

Investor Presentation

Henry Boot

Presented by

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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.



Key messages

- A good year that finished strongly, several deals completed in December (previously anticipated in early 2014).
- UK economic recovery well established.
- House builder activity growing strongly - benefits our strategic land business.
- Commercial property development activity expected to increase further for 4th successive year in 2014.
- We continue to invest in new opportunities in both land and development to create long term growth in shareholder value.
- This investment increased debt to £36m from £22m.
- Record total dividend 5.1p for the year.

PBT

↑ 37%
to £18.4m

EPS

↑ 23%
to 8.6p

Dividend

↑ 8.5%
to 5.1p

NAV per share

↑ 6%
to 148p

ROCE

↑ 215bps
to 9.5%

TSR

↑ 70.1p
52% on 1.1.2013
share price of 135p

Financial Highlights

	2013	2012
Turnover	£153.8m	£103.1m
Trading Profit	£20.3m	£11.8m
Revaluation	(£1.6m)	£1.4m
Profit on sale of IP	£0.3m	£1.0m
Profit (Loss) before tax	£18.4m	£13.9m
EPS	8.6p	7.0p
Dividend	5.10p	4.70p
Net Debt	£36.1m	£21.9m
Gearing	19%	12%
NAV per share	148p	137p

- Higher development site and land sales increased turnover.
- Trading profit higher due to HLM profit of £11m (2012: £2m).
- Revaluation loss made, no tax benefit until capital losses position recovered.
- Property values affected by Tenon in Nottingham – relatively stable elsewhere.
- 8.5% dividend uplift to record level. Achieved aim to return to pre-recession levels.
- Debt likely to decrease in 2014 as sales take place. Forecast £30m-35m at current year end.
- Flexibility to undertake self funded development and support land bank.
- Debt includes repayable grants of £3m. Bank debt against £50m facilities, £33m.
- NAV affected by reduced pension deficit (£10m, 7p NAV) which is now valued at 12p of NAV. Scheme assets improved and agreed the use of RPIJ which will help reduce deficit.

Henry Boot PLC - Funding of Assets

	2013		2012		Change
	£'000		£'000		£'000
Investment properties	107,813		104,604		3,209
Development sites	48,977		47,880		1,097
Strategic land	83,903		78,260		5,643
Road Link investment	7,994		9,152		(1,158)
Plant	10,079		9,303		776
	258,766	258,766	249,199	249,199	9,567
Receivables	57,039		48,831		8,208
Deferred tax asset/Tax creditor	2,906		7,966		(5,060)
Other assets	680		372		308
	60,625	60,625	57,169	57,169	3,456
Total Assets		319,391	306,368	306,368	13,023
Funded by					
Bank debt & grants	34,368		19,036		15,332
Road Link debt	1,744		2,906		(1,162)
Pension obligation	20,075		30,533		(10,458)
Trade credit	56,261		51,202		5,059
Provisions for strategic land costs	13,459		21,264		(7,805)
Non controlling interests	1,303		1,377		(74)
Share capital and reserves	192,181		180,050		12,131
Total Funding Sources	319,391	319,391	306,368	306,368	13,023

Land Development

- Henry Boot PLC's strategic land business.
- The interest in land it acquires may be through outright purchase, option or as agent (10-20% interest). Operating nationwide through seven offices.
- In total 2,600 acres, 27% with permission or with allocation in plan, over 130 sites in portfolio.
- Supply of land with permission is increasing – house builder land banks largely in equilibrium at circa five years supply.
- 2014 looks more active in sales terms and remains busy with applications.

Land Bank

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

Investment in Land Holdings

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

Sites in Planning Process

Sites	65	45	34
Plots – Owned	5,084	3,884	4,003
– Agency/Optioned	14,841	7,613	6,299
of which permissioned	10,438	6,296	3,362



- Nine deals completed in the year. Profit £11.1m (2012: £2m)
- Continue to be very busy in planning terms. Sites with planning permission for over 9,000 units.
- Planning consent won at 16 sites for over 4,000 units in 2013 (2012: 14 sites, 3,500 units).
- Detailed planning submitted and in progress on circa 30 schemes.
- Further planning applications expected to go forward in 2014 on approaching 20 sites.
- Planning process evolving but remains very difficult and time consuming.
- Strategic land holdings increased to over 9,700 acres. Investment increased to £84m. We expect these trends will stabilise as more sites are sold and major infrastructure at Bridgewater and Exeter completes.

