indirect
Olive Lane Management Company Limited	Trading	Ordinary	100	Indirect
Harworth Catalyst 1 Limited	Trading	Ordinary	100	Indirect
Flass Lane Management Company Limited	Trading	Limited by guarantee	100	Indirect
Mapplewell Management Company Limited	Trading	Limited by guarantee	100	Indirect
POW Management Company Limited	Trading	Limited by guarantee	100	Indirect
Riverdale Park Management Company Limited	Trading	Limited by guarantee	100	Indirect
Rossington Community Management Company Limited	Trading	Limited by guarantee	100	Indirect
Simpson Park Management Company Limited	Trading	Limited by guarantee	100	Indirect
South East Coalville Management Company Limited	Trading	Limited by guarantee	100	Indirect
Waverley Community Management Company Limited	Trading	Limited by guarantee	100	Indirect
Moss Nook (St Helens) Management Company Limited	Trading	Limited by guarantee	100	Indirect
Ansty Development Vehicle LLP	Trading	Partnership	100	Indirect
Grimsby West LLP	Trading	Partnership	100	Indirect
Chidswell LLP	Trading	Partnership	100	Indirect
Harworth PV Limited	Non-trading	Ordinary	100	Indirect
Harworth Regeneration Limited	Non-trading	Ordinary	100	Indirect
Harworth Services Limited	Non-trading	Ordinary	100	Indirect
Harworth Estates No 2 Limited	Non-trading	Ordinary	100	Indirect
Harworth No 1 Limited	Non-trading	Ordinary	100	Indirect
Harworth PPA Holdco Limited	Non-trading	Ordinary	100	Indirect
Harworth PPA No 1 Limited	Non-trading	Ordinary	100	Indirect
Benthall Grange (Ironbridge) Management Company Limited	Dormant	Limited by guarantee	100	Indirect
Skelton Grange Management Company	Dormant	Limited by guarantee	100	Indirect

All of the above companies are incorporated in England and Wales and have a registered address of Advantage House, Poplar Way, Rotherham, South Yorkshire, S60 5TR. Control of Logistics North MC Limited is via ownership of voting rights equal to 75% or more and the right to appoint and remove directors.

15. Investments continued

The following entities were incorporated during the year:

- Skelton Grange Management Company Limited on 12 September 2024
- Harworth PPA Holdco Limited on 25 October 2024
- Harworth PPA No 1 Limited on 25 October 2024
- Chidswell LLP on 29 November 2024

The following entity was acquired in 2024:

Harworth Catalyst 1 Limited on 2 October 2024

Investment in joint ventures

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
At 1 January	**30,722**	29,828
Investments in joint ventures	**3,048**	250
Distributions from joint ventures	**(1,704)**	(910)
Share of profits/(losses) of joint ventures	**1,487**	1,554
At 31 December	**33,553**	30,722

The Group holds investments in the following joint ventures as at 31 December 2024:

Company name	**Activity**	**Description of shares held**	**Proportion of nominal value of issued share capital held by the Group %**
Multiply Logistics North Holdings Limited	Trading	Ordinary	20
Multiply Logistics North LP	Trading	Partnership	20
Crimea Land Mansfield LLP	Trading	Partnership	50
Northern Gateway Development Vehicle LLP	Trading	Partnership	50
The Aire Valley Land LLP	Trading	Partnership	50

All of the above companies are incorporated in England and Wales and, have a registered address of Advantage House, Poplar Way, Rotherham, South Yorkshire, S60 5TR. Multiply Logistics North Holdings Limited and Multiply Logistics North LP are joint ventures as a consequence of equal voting rights.

15. Investments continued

Aggregate information of the Group's share of assets, liabilities and results of joint ventures, that are individually material is:

	The Aire Valley Land LLP	
	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Investment property	**24,600**	26,000
Current assets	**280**	2,339
Total assets	**24,880**	28,339
Current liabilities	**(11)**	(38)
Equity	**24,869**	28,301
Group's share in equity (50%)	**12,435**	14,151
Group's carrying amount of the investment	**12,435**	14,151

Included within current assets are cash and cash equivalents of £0.3m (2023: £2.3m).

	Multiply Logistics North LP	
	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Investment property	**71,316**	63,245
Current assets	**3,124**	3,356
Total assets	**74,440**	66,601
Current liabilities	**(1,348)**	(1,011)
Equity	**73,092**	65,590
Group's share in equity (20%)	**14,618**	13,118
Group's carrying amount of the investment	**14,618**	13,118

Included within current assets are cash and cash equivalents of £1.2m (2023: £0.7m). Included within current liabilities are accruals and deferred income of £0.6m (2023: £0.9m) and other taxes payable of £0.5m (2023: £0.4m).

	The Aire Valley Land LLP	
	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Revenue	**–**	–
Cost of sales	**(4)**	(11)
Gross (loss)/profit	**(4)**	(11)
Administrative expenses	**(13)**	(9)
Other gains/(losses)	**(1,415)**	1,845
Profit/(loss) for the year	**(1,432)**	1,825
Group's share of profit/(loss) for the year (50%)	**(716)**	913

15. Investments continued

	Multiply Logistics North LP	
	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Revenue	**3,625**	3,600
Cost of sales	**(570)**	(590)
Gross profit	**3,055**	3,010
Administrative expenses	**(110)**	(100)
Other gains/(losses)	**8,075**	400
Profit/(loss) for the year	**11,020**	3,310
Group's share of profit/(loss) for the year (20%)	**2,204**	662

Aggregate information of the Group's share of assets, liabilities and results of joint ventures, that are not individually material is:

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Investment property	**4,193**	–
Current assets	**9,899**	7,701
Total assets	**14,092**	7,701
Current liabilities	**(322)**	(795)
Equity	**13,770**	6,906
Group share in equity (50%)	**6,885**	3,453
Group's carrying amount of the investment	**6,885**	3,453
Loss for the year	**(3)**	(41)
Group's share of losses for the year (50%)	**(1)**	(21)

The risks associated with these investments are as follows:

- Decline in the availability, and/or an increase in the cost, of credit for residential and commercial buyers; and
- Decline in market conditions and values.

16. Inventories

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Development properties	**190,888**	250,024
Planning promotion agreements	**4,655**	3,805
Options	**10,442**	9,244
At 31 December	**205,985**	263,073

The total cost of inventory recognised as an expense within cost of sales in the year is £127.5m (2023: £52.7m) and comprised of: £132.0m (2023: £47.3m) relating to the sale of development properties; a credit of £5.7m (2023: £4.3m charge) net realisable value provision against development properties, and a charge of £1.2m (2023: £1.1m) in relation to planning promotion agreements.

