

Harworth

PRELIMINARY RESULTS 2018

5 March 2019



Transform Regenerate Revitalise

www.harworthgroup.com

AGENDA

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OWEN MICHAELSON, CHIEF EXECUTIVE

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ANOTHER STRONG YEAR OF DELIVERY AND PROGRESS

STRONG PERFORMANCE

13.3% TOTAL RETURN ACHIEVED - ONCE AGAIN ABOVE TARGET LONG-RUN TOTAL RETURN OF OVER 10% PER ANNUM

- Record property sales of £93.2m and good lettings progress with headline rents agreed
- Planning consent achieved for 778 plots and planning applications submitted for a further c.1,000 plots and 3.3m sq. ft of commercial space

SOUND MARKETS

FOCUS REMAINS ON 'BEDS AND SHEDS' SECTORS IN THE NORTH OF ENGLAND AND THE MIDLANDS

- Our regions are attractive due to economic growth, occupier demand, property under-supply and comparative affordability
- Our sectors are underpinned by positive local and national government policy

CLEAR STRATEGY

STRATEGY AND BUSINESS MODEL ARE CENTRED ON LARGE, COMPLEX SITE REGENERATION

- c.£60m of sites acquired in 2018 to boost regional presence, with purchases in the past four years now forming 30% of our portfolio
- £20.5m of mature, income generating sites sold in the year, with receipts to be recycled into higher value-adding opportunities

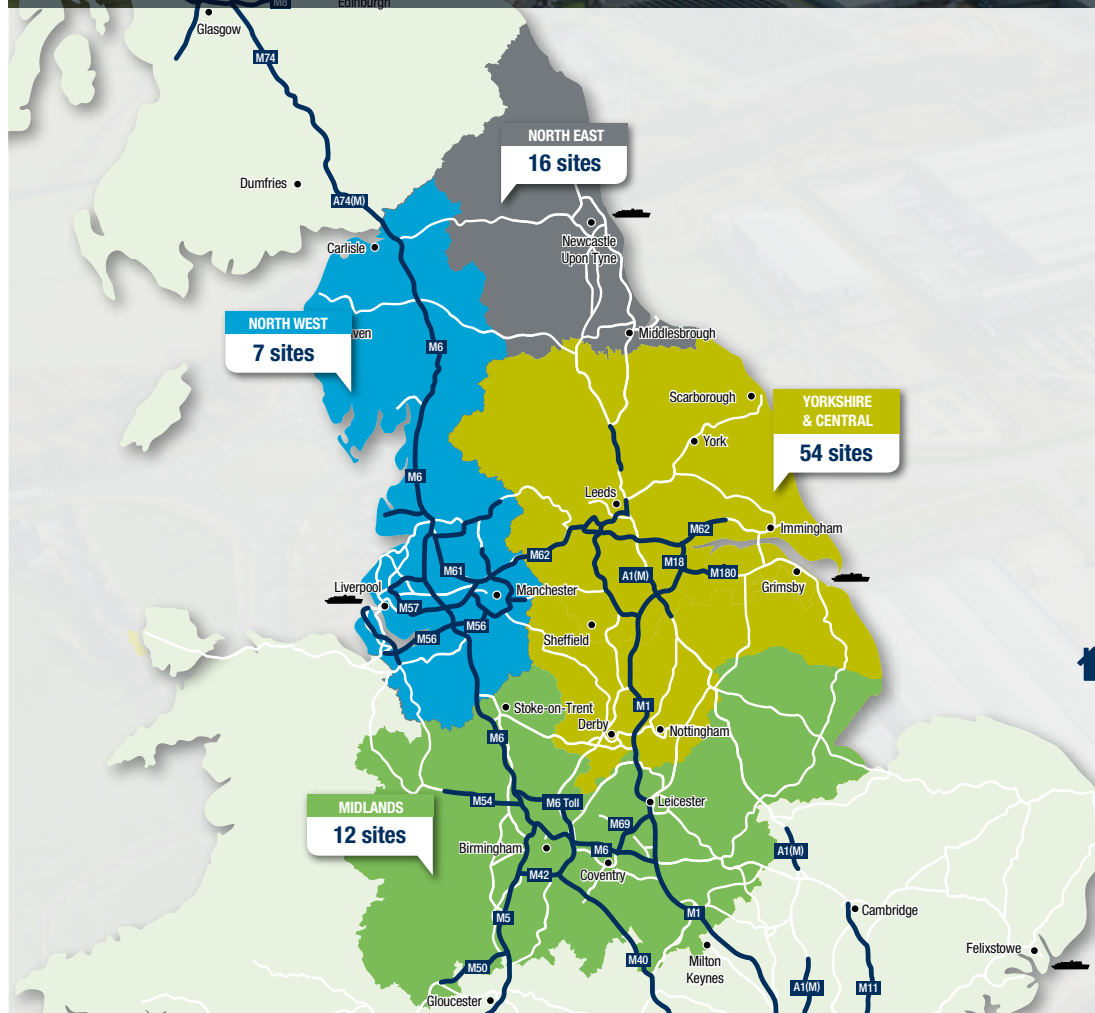
WELL POSITIONED

PORTFOLIO IS RESILIENT AND APPROPRIATELY CAPITALISED IN ORDER TO WEATHER ANY SHORT-TERM POLITICAL HEADWINDS

- Significant latent value in the portfolio, with outline planning consent in place for 11,077 residential plots and c. 10.7m sq. ft of commercial space. Applications for similar numbers to be made from the remainder of the Strategic Land portfolio in the future
- Year-end gearing kept low at 12.3% net loan to value (£64.4m net debt) with cash/facility headroom of £49.6m. February 2019 net debt reduced to £56.5m following cash receipts from December deals

VISION AND STRATEGY REMAIN CLEAR AND ROBUST

VISION - TO BE THE LEADING LAND AND PROPERTY REGENERATION SPECIALIST IN THE NORTH OF ENGLAND AND MIDLANDS



DEVELOPMENT

Driving the capital growth of our portfolio through delivery of planning permissions, remediation and infrastructure, before crystallising land sales



INVESTMENT

Ensuring sustainable income generation through asset management of existing rental sites and direct development of new space



SECTORS

Concentrating on those property markets with strong, through-the-cycle returns (residential, and industrial & logistics)



REGIONS

Leveraging our strong relationships in our core areas in the North of England and Midlands to expand our land and property portfolio



ACQUISITIONS

Growing our portfolio by utilising capital to buy new sites to maintain net asset value growth across the portfolio (including joint ventures)



FINANCING

Maintaining the Group's low balance sheet gearing to complement risk-appropriate operational gearing

CLEAR MARKET FOCUS SUPPORTED BY GOVERNMENT POLICY

RESIDENTIAL

GOOD DEMAND

Housing under-supply is driving consistently good demand for land from housebuilders of all types in our regions

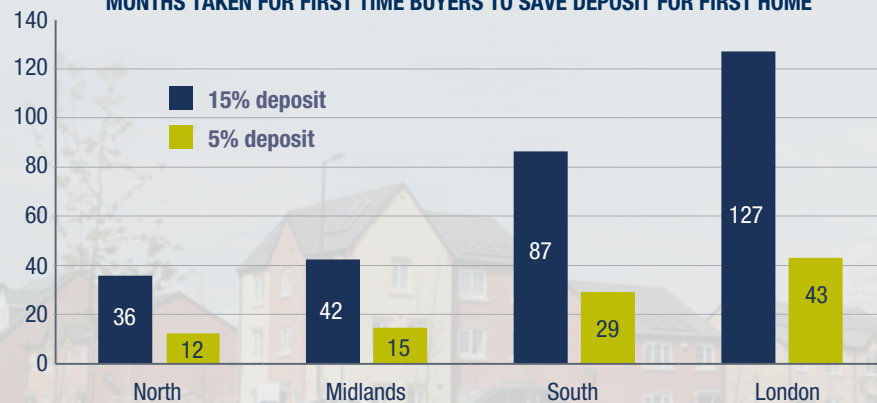
COMPARATIVE AFFORDABILITY

New houses on our sites in the North of England and the Midlands have a more affordable price to earnings ratio than in many parts of the UK

BUILD ACCELERATION

Housing remains the UK government's key domestic priority, supported by continued incentives for new purchasers and new planning guidance through the NPPF designed to accelerate housebuilding

MONTHS TAKEN FOR FIRST TIME BUYERS TO SAVE DEPOSIT FOR FIRST HOME



Source: Comparemymove.com (December 2018)

INDUSTRIAL & LOGISTICS

STEADY DEMAND

Steady demand for well-located industrial space continues, with supply continuing to be squeezed across all regions. UK vacancy rate stands at <6%

