

## Inside this Report

### Group at a Glance

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



See pages 10 and 11



### Business Model

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



See pages 16 to 19



### Segmental Reviews

Land Promotion, Property Investment and Development, and Construction.



See pages 30 to 35



### The 'One Henry Boot' Project



See pages 14 and 15



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## PURPOSE AND VISION



JAMIE BOOT  
Chairman

I am very pleased to report a 40% increase in profit before tax to £55m for the year ended 31 December 2017. These record results produced an earnings per share increase of 49% to 32.1p, and retained earnings, which benefited from a slightly lower pension deficit, resulted in our net asset value per share exceeding 200p for the first time. Total capital employed rose to £270m.

As an indication of the volume of activity undertaken in 2017, revenue exceeded £400m in the year, which is more than double that achieved two years ago in 2015, as we deliver projects such as the new Aberdeen Exhibition and Conference Centre, the residential conversion of the former Terry's Chocolate Factory and the extension of our Markham Vale industrial scheme. We also sold 15 strategic land sites, delivered over £60m of construction work, £17m of plant hire sales and almost £25m of new house sales through our joint venture house builder, Stonebridge Homes.

We were also successful in adding future opportunities into the Group's divisions, with the estimated value of the longer term, commercial development scheme pipeline now exceeding £1.0bn for the first time. Our strategic land acreage increased by over 10% to more than 13,000 acres, after taking account of the acreage sold during the year. We also added some 2,200 plots to our inventory of plots to sell, having obtained planning permission on some 4,500 plots during the year. The scale and number of these sites and schemes, held as inventory, are once again at record levels, giving us confidence that we can continue to deliver sustainable returns to our stakeholders well into the future.

### Dividend

In view of the strong performance in the year, I am pleased to report that the Board is recommending a final dividend of 5.20p, giving a total for the year of 8.00p, an increase of 14% over the total paid for the 2016 year. Payment of the final dividend is subject to shareholder approval at the Annual General Meeting and will be paid on 30 May 2018 to shareholders on the register as at 27 April 2018.

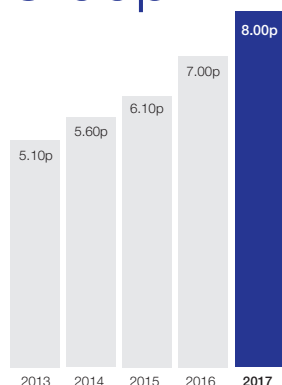
### Profit before tax

£55.4m



### Dividend per ordinary share

8.00p



## Our People

The very successful operational and financial results achieved in 2017 are a direct reflection of all the people within Henry Boot whose skill, talent and hard work have once again delivered positive results for all our stakeholders. In last year's Annual Report, we highlighted that we had commenced a project called 'One Henry Boot'. Its purpose was to understand 'The Henry Boot Way' and our culture; and to focus on our Purpose, Vision and Values. We recognise that our people play, and will continue to play, a crucial role in our business success. Initiating this project demonstrates our commitment to the ongoing empowerment and development of them, our most valuable resource. On behalf of the Board, shareholders and other stakeholders, we thank all our people for their contribution and look forward to reporting on their success in the future.

## Outlook

Our key strategic aim is to empower and develop our people to create long-term value and sustainable growth for our stakeholders. In 2017, we achieved a great financial result, whilst strengthening our ability to replicate this in future years. Our Group is focused on UK real estate and we are therefore very mindful of the cyclical nature of our marketplace and also the current background level of uncertainty regarding negotiations to leave the EU.

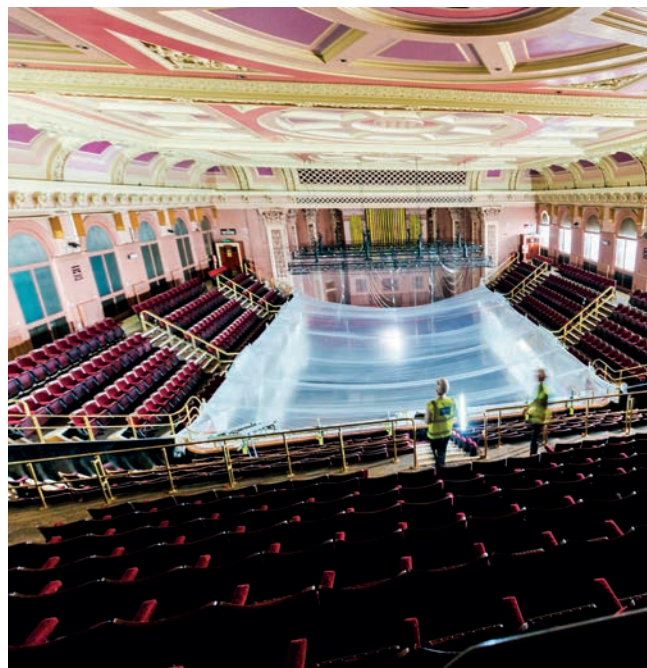
However, we take our lead from our customers who, in 2017, were very supportive and, whilst it is still early days, the new year indications are equally positive. In the wider marketplace, current expectations are that economic growth will be similar to 2017 for the next two years, supported by a generally strong global economy.