16. Inventories continued

The movement in development properties was as follows:

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
At 1 January	**250,024**	204,952
Acquisitions	**1,419**	–
Subsequent expenditure	**38,919**	32,417
Disposals	**(105,159)**	(34,850)
Net realisable value provision release/(charge)	**5,685**	(4,360)
Transfers from investment properties	**–**	51,865
At 31 December	**190,888**	250,024

Subsequent expenditure is recorded net of government grant receipts of £3.7m (2023: £1.2m).

The movement in net realisable value provision was as follows:

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
At 1 January	**14,136**	9,776
Charge for the year	**5,664**	7,442
Released on disposals	**(6,950)**	(1,213)
Reversal of previous net realisable value provision	**(4,399)**	(1,869)
At 31 December	**8,451**	14,136

The reversal of previous net realisable value provision occurs where development properties have an increase in net realisable value which offsets a previous net realisable value charge.

17. Trade and other receivables

	Group		Company	
Current	As at 31 December 2024 £'000	As at 31 December 2023 £'000	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Trade receivables	**48,625**	16,933	**–**	–
Less: provision for impairment of trade receivables	**–**	(9)	**–**	–
Net trade receivables	**48,625**	16,924	**–**	–
Other receivables	**19,691**	17,019	**380**	111
Prepayments	**568**	1,965	**26**	55
Accrued income	**3,696**	1,381	**–**	–
Amounts owed by subsidiary undertakings (note 30)	**–**	–	**3,138**	136
	72,580	37,289	**3,544**	302
Non-current				
Trade receivables	**25,038**	10,336	**–**	–
Other receivables	**600**	960	**–**	–
Amounts owed by subsidiary undertakings (note 30)	**–**	–	**21,199**	23,337
	25,638	11,296	**21,199**	23,337

17. Trade and other receivables continued

The carrying amount of trade and other receivables approximates to their fair value due to the short time frame over which the assets are realised. All of the Group and Company receivables are denominated in sterling.

Included within trade receivables is £43.8m (2023: £8.9m) of deferred consideration on the sale of development properties due in less than one year and £0.7m (2023: £6.8m) of deferred consideration on the sale of AHFS due in less than one year.

The non-current trade receivable includes £24.5m (2023: £12.3m) of deferred consideration on the sale of development properties due in more than one year and £0.5m (2023: £nil) of deferred consideration on the sale of AHFS due in more than one year.

Other receivables include debtors from agent managed properties of £3.0m (2023: £3.7m), right of return assets of £2.7m (2023: £2.3m) and rent -free and capital incentives of £6.4m (2023: £5.2m).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables as disclosed in note 22. The Group and Company do not hold any collateral as security.

The amounts owed to the Company by subsidiary undertakings are repayable on demand. Interest is payable at SONIA + 2% (2023: SONIA + 2%).

Group

Movements on the Group provisions for impairment of trade receivables are as follows:

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
At 1 January	(9)	(28)
Released/(provided for) in the year	9	19
At 31 December	–	(9)

Trade receivables can be analysed as follows:

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Amounts receivable not past due	48,034	16,828
Amounts receivable past due but not impaired	591	96
Amounts receivable impaired (gross)	–	9
Less impairment	–	(9)
At 31 December	48,625	16,924

Ageing of past due but not impaired trade receivables:

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
31–60 days	558	1
61–90 days	5	–
91–120 days	28	95
At 31 December	591	96

17. Trade and other receivables continued

Ageing of impaired trade receivables:

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
91–120 days	–	9
120+ days	–	–
At 31 December	–	9

18. 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.

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
At 1 January	**18,752**	59,790
Transferred from investment properties	**6,387**	18,214
Subsequent expenditure	**163**	74
Decrease in fair value	**(366)**	(272)
Disposals	**(16,026)**	(59,054)
At 31 December	**8,910**	18,752

19. Cash

	Group		Company	
	As at 31 December 2024 £'000	As at 31 December 2023 £'000	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Cash	**117,382**	27,182	**504**	90

20. Borrowings

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Current:		
Secured – infrastructure and direct development loans	–	(29,744)
	–	(29,744)
Non-current:		
Secured – bank loan	**(164,125)**	(33,830)
	(164,125)	(33,830)
Total borrowings	**(164,125)**	(63,574)

Loans are stated after deduction of unamortised borrowing costs of £0.9m (2023: £1.5m).

Notes to the financial statements continued

for the year ended 31 December 2024

20. Borrowings continued

		As at 31 December 2024 £'000	As at 31 December 2023 £'000
Infrastructure and direct development loans			
South Yorkshire Pension Fund/ Scrudf Limited Partnership	Rotherham AMP	–	(584)
Scrudf Limited Partnership	Gateway 36	–	(6,850)
Merseyside Pension Fund	Bardon Hill	–	(22,310)
Total infrastructure and direct development loans		–	(29,744)
Bank loan		**(164,125)**	(33,830)
Total borrowings		**(164,125)**	(63,574)

The Group's Revolving Credit Facility (RCF) was increased to £240 million (31 December 2023: £200 million) in December through activation of an accordion option. The facility is provided by Natwest, Santander and HSBC. The RCF is repayable in February 2027 (five year term) on a non-amortising basis.

The RCF is subject to financial and other covenants. 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 down as work on the respective sites is progressed and repaid on agreed dates or when disposals are made from the sites.

21. Trade and other payables

	Group		Company	
Current	**As at 31 December 2024 £'000**	As at 31 December 2023 £'000	**As at 31 December 2024 £'000**	As at 31 December 2023 £'000
Trade payables	**1,300**	759	**1**	7
Amounts owed to subsidiary undertakings (note 30)	**–**	–	**57,102**	38,544
Taxation and social security	**19,172**	6,178	**238**	105
Other creditors	**13,089**	5,142	**169**	224
Accruals	**97,035**	71,814	**2,330**	2,598
Deferred income	**5,402**	4,194	**–**	–
	135,998	88,087	**59,840**	41,478

The amounts owed by the Company to subsidiary undertakings are repayable on demand. Interest is payable at SONIA + 2% (2023: SONIA + 2%).

