

Investor Presentation

Henry Boot

Presented by
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John Sutcliffe
Group Finance Director

March 2015





Key messages

- A good year that finished strongly, several deals completed towards the end of the year drove profit upgrades.
- UK economic recovery well established.
- House builder results strong, activity good for 2015 – benefits our strategic land business. Planning permission achieved on over 11,000 plots. Sales 2014 1,100 plots.
- Commercial property development activity strongest for six years. Pipeline benefits from Aberdeen and York in 2016/18.
- We continue to invest in new opportunities in both land and development to create long term growth in shareholder value.
- Debt reasonably stable.
- Record total dividend 5.6p for the year.

PBT

↑ 54%
to £28.3m

EPS

↑ 88%
to 16.2p

Dividend

↑ 9.8%
to 5.6p

NAV per share

↑ 2%
to 152p

ROCE

↑ 320bps
to 11.5%

TSR

↑ +74% over last 3
years but Nil in
2014

Share price 31.12.13 = 200p
Share price 31.12.14 = 195p

Financial Highlights

	2014	2013	2012
Turnover	£147.2m	£153.8m	£103.1m
Trading Profit	£25.6m	£20.3m	£11.8m
Revaluation	£3.1m	(£1.6m)	£1.4m
Profit on sale of IP	£0.4m	£0.3m	£1.0m
Profit before tax	£28.3m	£18.4m	£13.9m
EPS	16.2p	8.6p	7.0p
Dividend	5.60p	5.10p	4.70p
Net Debt	£36.4m	£36.1m	£21.9m
Gearing	18%	19%	12%
NAV per share	152p	148p	137p

- Higher development site and land sales increased turnover. 2013 included £20m “one-off” sales at no profit.
- Trading profit higher due to HLM profit of £13m (2013: £11m) and Development trading profits. All businesses contributed positively.
- Revaluation profit made, no tax charge until capital losses position recovered. Gain mostly arising from initial valuation of developments.
- 9.8% dividend uplift to record level. Achieved aim to exceed pre-recession levels. Aim for 2.5-3.0 x cover.
- Debt likely to decrease in 2015 as land sales take place. Forecast £25m-£30m at year end.
- Flexibility to undertake self funded development and support land bank through new £60m facility (£50m before)
- Debt includes repayable HCA loans of £8m. Bank debt against £60m facilities, £28m.
- NAV affected by pension deficit increase (£8m, 7p NAV) which is now 17p of NAV. Scheme assets improved to over £150m, 10% return. Discount rate reduction to 3.6% increased liabilities by £21.3m.

Henry Boot PLC - Funding of Assets

	2014		2013		Change
	£'000		£'000		£'000
Investment properties	106,379		107,813		(1,434)
Development sites	60,273		48,977		11,296
Strategic land	99,627		83,903		15,724
Road Link investment	6,733		7,994		(1,261)
Plant	11,382		10,079		1,303
	284,394	284,394	258,766	258,766	25,628
Receivables	54,902		57,039		(2,137)
Deferred tax asset/Tax creditor	5,147		2,906		2,241
Other assets	2,069		680		1,389
	62,118	62,118	60,625	60,625	1,493
Total Assets		346,512	319,391	319,391	27,121
Funded by					
Bank debt & grants	36,401		36,112		289
Pension obligation	28,158		20,075		8,083
Trade credit	71,972		56,261		15,711
Provisions for strategic land costs	9,507		13,459		(3,952)
Non controlling interests	1,988		1,303		685
Share capital and reserves	198,486		192,181		6,305
Total Funding Sources	346,512	346,512	319,391	319,391	27,121

Land Development

- Henry Boot PLC's strategic land business. Acquires land through outright purchase, option or as agent (10-20% interest). Operating nationwide through seven offices.
- 2,600 acres with permission or with allocation in plan. Over 130 sites in portfolio in total.
- Sold 1,107 plots in year.
- Supply of land with permission is increasing – house builder land banks largely in equilibrium at circa five years supply.
- 2015-18 look more active in sales terms and we remain busy with applications.
- Election could cause planning disruption.
- At current sales rates we have 10 years' stock.