Property Investment and Development

- Holds investment property of £108m, rent passing £7.5m. Also circa 15 development sites with potential, valued at £49m.
- We look to achieve a developer's return based on prudent appraisal yields, pre-lets and conservative construction costs. Hurdle rate of return at least 15%.
- Regional investment values stabilised in year. Market for good quality well let, prime investments stable. Funding for secondary assets is difficult. We expect these trends to continue.
- Developments in Manchester £8m, completed, expect to fully let in 2014. Huddersfield £10m, 100% pre-let, expected to complete 2014.
- Larger development agreements at Daventry £50m (2015) and Nottingham/Beeston £8m (2014) are in detailed discussion. Also, industrial units at Markham and Stoke, budget hotels at Richmond on Thames and Malvern, retail at Thorne, all to start in 2014.
- Terry's Chocolate Factory site progressing very satisfactorily. Subject to planning, we anticipate residential redevelopment to begin in 2014 with the four acre site disposal for hotel also possible.



Terry's Chocolate Factory site, York



Acre Mill, Huddersfield



- Completed lorry park extension at M20, Motorway Service Area, in Kent, this park is working at full capacity and looking to expand further.
- Acquired, let and sold 25,000 sq ft of offices in Bromley.
- Completion of Manchester and Drive-thru McDonalds at Markham. Huddersfield WIP at end 2013, will complete late 2014.
- Further developments most likely to come forward near term are at Markham (circa 100,000 sq ft industrial, PFS and Starbucks), Thorne (Tesco), Malvern and Richmond upon Thames (budget hotels) and Beeston (retail). Longer term Daventry (retail), and Tamworth (mixed uses).
- In discussion on a strong pipeline of new opportunities because we are able to fund without recourse to banks. We are able to secure these at low cost e.g. Skipton, York, Chesterfield and Aberdeen.
- Small house builder JV sold 26 units in 2013, targets 40 in 2014. Also, in this JV, small serviced office business developing in Leeds followed by Manchester.



Construction

- Division consists of Construction, Plant Hire and Road Link A69.
- Divisional turnover as last year at £80m. Trading profit 2013 £9m (2012: £8.6m). Workloads are better but pricing very competitive at Construction.
- Construction activity £60m (2012: £63m). Mainstay frameworks centrally funded, Decent Homes, Prison Alliance. Levels of activity going forward on target for budget 2014 with circa 90% of order book achieved already. Circa £60-65m turnover.
- Road Link performed to expectations. Cash generation higher. 12 years remain on franchise. No impact on business from bad weather. Very solid underpin of segment returns. Maintenance costs expected to be circa £0.5m higher in 2014.
- Plant performed well in 2013, profit £1m (2013: £0.3m) outlook for 2014 positive as UK construction markets improve.



Bifranghi Steel Screw Press - Lincoln



Refurbishment for Eastland Homes, Manchester



Outlook

LAND DEVELOPMENT

- Options and land available and we continue to be buyers.
- 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.
- Opportunity to gain permissions where land supply is less than five years.
- Highly political operating environment.
- Highest level of planning activity for years continues.
- House builders looking to reduce working capital. Deferred payment for sales still common.
- House builder volumes recovering well, selling prices and margins improving. However, the supply of sites is also good, therefore, land inflation still low outside the south east.
- Funding for Lending, Help to Buy and mortgage availability supporting growth.
- We now have a significant number of sites in the sales process and a large number of schemes in the planning process. Solid base for 2014/15/16.



Rothwell, Leeds – 9 acres sold in 2013



East Leake, Nottingham – Planning for 170 houses



Outlook

PROPERTY INVESTMENT AND DEVELOPMENT

- Yields stable overall, strong at prime level, potential for regional values to improve. Rents beginning to rise.
- Foodstores, budget hotels and prime industrial continue to be where we see best development pricing, residential values improving.
- Foodstores at Daventry, Huddersfield and Skipton coming forward. Foodstore values give a relatively safe and predictable development profit.
- Bank funding to the sector slowly improving. We have three year facilities in place to 2015. 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 £100m+ scheme in Aberdeen and 2.5 acre scheme in central Manchester.
- Recovery is strengthening, marketplace better now than for five years – encouraging.
- Small profitable house building JV. Looking to produce and sell 40 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.