	Group		Company	
	As at 31 December 2024 £'000	As at 31 December 2023 £'000	**As at 31 December 2024 £'000**	As at 31 December 2023 £'000
Amounts in accruals relating to parcels of land that have been sold but where infrastructure costs are yet to be incurred	**60,366**	54,163	**–**	–
Amounts in accruals and other creditors relating to deferred payments for investment property acquisitions	**7,650**	–	**–**	–

Deferred income includes £2.8m (2023: £3.1m) in relation to rental income.

21. Trade and other payables continued

Non-current liabilities

	Group		Company	
	As at 31 December 2024 £'000	As at 31 December 2023 £'000	**As at 31 December 2024 £'000**	As at 31 December 2023 £'000
Other creditors	**14,584**	947	**–**	–
Deferred income	**642**	810	**–**	–
	15,226	1,757	**–**	–

Amounts in non-current other creditors relating to deferred payments for property acquisitions £13.6m (2023: £nil).

22. Financial Instruments and derivatives

The Group's principal financial instruments include trade and other receivables, cash, interest bearing borrowings and trade and other payables.

Other financial assets and liabilities

	As at 31 December 2024		As at 31 December 2023	
Group	**Book value £'000**	**Fair value £'000**	Book value £'000	Fair value £'000
Financial assets held at amortised cost				
Cash	**117,382**	**117,382**	27,182	27,182
Trade and other receivables	**93,954**	**93,954**	45,239	45,239
Financial liabilities held at amortised cost				
Bank and other borrowings	**164,125**	**164,125**	63,574	63,574
Trade and other payables	**126,007**	**126,007**	78,662	78,662

	As at 31 December 2024		As at 31 December 2023	
Company	**Book value £'000**	**Fair value £'000**	Book value £'000	Fair value £'000
Financial assets held at amortised cost				
Cash	**504**	**504**	90	90
Trade and other receivables	**18,659**	**18,659**	23,584	23,584
Financial liabilities held at amortised cost				
Trade and other payables	**59,602**	**59,602**	41,373	41,373

The Group classifies the assets and liabilities in the analysis above as 'loans and receivables' and 'other financial liabilities', respectively.

The fair value of bank and other borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are within Level 2 of the fair value hierarchy.

22. Financial Instruments and derivatives continued

Changes in liabilities arising from financing activities

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Borrowings at start of year	**63,574**	59,978
Repayments	**(112,134)**	(49,299)
Drawdowns	**210,510**	50,939
Interest expense	**7,931**	4,225
Interest paid	**(6,332)**	(2,778)
Borrowing costs	**(151)**	(162)
Amortisation of capitalised borrowing costs	**727**	671
Borrowings at end of year	**164,125**	63,574

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Leases at start of year	**555**	254
Additions	**1,068**	392
Lease financing costs	**8**	–
Payments in respect of leases	**(164)**	(91)
Leases at end of year	**1,467**	555

23. Financial risk management

The Group's overall risk management programme focuses on credit and liquidity risks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out centrally under policies approved by the Board of Directors. The Board discusses and agrees courses of action to cover material risk management areas, including credit risk and investment of excess liquidity.

Credit risk

The Group is subject to credit risk arising from outstanding receivables and committed cash and cash equivalents and deposits with banks and financial institutions. The Group's policy is to manage credit exposure to trading counterparties within defined trading limits.

The Group is exposed to counterparty credit risk on cash and cash equivalent balances. The Group and Company hold all their cash deposits with their principal bankers.

23. Financial risk management continued

Interest rate risk

The Group currently holds no fixed interest borrowings, all bank borrowings held at year end are secured by way of a floating debenture over assets not otherwise used as security under specific infrastructure or direct development loans. The Group's interest rate risk arises from these external borrowings.

The table below sets out a sensitivity analysis for an instance in which the UK interest rates were 1.0% higher or lower showing the resulting increase/(decrease) in the Group's pre-tax profit at 31 December 2024:

	2024		2023	
	Increase in Sensitivity Value £'000	Decrease in Sensitivity Value £'000	Increase in Sensitivity Value £'000	Decrease in Sensitivity Value £'000
Change in interest of 1%	1,650	(1,650)	426	(426)

These sensitivities have been prepared in respect of the direct impact of such an interest rate change on the net financing expense of financial instruments only, and do not attempt to estimate the indirect effect such a change may have on the wider economic environment.

Liquidity risk

The Group is subject to the risk that it will not have sufficient liquid resources to fund its on-going business. The Group manages its liquidity requirements with the use of operating cash flows, cash balances and drawdowns under its RCF.

The Group had net debt at 31 December 2024 of £46.7m (2023: £36.4m). The Group used cash from operating activities and investing activities for the year of £3.1m (2023: cash generated of £18.3m).

The table below analyses the Group's financial liabilities which will be settled on a net basis into relevant maturity groupings based on the remaining period at the Balance sheet date to the contractual maturity date. The amounts disclosed in the table are the gross contractual undiscounted cash flows.

	Net carrying amount of financial liabilities £'000	Total contractual cashflow £'000	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
At 31 December 2024						
Trade and other payables	126,007	126,007	111,423	13,694	890	–
Lease liability	1,467	1,921	322	364	579	656
Bank and other borrowings including interest payable	164,125	190,098	12,511	12,511	165,075	–
At 31 December 2023						
Trade and other payables	78,662	78,662	77,715	57	890	–
Lease liability	455	455	158	150	247	–
Bank and other borrowings including interest payable	63,574	78,571	35,454	4,128	38,989	–

23. Financial risk management continued

Capital risk management

The Group is subject to the risk that its capital structure will not be sufficient to support the growth of the business. The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern and have the resources to provide returns for Shareholders and benefits for other stakeholders;
- to maximise returns to Shareholders by allocating capital across the business based upon the expected level of return and risk; and
- to maintain an optimal capital structure to reduce the cost of capital.

The Group manages and monitors its cash balances to ensure it has sufficient capital to manage and maintain its business activities. Cash balances are disclosed in note 19.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of net debt to equity. Net debt is total debt less cash and at 31 December 2024 this was £46.7m (2023: £36.4m).

The Group's Revolving Credit Facility (RCF) was increased to £240 million (31 December 2023: £200 million) in December through activation of an accordion option, as discussed in Note 20. The facility is provided by Natwest, Santander and HSBC. The RCF is repayable in March 2027 (five year term) on a non-amortising basis.

The facility is subject to financial covenants including minimum interest cover, maximum infrastructure debts as a percentage of property value and gearing. The bank borrowings are secured by fixed equitable charges over development and investment properties.