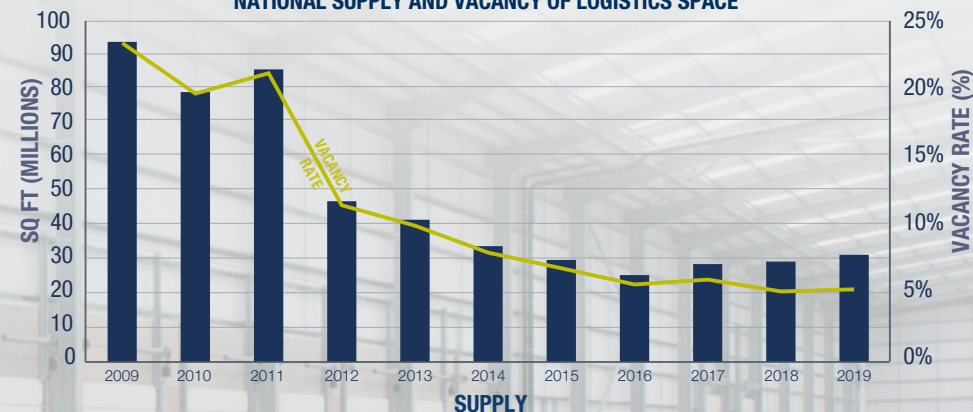
LEADING MARKET

Industrial sector is forecast to continue to outperform both the office and retail markets in the medium-term

STRONG SUPPORT

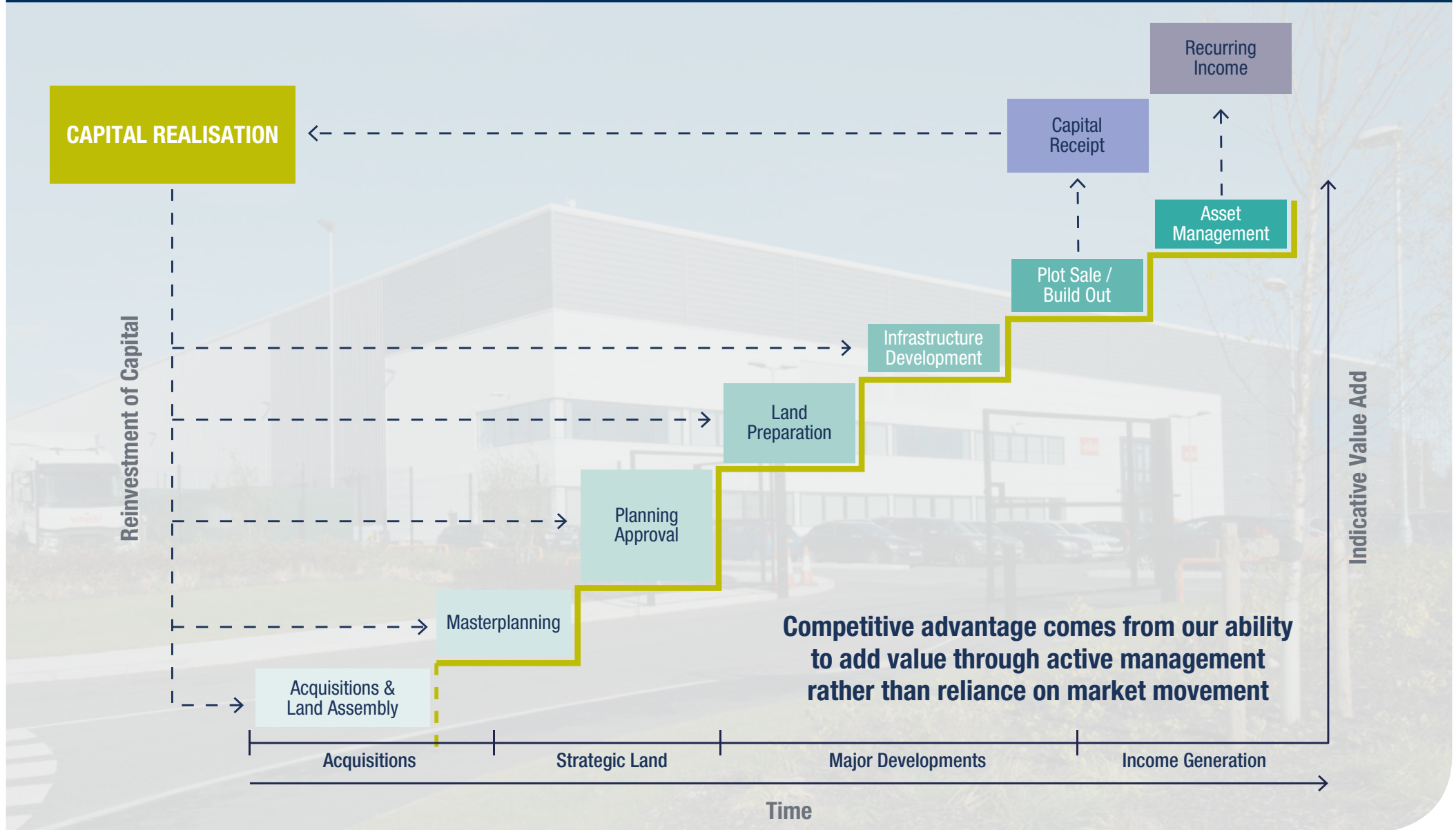
Local support for sustainable new commercial development remains strong, driven by the desire for economic regeneration and the need for business rate receipts

NATIONAL SUPPLY AND VACANCY OF LOGISTICS SPACE



Source: Savills Big Shed Briefing, January 2019

DRIVING SECTOR-LEADING TOTAL RETURNS



SIGNIFICANT PROGRESS THROUGHOUT 2018

ACQUISITION & LAND ASSEMBLY



- Eleven sites purchased for c.£60 million which: already provide £3.1m of additional recurring income per annum; and could deliver a further c.2,000 plots and over 1.5m sq. ft of additional commercial space

MASTER-PLANNING



- Applications submitted for over 3.3m sq. ft of commercial space and 993 residential plots with the majority due to be determined in 2019

PLANNING APPROVAL



- Outline planning consents granted for 778 residential plots, of which 560 were delivered from the Group's first three PPA¹ successes in Nottinghamshire, Derbyshire and Yorkshire

LAND PREP & INFRASTRUCTURE DEVELOPMENT



- 15 major projects being delivered as at year-end
- Portfolio² has consent for 11,077 residential plots and c.10.7m sq. ft of commercial space

PLOT SALE/ BUILD OUT



- 1,049 residential plots sold across nine parcels at an average value of c.£30,000/plot (at book value)
- 1.15m sq. ft of consented commercial land sold across four parcels for a total consideration of £30.9m, delivering a profit on sale of £1.0m