Markham Vale, Derbyshire - 200 acre development



Deansgate. Former Court House, Manchester



Outlook

CONSTRUCTION

- Solid order book for 2014, activity expected to be slightly ahead of 2013.
- 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.
- Strong balance sheet crucial to winning work. Pricing continues to be very tight. Winning new business, pricing competitively.
- A little more confidence emerging in private sector workflows.
- Road Link performing well. Continues to be very cash generative. Its debt fully repaid 2016, cash generation even better after that. Slightly higher planned maintenance costs in 2014.
- Plant Hire – outlook. House building and general construction recovery strengthening. Additional plant investment to support new sales and markets outside construction sector.
- Activity in 2014 looks promising, year started well.



Aggregate and Asphalt Plant, Tinsley, Sheffield



Plant hire for the Yorkshire and North Midlands region



Outlook

GROUP

- Continued higher capital allocation to land and property development.
- Highest level of planning activity for many years. Applications on circa 50 sites either in progress or proposed. Stock of permitted units and land bank at record high.
- Red tape and bureaucracy stifle deals which means they take longer and cost more to complete.
- Three year £50m committed facilities in place until 2015 – relationships with our banks very good.
- Able to support development without recourse to further facilities. Debt forecast to fall slightly in 2014.
- As targeted by the Board, the proposed full year dividend in 2013 is above pre-recession levels.

PENSIONS

- Triennial valuation at 1.1.13 agreed, annual recovery contributions to continue at £3.8m.
- IAS 19 deficit at 31.12.13 = 12p of NAV – combination of asset performance and use of RPIJ. Yields rising would be very beneficial. 1% change = £25m benefit.
- Long term investment returns ahead of long term Scheme breakeven required return of 5.0%. 9.0% scheme asset return in 2013 (2012: 8.0%).
- Replaced use of RPI with RPIJ which tracks CPI. Should reduce future liabilities at IAS 19 valuation in 2014.