24. Retirement benefit obligations

Defined contribution pension schemes

The Group pays defined contribution payments to pension insurance plans. Contributions to defined contribution schemes in the year amounted to £1.1m (2023: £0.9m). The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an expense when they are due.

Defined benefit obligations

The Group and the Company have defined benefit obligations in respect of the Blenkinsopp Section of the Industry-Wide Mineworkers' Pension Scheme (the Blenkinsopp scheme). This scheme is closed to new members.

The Balance sheet liability in respect of retirement benefit obligations was:

	Group		Company	
	As at 31 December 2024 £'000	As at 31 December 2023 £'000	**As at 31 December 2024 £'000**	As at 31 December 2023 £'000
Relating to continuing activities				
Blenkinsopp	**45**	11	**45**	11

Contributions to the Blenkinsopp scheme of £1.6m were made by the Group during 2024 (2023: £0.2m). It is expected that lower contributions will be paid in 2025. At 31 December 2024, no contributions remained unpaid (2023: £nil).

24. Retirement benefit obligations continued

The pension scheme is valued annually by a qualified independent actuary for the purposes of IAS 19 (revised) and the preparation of financial statements. The assumptions which usually have the most significant effect on the results of the valuation are the discount rate, which is based on corporate bond yields, and the rates of increase in pensions. There are no active members of this scheme. The main assumptions underlying the valuation of the Blenkinsopp scheme were:

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Discount rate	**5.40% p.a.**	4.60% p.a.
Rate of pension increases	**2.70% p.a.**	2.50% p.a.
Rate of price inflation (RPI)	**3.20% p.a.**	3.00% p.a.
Rate of price inflation (CPI)	**2.70% p.a.**	2.50% p.a.
Rate of cash commutation	**25% of pension at a rate of £9:£1**	25% of pension at a rate of £9:£1

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Life expectancy at age 65 for current pensioners (years)		
Male	**18.3**	18.2
Female	**21.7**	21.6
Life expectancy at age 65 for future pensioners currently aged 45 (years)		
Male	**19.2**	19.1
Female	**22.9**	22.8

The assumed pension increases depend on the period of service accrual (before April 1997: no increases, after 1997: in line with statutory minimum increases based on consumer price inflation).

Defined benefit obligations

The amounts recognised in the Balance sheet are:

	2024 £'000	2023 £'000	2022 £'000	2021 £'000	2020 £'000
Fair value of plan assets	**1,933**	2,124	1,989	2,747	2,537
Present value of funding obligations	**(1,978)**	(2,135)	(2,103)	(3,305)	(3,505)
Net liability recognised in the Balance sheet	**(45)**	(11)	(114)	(558)	(968)

The Blenkinsopp scheme does not own any shares in the Company.

24. Retirement benefit obligations continued

The amounts recognised in the Consolidated Income Statement are:

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Expenses	**(102)**	(109)
(Loss)/gain on settlements	**(1,294)**	–
Interest cost	**28**	(3)
	(1,368)	(112)

Other operating expense includes a settlement loss incurred following the Group entering a trustee agreed Buy-In Agreement with respect to the Blenkinsopp Pension scheme during the year. The agreement secures all remaining liabilities in the scheme by way of an insurance contract. The costs of £1.4m represent a settlement loss preceding buyout arrangement and as such are expensed through the Income Statement.

A further credit of £0.2m (2023: £0.0m) has been reflected in the Statement of Comprehensive Income in the year. This represents the net effect of experience, and actuarial gains and losses on the scheme in the year.

Change in assets	**Year ended 31 December 2024 £'000**	Year ended 31 December 2023 £'000
Fair value of plan assets at the start of the year	**2,124**	1,989
Interest income	**124**	98
Actual return/(loss) on scheme assets excluding interest income	**(401)**	20
Employer contributions	**1,573**	225
Expenses	**(101)**	(109)
(Loss)/gain on settlements	**(1,294)**	–
Benefits paid	**(90)**	(99)
Fair value of plan assets at the end of the year	**1,933**	2,124

Plan assets, which are all quoted investments, are comprised as follows:

Analysis of plan assets (which are all quoted investments)	**As at 31 December 2024 £'000**	As at 31 December 2023 £'000
Gilts	**–**	332
Liability driven investments	**–**	1,155
Delegated solutions	**–**	–
Sterling liquidity fund	**–**	442
Annuity policy	**1,968**	–
Other	**(35)**	195
Total	**(1,933)**	2,124

24. Retirement benefit obligations continued

Change in defined benefit obligations	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Present value of defined benefit obligations at the start of the year	**(2,135)**	(2,103)
Interest cost	**(96)**	(101)
Remeasurements:		
– Gain arising from changes in demographic assumptions	**(1)**	80
– Loss arising from changes in experience	**16**	(57)
– Gain arising from changes in financial assumptions	**147**	(53)
Benefits paid	**90**	99
Present value of defined benefit obligation at the end of the year	**(1,979)**	(2,135)

Analysis of the movement of the Balance Sheet liability	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
At the start of the year	**(11)**	(114)
Total amounts recognised in the income statement	**(1,368)**	(112)
Employer contributions	**1,573**	225
Net actuarial (loss)/gain recognised in the year	**(239)**	(10)
At the end of the year	**(45)**	(11)

The duration of the defined benefit obligation is c.12 years (2023: c.15 years).

Cumulative actuarial gains and losses recognised in equity	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
At the start of the year	**(402)**	(392)
Net actuarial (loss)/gain in the year	**(239)**	(10)
At the end of the year	**(641)**	(402)

Experience gains and losses	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Actual return/(loss) on scheme assets excluding interest income	**(401)**	20
Remeasurements:		
– Loss arising from changes in experience	**16**	(57)
– (Loss)/gains arising from changes in financial assumptions	**147**	(53)
– Gains arising from changes in demographic assumptions	**(1)**	80
Net actuarial (loss)/gain	**(239)**	(10)

Contributions are determined by a qualified actuary on the basis of a triennial valuation, using the projected credit unit method. The most recent valuation for the purpose of determining contributions was at 31 December 2021, which was agreed in March 2023. This showed an estimated past service deficit of £0.7m.

24. Retirement benefit obligations continued

The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Change in discount rate by 0.5% (2023: 0.5%)	**(104)**	(129)
Change in price inflation (and associated assumptions) by 0.5% (2023: 0.5%)	**110**	97
Increase in life expectancy by 1 year (2023: increase by 1 year)	**69**	79

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice some of the assumptions may be correlated. No changes have been made to the method and types of assumptions from those in the previous year.

