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to read more

**Our ability to deliver long-term value for shareholders is underpinned by our business model.**

**Henry Boot operates across the whole property value chain. We acquire land without planning permission, obtain planning permission, develop sites and maintain an investment portfolio.**

**Our people are at the heart of all that we achieve, we develop skilled employees who deliver profitable schemes with confidence.**

**Henry Boot PLC has six primary businesses, in three segments:**

**Land Promotion**

Hallam Land Management

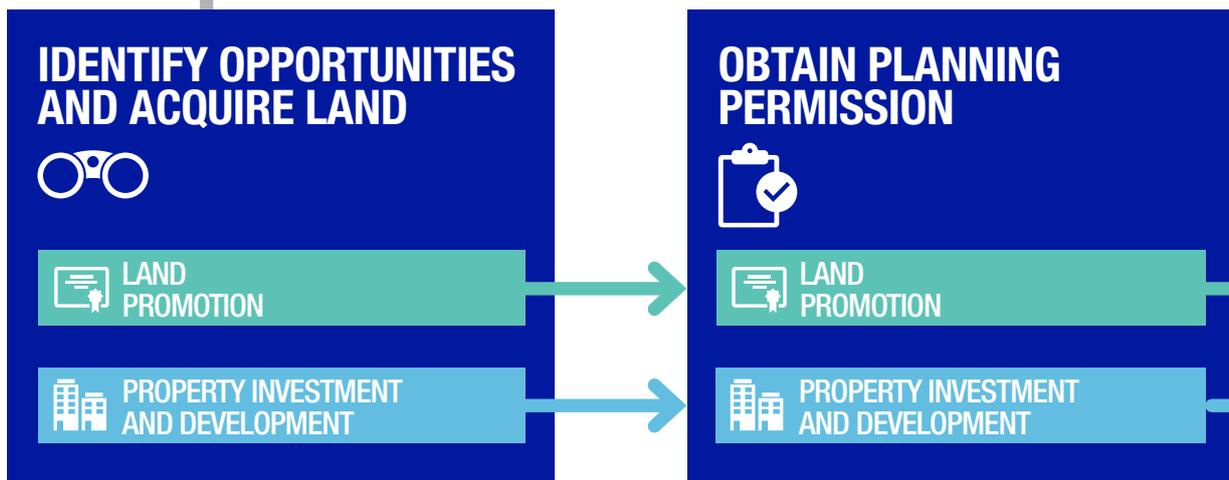
**Property Investment and Development**

Henry Boot Developments and Stonebridge Projects

**Construction**

Henry Boot Construction, Banner Plant and Road Link (A69)

Investment into land acquisition and planning permission process



**Hallam Land Management** acquires mainly agricultural land and then promotes it for its highest value use. The use of agency and option agreements, as opposed to buying all land outright, means less expenditure on each asset, allowing us to maximise the number of land opportunities that we are involved in at any one time. As investment is spread over many assets, this reduces the overall risk of involvement in the planning process and maximises the likelihood of making a return on the capital invested.

**Henry Boot Developments** acquires mainly brownfield land.

Gaining planning permission on land adds immense value to its worth and is a crucial part of the operations of both the **Land Promotion** and **Property Investment and Development** segments. Our high level of expertise in resolving complex planning issues and our partnerships are key enablers to achieving successful outcomes in the promotion of sites through the planning process. Maintaining close relationships with key property advisers alerts us to potential opportunities. Throughout the process, we work closely with landowners, calling on the knowledge and guidance of planning consultants and legal advisers as required.

**Hallam Land Management** promotes land for residential, commercial and retail consent.

**Henry Boot Developments** promotes land for commercial development. **Stonebridge Projects** promotes land for residential development.

