

Chairman's Statement

STRONG POSITION FOR THE FUTURE



JAMIE BOOT

Chairman

I am pleased to report that Henry Boot achieved another strong set of results with profit before tax of £49.1m, which was slightly higher than the previous year (2018: £48.6m). Earnings per share were 28.3p (2018: 28.3p), covering the proposed dividend over 5.6 times. NAV per share increased to 239p (2018: 227p) and we finished the year, having sold the majority of the mixed-use retail- focused assets in our investment portfolio, with £27.0m in net cash. This was a significant achievement considering the level of political and economic uncertainty that affected the UK retail real estate markets during 2019. It also means that we have a strong cash positive balance sheet to withstand the impacts of the COVID-19 pandemic that we are all now experiencing.

Once again, Hallam Land – our land promotion business – performed exceptionally well, selling over 3,400 plots on 22 sites as the leading UK housing developers traded well and replenished land banks with quality sites in good locations. Hallam Land increased its site portfolio to over 14,800 acres, and goes into 2020 with planning permission for over 14,700 plots available to sell, all held at cost with no planning gain value recognition until sale completion, and a further 10,600 plots applied for and within the planning process.

Henry Boot Developments (HBD) – our property investment and development business – successfully concluded The Event Complex Aberdeen (TECA) on time and on budget. This £333m project was the largest we have delivered, and it was great to see it used for the BBC's 'Sports Personality of the Year' programme. Currently, we are committed to deliver 763,000 sq ft of manufacturing and logistics accommodation, and 717 residential units, all of which have either been pre-sold or pre-let. The majority of these residential units are within our Kampus PRS scheme in the centre of Manchester, which has been pre-funded. With a development pipeline of c£1.3bn, we have ample opportunities for the future.

Stonebridge Homes – our jointly owned Leeds-based housebuilder – achieved 159 unit sales (2018: 145 sales). Planning delays continue to affect the speed at which we are able to grow output, and we are looking to secure our first site in the North East, which is a natural extension to our existing geographic focus.

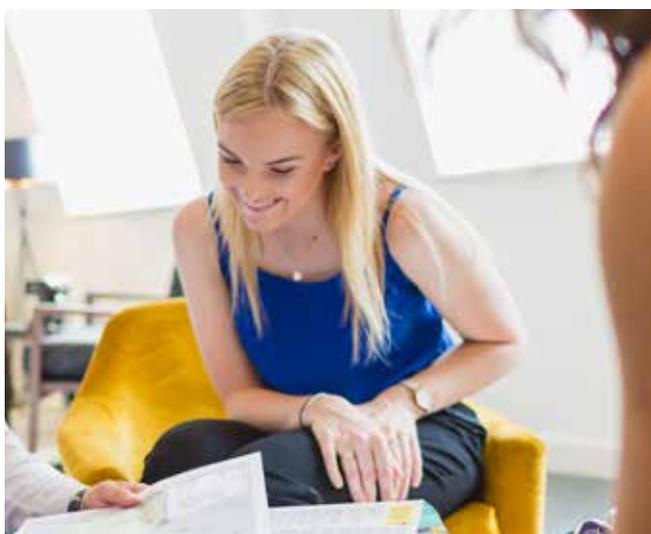
Henry Boot Construction had a successful year; revenue from construction activity was £89.7m (2018: £70.9m), and although COVID-19 will cause significant disruption, we have a strong order book with the added opportunity within the Partnership Homes market, following the acquisition of Starfish Commercial in 2019. Banner Plant had a more difficult year, having incurred a bad debt when one of its largest customers failed, although the team replaced most of the activity lost with this customer during 2019. Road Link A69 continued to perform profitably, to expectations and in line with the previous year.