We have made a good start to the 2018 financial year, having already concluded a number of land sales. In addition, we have a strong pipeline of construction work, commercial development projects and strategic land sites working through the marketing process, on which to capitalise through the year. Our focus consequently continues to be on the profitable delivery of these schemes and the value they will create for all our stakeholders. I look forward to reporting on our success in doing this through 2018 and beyond.

JAMIE BOOT  
Chairman  
20 April 2018

**“We recognise that our people play, and will continue to play, a crucial role in our business success.”**

JAMIE BOOT  
Chairman



Read about the **Board of Directors** on pages 58 to 59

**Pictured:** St George's Hall, the Grade II listed building is being restored by Henry Boot Construction.



## A DIFFERENT PERSPECTIVE

We have been in business for over 130 years and our financial results and performance have always been, and will continue to be, dependent on our people.

We often use the phrase **‘The Henry Boot Way’** to explain how we work and to describe what’s expected of us and others. We started the ‘One Henry Boot’ Project so we could capture what **‘The Henry Boot Way’** is about. We have defined three core elements of **‘The Henry Boot Way’**: **Our Purpose**, **Our Vision** and **Our Values**.



Watch the video explaining our culture and the **‘One Henry Boot’** Project on our corporate website



Read more about the **‘One Henry Boot’** Project on pages 14 and 15

### Our Purpose

**To empower and develop our people to create long-term value and sustainable growth for our stakeholders.\***



### Our Vision

**Our people, partners and communities continue to trust our reputation, respect our expertise and value us for our forward-thinking approach.**



\* Our stakeholders are our shareholders, employees, pensioners, customers and suppliers. More broadly, we recognise our duties to the environment and the communities in which we operate.



## WHAT WE BELIEVE IN

### Our Values

#### Respect

- We treat everyone in the way they **wish to be treated**.
- We **think about what we do**, how we do it and how it will impact others.
- We recognise and value **difference**.
- We recognise and value everyone's **individual contribution**.
- We foster two-way, clear and **constructive communication**.
- We strive to always meet our **commitments** and **obligations**.
- We put **sustainability** and **safety** at the heart of what we do.

#### Integrity

- We **do what we say** we are going to do.
- We **keep our promises**, stay true to our word.
- We do **what is right**, not what is easy.
- We **tackle problems** head on.
- We operate with the utmost **professionalism**.
- We champion **ethical** working.
- We operate **fairly and equitably** in everything we do.

#### Loyalty

- We **celebrate our heritage**, our history and our achievements.
- We are committed to **giving back to our communities**.
- We build our reputation on **strong relationships**.
- We build our reputation on **repeat business**.
- We **value the longevity** of our relationships with our business and our partners.
- We are **totally committed** to our people's learning and development.
- We place great value on **“growing our own”**.

#### Delivery


- We are **relentless** in delivering for our customer.
- We **thrive on our customers’** success.
- We deliver our **best quality work** for everyone, no matter what.
- We **get things done** properly.
- We are **skilled and resourceful** problem-solvers.
- We are all **self-motivated** to deliver.
- We set **ambitious goals** and meet them.

#### Adaptability

- We **welcome change**.
- We are **open to opportunities** to do things differently.
- We share our **knowledge and experience** for the greater good.
- We seek to **positively challenge** what we do and how we do it.
- We always think about **how we could do things better**.
- We stay **ahead of the game**.
- We are **resilient**, have staying power.
- We are **straightforward** to do business with.

#### Collaboration

- We set **clear mutual expectations** and strive to achieve them.
- We **work in partnership** to make things happen.
- We promote **cross-team working** always.
- We are a **friendly** and open bunch.
- We **look out for each other** and want to get to know people.
- We have **time and patience** for people.
- We **share our financial rewards** with our people.

 Read about the ‘One Henry Boot’ Project on pages 14 and 15





# Investment Case

## 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.
- **Trading 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** while maintaining at least three times dividend cover to allow for investment in future opportunities, without diluting existing shareholders by raising new equity capital.