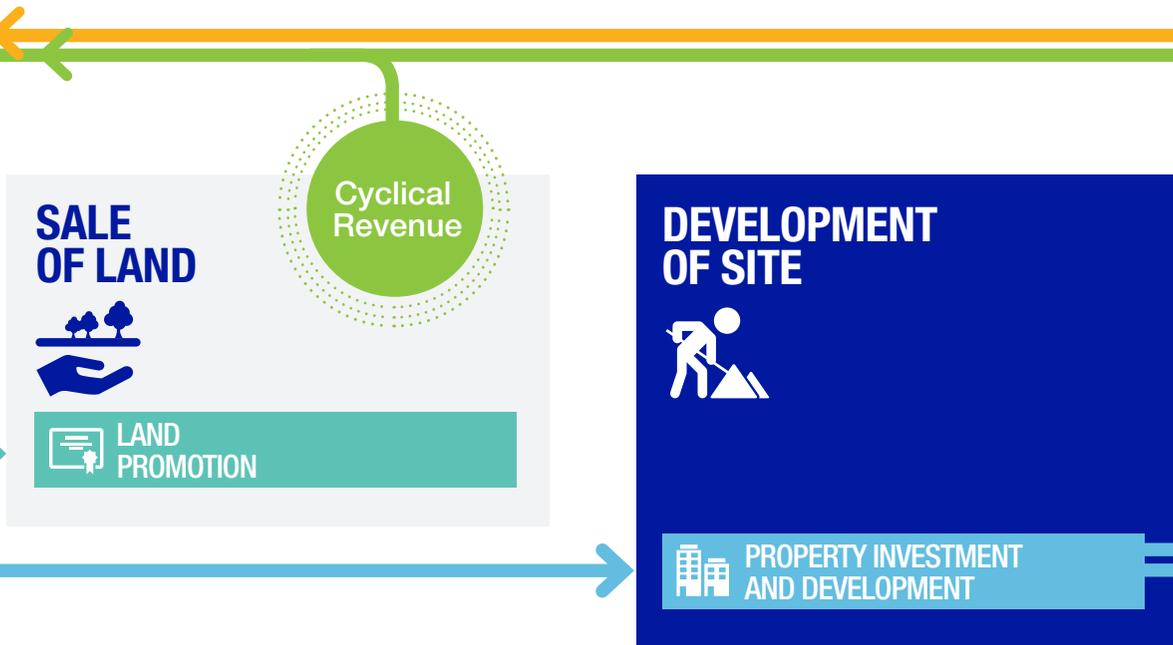
## The businesses share ideas and working best practice with each other.

The six primary businesses within Henry Boot all operate relatively autonomously within their respective business segments, and it is rare that they will work on the same assets. However, the businesses will work on the same projects if the circumstances are right. For example, Henry Boot Construction may act as a construction contractor for the Property Investment and Development businesses, if it tenders the best bid. The businesses share ideas and best practice with each other.

The diversification of the Group activities strengthens the business. Being involved in multiple sectors – residential, retail and industrial development, construction and civil engineering – means that we are not overly exposed to one particular market. This enables us to weather the economic landscape and deliver on our key objective of maximising shareholder value.

Watch our Business Model video at [www.henryboot.co.uk](http://www.henryboot.co.uk)

Read about our **Group Financial Strength** on page 13



Once **Hallam Land Management** obtains planning permission on a site, it is sold to a developer, sometimes after infrastructure has been installed. The amount of capital required to achieve planning permission on a section of land is a very small proportion of the total capital required for the whole building process, from acquisition of land without planning permission through to completion of construction. This means that **Hallam Land Management** is focused on maximising the most profitable section of the housebuilding process for the lowest amount of working capital.

Unlike **Hallam Land Management**, when **Henry Boot Developments** and **Stonebridge Projects** gain planning permission for a site, they will develop it themselves.

The ability that **Henry Boot Developments** has to self-fund or source prefunding opens up opportunities for the business. It means that they do not require bank funding before agreeing to development work and can commit to long-term projects, such as complex multi-site regeneration schemes.

Read more about **Cyclical Revenue** on page 13

 **CONSTRUCTION**

 Read more about **Recurring Revenue** on page 13



Our Construction division is formed from three primary businesses: **Henry Boot Construction**, **Banner Plant** and **Road Link (A69)**. **Henry Boot Construction** is a contractor specialising in serving both public and private clients in all construction and civil engineering sectors. **Banner Plant** offers a wide range of services, and a high quality inventory of equipment for hire and sale, such as temporary accommodation, powered access equipment, tools and non-man operated plant. **Road Link (A69)** has a contract with Highways England to operate and maintain the A69 trunk road between Carlisle and Newcastle upon Tyne. Highways England pays Road Link a fee based on the number of vehicles using the road and the mileage travelled.

**SALE OF PROPERTY**  
  
 **PROPERTY INVESTMENT AND DEVELOPMENT**

Once a property is developed, it may be immediately sold, generating significant revenue. Properties may be retained by the business to form part of the investment portfolio and may be sold at a later time.