Land Bank

	Dec 14 – acres	Dec 13 - acres	Dec 12 – acres	Dec 11 - acres
Total	9,985	9,723	9,011	8,051
Owned	1,819	1,791	1,765	1,432
Agency/Optioned	8,166	7,932	7,246	6,619

Investment in Land Holdings

	Dec 14		Dec 13		Dec 12		Dec 11	
	£m	Per acre /£'000	£m	Per acre /£'000	£m	Per acre /£'000	£m	Per acre /£'000
Owned	72.4	40	63.3	35	58.8	33	44.9	31
Agency/Optioned	27.2	3	20.6	3	16.6	2	13.9	2
Total	99.6	10	83.9	9	75.4	8	58.8	7

Sites in Planning Process

	Dec 14	Dec 13	Dec 12	Dec 11
Sites	65	65	45	34
Plots	22,193	19,925	11,497	10,032
Of which permissioned	11,547	10,438	6,296	3,362
Plots sold in year	1,107	1,177	253	1,594



- Eleven deals completed in the year. Profit £13.1m (2013: £11.1m)
- Continue to be very busy in planning terms. Sites with planning permission for over 11,500 units.
- Planning consent won at 15 sites for over 2,250 units in 2014 (2013: 16 sites, 4,000 units).
- Detailed planning submitted and in progress on circa 26 schemes.
- Further planning applications expected to go forward in 2015 on circa 25 sites.
- Planning process remains very difficult and time consuming. Uncertainty over exactly who will be in power and therefore what will happen in planning. Generally all supportive but differences in how they do it.
- Strategic land holdings increased to over 10,000 acres in 2015. Investment increased to £100m. We expect that values will stabilise as more sites are sold and major infrastructure at Bridgwater and Exeter completes and we realise through cost of sales.



Property Investment and Development

- Holds investment property of circa £100m, rent passing £7.0m. Also some 15 development sites with potential, valued at £40m.
- We look to achieve a developer's return based on prudent appraisal yields, pre-lets and conservative construction costs. Hurdle rate of return of 15% aimed for.
- Regional investment values improved in year. Market for good quality well let, prime investments stable.
- Development pipeline has never been larger.
- Larger development agreements at Aberdeen and York for some £350m of GDV feeding in from 2016-19.
- Also, industrial units at Markham and Thorne, budget hotels at Richmond upon Thames and Malvern, retail at Thorne, Bodmin and Nottingham, offices at Uxbridge and Whitehaven, all on site now.



*Internal refurbishment of former Courthouse,
Deansgate, Manchester*



*Redevelopment of The Square,
Beeston, Nottingham*



- At Markham over 200,000 sq ft either built or in progress. In legals for a further 400,000 sq ft unit. Also completed 69,000 sq ft extension to existing investment. Also grant assisted development at Thorne 140,000 sq ft in progress.
- Two hotels in progress, Malvern (Premier Inn) to be kept, Travelodge at Richmond on Thames pre-sold to A.A.M.
- Retail at Beeston, Bodmin and Livingston in progress.
- Offices in progress at Uxbridge, 37,500 sq ft, and a pre-let to W S Atkins 22,000 sq ft (completed early 2015).
- Site sales at Rochdale (already done) and Chesterfield in 2015.
- Three sales including B&Q for circa £10m (others small). Total £12.5m in 2014. Axis, Nottingham 2015, circa £24m.
- Longer term opportunities at Aberdeen, York, Skipton, Luton and Southend look positive.
- Small house builder JV sold 33 units in 2014, targets 45 in 2015, land bank now 250+ units. Also, in this JV, small serviced office business developing in Leeds and Manchester, expect this to be profitable by 2016.

Construction

- Division consists of Construction, Plant Hire and Road Link (A69).
- Divisional turnover as last year at £88m. Trading profit 2014 £10.1m (2013: £9.0m). Workloads are good but pricing very competitive at Construction.
- Construction activity £65m (2013: £60m). Mainstay frameworks centrally funded, Decent Homes, Prison Alliance. Levels of activity going forward on target for budget 2015 with circa 90% of order book achieved already. Circa £60-65m turnover.
- Road Link performed to expectations. Cash generation higher. 11 years remain on franchise. No impact on business over the winter. Very solid underpin of segment returns. FCF circa £7.5m p.a.
- Plant performed well in 2014, profit £1.3m (2013: £1.2m), outlook for 2015 positive but UK construction markets need to maintain momentum.