ASSET MANAGEMENT

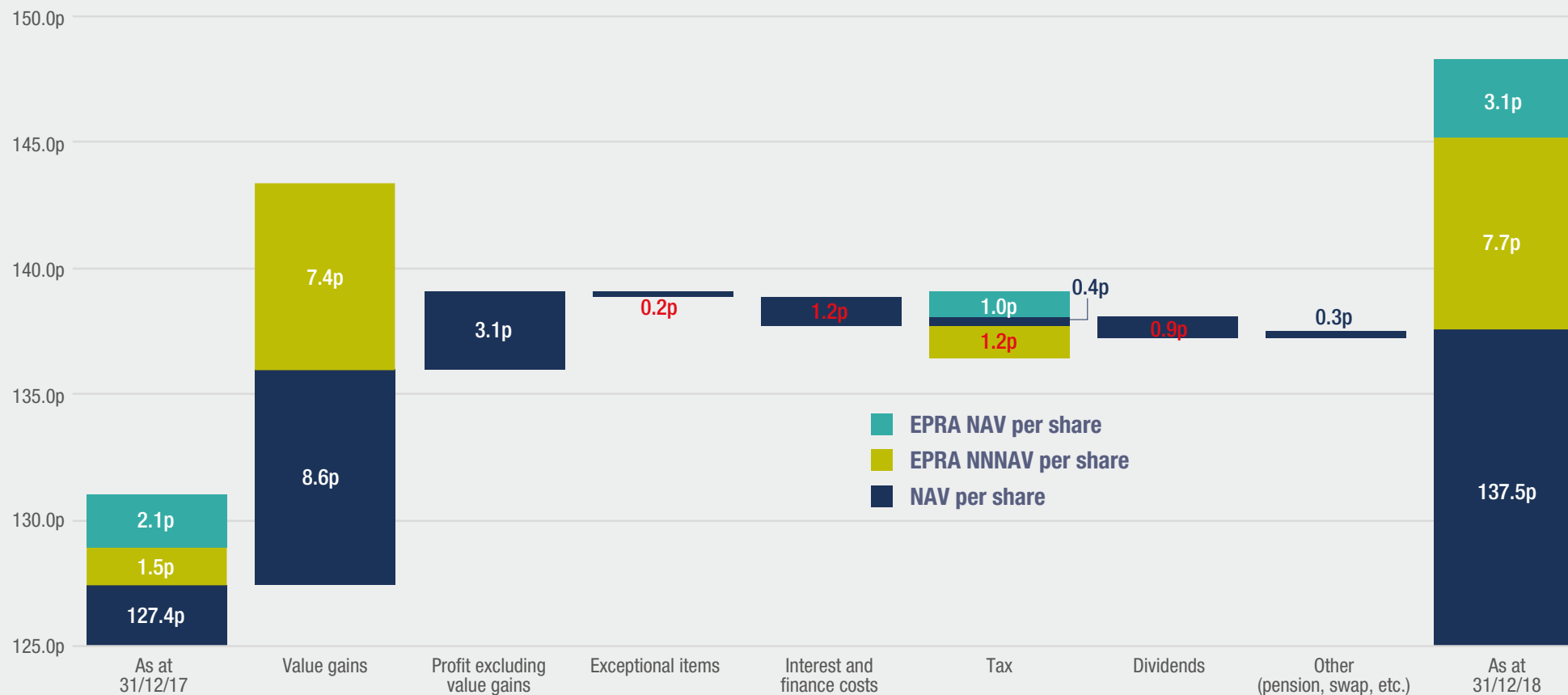


- Over 300,000 sq. ft of long-term lettings secured on eight new commercial buildings, including new headline rents secured at the AMP and Logistics North
- Less than 100,000 sq. ft of directly built space available across the portfolio
- Installed energy capacity on our land of 154.2MW

Notes: (1) PPAs are agreements with landowners by which Harworth incurs the cost and risk of promoting land through planning. If successful, Harworth shares some of the value gain, after first recovering its costs, when the land is sold.
(2) Includes freehold, joint venture, PPA and overage sites

CONTINUED STRONG NET ASSET VALUE GROWTH

In 2018, EPRA NNNNAV per share rose by 12.6% to 145.2p, (NAV by 7.9% to 137.5p and EPRA NAV by 13.2% to 148.3p)



VALUE GAINS DRIVEN BY ACTIVE MANAGEMENT

OVER 80% OF OUR REVALUATION GAINS CONTINUE TO COME DIRECTLY FROM ACTIVE MANAGEMENT

- Earlier recognition of revaluation gains on upcoming profitable sales led to lower profit on disposal compared to last year

TWELVE MONTHS TO 31 DECEMBER (£'m)	2018			2017	
	Profit on disposal	Revaluation gains ¹ Management	Market	Total	
MAJOR DEVELOPMENTS Profitable sales, positive markets and progress across most sites (notably Swadlincote, Lounge, Coalville & Waverley) and a few minor reductions	0.8	17.7	6.5	25.0	21.0
STRATEGIC LAND Uplifts at Wingates and Cinderhill ahead of 2019/2020 planning decisions plus increases in the value of our overages	0.7	5.8	2.6	9.1	13.4
BUSINESS SPACE Good lettings secured across our portfolio, particularly our wholly owned and JV direct developments, plus strong sales enquiries at Gateway 45	(0.0)	7.0	0.1	7.0	5.7
NATURAL RESOURCES Value increases from surface water management and a water abstraction license plus a site uplift from securing planning and interest for an EfW plant. This alongside a good profit achieved on sale of land for another EfW plant	1.8	8.1	0.7	10.5	3.7
AGRICULTURAL LAND Minor reductions across a number of sites	(0.0)	0.0	(0.3)	(0.3)	3.6
Total	3.2	38.5	9.6	51.3	47.4

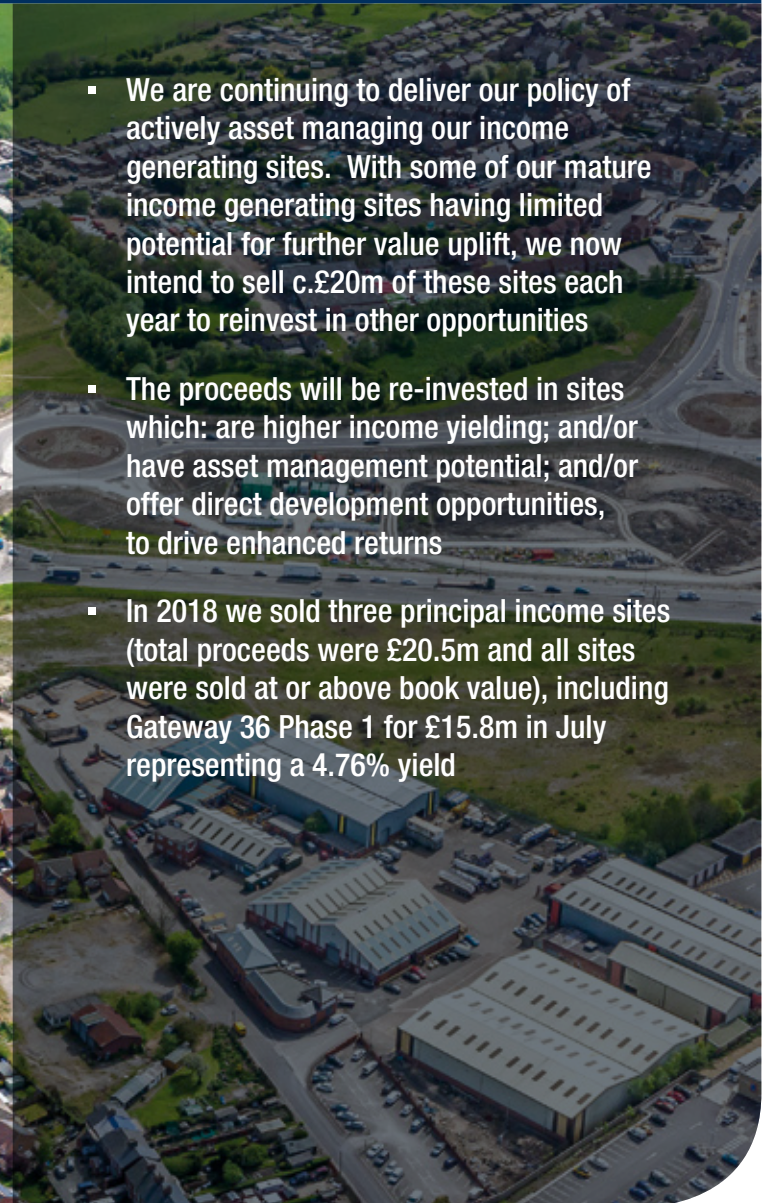
Notes: (1) Revaluation gains include the £26.5m mark to market movement on development properties and overages

(2) Profit on sale includes unrealised gains on development properties released on sale in the year of £2.8m

SALES OF MATURE INCOME SITES TO ENHANCE RETURNS



- We are continuing to deliver our policy of actively asset managing our income generating sites. With some of our mature income generating sites having limited potential for further value uplift, we now intend to sell c.£20m of these sites each year to reinvest in other opportunities
- The proceeds will be re-invested in sites which: are higher income yielding; and/or have asset management potential; and/or offer direct development opportunities, to drive enhanced returns
- In 2018 we sold three principal income sites (total proceeds were £20.5m and all sites were sold at or above book value), including Gateway 36 Phase 1 for £15.8m in July representing a 4.76% yield



GROWING INCOME TO COVER ALL BUSINESS OVERHEADS

TWELVE MONTHS TO 31 DECEMBER (£'000)	Capital Growth		Income Generation	Central Overheads	2018 Total	2017 Total
	Development	Other				
Profit excluding value gains		3,234	14,831	(8,226)	9,840	2,240
Profit from disposals ¹	677	798	1,738		3,213	10,712
Revaluation gains ²	21,207	11,397	15,466		48,069	36,703
Pension charge				(70)	(70)	(39)
Operating profit before exceptionals	21,884	15,429	32,035	(8,296)	61,052	49,616
Exceptional items				(590)	(590)	331
Interest and finance costs				(3,962)	(3,962)	(2,261)
Profit before tax	21,884	15,429	32,035	(12,848)	56,500	47,686
Tax					(2,733)	6,849
Profit after tax					53,767	54,535
Earnings per share - Statutory					10.61p	15.76p
Dividend per share					0.911p	0.828p

