

FIVE KEY DRIVERS OF GROWTH

1

Good financial track record over the long term

- Providing reliable earnings through cyclical markets with good visibility from the opportunities under control.
- Prudent debt levels and a disciplined approach to risk management.
- Underlying profit produced within our three business segments:
 - Land Promotion
 - Property Investment and Development
 - Construction

2

A long established and efficient capital structure

- Reinvestment of cash generated in the construction segment into strategic land and commercial development assets to enhance returns to shareholders.
- We aim to provide dividend growth whilst maintaining three times cover to allow for investment in future opportunities without diluting existing shareholders.

3

Delivering residential communities

- 11,888 acres of strategic land on 165 sites throughout the UK.
- Our strategic land business has the scope to deliver 50,000 to 60,000 housing units over the next 10 to 20 years, with 16,417 secured planning permission plots.
- Given the well documented housing shortages and the government's desire for more housing delivery our land bank is well positioned to benefit from this process.

4

Delivering Commercial Opportunity

- A commercial development portfolio with £800m plus of Gross Development Value is to be delivered over the next three years.
- We should see the delivery of over two million sq ft of industrial and logistic space over the next five years through our regional industrial developments sites at Markham Vale, Thorne, Southend Airport, Luton and the M62 corridor.
- A small but quickly growing jointly owned housebuilder with a land bank of over 600 units with a future planned output of 100 unit sales per year.

5

Shareholder Returns

- Our long-term strategic aim is to create shareholder value through land promotion, property development, and construction.
- Strong organic growth drivers and capital allocation across our three business segments.
- Dividend has increased by 180% over the last ten years.

CONSISTENT PERFORMANCE

Financial Highlights

Profit before tax +22% **Net debt** -15% **Operating profit** +25%

£39.5m

16	£39.5m
15	£32.4m
14	£28.3m
13	£18.4m
12	£13.4m

£32.9m

16	£32.9m
15	£38.9m
14	£36.4m
13	£36.1m
12	£21.9m

£39.5m

16	£39.5m
15	£31.7m
14	£28.0m
13	£19.0m
12	£14.2m

Net asset value per ordinary share +5% **Earnings per ordinary share** +23% **Dividends per ordinary share** +15%

177p

16	177p
15	168p
14	152p
13	148p
12	139p

21.5p

16	21.5p
15	17.5p
14	16.2p
13	8.6p
12	7.0p

7.00p

16	7.00p
15	6.10p
14	5.60p
13	5.10p
12	4.70p

Highlights of the year

- Initial construction phase of the Aberdeen Exhibition and Conference Centre, at a cost of £333m, has commenced.
- Completion of £35m Stocksbridge development and commencement of £35m Better Barnsley town centre regeneration project.
- Over 16,000 strategic land plots with planning permission, a further 10,000 plots in the planning process and applications being prepared for another 10,000 plots in 2017.
- 70 properties completed by Stonebridge Projects with an average sales value of circa £266,000 per property.
- Record dividend of 7.00p, a 15% increase.
- Creation of new Operations Board to promote co-operation between all Henry Boot Group companies.
- Commencement of the 'One Henry Boot' project examining our culture, purpose, vision and values.

-  Read more in the **Financial Review** on pages 30 to 33
-  Read more about our '**One Henry Boot**' project on pages 14 and 15
-  Read about **Land Promotion** on pages 24 and 25
-  Read about **Property Investment and Development** on pages 26 and 27
-  Read about **Construction** on pages 28 and 29

EXPERTISE AND EXPERIENCE

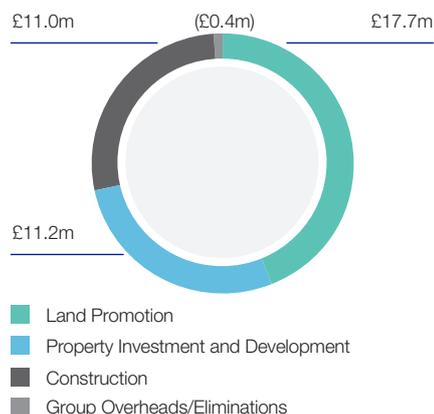
The strength of the business and our consistent growth is achieved through our Group structure and diverse business segments.

Group Structure

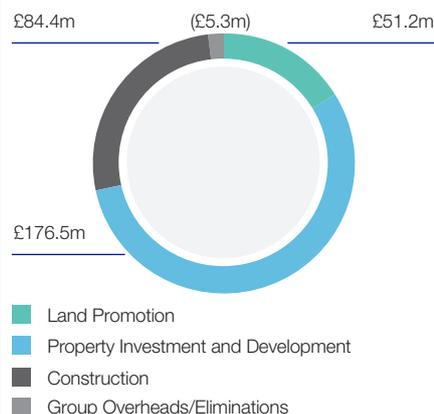
Henry Boot PLC, the parent company, provides leadership, direction and support services to the business segments in a number of areas, including health and safety, treasury and banking operations, accounts and payroll, company secretariat, pensions, legal, human resources and training, public and investor relations, corporate communications, information communication technology and insurance.



Profit before tax £39.5m



Group revenue £306.8m



-  Read about [Land Promotion](#) on pages 24 and 25
-  Read about [Property Investment and Development](#) on pages 26 and 27
-  Read about [Construction](#) on pages 28 and 29
-  Read more about [Our Business Model](#) on pages 10 to 13
-  Read more about [Our Strategy](#) on pages 16

OUR SECTORS

LAND PROMOTION

Hallam Land Management



The strategic land and planning promotion arm of the Henry Boot Group. The company has been acquiring, promoting, developing and trading in land since 1990. We have established an outstanding record in resolving planning and associated technical problems in order to secure planning permission for a whole range of different land uses.