 Read more about **Cyclical Revenue** on page 13



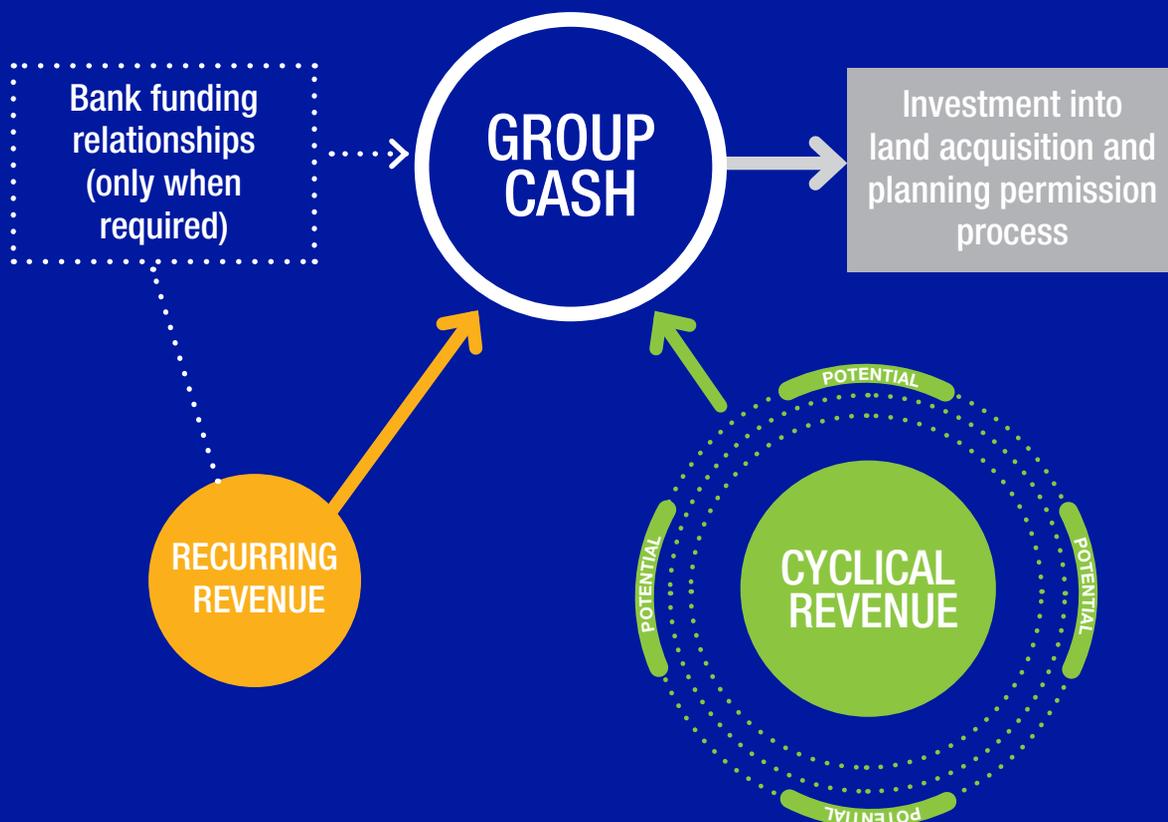
**INVESTMENT PORTFOLIO**  
  
 **PROPERTY INVESTMENT AND DEVELOPMENT**

A number of the finished property developments are retained and managed by the **Property Investment and Development** segment. The property investment portfolio of **Henry Boot Developments** is worth over £100m and generates a sizable amount of rental income each year.

 Read more about **Recurring Revenue** on page 13



# BUSINESS MODEL – GROUP FINANCIAL STRENGTH



## RECURRING REVENUE

The revenue from construction and the property investment portfolio is regular and stable. This income allows Henry Boot PLC to maintain long-term bank funding relationships.

## CYCLICAL REVENUE

Sale of land and property developments generates cyclical revenue. These activities are riskier and give varying amounts of profit through each economic cycle. These profits, in good years, contribute significantly to the stable profits from construction and property investment.

## Investment into land acquisition and planning permission process

Investing in the planning process and achieving planning permission delivers significant value. However, the revenue generated from sale of land and properties is not regular, recurring income. Therefore, it would not be possible to directly fund the Land and Property Development activity through bank loans.

The property investment portfolio of Henry Boot Developments is worth over £100m and generates a sizeable amount of rental income each year. This recurring revenue allows us to borrow money against the investment portfolio at attractive rates, which may be invested into the land and property development process. The Construction segment is self-funded and cash generative. There is little capital employed so income is used to invest in land and development.

The only bank debts that the Group has are secured against the investment properties and the housebuilding inventory. A significant amount of equity has always been retained in the business, which reduces the need for borrowing. As a result of our financial structure, we can invest in the more profitable areas of the business (strategic land and property development) to maximise the value generated while maintaining prudent gearing levels.