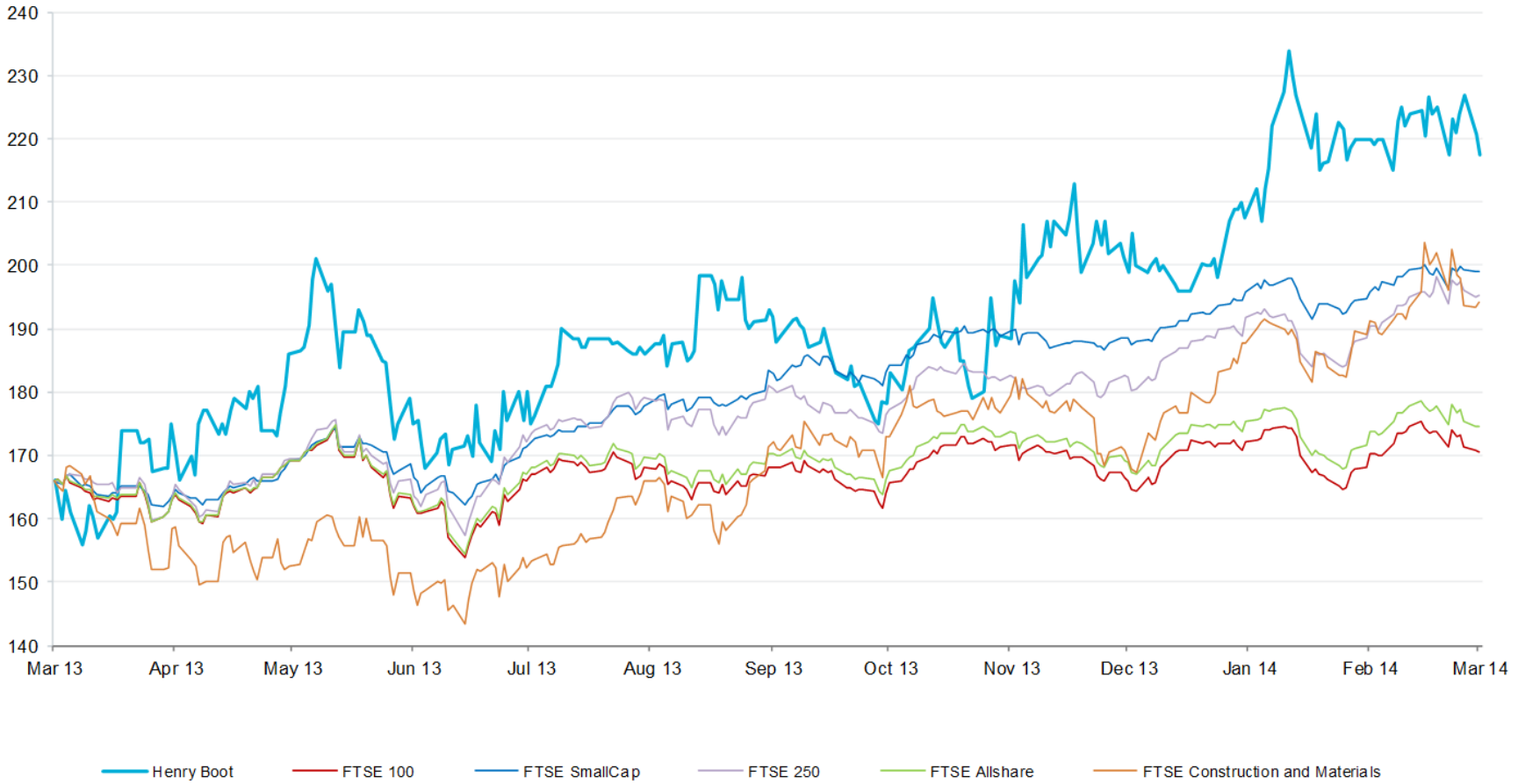


Top 10 Institutional Shareholders as at 7.3.14

• Fidelity	8,469,781
• Standard Life	7,131,253
• Schroder Investment Management	4,450,230
• Allianz Global Investors Europe (UK)	3,004,065
• Legal & General Investment Management	2,977,117
• Hermes Pensions Management	2,665,882
• Moore Street Securities Limited (ESOP & Pension Scheme combined)	2,483,465
• Dimensional Fund Advisors	2,015,143
• Smith & Williamson	1,780,822
• Hargreave Hale Stockbrokers	1,705,676