Key sectors:

- Housing
- Sustainable communities
- Business parks

PROPERTY INVESTMENT AND DEVELOPMENT

Henry Boot Developments



A major established leading force in the UK with its considerable experience and impressive reputation in all sectors of property development. The company has also built up an investment portfolio of over £100m in recent years.

Key sectors:

- Retail, industrial, leisure, office space and commercial development
- Development partnerships
- Residential development

Stonebridge Projects



A jointly owned company in the north of England which develops family homes that combine care, consideration and attention to detail. The company also provides high specification fully serviced office space to small business occupiers.

Key sectors:

- Residential development
- Serviced office space

CONSTRUCTION

Henry Boot Construction



Specialising in serving both public and private clients in all construction and civil engineering sectors, we have strong partnering relationships in the education, healthcare and custodial sectors, delivering new build and refurbishment works on a long-term strategic basis.

Banner Plant



Offering a wide range of construction equipment and services for sale and hire – plant, temporary accommodation, power tools, powered access, big air compressors and serviced toilets. The range of products has constantly evolved to meet customer needs and to fulfil the requirements of modern health and safety legislation. The primary supply area stretches from Yorkshire in the north to the East Midlands and Birmingham in the south, whilst more specialist divisions have national coverage.

Road Link (A69)



Road Link has a 30-year contract (nine years remaining) with Highways England to operate and maintain the A69 trunk road between Carlisle and Newcastle upon Tyne. Works include road resurfacing, bridge repairs, winter preparation and routine maintenance. Highways England pays Road Link (A69) a shadow toll, which is a fee based upon the number of vehicles using the road and the mileage travelled by those vehicles.

WELCOME TO THE CHAIRMAN'S STATEMENT

I am pleased to report an overall strong performance during 2016, my first full year as your Chairman.

“Each of our three business segments performed well, notwithstanding the macroeconomic concerns after the EU referendum result. As always, the annual financial results and the delivery of shareholder value over the longer term is down to the talent, commitment and hard work of all our people.”

Jamie Boot
Chairman



I am delighted to report a 22% increase in profit before tax to £39.5m for the year ended 31 December 2016. Each of our three business segments performed well, notwithstanding the macroeconomic concerns after the EU referendum result, and we have built a strong pipeline of schemes to be delivered over 2017-2019. Retained earnings, offset in part by a slightly higher pension scheme deficit, resulted in the net asset value per share rising to 177p from 168p with total capital employed of £233.6m.

Hallam Land Management, our land promotion business, continues to operate in relatively stable market conditions. The major UK house builders report that they are replenishing land banks in line with sales and the UK planning process was largely unchanged over 2016. We continue to have a good supply of permissioned land for the house builders to draw on.

As noted in our 2015 Annual Report, 2016 saw the start of several larger commercial developments for Henry Boot. Delivery of major schemes at Aberdeen, Markham Vale and York has progressed well in the year and, in addition, we continue to work on a number of smaller schemes. As many of these projects are pre-sold, much of this activity is reflected in 2016 turnover which increased 74% to £306.8m. This increase in activity also included 89 residential completions at York and 70 completions through our jointly owned house builder, Stonebridge Projects.

The Construction segment once again performed solidly, being underpinned by the stable PFI income stream. Plant Hire traded consistently well over the year and although we saw slightly lower activity from the Construction business, secured contracts for 2017 will see activity move forward once again.

Dividend

I am very pleased to report that the Board, taking account of the strong result this year and the positive outlook, is recommending an increased final dividend of 4.50p per share, giving a total for the year of 7.00p (2015: 6.10p), an increase of 15% over 2015, and covered over three times by earnings.

Payment of the final dividend is subject to shareholder approval at the Annual General Meeting and will be paid on 30 May 2017 to shareholders on the register as at 28 April 2017.

Our team

As highlighted in my previous report, 2016 saw the appointment of myself as Chairman, three new Non-executive Directors and promotions within our Executive team. This new senior team has worked productively together over

the course of the year. As always, the annual financial results and the delivery of shareholder value over the longer term is down to the talent, commitment and hard work of all our people. We aim to empower and develop all our teams of talented people to identify profitable schemes and, on behalf of the Board and shareholders, we thank them and look forward to reporting on their further successes in 2017 and beyond.

Outlook

Our key strategic aim is to deliver value to shareholders over the longer term. We are, therefore, continually looking to acquire new opportunities which create profit well into the future. 2016 saw us increase both the scale of our strategic land business and the value of commercial developments to be delivered over time.

2017 has started in line with our expectations and the year ahead will see us actively work on over ten commercial development schemes, some of which will take us through to 2019 and 2020. Our strategic land business has a record volume of sites and these sites are further forward in planning terms than ever before. Including sites with planning permission already granted, those in the planning process and sites where we anticipate making an application within the current year, we now have over 30,000 plots in the pipeline. We continue to focus on the profitable delivery of all these opportunities and remain confident in our ability to achieve this on behalf of our shareholders.

Jamie Boot
 Chairman
 21 April 2017

Recommended final dividend

4.50p

Turnover increased to over

£300m

 Read the **Financial Review** on pages 30 to 33

 Read about the **Board of Directors** on pages 50 and 51

Pictured 'The Residence', part of the former Terry's chocolate factory at York, saw 89 residential apartment completions during 2016.