Fox Valley, Stocksbridge – 15 acre redevelopment of former steelworks



Road maintenance by Road Link (A69) Limited



Outlook

LAND DEVELOPMENT

- Options and land available and we continue to be buyers. Now 10,000+ acres.
- Competition and pricing for sites is increasing again, especially in the south and south east. Land pricing good in south but gets weaker further north.
- Planning costs are increasing as complexity grows. Planners and other agencies increasingly looking to share in planning gain.
- Highly political operating environment.
- High level of planning activity continues. 20+ new site applications expected in 2015.
- House builders looking to reduce working capital. Deferred payment for sales still common, timescales 2-3 years.
- House builder volumes recovering well, selling prices and margins improving. However, the supply of sites with permission is also good, therefore, land inflation still low outside the south east.
- Funding for Lending, Help to Buy and mortgage availability supporting growth in housing development.
- We have 11,500 units with permission and over 9,000 in planning process. We sold 2,600 units over the three years 2012-14.



Planning permission for 200 plots at Stratford-upon-Avon



A 23 acre site at Abbots Bromley, Staffordshire



Outlook

PROPERTY INVESTMENT AND DEVELOPMENT

- Yields stable overall, strong at prime level, potential for regional values to improve slightly. Rents beginning to rise in some places.
- Offices, budget hotels and prime industrial are where we see best development pricing, residential values improving. Foodstores now site acquisitions by Lidl and Aldi.
- Bank funding to the sector slowly improving. We have three year facilities in place to 2018. We utilise facilities to fund development where specific funding is very expensive.
- Several JVs in place to develop sites. Others in progress. Low cost entry into development opportunities.
- Recently won preferred developer on £300m+ scheme in Aberdeen, and at York we will start on site in 2016.
- Recovery is strengthening, marketplace better – encouraging that bank lenders are currently very busy.
- Small profitable house building JV. Looking to produce and sell 40-45 units in 2014. Longer term plan is to develop this to 100 units per year. Average selling price circa £230k, 3/5 bed family units in Yorkshire. Two sites acquired and now in planning for 225 units.



Acre Mill, Huddersfield – completed redevelopment



Development of 22,000 sq ft offices for Atkins Engineering Group at West Lakes Science Park, Whitehaven



Outlook

CONSTRUCTION

- Solid order book for 2015, activity expected to be similar to 2014.
- Central funding for all programmes under pressure. However, repair work/smaller contracts coming through e.g. Amey (Sheffield roads), continued success in Decent Homes.
- Stocksbridge regeneration contract £30m over three years (2014-16) progressing well.
- Strong balance sheet crucial to winning work. Pricing continues to be very tight.
- A little more confidence emerging in private sector workflows.
- Road Link performing well. Continues to be very cash generative. Its debt fully repaid 2015, cash generation even better after that. 11 years remain.
- Plant Hire – house building and general construction activity levels good. Recovery strengthening.
- Activity in 2015 looks promising, year started well.



Office conversion for Smithers Viscient in Harrogate



Plant hire for Yorkshire and North Midlands region



Outlook

GROUP

- Continued higher capital allocation to land and property development.
- High level of planning activity continues. Applications on circa 50 sites either in progress or proposed. Stock of permissioned units and land bank at record highs.
- Red tape and bureaucracy stifle deals which means they take longer and cost more to complete.
- Three year £60m committed facilities in place until 2018 – relationships with our banks very good.
- Able to support development without recourse to further facilities. Debt forecast to fall slightly in 2015.
- As targeted by the Board, the proposed full year dividend in 2014 is above pre-recession levels at 5.6p now target 2.5-3.0 times cover to allow reinvestment in asset base.

PENSIONS

- Triennial valuation due 1 January 2016.
- IAS 19 deficit at 31.12.14 = 17p of NAV – asset performance very good. Discount rate used falls 90bps, increases liabilities £21.3m. 1% change = £25m benefit.
- Long term investment returns ahead of long term Scheme breakeven required return of 4.8%. 10% scheme asset return in 2014 (2013: 9.0%, 2012: 8.0%).
- Replaced use of RPI with RPIJ (saved over £10m in liabilities).
- Mismatch between use of UK bonds and gilts for IAS 19 discount rate when Scheme assets invested globally in return seeking assets. Managers targeting a weighted average return of circa 8%.