The Scheme exposes the Group to actuarial risks such as: investment risk, interest rate risk and longevity risk.

- Investment risk: the present value of the defined benefit obligation is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on Scheme assets is below this rate, it will create a deficit. The majority of the Scheme investments are held within index-linked government bonds, cash/liquidity funds and delegated solutions.
- Interest rate risk: a decrease in the corporate bond interest rate will increase the liability but this would likely be partially offset by an increase in the return on the Scheme's debt investments.
- Longevity risk: the present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of Scheme participants both during and after retirement. An increase in the life expectancy of the participants will increase the Scheme's liability.

25. Share-based payments

During the year, there were five classes of equity-settled share incentive plans outstanding:

- Deferred Share Bonus Plan (DSBP). Under this scheme share options with a nil-cost exercise price are granted to eligible employees. Vesting of the share options is subject to the achievement of a performance condition relating to Total Return and continued employment.
- Deferred Bonus Plan (DBP). Under this scheme share options with a nil-cost exercise price are granted to eligible employees. Vesting of the share options is subject to continued employment.
- Restricted Share Plan (RSP). Under this scheme share options with a nil-cost exercise price are granted to eligible employees. Vesting of the share options is subject to continued employment and the satisfaction of underpin conditions relating to Financial Health, Underlying performance and Corporate Governance as detailed on page 153 of the Directors' Remuneration Report.
- Save As You Earn (SAYE). Under this scheme eligible employees enter into a savings contract for a period of three years. Share options are granted on commencement of the savings contract and are exercisable using the amount saved under the contract at the time it terminates. Share options are granted at a discount of up to 20% of the market value of the shares at the time of invitation. The exercise of the share options is subject to continued employment only.
- Share Incentive Plan (SIP). Under this scheme eligible employees are granted free shares which vest after three years subject to continued employment only.

Share options granted under the DSBP, DBP and RSP are exercisable no later than the tenth anniversary of the grant date. Share options granted under the SAYE are exercisable for a six month period after the end of the three year savings period.

25. Share-based payments continued

The movements in the number of share options outstanding and their weighted average exercise prices are as follows:

	Number of shares		Weighted average exercise price	
DSBP	**2024**	2023	**2024**	2023
Outstanding at beginning of the year	**943**	943	**£0.00**	£0.00
Granted during the year	**–**	–	**n/a**	n/a
Forfeited during the year	**–**	–	**n/a**	n/a
Exercised during the year	**–**	–	**n/a**	n/a
Outstanding at end of the year	**943**	943	**£0.00**	£0.00
Exercisable at end of the year	**943**	943	**£0.00**	£0.00
Weighted average remaining contractual life	**3.3 years**	**4.3 years**		

	Number of shares		Weighted average exercise price	
DBP	**2024**	2023	**2024**	2023
Outstanding at beginning of the year	**57,988**	–	**n/a**	n/a
Granted during the year	**166,662**	57,988	**£0.00**	£0.00
Forfeited during the year	**–**	–	**n/a**	n/a
Exercised during the year	**–**	–	**n/a**	n/a
Outstanding at end of the year	**224,650**	57,988	**£0.00**	£0.00
Exercisable at end of the year	**–**	–	**n/a**	n/a
Weighted average remaining contractual life	**9.0 years**	**9.2 years**		

	Number of shares		Weighted average exercise price	
RSP	**2024**	2023	**2024**	2023
Outstanding at beginning of the year	**3,762,530**	2,412,749	**£0.00**	£0.00
Granted during the year	**1,880,711**	1,396,752	**£0.00**	£0.00
Forfeited during the year	**(132,630)**	(46,971)	**£0.00**	£0.00
Exercised during the year	**(346,284)**	–	**n/a**	n/a
Outstanding at end of the year	**5,164,327**	3,762,530	**£0.00**	£0.00
Exercisable at end of the year	**4,394**	–	**n/a**	n/a
Weighted average remaining contractual life	**8.1 years**	**8.1 years**		

	Number of shares		Weighted average exercise price	
SAYE	**2024**	2023	**2024**	2023
Outstanding at beginning of the year	**1,194,070**	894,382	**£0.91**	£0.91
Granted during the year	**279,678**	1,034,244	**£1.00**	£1.00
Forfeited during the year	**(35,888)**	(192,868)	**£1.26**	£1.26
Exercised during the year	**(139,801)**	(541,688)	**£0.74**	£0.74
Outstanding at end of the year	**1,298,059**	1,194,070	**£1.04**	£1.04
Exercisable at end of year	**–**	21,921	**£0.74**	£0.74
Weighted average remaining contractual life	**1.5 years**	**2.1 years**		

Notes to the financial statements continued

for the year ended 31 December 2024

25. Share-based payments continued

SIP	Number of shares 2024	Number of shares 2023	Weighted average exercise price 2024	Weighted average exercise price 2023
Outstanding at beginning of the year	**890,743**	432,769	**£0.00**	£0.00
Granted during the year	**476,307**	538,078	**£0.00**	£0.00
Forfeited during the year	**(75,931)**	(62,967)	**£0.00**	£0.00
Released during the year	**(46,864)**	(17,137)	**£0.00**	£0.00
Outstanding at end of the year	**1,244,255**	890,743	**£0.00**	£0.00

The fair values of the share options granted under the RSP and SAYE during the year were determined using Black-Scholes valuation methodology. The weighted average fair value of the share options granted under the DBP during the year was equal to the share price at date of grant £1.36.

The significant inputs to the valuation models were as follows:

	RSP	SAYE
Share price at date of grant	**£1.35**	£1.73
Exercise price	**–**	1.46
Dividend yield	**1.09%**	0.88%
Expected volatility	**37%**	36%
Risk free interest rate	**n/a**	4.30%
Expected term	**4.90 years**	3.32 years
Weighted average fair value	**£1.14**	£0.58

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

Awards under the 2020 SAYE Scheme were exercised in the year with a weighted average share price on exercise of £1.27.

Awards under the 2021 SAYE Scheme were exercised in the year with a weighted average share price on exercise of £1.52.

The total charge for the year relating to employee share based payment plans was £1.8m (2023: £1.4m), £1.8m of which related to equity-settled share based payment transactions and the remainder to cash-settled share based payment transactions.