Dividend

The Board has considered the financial position of the Company, and its ability to withstand the uncertain economic conditions created by COVID-19, very carefully. Notwithstanding our relatively strong position, we believe that it is important in these uncertain times, and for the long-term success of the business, to preserve cash. The Board has therefore concluded that we should recommend a reduced final dividend of 1.3p which, together with the 3.7p interim dividend, gives a total of 5.0p (2018: 9.0p) for the year. We recognise the importance of dividends to all shareholders and, rest assured, we will keep returns to all stakeholders under review as the impacts of the crisis unfold. Payment of the final dividend is subject to shareholder approval at the Annual General Meeting (AGM) and will be paid on 6 July 2020 to shareholders on the register on 12 June 2020.

Our People

Our success in 2019 has, once again, been delivered against a backdrop of political and economic uncertainty, which impacts on the confidence that clients and customers require in order to make positive decisions. In those circumstances, our people have performed



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Jamie Boot
Chairman



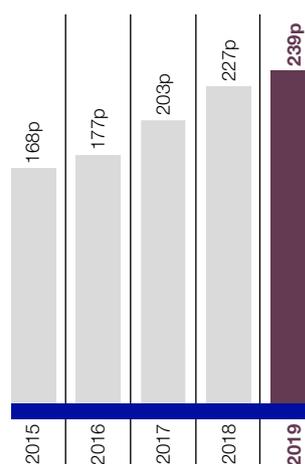
tremendously well to overcome the challenges and deliver a better result than 2018. On behalf of the Board and all stakeholders, I thank all our people for their efforts throughout 2019. Whilst COVID-19 will materially affect the Group's results in 2020, I am sure that with skillful management and the resolute contribution of everyone in our Group, we will overcome the unprecedented challenges that will arise, seeking out new opportunities along the way. I would also like to take this opportunity to welcome Tim Roberts as our new Chief Executive Officer and thank John Sutcliffe for his service to the Group as Finance Director and Chief Executive Officer. John's time with Henry Boot has been extremely valued and I wish him all the best in his retirement endeavours.

Outlook

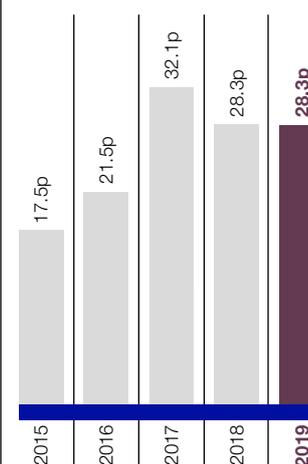
We made significant strategic progress in 2019, achieving a strong financial performance and, significantly, we disposed of most of our mixed-use retail-focused assets. As a result, we ended the year with a strong cash positive balance sheet. Trading in the new year had started well, with a number of commercial and housing developments on track, strategic land transactions confirmed and a strong committed construction order book. Against this, there is no doubt that the COVID-19 pandemic will cause a significant social and economic impact. Our short-term priority is the welfare of our colleagues, the continued robustness of our financial position, and continuing to serve our customers and other stakeholders. With positive cashflow, a short-term focus on managing our cash reserves, and contingency planning in place, we have readied ourselves to come through the pandemic. We are a long-term business, therefore, our ambition for the business remains unchanged. With our new Chief Executive Officer driving the business forward, we will continue to empower our people, with both the financial and technical resources to add to the pipeline of land, housing, construction and commercial development opportunities, delivering sustainable growth and value creation for all stakeholders.

Jamie Boot
Chairman

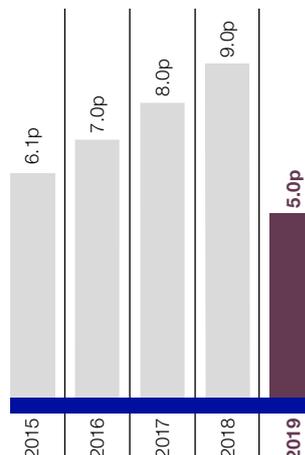
Net asset value per ordinary share **239p**



Earnings per ordinary share **28.3p**



Dividends per ordinary share **5.0p**



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Read our **Governance report** on page 72