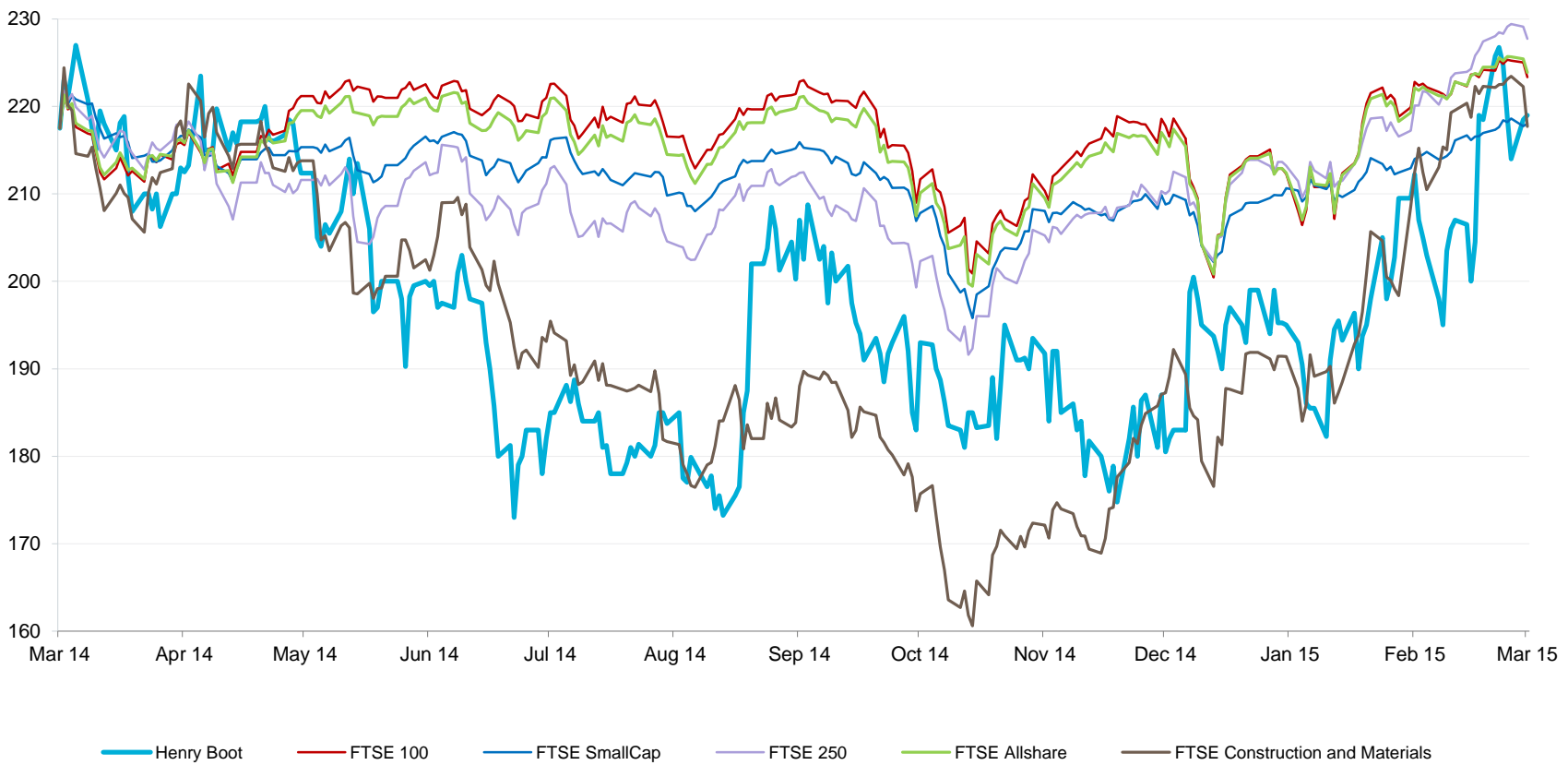


Top 10 Institutional Shareholders as at 6.3.15

• Standard Life	7,808,746
• Fidelity – USA – 4,036,900 – UK – 1,678,116	5,715,016
• Hargreave Hale Stockbrokers	4,383,785
• Schroder Investment Management	3,364,230
• Allianz Global Investors Europe (UK)	3,112,630
• Legal & General Investment Management	2,849,899
• Moore Street Securities Limited (ESOP & Pension Scheme combined)	2,183,175
• Dimensional Fund Advisors	2,018,860
• West Yorkshire Pension Fund	2,008,931
• Miton Asset Management	1,712,193