Profit Excluding Value Gains

2018 reflects increase from income generation acquisitions and M&G promote fee

Tax

Continuing progress on use of tax losses and reliefs to lower rate

Dividend

Total dividend of 0.911p per share, 10% growth on 2017 total dividend

Notes: (1) Profits/(losses) from disposals of property categorised as investment, overages, development and assets held for sale
(2) Revaluation gains from investment and development properties, joint ventures and overages

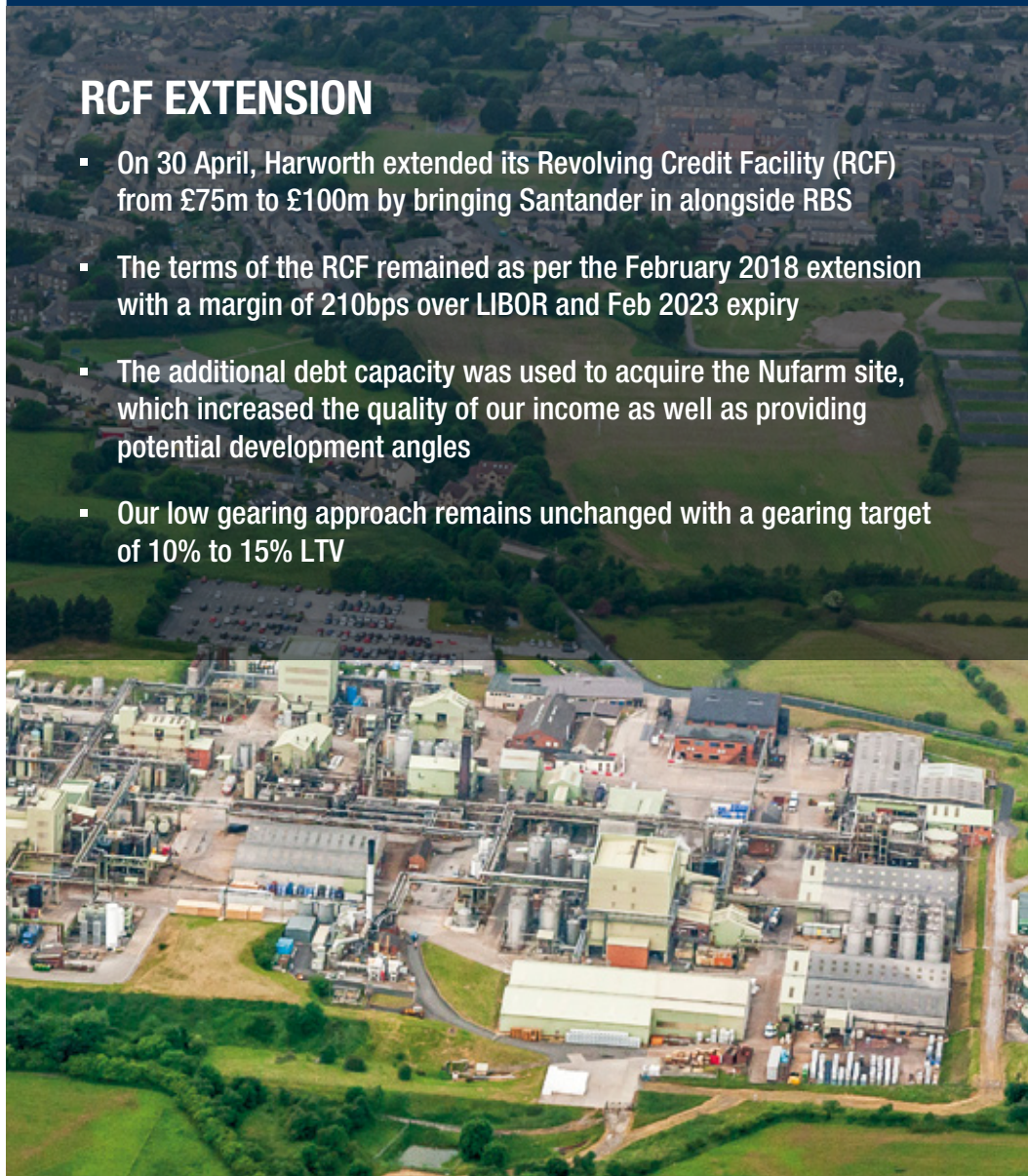
SIGNIFICANT DEBT AND EQUITY ADVANCES

RCF EXTENSION

- On 30 April, Harworth extended its Revolving Credit Facility (RCF) from £75m to £100m by bringing Santander in alongside RBS
- The terms of the RCF remained as per the February 2018 extension with a margin of 210bps over LIBOR and Feb 2023 expiry
- The additional debt capacity was used to acquire the Nufarm site, which increased the quality of our income as well as providing potential development angles
- Our low gearing approach remains unchanged with a gearing target of 10% to 15% LTV

PREMIUM LISTING & INDICES INCLUSION

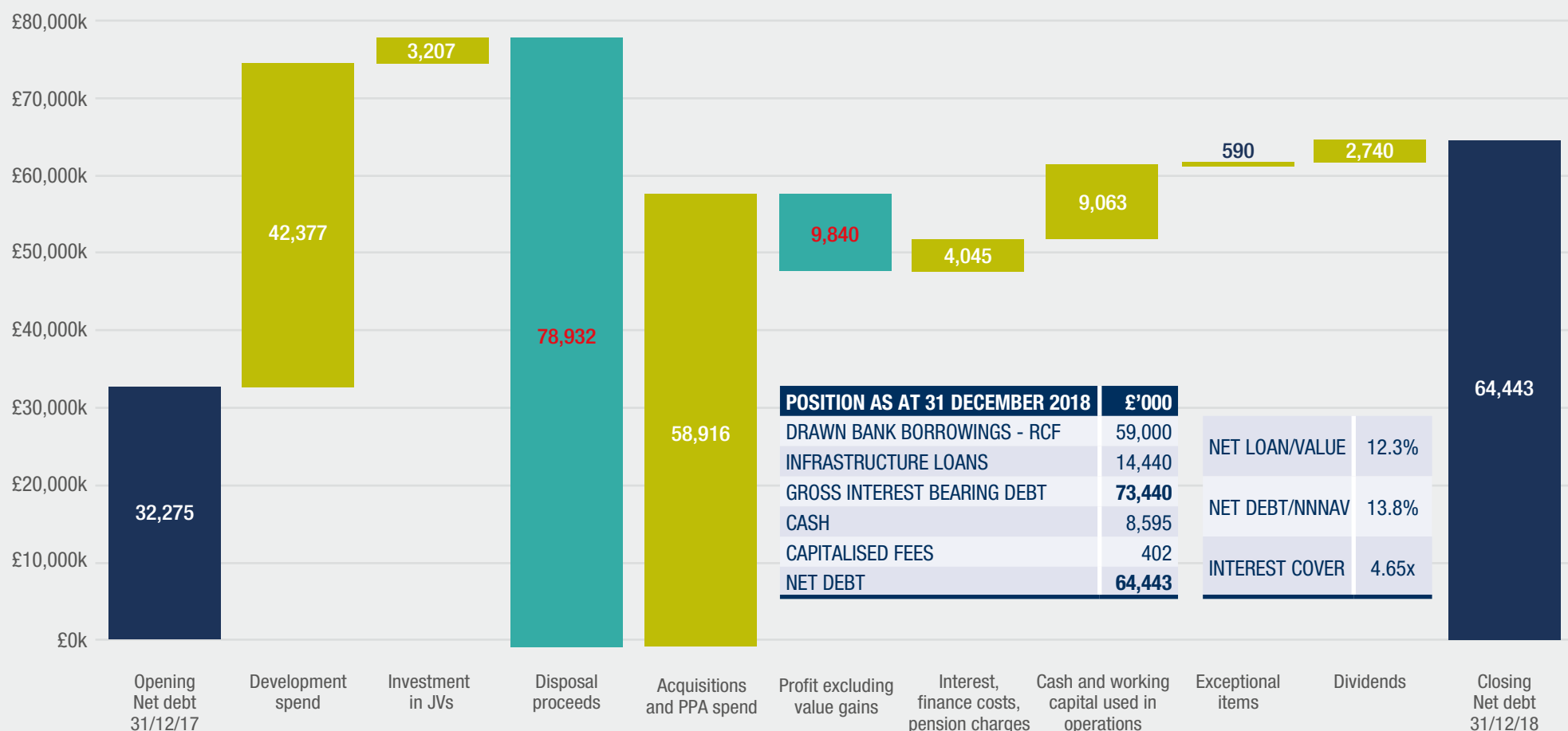
- On 29 May, Harworth announced the formal start of a process to transfer its shares from standard to premium listing. The transfer completed on 1 August 2018
- Whilst Harworth was already voluntarily complying with premium listing corporate governance standards, this adherence will now be compulsory
- Premium listing has helped increase liquidity and our profile, whilst providing an appropriate platform for continued sustainable growth
- In addition, Harworth became a member of the UK FTSE indices on 24 September