26. Share capital

Issued, authorised and fully paid

Group and Company	As at 31 December 2024 £'000	As at 31 December 2023 £'000
At 1 January	**32,408**	32,305
Shares issued	**87**	103
At 31 December	**32,495**	32,408

26. Share capital continued

Issued, authorised and fully paid – number of shares

Group and Company	Year ended 31 December 2024	Year ended 31 December 2023
At 1 January	**324,084,072**	323,051,124
Shares issued	**871,342**	1,032,948
At 31 December	**324,955,414**	324,084,072
Own shares held	**(1,314,562)**	(929,699)
At 31 December	**323,640,852**	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.

The own shares held represent the number of shares held by the Employee Benefit Trust and Equiniti Share Plan Trustees Limited to satisfy Deferred Share Bonus Plan, Restricted Share Plan and Share Incentive plan awards for Executive Directors, Senior Executives and employees. For this purpose both Employee Benefit Trust and Equiniti Share Plan Trustees Limited are treated as an extension of the Company.

27. Share premium account

Group and Company	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
At 1 January	**25,034**	24,688
Premium on shares issued	**123**	346
At 31 December	**25,157**	25,034

28. Commitments

At 31 December 2024 the Group had contractual commitments due under construction contracts of £44.1m (2023: £21.2m). Capital commitments for the acquisition of property, plant and equipment are disclosed in note 12. Future expenditure required to bring investment and development properties to their highest and best use are not considered to be capital commitments, however such build costs for our investment properties are disclosed as a significant unobservable input in the valuation of Major Development properties as set out in note 14.

29. Operating leases

Future minimum lease receipts

At 31 December 2024 the Group had contracted with tenants for the following future minimum lease payments:

	Group	
	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Less than one year	**15,055**	15,527
Between one and two years	**14,460**	13,506
Between two and three years	**14,073**	12,206
Between three and four years	**11,790**	11,850
Between four and five years	**10,605**	9,615
More than five years	**107,955**	108,973
	173,938	171,677

As set out in note 14 property rental income earned during the year was £16.9m (2023: £17.5m).

30. Related party transactions

Group

The Group carried out the following transactions with related parties during 2024. 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 and are undertaken on an arm's-length basis on fully commercial terms in the normal course of business.

	Year ended/ as at 31 December 2024 £000	Year ended/ as at 31 December 2023 £000
MULTIPLY LOGISTICS NORTH HOLDINGS LIMITED & MULTIPLY LOGISTICS NORTH LP		
Sales		
Recharges of costs	176	281
Asset management fee	107	100
Water charges	132	146
Purchases		
Recharge of costs	3	1
Receivables		
Other receivables	–	5
Trade receivables	39	281
Payables		
Other payables	(66)	–
GENUIT GROUP (FORMERLY POLYPIPE)		
Sales		
Rent	–	10
Development property disposal	–	1,680
Receivables		
Trade receivables	–	–
THE AIRE VALLEY LAND LLP		
Receivables	–	26
CRIMEA LAND MANSFIELD LLP		
Receivables	–	9
Investment made during the year	25	–
NORTHERN GATEWAY DEVELOPMENT VEHICLE LLP		
Partner loan made during the year	5	–
Investment made during the year	3,023	250
INVESTMENT PROPERTY FORUM		
Purchases	3	5
BRITISH PROPERTY FEDERATION		
Purchases	20	–

30. Related party transactions continued

Company

The Company carried out the following transactions with subsidiary undertakings.

Details of the Company's intercompany balances and interest at 31 December 2024 are set out below:

	Year ended/as at 31 December 2024		Year ended/as at 31 December 2023	
	Net interest receivable/(payable) in the year £'000	**Net amounts due from/(to) £'000**	Net interest receivable/(payable) in the year £'000	Net amounts due from/(to) £'000
EOS Inc. Limited	**1,033**	**15,142**	1,039	15,232
Harworth Estates Limited	**(683)**	**(12,692)**	(495)	(9,020)
Harworth Estates (Agricultural Land) Limited	**(145)**	**(2,794)**	(122)	(1,953)
Harworth Estates Investments Limited	**(1,275)**	**(20,425)**	(919)	(15,716)
Harworth Estates No. 1 Limited	**–**	**879**	–	–
Harworth Guarantee Co. Limited	**–**	**–**	–	–
Harworth Estates Overages Limited	**–**	**3**	–	3
Harworth Estates Mines Property Limited	**399**	**6,057**	391	5,661
Harworth Estates Curtilage Limited	**–**	**2,244**	151	2,444
Harworth Estates Waverley Prince Limited	**(92)**	**(1,893)**	(22)	(351)
Harworth Estates Property Group Limited	**(994)**	**(17,520)**	(646)	(10,680)
Harworth Surface Water Management (North West) Limited	**(42)**	**(654)**	(35)	(562)
Coalfield Estates Limited	**–**	**–**	–	–
Harworth Estates Warwickshire Limited	**–**	**3**	–	3
Harworth TRR Limited	**(31)**	**(536)**	(17)	(256)
Logistics North MC Limited	**–**	**3**	–	3
POW Management Company Limited	**–**	**–**	–	(2)
Rossington Community Management Company Limited	**–**	**–**	–	–
Flass Lane Management Company Limited	**–**	**–**	–	(1)
Mapplewell Management Company Limited	**–**	**–**	–	–
Cadley Park Management Company Limited	**–**	**–**	–	(2)
Simpson Park Management Company Limited	**–**	**–**	–	(1)
Ansty Development Vehicle LLP	**(9)**	**(588)**	7	121
Harworth Surface Water Management (Bardon) Limited	**–**	**3**	–	3
Harworth Estates Residential Development Limited	**–**	**3**	–	3
	(1,839)	**(32,765)**	(668)	(15,071)

Dividends received

During the year the Company received dividends of £nil (2023: £nil) from subsidiary undertakings.

31. Post balance sheet events

There are no post balance sheet events to disclose that have not been disclosed publicly by a regulatory news announcement.

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.