Henry Boot vs benchmark indices – Previous 12 months





Group Structure 2015



John Brown
Non-executive Chairman
Chair of Nomination
Committee



Jamie Boot
Group Managing Director



John Sutcliffe
Group Finance Director



Mike Gunston
Non-executive Director
Chair of Remuneration
Committee



James Sykes
Non-independent Non-
executive Director
Chair of Audit Committee

**Property
Investment and
Development**

Henry Boot
Developments
Limited
David Anderson

Stonebridge
Projects Limited
Darren Stubbs

**Land
Development**


Hallam Land
Management
Limited
Keran Power

**Construction and
Plant**

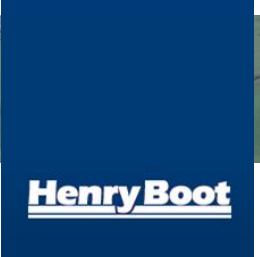
Henry Boot
Construction
Limited
Simon Carr

Banner Plant
Limited
Giles Boot

Road Link (A69)
Limited
Trevor Walker



Russell Deards
Group General
Counsel &
Company Secretary



Markham Vale / Derbyshire



200 acre business park, in partnership with Derbyshire County Council, to create 5,000 sustainable new jobs

Direct access off the M1, Junction 29A

The East Midlands most active development site

Enterprise Zone status granted

Industrial/ Warehouse/Offices

Sustainable development with the benefit of 2 rail heads

Occupiers include Andrew Page, Chesterfield College, Euro Garages, Holdsworth Foods and Ready Egg Products

The Green Giant

585,000 sq ft distribution warehouse including 25,000 sq ft office

Available freehold/leasehold

Excellent BREAM Rating

Includes photo voltaic panels & rain water harvesting

Grade 'A' energy performance rating

50KN/m2 flooring loading laid to FM2 special tolerance

385 car parking spaces



The Pennine Property Partnership / Huddersfield



An innovative joint venture company set up in partnership with Calderdale & Huddersfield NHS Trust to realise the maximum value of surplus property assets and provide new accommodation for the Trust

First phase comprises 56,000 sq ft of new clinical and office accommodation within a converted listed mill

New accommodation to be leased to the Trust and retained by the partnership

Shell works completed Winter 2013

Fit out works completed Winter 2014. Now fully occupied.

Second phase of development to comprise the mixed-use redevelopment of a 23 acre former hospital

Active appraisal of additional property development opportunities by the Partnership underway





The Chocolate Works / York



Acquisition of a 27 acre site, formerly Terry's Chocolate Factory

The site includes distinctive and iconic listed buildings totalling 236,806 sq ft plus cleared development land

Immediately adjacent to York Racecourse

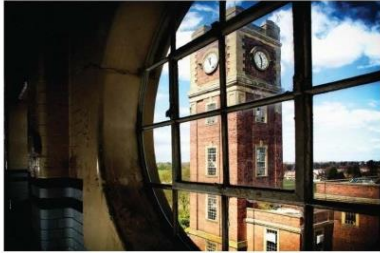
Planning consent which secures a variety of uses across the site

David Wilson Homes have purchased 13.5 acres with plans to commence a 270 unit high quality residential scheme imminently

Detailed planning permission submitted

Development agreement signed with P J Livesey for the residential development

Heads of Terms agreed with a care provider for the Head Office building subject to planning



Aberdeen Exhibition and Conference Centre



Since being appointed at the beginning of 2014 we have developed our plans for the 130 acre site of the new Aberdeen Exhibition and Conference Centre at the Rowett Institute, Dyce, and the existing 50 acre AECC site at the Bridge of Don

Master plans for both of these sites are now in final form and our proposals have been unanimously approved by Aberdeen City Council. We are now progressing a detailed planning application.

Detailed designs for the new AECC facility have also progressed well and we have terms agreed with hotel operators in respect of the three hotels planned for the Dyce Site

The site is to be powered by its own Energy Centre, producing biogas and associated green power, heating and cooling, making it one of the most sustainable commercial developments in the UK

Teal House / Uxbridge



In December 2014 Henry Boot Developments completed the purchase of Teal House on Cowley Business Park in Uxbridge for £3.2 million

Cowley Business Park is located five minutes drive from Uxbridge Town Centre which provides fast links to central London via the London Underground

Plans are in place to extend the 26,060 sq ft building by a further 10,000 sq ft with construction to commence in September 2015

Paradise Road / Richmond upon Thames



Henry Boot Developments has secured planning permission for a 78 bed hotel on Paradise Road in the centre of Richmond upon Thames

The building has been designed by BPR Architects and will make a welcome addition to the town centre

Construction of the 20,000 sq ft new build development is now underway and is due to be completed in October 2015 with a pre-let in place to Travelodge on a 35 year lease

Schemes currently in hand



Cranbrook, Devon

Hallam secured its interest in this shared site in 1999 and after much preparation work, the development is well underway. Currently we have planning permission for 3,500 homes which will probably rise to over 5,000 homes. 950 houses have now been built and occupied, with floor slabs laid for a further 250 plots, and works have also been completed on the St Martin's Primary School (80 pupils to date), a community building, a combined heat and power energy centre, and the Clyst Honiton Bypass. Works are also underway on the Cranbrook Secondary School (proposed completion June 2015) and the railway station (on the Exeter-Waterloo line), which is expected to be open in Spring 2015.