MANAGING ANNUAL CASH FLOWS TO FUND GROWTH

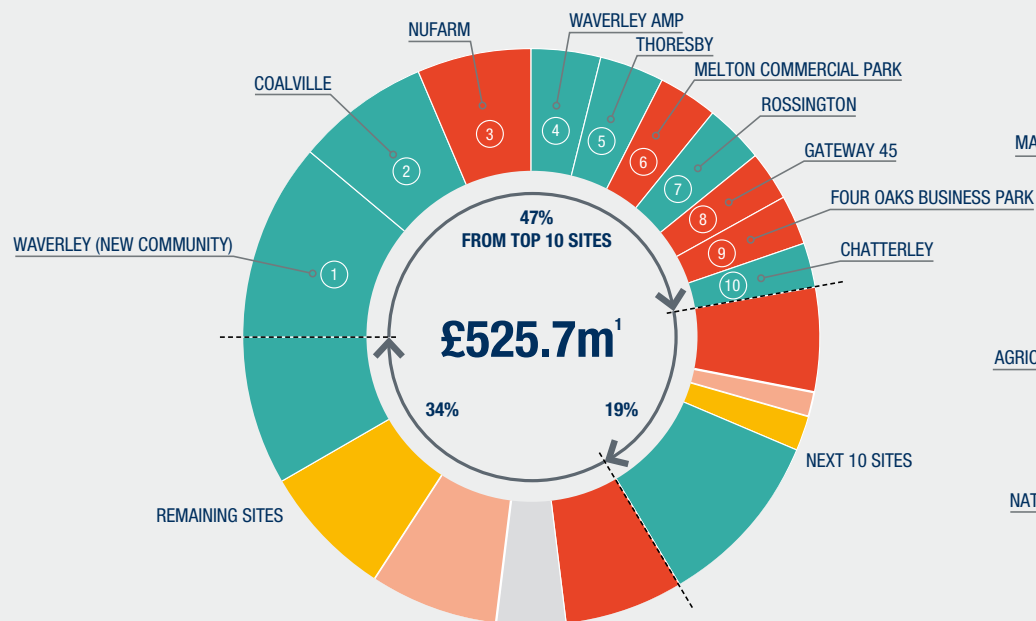
DISCIPLINED APPROACH WITH INVESTMENT IN INFRASTRUCTURE AND ACQUISITIONS FUNDED THROUGH DISPOSALS

- Year end net LTV of 12.3% within target 10%-15% range; net debt increased in-year to fund business growth
- Prudent gearing provides headroom and flexibility whilst recognising higher operational gearing

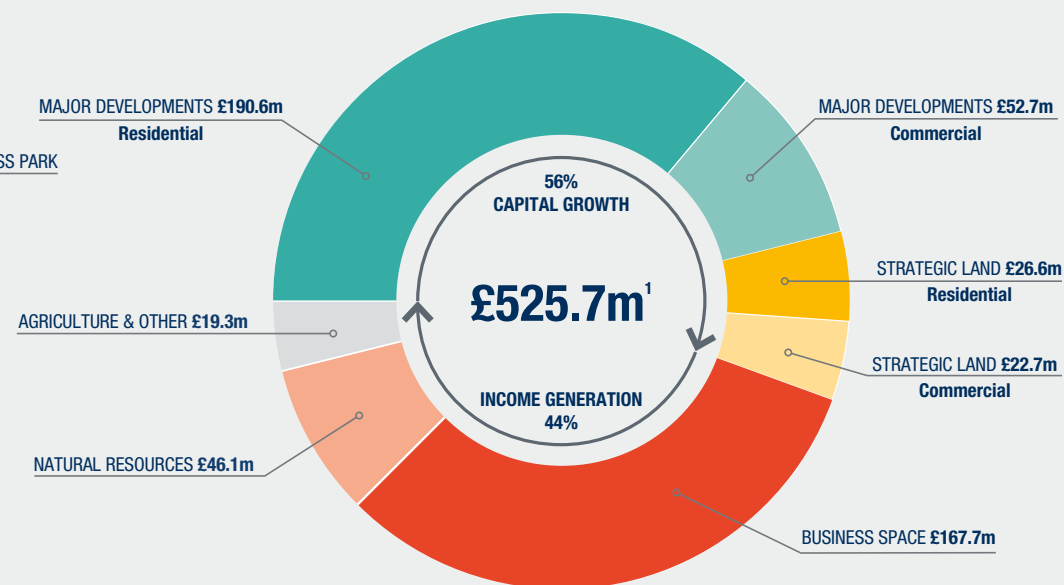


PORTFOLIO IS MANAGED TO DIVERSIFY RISK

PORTFOLIO CONCENTRATION



PORTFOLIO SECTOR SPLIT

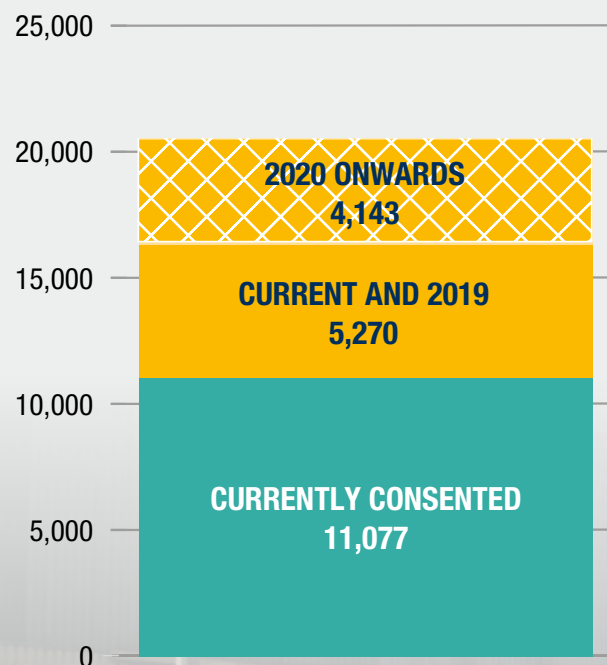


■ Strategic Land
 ■ Major Developments
 ■ Business Space
 ■ Natural Resources
 ■ Agriculture & Other

Notes: (1) Total value of all property – Investment (£254.4m), Development (£204.2m), Joint ventures (£25.8m), Available for sale (£11.0m), Owner Occupied Assets (£0.8m) plus mark to market value of development properties and overages (£29.5m)

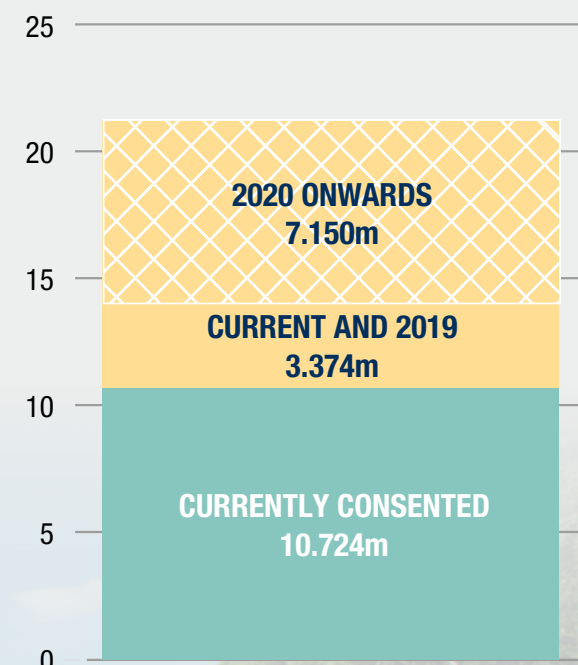
LAND PIPELINE PROVIDES SIGNIFICANT FUTURE VALUE

RESIDENTIAL PIPELINE: PLOT NUMBERS



- Significant future planning pipeline in place to augment existing consented landbank, providing much of the land supply to underpin future sales and our direct development programme
- As shown at Logistics North and the AMP, we pursue a mixture of deals to unlock maximum value. Residential deals are solely sales of serviced plots, whilst commercial deals encompass plot sales and a range of deals on our directly-developed commercial units
- We retain the flexibility to respond to market conditions and ensure deals satisfy three key management tests: customer requirements; funding/ covenants; and risks and returns