### 3 Delivering residential communities

- **13,000 acres** of strategic land on **167 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 over **18,000 secured planning permission** plots.
- Given the well-documented housing shortages and the government's desire for more housing delivery our **land portfolio is well positioned** to help deliver these much needed houses.

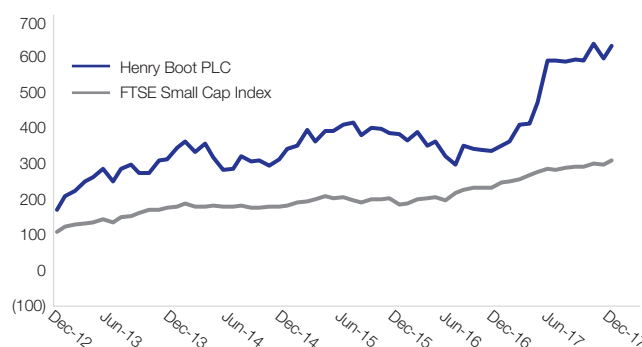
### 4 Delivering commercial opportunity

- A **commercial development pipeline of £1bn** plus of Gross Development Value in addition to the £450m to be delivered over the next three years.
- A small but quickly growing jointly owned house builder with a land bank of over **750 units** and a **medium-term planned output of 250 unit sales**.

### 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 160%** over the last ten years.

### Five-year TSR performance





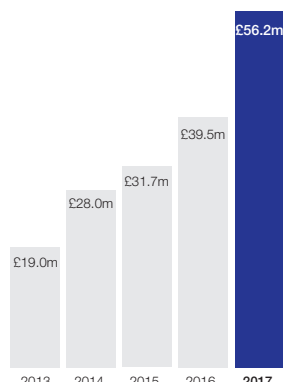
# 2017 Highlights

## Financial Highlights

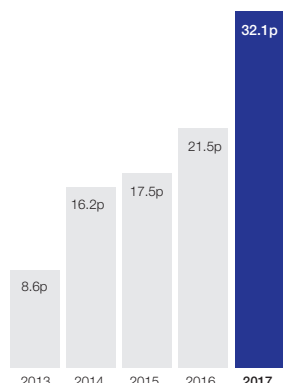
### Profit before tax £55.4m



### Operating profit £56.2m



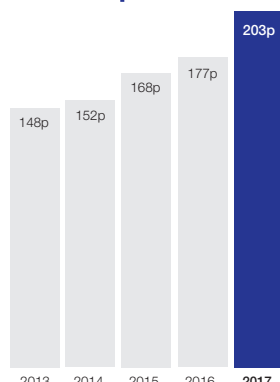
### Earnings per ordinary share 32.1p



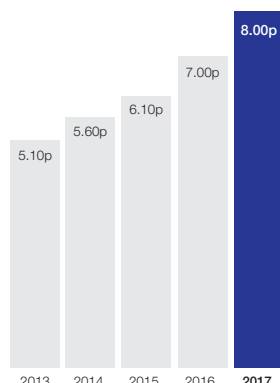
### Net debt £29.0m



### Net asset value per ordinary share 203p



### Dividends per ordinary share 8.00p



## Operational Highlights

- Record financial performance in the Group's entire 132-year history achieved for 2017.
- Strategic land portfolio now 13,273 acres with 18,529 units permissioned and 7,892 units in planning process.
- York Chocolate Factory scheme delivered in 18 months, ahead of our three-year estimation.
- £333m Aberdeen scheme progressing well, estimated completion is mid-2019.
- Delivery of the £35m Better Barnsley town centre regeneration scheme, now known as The Glass Works, continues to progress well.
- Stonebridge Homes increased their house sale total to 79.
- During 2017 Banner Plant acquired Premier Plant Tool Hire & Sales Limited in Leicester, which added a plant and a tool hire depot to its operations.
- The 'One Henry Boot' Project delivered a refreshed Purpose, Vision and Values to the Group, with a clearer understanding of 'The Henry Boot Way', our culture.

