

20 December 2024

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

Completion of Plot 1 land sale at Skelton Grange to Microsoft for £53.4 million

Harworth Group plc, a leading regenerator of land and property for sustainable development and investment, announces that it has completed the sale of Plot 1, comprising 27 acres of land at its Skelton Grange site in Leeds to MSFT MCIO Limited ("Microsoft"), for proceeds of £52.9 million following the satisfaction of all pre-completion conditions.

As previously announced, contracts were exchanged with Microsoft in June for the conditional sale of 48 acres of land at the site (the "Disposal Plot") comprising two adjoining land parcels:

- Plot 1 for gross consideration of £52.9 million on an unserviced basis.
- Plot 2, which comprises 21 acres, to be sold on a serviced basis for gross consideration of approximately £53.2 million. Completion of the sale of Plot 2 remains targeted for H1 2026.

Harworth will retain 16 acres on which to promote c.250,000 sq. ft. of employment space (the "Retained Land"). This is in addition to the c.77 acres owned by way of joint venture through The Aire Valley Land LLP at a neighbouring development, Gateway 45.

Alongside the sale of Plot 1, Harworth has also been reimbursed £0.5 million for the costs it has incurred in securing additional power capacity for the site. Servicing of Plot 1 will be completed by Harworth as development manager under a separate development agreement, which will now commence following completion of the transaction, alongside servicing works to support the sale of Plot 2 and the promotion and delivery of the Retained Land.

Upon completion of the sales of Plots 1 and 2, Harworth expects that it will have invested c.£48.7 million in the site which includes an increase in servicing costs for the Disposal Plots reflecting the results of intrusive site investigation and detailed technical design works alongside Microsoft following the exchange of contracts in June. At that stage the investment will have realised £135.7 million of sales, generating an IRR above 40%, with further returns expected from the future delivery of the Retained Land.

The former Skelton Grange power station site was purchased by Harworth in December 2014 for c.£3 million. The site is located to the south-east of Leeds and the work undertaken by Harworth as master-developer since acquisition has been an integral part of the regeneration of the area, supporting significant inward investment. To date, Harworth has initiated remediation and enabling works, optimised the planning status of the site, and, acquired a further 21 acres of adjoining land. The Company has also secured a series of transactions including a 19.5-acre land sale to Enfinium in 2020, which is developing a 49MW energy-from-waste ("EfW") renewable electricity generation facility for its own operation, the grant of a lease in 2021 to facilitate the development of a Battery Energy Storage System ("BESS") facility on a 5.7-acre demise, and exchanging on the conditional sale to Microsoft.

Once the development is complete, Skelton Grange is expected to provide c.250,000 sq. ft. of Grade A Industrial & Logistics space, a hyperscale datacentre, a BESS facility, an EfW facility, and c.28 acres of land returned to natural habitat alongside improved green travel infrastructure, which Harworth estimates will represent in excess of £4 billion of inward investment providing a substantial boost to the regional economy.

In line with its strategy, Harworth expects to recycle the Plot 1 proceeds into infrastructure works and development across its 9.6m sq. ft. consented Industrial & Logistics pipeline and continues to review opportunities for potential high-value uses, like Skelton Grange, across its wider portfolio.

Lynda Shillaw, Chief Executive at Harworth commented: "I am delighted to be able to announce that we have completed the first phase of our landmark 48-acre land sale at Skelton Grange to Microsoft. Our technical teams are now fully mobilised and initial site works are underway. We continue to work closely 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, which remains on track for H1 2026.

"Skelton Grange has the most challenging ground conditions of any of our sites and is a fantastic example of the value Harworth delivers as a leading regenerator of brownfield land through optimising our masterplans, deploying timely and effective investments into remediation and infrastructure and creating a scheme that has attracted a range of industries.

"Our long-term through the cycle model, agility in identifying and responding to opportunities and consistency in

execution creates both value for shareholders and supports economic growth in our regions. The transaction with Microsoft has also further enhanced our existing expertise to include datacentres, and we continue to review our land portfolio for other potential value enhancing opportunities."

For further information

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About Harworth

Listed on the equity shares (commercial companies) category of the Main Market of the London Stock Exchange and a constituent of the FTSE 250 index, Harworth Group plc (LSE: HWG) is a leading sustainable regenerator of land and property for development and investment which owns, develops and manages a portfolio of over [14,000] acres of land on over [100] sites located throughout the North of England and Midlands. The Group specialises in the regeneration of large, complex sites, in particular former industrial sites, into new Industrial & Logistics and Residential developments to create sustainable places where people want to live and work, supporting new homes, jobs and communities across the regions and delivering long-term value for all stakeholders. Visit www.harworthgroup.com for further information. LEI: 213800R8JSSGK2KPFG21.

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