COMMERCIAL PIPELINE: SQUARE FEET



Notes: (1) Planning pipeline numbers include sites where we have signed PPAs, Joint Venture agreements and taken overages.
 (2) The above charts show indicative planning submission dates correct as at date of presentation.
 (3) Large site discount for the ten largest major development sites, being the difference between the valuations as at 31 December 2018 and expected future sales value, of £96.8m (30p per share – residential and commercial) (2017: £64.2m, 20p per share – just residential)

GROWING VALUE FROM NEW SITES ACROSS OUR CORE REGIONS | SUMMARY



- Eleven acquisitions made at nine sites for £57.9m including fees. Further consideration of up to £3.25m will be paid depending on planning progress
- Acquisitions made in 2018 blended a mixture of strategic land and income producing purchases to sustain both parts of the business across the North of England and the Midlands
- In total, 883 acres were acquired with the potential for up to 2,000 new residential plots and over 1.5m sq. ft of new commercial space. £3.1m of recurring rent was also added to improve our income resilience
- Move to regional structure will provide additional opportunities in these core regions in future

GROWING VALUE FROM NEW SITES ACROSS OUR CORE REGIONS | MIDLANDS



IRONBRIDGE, SHROPSHIRE

PURCHASE FROM UNIPER (UK) OF THE 350 ACRE FORMER IRONBRIDGE COAL-FIRED POWER STATION IN SHROPSHIRE

- Site comprises around 240 acres of brownfield land and a neighbouring parcel of over 100 acres of former amenity land.
- Promotion of site with key local stakeholders has begun to establish its future use, with consultation workshops taking place to explore the potential masterplan for a significant mixed-use development.
- Residential and leisure-led development proposed, including over 1,000 new homes, representing one of the largest new developments in Shropshire



COALVILLE & BARDON HILL, LEICESTERSHIRE

TWO STRATEGIC LAND PURCHASES MADE IN LEICESTERSHIRE TO SUPPLEMENT STRATEGIC LANDBANK

- 53 acres of greenfield land in Bardon, Leicestershire adjacent to our major development site in Coalville. Located close to Junction 22 of the M1, a planning application has now been submitted for c. 365,000 sq. ft of commercial space.
- 26.6 acres of greenfield land was also purchased 1 mile to the south of the Bardon site near Coalville. This site will be promoted for c.150 new residential plots in the near future.

GROWING VALUE FROM NEW SITES ACROSS OUR CORE REGIONS | NORTH WEST



MOSS NOOK, ST HELENS

WE PURCHASED 56 ACRES OF LAND AT MOSS NOOK IN ST HELENS, MERSEYSIDE IN OCTOBER - HARWORTH'S FIRST RESIDENTIAL LAND DEVELOPMENT IN THE NORTH WEST

- Situated just over one mile from St Helens town centre, the site is classified as brownfield following decades of previous industrial use and has an existing planning consent for 900 new residential plots.
- We are now applying our in-house masterplanning, land remediation and infrastructure expertise to create a new vision for the site prior to generating land parcels for sale to housebuilders.

WINGATES, BOLTON

FURTHER LAND WAS PURCHASED OFF JUNCTION 6 OF THE M61 IN BOLTON AS PART OF ASSEMBLING THE NORTH WEST'S NEWEST PROPOSED COMMERCIAL DEVELOPMENT

- An additional 97 acres of greenfield land was purchased in 2018 to add to the 73 acres of land that we purchased or secured under option in 2017.
- An application for 1.1m sq. ft of new manufacturing & distribution space has already been submitted to Bolton Council for determination in the first half of 2019.

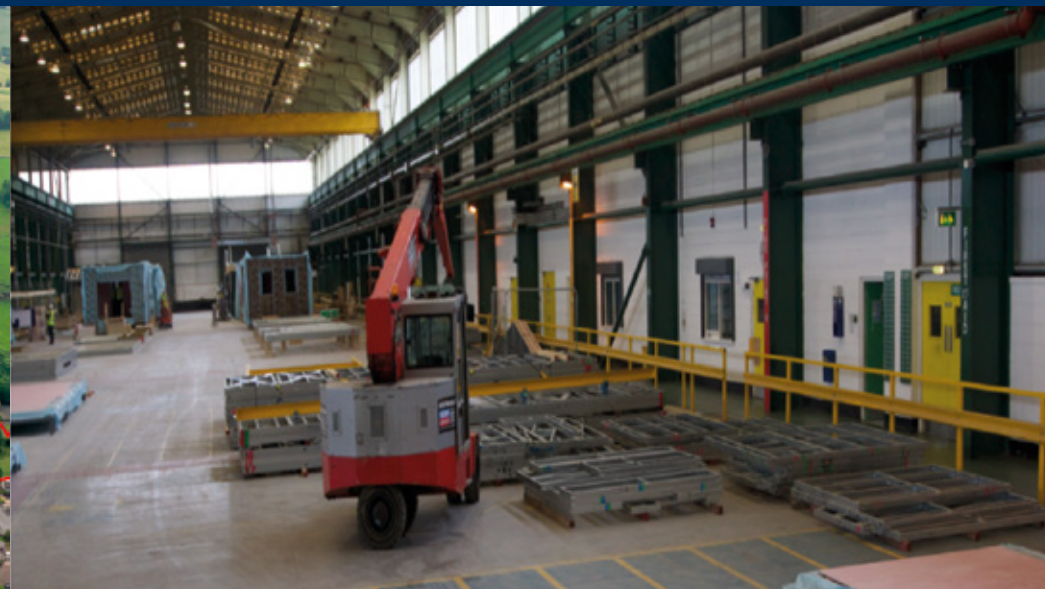
GROWING VALUE FROM NEW SITES ACROSS OUR CORE REGIONS | YORKSHIRE & CENTRAL



NUFARM, BRADFORD

112 ACRE SITE PURCHASED FOR £32.45M PLUS ACQUISITION COSTS, LESS THAN A MILE FROM J26 OF THE M62

- Site comprises an agrochemical works set over 32 acres, alongside 80 acres of unoccupied land.
- Let on a 50-year lease to Nufarm UK Ltd (from October 2005) at a current passing rent of over £2.1m per annum, representing a net initial yield of 6.2% and a reversionary yield of 7.0% based on fixed uplifts.
- 80 acres of unoccupied land, which has the long-term potential to deliver a major new commercial development.



FLAXBY, HARROGATE

22-ACRE SITE IN NORTH YORKSHIRE SECURED FOR £8.75M PLUS ACQUISITION COSTS, LESS THAN HALF A MILE FROM THE A1(M)

- Site comprises a c.276,000 sq. ft commercial unit occupied by Ilke Homes Ltd, the modular homes manufacturer.
- A 14-year lease was agreed with Ilke at a stabilised rent of £1m per annum, representing a stabilised net initial yield of 10.9% and a reversionary yield of 12.1%.
- The site's very low density of 29% also provides a potential opportunity for further commercial development.

2019 STRATEGY DELIVERY TARGETS & CURRENT PROGRESS

ACQUISITIONS

- Further acquisition of 13 acres made at our Moss Nook site in February and 168 acre site acquisition in Chester in March
- In exclusive negotiations for 4 sites and due diligence progressing on further sites
- Following market trends and to maintain flexibility, we are continuing to explore a number of further PPA and option deals

SALES

- Well advanced with 2019 sales, with over 50% of budgeted sales either agreed, in legals or exchanged at a total consideration in excess of book value
- Sales targeted at 13 sites to a mixture of residential and commercial customers

PLANNING

- Outline planning applications to be made for 3,555 residential plots across 5 sites
- Aiming to achieve outline consent on 11 or more sites

LETTINGS

- Tenants sought for 5 co-interest and 2 wholly owned directly developed units
- Contemplating selectively developing new commercial space on a limited number of sites in 2019
- Asset management continues across our other 45+ income producing sites



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WHY INVEST IN HARWORTH?