Henry Boot vs benchmark indices – Previous 12 months





Group Structure 2014



John Brown
Non-executive Chairman
Chair of Nomination Committee



Jamie Boot
Group Managing Director



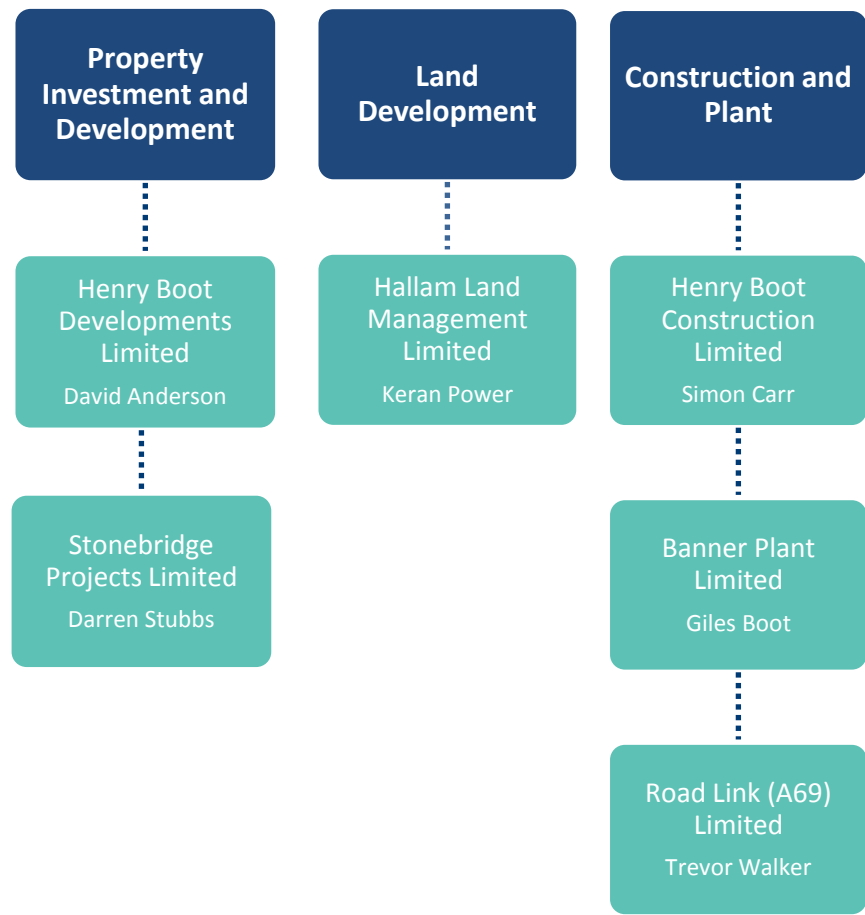
John Sutcliffe
Group Finance Director



Mike Gunston
Non-executive Director
Chair of Remuneration Committee



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



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, High Peak Scaffolding, Chesterfield College

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 Axis / Nottinghamshire



220,000 sq ft town centre redevelopment scheme

Property Week Midlands Awards 2007 Mixed-Use Development of the Year

Careful restoration of historical features within a conservation area

Prime retail, leisure, office and residential accommodation

80,000 sq ft let to London Clubs International

55,000 sq ft let to Driving Standards Agency

25,000 sq ft let to Tenon PLC (vacant 2014)



The Courthouse, Deansgate – Mixed Use Development / Manchester



35,000 sq ft Grade II listed building

Prime city centre location

2 x units let to Handmade Burger Company & Steve Pilling Roast Restaurant & Oyster Bar

13,320 sq ft of Grade A office accommodation let to the Oddfellows Society

Letting of final 6,800 sq ft leisure unit agreed to Hawksmoor

Practical completion achieved February 2014





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 commenced - completion due Winter 2014

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



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www.henrybootdevelopments.co.uk

The Chocolate Works / York



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

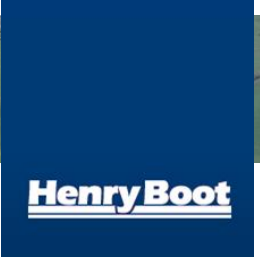
The site includes distinctive and iconic listed buildings totalling 236,806 sq ft plus cleared development land

Immediately adjacent to York Racecourse

Planning consent which secures a variety of quality uses across the site

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





Daventry Town Centre / Northamptonshire



Multi site town centre regeneration project in partnership with Daventry District Council

Planning permission granted for 80,000 sq ft foodstore

58,000 sq ft of traditional High Street retailing/restaurant space

40,000 sq ft of large format retailing

6 screen cinema

Replacement library facility

Terms agreed with major supermarket retailer



Henry Boot
DEVELOPMENTS
www.henrybootdevelopments.co.uk

Meir Park - Recticel (UK) Ltd / Stoke on Trent



18 acre business park adjacent to A50 Highway

Recticel (UK) Ltd

123,519 sq ft purpose built production and warehouse facility

64,067 sq ft production hall

56,059 sq ft warehouse

Unconditional contracts exchanged for 69,000 sq ft warehouse extension

Regearing of lease to a new 20 year term



Meir Park
SPACE TO DEVELOP



Thorne Park / Thorne



Joint venture with the Royal Bank of Scotland

Redevelopment of 23 acres of land located at Junction 6 of the M18

Planning consent gained for 45,000 sq ft of food retail, 2 x restaurants, hotel, nursery, PFS & B1, B2 & B8 Business park

ERDF Grant

Land sale completed with Tesco for a 35,000 sq ft store

Terms agreed with Marstons and McDonalds





Spire Walk / Chesterfield



Joint Venture with Lloyds Bank

6 acre gateway site to Chesterfield

Terms agreed for a new car showroom and public house

Planning to be submitted Spring 2014

Wyvern Park / Skipton



**50 acre mixed-use development site
acquired from HSBC**

Strategically located on the bypass south
west of Skipton

280,000 sq ft of business accommodation
(B1, B2 & B8)