Burdiehouse

A wholly owned site to the south of Edinburgh. An initial 10 acre land holding was sold to a national house builder in early 2013 for the development of 100 new homes after a successful appeal process, and this site is now nearing completion. We have exchanged contracts with Barratt Homes on land for a further 210 homes and their application was submitted in November 2014. It is anticipated that the permission will be approved at the Planning Committee in the summer but the contract with Barratt will not complete until closer to the end of the year.

Schemes currently in hand



Edenthorpe, South Yorkshire

Hallam has an option agreement on this 80 acre greenfield site in Edenthorpe, Doncaster, and is currently promoting it for residential development. The site is located on the eastern edge of the Doncaster main urban area and has been promoted for development through the Local Development Framework since January 2013. We are currently preparing a planning application and it will be submitted in Spring 2015



Haddington, East Lothian

A planning in principle application was approved on appeal on part of Hallam's optioned site. The approved scheme is for 113 units and will include an affordable housing element of 25% with the site having a gross area of 16 acres with 11 acres developable. Also included as part of the Section 75 agreement are contributions towards the expansion of the nearby secondary school as well as planning conditions that will see various transport improvements carried out. We have agreed terms with a national house builder and expect to conclude a sale in the Summer of 2015.





Schemes currently in hand



Biddenham, Bedfordshire

A jointly owned site of approximately 180 acres which has seen profitable contributions to the Group in previous years. In March 2014 we secured an outline planning permission for 700 plots, 500 plots on land owned by Hallam. The site was put to the market in June 2014 and a sale has been agreed with a national developer. The conclusion of this sale will take place in the early Summer of 2015.



Repton, Derbyshire

A site of 14 acres which has been in Group ownership since the 1970s. A planning application was submitted in 2013 for 40 new homes and permission for development was received in March 2014. This parcel of land was sold to a national developer in late 2014. A further application for 75 properties on the remaining land was submitted in December 2014. The application has been recommended for approval.



Schemes currently in hand



Blaby, Leicester

A motioned to grant resolution was secured for 4,250 homes in Spring 2013. We have a joint venture with two other developers and our consortium share is 1,593 properties. The scheme also consists of a 50 acre business park, a district centre, two local centres, a secondary school and two primary schools. In early 2014 we signed a highly complex Section 106 agreement confirming our largest ever single planning permission. The first stages of the infrastructure work are being commissioned for a start in the Summer of 2015 and the first land sales have been concluded.



Kettering, Northamptonshire

Hallam has a solely-owned site of 38 acres that forms part of the East Kettering Urban Extension Area. A reserved matters approval for the first 325 new homes (including 20% affordable housing) of the 750 homes scheme was obtained in February. We have discharged all the relevant conditions to enable a start on site. We have agreed terms with Barratt/David Wilson Homes for a sale.



Construction Projects



Fox Valley, Stocksbridge, South Yorkshire

A new development to transform a 15 acre former industrial site. The scheme will create retail, leisure and office space and 114 houses which our JV, Stonebridge Homes, will develop. The first phase of the development involved relocating Tata Steel's storage warehouse. We will then start work on creating a new commercial heart of the town bringing 900 new jobs to the area. The development is due complete in 2016.



Bifrangi UK Lincoln

The award of the contract to Henry Boot Construction is part of Bifrangi's major investment in their UK facilities, which manufactures and supplies castings. The contract to build a new 8,000m² Screw Press House at Lincoln included 12,000m³ of bulk excavation, 1,100 piles, a heated ground floor slab capable of taking high loadings, 800t of steelwork and 14,000m² of roof sheeting and wall cladding. The project was completed in the Summer of 2014. Due to its success, we have been awarded the contract to build a new Research and Development facility at the same location.



This presentation contains forward looking statements. Although the Group believes that the estimates and assumptions on which such statements are based are reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond the Group's control. The Group does not make any representation or warranty that the results anticipated by such forward looking statements will be achieved and this presentation should not be relied upon as a guide to future performance.