HARWORTH GROUP PLC IS ONE OF THE UK'S LEADING REGENERATORS OF LAND AND PROPERTY FOR DEVELOPMENT AND INVESTMENT - TARGETING A TOTAL RETURN OF OVER 10% PER ANNUM ON AVERAGE

STRONG PERFORMANCE

BUILDING TRACK RECORD WITH FOUR CONSECUTIVE YEARS OF OVER 13% TOTAL RETURN

- Achieved by active management of planning, lettings and sales milestones

SOUND MARKETS

FOCUS ON "BEDS AND SHEDS" SECTORS IN THE NORTH AND MIDLANDS

- Good support from Government policy together with solid local economies

CLEAR STRATEGY

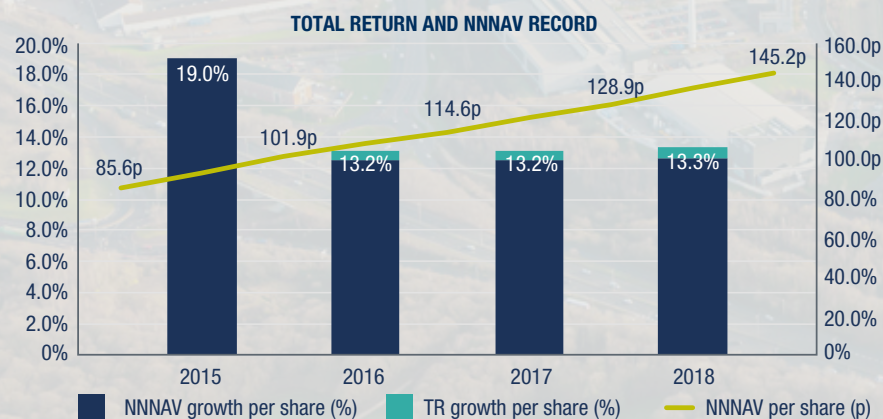
DELIVERY OF SERVICED LAND FROM LARGE COMPLEX REGENERATION SITES

- Structured to keep acquiring and recycling the portfolio to drive returns

WELL POSITIONED

SIGNIFICANT LATENT VALUE IN PORTFOLIO COMBINED WITH LOW GEARING

- Set up for future growth and able to withstand short-term political headwinds



Notes: * On re-listing the business in March 2015, additional capital of c.£15m was raised. Given the complicated nature of the transaction, it is not feasible to split this out of the 2015 total return

DEBT REPAYMENT PROFILE



A BRIEF HISTORY

2004 - 2012

PROPERTY DIVISION WITHIN UK COAL PLC

- In 1994, RJB Mining (founded in 1974) bought British Coal's core activities
- Having changed its name in 2001, UK Coal established a property division in 2004, which was to become Harworth Estates
- In 2010, Owen Michaelson joined UK Coal to head up Harworth Estates
- Current management team formed from core of property division, supplemented by sector specialists recruited as Harworth has grown

PROPERTY SALES USED TO FUND MINING ACTIVITIES

2012 - 2014

HARWORTH ESTATES WAS 24.9% OWNED BY CFR PLC

- In December 2012, after a complex restructuring, UK Coal changed its name to Coalfield Resources plc (CfR) owning 24.9% of Harworth Estates
- Remaining 75.1% was owned by the pension trustees but in July 2013, the holding was transferred to the Pension Protection Fund (PPF)
- In November 2014, CfR agreed to buy the PPF's 75.1% holding in Harworth Estates

PROPERTY SALES USED TO PAY DOWN BANK DEBT

2015 ONWARDS

RE-LAUNCHED AS HARWORTH GROUP PLC

- In February 2015, Harworth Estates agreed a new 5 year £65m RCF with RBS
- On 24 March 2015, CfR:
 - Raised £116m through a share placing. This cash and issued shares were used to acquire the PPF's shareholding in Harworth Estates. PPF became a 25% shareholder
 - Renames itself as Harworth Group plc
- Andrew Kirkman appointed as Finance Director in January 2016

ACQUISITIONS CENTRAL TO REPLENISHING PORTFOLIO

INCOME: STRATEGY, PROGRESS AND TRENDS

THE STRATEGY REMAINS TO GROW, AND IMPROVE THE QUALITY OF, OUR RECURRING INCOME TO COVER OVERHEADS (INCLUDING STRATEGIC LAND PROMOTION) AND INTEREST, AND ULTIMATELY COVER TAX AND DIVIDENDS

MAJOR DEVELOPMENT



- 'Promote fees' pursued but will occur infrequently, for example LN175 at Logistics North with M&G Real Estate
- Recognition of sales of development properties
- PPA income to come through in future years

BUSINESS SPACE



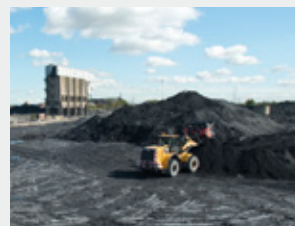
- Combined strategy of asset management plus churn of mature assets, including sale of Gateway 36 Phase 1, for reinvestment in value-adding sites
- Excellent progress with acquisitions, including Nufarm and Flaxby
- Good progress with new lettings, including those in joint venture at Logistics North

NATURAL RESOURCES



- Core income from 154.2MW of low-carbon energy developments in place, alongside income from tipping

OPERATIONS

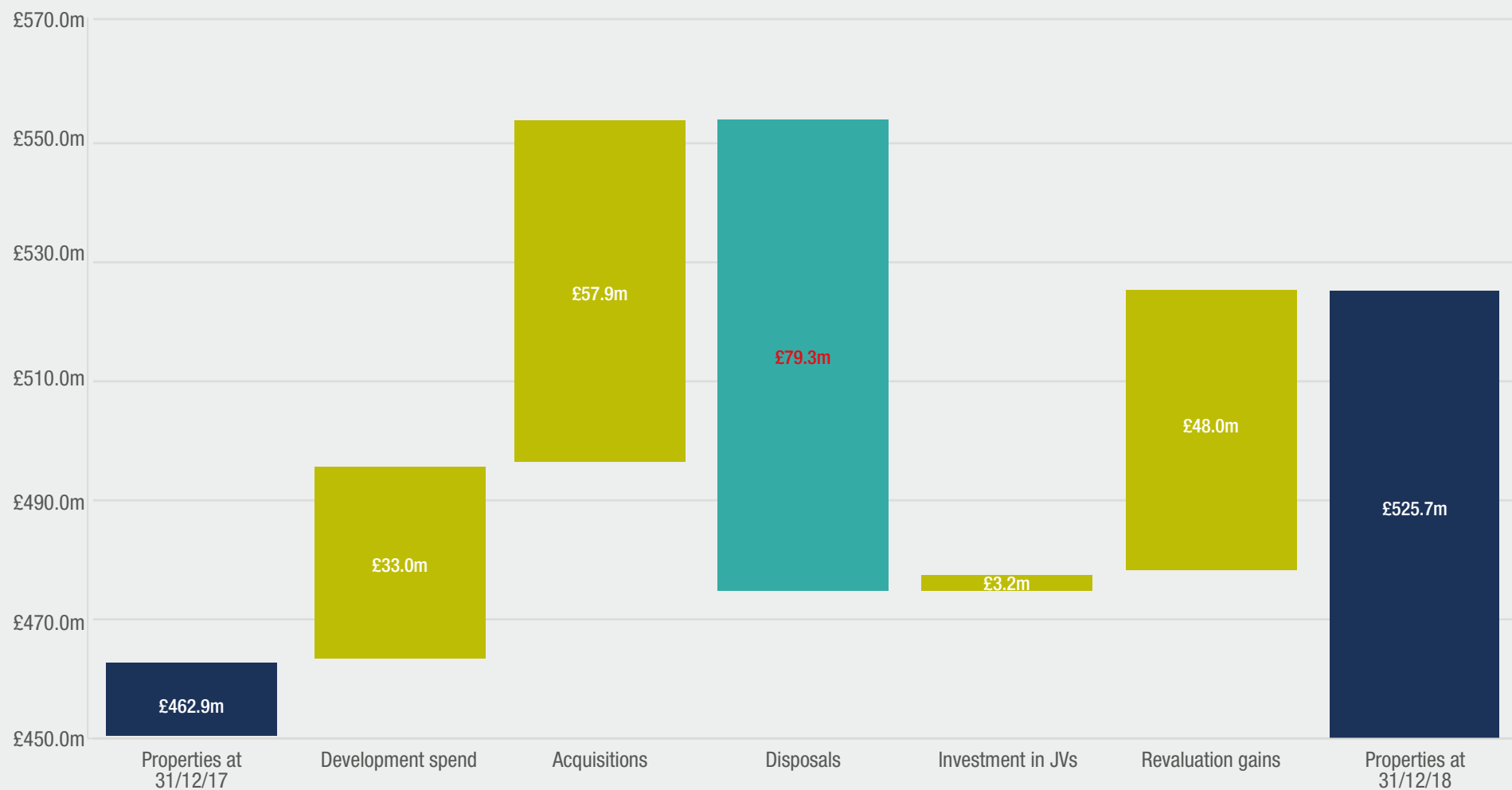


- Coal fines contracts in place with three power customers across four power stations
- Income is forecast to decline in the medium-term