	31 December 2024		
	EPRA NDV £'000	**EPRA NTA £'000**	**EPRA NRV £'000**
Net assets	**691,665**	**691,665**	**691,665**
Cumulative unrealised gains on development properties	**31,026**	**31,026**	**31,026**
Cumulative unrealised gains on overages	**6,100**	**6,100**	**6,100**
Deferred tax liabilities (IFRS)	**–**	**35,853**	**35,853**
Notional deferred tax on unrealised gains	**(9,253)**	**–**	**–**
Deferred tax liabilities @ 50%	**–**	**(22,553)**	**–**
Purchaser costs	**–**	**–**	**58,616**
	719,538	**739,209**	**817,598**
Number of shares used for per share calculations	**323,640,852**	**323,640,852**	**323,640,852**
Per share (pence)	**222.3**	**229.3**	**254.4**

	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)	Note	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Increase in fair value of investment properties	3	**60,817**	71,372
Decrease in fair value of AHFS	3	**(366)**	(272)
Share of profit of joint ventures	3	**1,487**	1,554
Net realisable value provision on development properties	3	**(5,664)**	(7,442)
Reversal of previous net realisable value provision on development properties	3	**6,950**	1,213
Amounts derived from statutory reporting		**63,224**	66,425
Unrealised gains/(losses) on development properties		**21,874**	(3,708)
Unrealised gains on overages		**854**	2,209
Revaluation gains		**85,952**	64,926

b. Profit/(loss) on sale			
Profit/(loss) on sale of investment properties	3	**13,302**	(953)
Profit/(loss) on sale of AHFS	3	**14**	(1,140)
Profit/(loss) on sale of development properties	3	**8,249**	(618)
Release of net realisable value provision on disposal of development properties	3	**4,399**	1,869
Profit on sale of overages	3	**4,346**	419
Amounts derived from statutory reporting		**30,310**	(423)
Less previously unrealised gains on development properties released on sale		**(14,932)**	(6,061)
Less previously unrealised gains overages released on sale		**(4,154)**	(309)
Profit/(loss) on sale contributing to growth in EPRA NDV		**11,224**	(6,793)

c. Value gains/(losses)			
Revaluation gains		**85,952**	64,926
Profit/(loss) on sale		**11,224**	(6,793)
Value gains		**97,176**	58,133

d. Total property sales			
Revenue		**181,585**	72,427
Less revenue from other property activities	3	**(19,841)**	(2,286)
Less revenue from income generation activities	3	**(21,491)**	(23,410)
Add proceeds from sales of investment properties, AHFS and overages		**75,541**	79,166
Total property sales		**215,794**	125,897

e. Operating profit contributing to growth in EPRA NDV			
Operating profit		**74,634**	54,229
Share of profit of joint ventures	15	**1,487**	1,554
Unrealised gains/(losses) on development properties		**21,874**	(3,708)
Unrealised gains on overages		**854**	2,209
Less previously unrealised gains on development properties released on sale		**(14,932)**	(6,061)
Less previously unrealised gains on overages released on sale		**(4,154)**	(309)
Operating profit contributing to growth in EPRA NDV		**79,763**	47,914

Appendix continued

1) Reconciliation to statutory measures continued

f. Portfolio value	Note	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Land and buildings (included within property, plant and equipment)		**1,188**	1,300
Investment properties	14	**585,489**	433,942
Investments in joint ventures	15	**33,553**	30,722
AHFS	18	**8,910**	18,752
Development properties (included within inventories)	16	**190,888**	250,024
Amounts recoverable on contracts (included within receivables)		**1,604**	–
Amounts derived from statutory reporting		**821,632**	734,740
Cumulative unrealised gains on development properties as at year end		**31,026**	24,083
Cumulative unrealised gains on overages as at year end		**6,100**	9,400
Portfolio value		**858,758**	768,223

g. Net debt			
Gross borrowings	20	**(164,125)**	(63,574)
Cash		**117,382**	27,182
Net debt		**(46,743)**	(36,392)

h. Net loan to portfolio value (%)			
Net debt		**(46,743)**	(36,392)
Portfolio value		**858,758**	768,223
Net loan to portfolio value (%)		**5.4%**	4.7%

i. Net loan to core income generation portfolio value (%)			
Net debt		**(46,743)**	(36,392)
Core income generation portfolio value (investment portfolio and natural resources)	14	**297,587**	228,216
Net loan to core income generation portfolio value (%)		**15.7%**	15.9%

j. Gross loan to portfolio value (%)			
Gross borrowings	20	**(164,125)**	(63,574)
Portfolio value		**858,758**	768,223
Gross loan to portfolio value (%)		**19.1%**	8.3%

k. Gross loan to core income generation portfolio value (%)			
Gross borrowings	20	**(164,125)**	(63,574)
Core income generation portfolio value (investment portfolio and natural resources)	14	**297,587**	228,216
Gross loan to core income generation portfolio value (%)		**55.2%**	27.9%

1) Reconciliation to statutory measures continued

l. Number of shares used for per share calculations (number)

Number of shares in issue	26	**324,955,414**	324,084,072
Less Employee Benefit Trust and Equiniti Share Plan Trustees Limited held shares (own shares)	26	**(1,314,562)**	(929,699)
Number of shares used for per share calculations	26	**323,640,852**	323,154,373

m. Net Asset Value (NAV) per share

NAV £'000		**691,665**	637,722
Number of shares used for per share calculations	26	**323,640,852**	323,154,373
NAV per share (p)		**213.7**	197.3

n. Underlying revenue	**Year ended 31 December 2024 £'000**	Year ended 31 December 2023 £'000
Total property sales	**215,794**	125,897
Income generation portfolio revenue	**21,491**	23,410
Development revenues	**18,690**	956
Other revenue	**1,151**	1,330
Underlying revenue	**257,126**	151,593
Less proceeds from sale of investment properties, AHFS and overages	**(75,541)**	(79,166)
Statutory revenue	**181,585**	72,427

2) Reconciliation to EPRA measures

a. EPRA NDV	Note	**As at 31 December 2024 £'000**	As at 31 December 2023 £'000
Net assets		**691,665**	637,722
Cumulative unrealised gains on development properties		**31,026**	24,083
Cumulative unrealised gains on overages		**6,100**	9,400
Notional deferred tax on unrealised gains		**(9,253)**	(8,342)
EPRA NDV		**719,538**	662,863

Harworth calculates EPRA NDV per share and total asset return on an undiluted basis.

b. EPRA NDV per share (p)

EPRA NDV £'000		**719,538**	662,863
Number of shares used for per share calculations	26	**323,640,852**	323,154,373
EPRA NDV per share (p)		**222.3**	205.1

Appendix continued

2) Reconciliation to EPRA measures continued

c. EPRA NDV growth and total return

Opening EPRA NDV/share (p)	**205.1**	196.5
Closing EPRA NDV/share (p)	**222.3**	205.1
Movement in the year (p)	**17.2**	8.6
EPRA NDV growth	**8.4%**	4.4%
Dividends paid per share (p)	**1.5**	1.4
Total return per share (p)	**18.7**	10.0
Total return as a percentage of opening EPRA NDV per share	**9.1%**	5.1%