**“These record Group results are a commendable achievement by our talented people.”**

DARREN LITTLEWOOD  
Group Finance Director



Read the **Financial Review**  
on pages 36 to 39



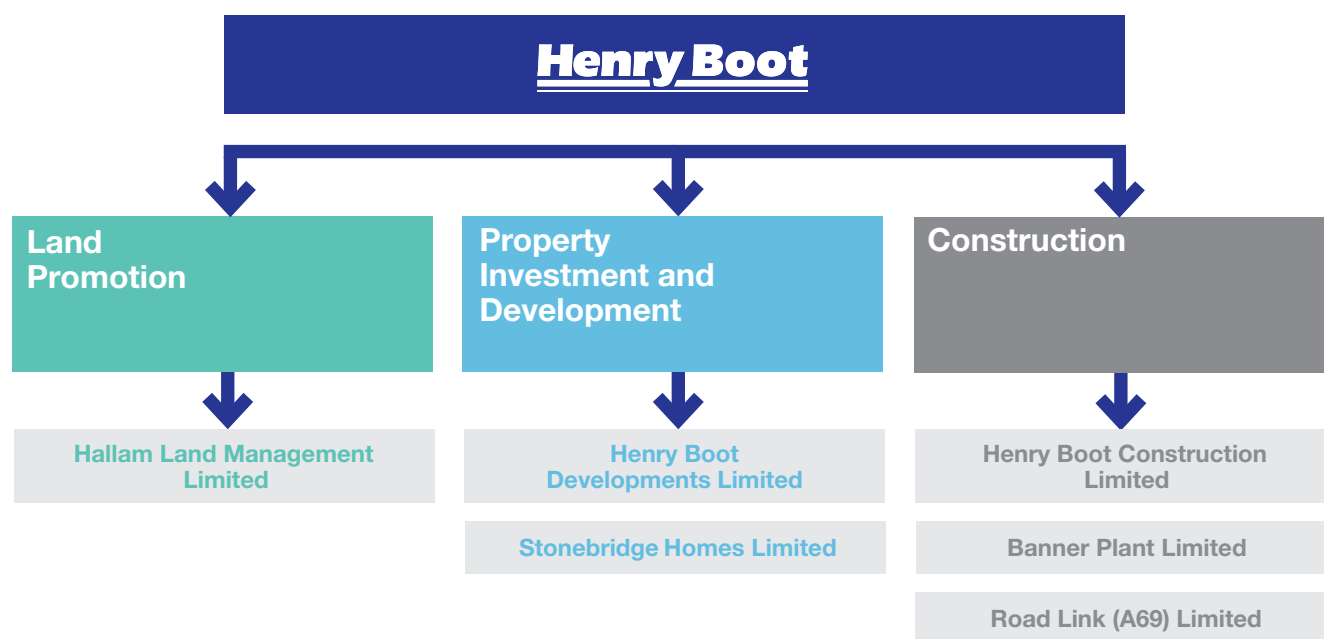
Read the **Segmental Reviews**  
on pages 30 to 35

## EXPERTISE AND EXPERIENCE

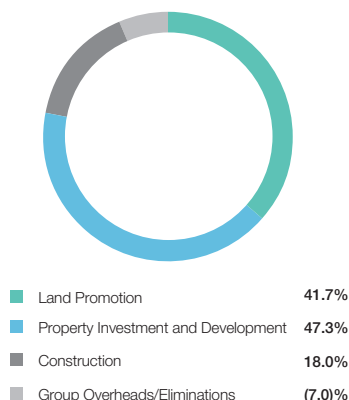
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### Group Structure

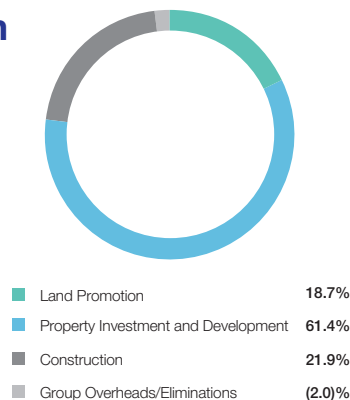
The Group is split into three different business segments consisting of six primary businesses. The Parent Company, Henry Boot PLC, provides leadership, direction and support to each segment in a number of areas, including health, safety and environment, treasury and banking operations, accounts and payroll, company secretariat, pensions, legal, human resources and training, public and investor relations, corporate communications, information communication technology and insurance.



### Profit Before Tax £55.4m



### Group Revenue £408.5m



## Our segments

### Land Promotion

#### Hallam Land Management



The strategic land and planning promotion arm of the Henry Boot Group. Since 1990 we have been acquiring, promoting and developing land with an outstanding record in achieving planning permission.

#### 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. In recent years the company has built up an investment portfolio of over £120m.

#### Key sectors

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

#### Stonebridge Homes



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, in which we have strong partnering relationships.

#### Key sectors

- Housing, civil engineering, health, sports and leisure, commercial/retail, industrial, custodial and education.

#### Banner Plant



Offering a wide range of construction equipment and services for sale and hire in plant, temporary accommodation, power tools, powered access, big air compressors and serviced toilets. The range of products continues to evolve to meet customer requirements of modern health and safety legislation. Primarily, supply areas stretch from Yorkshire in the north to the East Midlands and Birmingham in the south.

#### Road Link (A69)



Road Link has a 30-year contract (eight 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 mileage travelled by those vehicles.