REVENUE BREAKDOWN

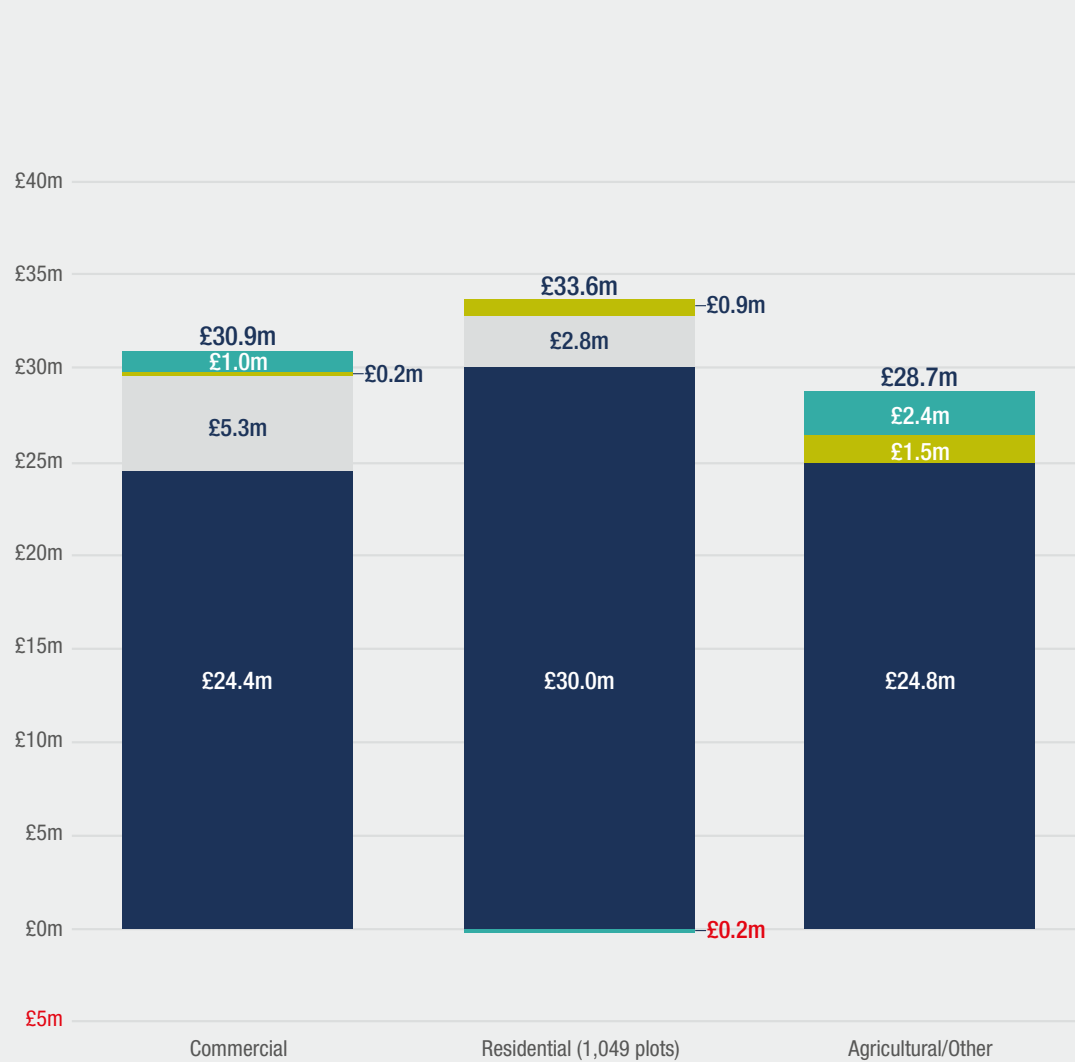


PROPERTY PORTFOLIO | 2018 MOVEMENT AND SALES ANALYSIS | MOVEMENT



Notes: Total value of all property – Investment (£254.4m), Development (£204.2m), Joint ventures (£25.8m), Available for sale (£11.0m), Owner Occupied Assets (£0.8m) plus mark to market value of development properties and overages (£29.5m)

PROPERTY PORTFOLIO | 2018 MOVEMENT AND SALES ANALYSIS | SALES



PROPERTY PORTFOLIO | FURTHER DETAILS

TOP TEN SITES

SITE	TYPE	REGION	ACRES	HOUSE PLOTS		COMMERCIAL SPACE	
				CONSENTED	SOLD/BUILT	CONSENTED	BUILT
WAVERLEY (NEW COMMUNITY)	Development	Yorkshire	454	3,890	1,218/850	-	-
COALVILLE	Development	Midlands	346	2,016	-	-	-
NUFARM	Investment	Yorkshire	112	-	-	0.30m sq. ft	0.30m sq. ft
WAVERLEY (AMP)	Investment	Yorkshire	113	-	-	2.10m sq. ft	1.50m sq. ft
THORESBY	Development	Midlands	460	800	-	0.25m sq. ft	0.00m sq. ft
MELTON COMMERCIAL PARK	Investment	Midlands	141	-	-	0.30m sq. ft	0.30m sq. ft
ROSSINGTON	Development	Yorkshire	307	1,200	522/170	0.10m sq. ft	0.05m sq. ft
GATEWAY 45	Joint Venture	Yorkshire	166	-	-	2.60m sq. ft	0.00m sq. ft
FOUR OAKS BUSINESS PARK	Investment	North West	19	-	-	0.43m sq. ft	0.43m sq. ft
CHATTERLEY	Development	North West	129	-	-	1.20m sq. ft	0.00m sq. ft
TOTAL			2,247	7,906	1,740/1,020	7.28m sq. ft	2.58m sq. ft

PROPERTY PORTFOLIO | FURTHER DETAILS

OWNERSHIP BREAKDOWN

	ACRES			SITES		
	31-DEC-17	30-JUN-18	31-DEC-18	31-DEC-17	30-JUN-18	31-DEC-18
FREEHOLD LAND	16,478	17,110	16,718	95	98	80
LEASEHOLD LAND	176	176	318	3	3	3
COMMERCIAL CLAWBACKS	3,975	3,961	3,961	33	32	32
JV SITES	376	376	635	5	5	6
SUB-TOTAL	21,005	21,623	21,632	136	138	121
MINERAL RIGHTS	726	726	726	12	12	12
THIRD PARTY AGREEMENTS	190	451	750	8	10	13
OPTIONS (THIRD PARTY LAND)	1,554	442	197	6	7	4
TOTAL	23,475	23,242	23,306	162	167	150

SUMMARY OF DRAWN FINANCING FACILITIES AS AT 31 DECEMBER 2018

WEIGHTED AVERAGE COST OF DEBT OF 3.3% (USING 31 DECEMBER 18 BALANCES AND RATES) WITH A 0.84% NON-UTILISATION FEE ON UNDRAWN RCF AMOUNTS

- £45m fixed at 1.235% plus 210 basis point margin until July 2022

LENDER	SITE	AMOUNT DRAWN (£'K)	INTEREST RATE	END DATE
HCA ¹	Waverley	4,875	2.2% plus EU Reference Rate	February 2022
HCA ¹	Harworth	4,072	2.2% plus EU Reference Rate	20 business days from the sale of last part of site, or December 2022
SHEFFIELD CITY REGION JESSICA	AMP	2,766	2.2% plus EU Reference Rate	December 2020
GMIF	Logistics North	2,727	3.0% plus EU Reference Rate	December 2019
INFRASTRUCTURE LOANS TOTAL		14,440		
RBS/SANTANDER RCF	All sites. Floating debenture	59,000	ICE Libor rate plus 2.1%	From 13 February 2018, this was extended to February 2023
CAPITALISED FEES	-	(402)		
TOTAL GROSS BORROWINGS		73,038		

Notes: (1) HCA now known as Homes England

VALUATION METHODOLOGY

PORTFOLIO IS VALUED TWICE YEARLY. FORMAL YEAR-END VALUATION BY BNP PARIBAS AND SAVILLS, AND HALF YEAR VALUATION BY MANAGEMENT WITH REVIEW BY BNP PARIBAS AND SAVILLS

VALUATION IS PROPERTY BY PROPERTY ON THE BASIS OF MARKET VALUE (RICS RED BOOK DEFINITION) GIVEN THE HIGHEST AND BEST USE OF THE PORTFOLIO

VALUATION TECHNIQUES FOR THE BROAD CATEGORIES OF THE PORTFOLIO ARE:

BUSINESS SPACE

Market comparison with direct reference to observable market evidence: rental values; yields; and capital values, adjusted for: the quality of the properties; the covenant profile of the tenants; and the volatility of cash flows.

STRATEGIC LAND

Discounted cash flows, measured by current land values adjusted to reflect the: quality of the development opportunity; potential development costs; and likelihood of planning consent.

DEVELOPMENT SITES

Residual development appraisals, a form of discounted cash flow which estimates the current site value from future cash flows measured by observable current land and/or completed built development values and estimated developments costs and returns.



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