To help retain and incentivise a management 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 31 December is set out below:

Number of shares used for per share calculation	**323,640,852**	323,154,373
Outstanding share options and shares held in trust under employee share schemes	**7,135,161**	5,223,777
Number of diluted shares used for per share calculations	**330,776,013**	328,378,150

Diluted EPRA NDV per share, Diluted NDV Growth and Total Return as a percentage of opening diluted EPRA NDV per share are set out below:

d. Diluted EPRA NDV per share (p)

EPRA NDV £'000	**719,538**	662,863
Number of diluted shares used for per share calculations	**330,776,013**	328,378,150
Diluted EPRA NDV per share (p)	**217.5**	201.9

Diluted EPRA NDV growth and total return

Opening diluted EPRA NDV/share (p)	**201.9**	194.5
Closing diluted EPRA NDV/share (p)	**217.5**	201.9
Movement in the year (p)	**15.6**	7.4
Diluted EPRA NDV growth	**7.7%**	3.8%
Dividends paid per share (p)	**1.5**	1.4
Total diluted return per share (p)	**17.1**	8.8
Total return as a percentage of opening diluted EPRA NDV per share	**8.5%**	4.5%

e. Net loan to EPRA NDV

Net debt	**(46,743)**	(36,392)
EPRA NDV	**719,538**	662,863
Net loan to EPRA NDV	**6.5%**	5.5%

Glossary of frequently used terms and abbreviations

AGM	Annual General Meeting
AHFS	Assets held for sale
AMP	Advanced Manufacturing Park
APMs	Alternative Performance Measures
BCP	Business Continuity Plan
BNG	Biodiversity Net Gain
BREEAM	Building Research Establishment Environmental Assessment Method
BTR	Build to Rent
CDM	Construction Design and Management
CEO	Chief Executive
CFO	Chief Financial Officer
CIO	Chief Investment Officer
Code	2018 UK Corporate Governance Code
COO	Chief Operating Officer
CPD	Continuous Professional Development
CRREM	Carbon Risk Real Estate Monitor
DBP	Deferred Bonus Plan
DSBP	Deferred Share Bonus Plan
DNO	Distribution Network Operator
EBT	Employee Benefit Trust
ED&I	Equity, Diversity and Inclusion
EHS	Environment, Health & Safety
EPC	Energy Performance Certificate
EPRA	European Public Real Estate Association
ERV	Estimated Rental Value
ESG	Environmental, Social and Governance
ESMA	European Securities and Markets Authority
the Executive	Comprises the CEO, CFO, COO, CIO and General Counsel/Company Secretary
EY	Ernst & Young LLP
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
GHG	Greenhouse gas
GLC	Group Leadership Committee
GRAM	Group Risk and Assurance Map

Glossary of frequently used terms and abbreviations continued

GVA	Gross Value Added
HEL	Harworth Estates Limited
HN1L	Harworth No.1 Limited
IPCC	Intergovernmental Panel on Climate Change
KPI	Key Performance Indicator
KWh	Kilowatt hours
LEP	Local Enterprise Partnership
LTV	Loan to portfolio value
MEES	Minimum Energy Efficiency Standard
NAV	Net Asset Value
NDV	Net Disposal Value
NRV	Net Reinstatement Value
NTA	Net Tangible Assets
NZC	Net Zero Carbon
PEVG	Profit Excluding Value Gains
the Policy	The Directors' Remuneration Policy applicable for the three years from 2022 which was approved by shareholders at the 2022 AGM
PPA	Planning Promotion Agreement
PV	Photo-Voltaic
RCF	Revolving Credit Facility
RCP	Representative Concentration Pathway
RICS	Royal Institution of Chartered Surveyors
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations
RSP	Restricted Share Plan
SAYE	Save As You Earn
SID	Senior Independent Director
SIP	Share Incentive Plan
SUDs	Sustainable urban drainage systems
TCFD	Task Force on Climate-Related Financial Disclosures
TSR	Total Shareholder Return
UN SDGs	United Nations Sustainable Development Goals

Company information and investor timetable

Non-Executive Chair
Alastair Lyons

Chief Executive
Lynda Shillaw

Chief Financial Officer
Kitty Patmore[1]

Non-Executive Directors
Angela Bromfield
Ruth Cooke
Lisa Scenna
Patrick O'Donnell Bourke
Marzia Zafar
Martyn Bowes

Company Secretary and Registered Office
Christopher Birch
Advantage House, Poplar Way
Rotherham, S60 5TR

1 Dougie Maudsley undertook the role of Interim Chief Financial Officer for part of the year, whilst Kitty Patmore was on maternity leave.

External Auditors
Ernst & Young LLP
12 Wellington Place
Leeds, LS1 4AP

Solicitors
DLA Piper UK LLP
Elshaw House, 51 Carver Street
Sheffield, S1 4FT

Brokers
Peel Hunt LLP
100 Liverpool Street
London, EC2M 2AT

Panmure Liberum Group Limited
Ropemaker Place
25 Ropemaker Street
London, EC2Y 9LY

Registrars
Equiniti Limited
Aspect House, Spencer Road
Lancing, West Sussex, BN99 6DA

Principal lenders
National Westminster Bank plc
3rd Floor, 2 Whitehall Quay
Leeds, LS1 4HR

Santander UK plc
58/60 Briggate, Leeds, LS1 6AS

HSBC UK Bank plc
1 Centenary Square
Birmingham, B1 1HQ

Company Registered Number
02649340

Share price information
The Company's Ordinary Shares are traded on the London Stock Exchange.
SEDOL number BYZJ7G4
ISIN number GB00BYZJ7G42
Reuters ticker HWG.L
Bloomberg ticker HWG:LN

LEI Code
213800R8JSSGK2KPFG21

Financial Calendar

Annual General Meeting
The Brearley Room, AMP Technology Centre, Advanced Manufacturing Park, Brunel Way, Catcliffe, Rotherham, S60 5WG. — Monday 19 May 2025 at 10.00am

Please refer to our 2025 Notice of Meeting for the most up to date information. Shareholders are also advised to check our website at https://harworthgroup.com/investors/annual-general-meeting/, which will be updated if there are any changes to the arrangements.

Interim Results Announcement 2025
Interim Results to be published at www.harworthgroup.com/investors — September 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: +44 (0)371 384 2301) and should clearly state the registered shareholder's name and address.

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

Website
To keep up to date with Harworth, you can source further information about the Group on **www.harworthgroup.com**

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