73,000 sq ft Sainsburys food store, drive-
thru restaurant & family restaurant
(planning consent pending)

80 bed hotel (planning consent pending)



Schemes currently in hand



Blaby, Leicester

A minded to grant resolution was secured for 4,250 homes in the 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 late 2013 we have negotiated a highly complex S106 agreement which has recently been signed, confirming our largest ever single permission although this permission has now been judicially reviewed. There is still a good deal of preparatory work to be done but land sales are expected to come forward in 2015



Warton, Lancashire

Hallam have two joint land interests in Warton, Fylde with another developer which total some 78 acres split between a planning promotion agreement and an option. An application for 360 houses and significant green space is expected to be taken to committee in May 2014 of which Hallam's share is 270 units. A further application currently being worked up on the remaining interest for a further 280 units and a 4 acre local centre alongside significant green infrastructure, and a connecting link road in between the two parcels. Hallam's share is approximately 50% of this element, and an application is expected to be made in Autumn 2014.



**Hallam Land
Management**

Schemes currently in hand



Abingdon, Oxfordshire

Hallam took an interest in a 15 acre property at Drayton Road, Abingdon in the summer of 2012, and submitted an application for circa 160 dwellings that Autumn. Following a refusal by the Vale of White Horse Council, Hallam appealed and subsequent to an Inquiry in the spring of 2013, secured planning consent. The site was marketed jointly with the owners in the Autumn of last year and the site sold to a national developer in 2014.



Edenthorpe, South Yorkshire

Hallam have an option agreement on this site and is currently promoting the greenfield site of 80 acres for development. The site is located on the eastern edge of the Doncaster main urban area and has been promoted through the Local Development Framework since January 2013. We are currently preparing a planning application and it will be submitted during 2014.



**Hallam Land
Management**

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. 600 houses have now been built or are under construction and works have also been completed on the St Martin's Primary School, a community building, a combined heat and power energy centre, and the Clyst Honiton Bypass. Works are also underway on the Cranbrook Secondary School and the railway station (on the Exeter-Waterloo line).



Nuneaton, Warwickshire

An outline planning application has been approved on appeal on our optioned site of over 35 acres with over 27 acres developable. The approval is for 326 new homes with an affordable housing element of 25%. Also included will be a doctors' surgery, a district park and associated traffic improvement works to the area. The site was sold in late 2013 to Barratt Homes/David Wilson Homes.



**Hallam Land
Management**

Schemes currently in hand



Rothwell, West Yorkshire

A site of 9 acres was acquired, with another site in Leeds at Oulton, by Hallam and a development partner in December 2011. Hallam promoted the site through the planning process and secured a permission for 90 homes in June of 2013. The development includes an affordable element of 15%. The site was marketed during the Summer of 2013 and was sold to a national developer in December.



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%. The site has 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 and transport improvements. The marketing of this site has already commenced with a sale projected towards the end of 2014.



Hallam Land Management

Schemes currently in hand



Stone, Staffordshire

A planning promotion agreement was agreed in partnership with Davidsons on this land in 2009. A planning application for 500 dwellings was submitted in 2013 and the application went to planning committee in January 2014. The application was approved subject to the agreement of a section 106 agreement, which is currently being negotiated. We anticipate a sale in 2015.



East Leake, Nottinghamshire

A planning promotion agreement was completed in April 2012. Planning permission was granted for 170 dwellings and an annex to the local primary school in August 2013, of which 30% of the site being affordable housing. The site was marketed in the Autumn of 2013 and a sale was agreed and contracts exchanged with a major house builder in February 2014.



Schemes currently in hand



Hailsham, East Sussex

We have a planning promotion agreement on 43 acres of land. An outline planning application for 240 units, a network of green infrastructure and open space, was submitted and registered in July 2013. This was considered by Committee in August 2013 and was granted planning permission in October 2013. Marketing commenced early in 2014 and we are presently seeking to conclude a sale in 2014.



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. Work is now underway on discharging conditions, obtaining the necessary technical approvals and completing the sale in 2014.



**Hallam Land
Management**