OUR FUTURE OUR LEGACY

Henry Boot PLC
Annual Report and Financial Statements
for the year ended 31 December 2023

WELCOME TO THE 2023 HENRY BOOT ANNUAL REPORT

Henry Boot has been at the forefront of Real Estate in the UK for 138 years and is established as one of the leading land management, property investment and development, and construction companies in the country.

Our premium portfolio is focused on high quality projects in prime locations with exemplary sustainability credentials.

View our **Online Annual Report** at **henryboot.annualreport2023.com**

OUR FUTURE

Our focus on today and our future...

OUR LEGACY

...builds on our past and strengthens our legacy.

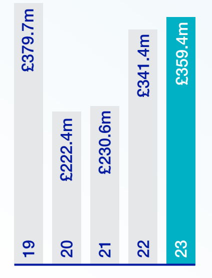
CONTENTS

HIGHLIGHTS OF 2023

Financial Highlights

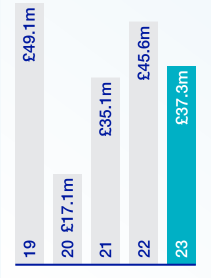
Group Revenue

£359.4m



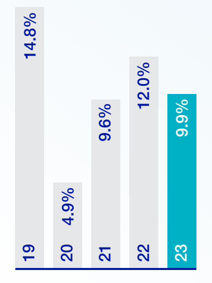
Profit Before Tax

£37.3m



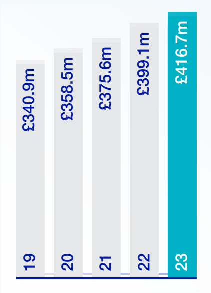
Return on Capital Employed

9.9%



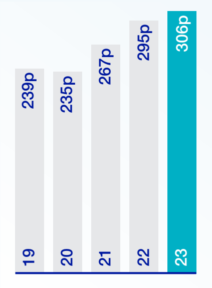
Capital Employed

£416.7m



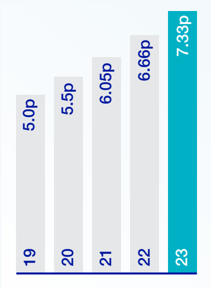
Net Asset Value per Ordinary Share

306p



Dividend per Ordinary Share

7.33p



Responsible Business Highlights

People

People are at the heart of our business. We succeed by investing in our own people, improving internal communications, creating a sense of shared purpose, and via policies that include industry-leading approaches on equality, diversity and inclusion (EDI), continuing professional development (CPD), pay and reward structures, employee wellbeing, and health and safety.

Highlights

- We launched our Health and Wellbeing Strategy which is guided by the vision that our people are healthy, fulfilled, and feel supported and empowered. A broad range of resources, events and support was provided throughout the year.
- Nearly 50 of our people completed Mental Health First Aid training to provide support to our people and partners.
- We increased the gender diversity of our workforce to 28% female and reduced our gender pay gap to 20.98%

Partners

We will succeed by developing long term, productive partnerships with those outside the business, through fair terms and conditions (T&Cs), best practice, safety, and through our unwavering commitment to high standards, quality and delivery – in everything we do.

Highlights

- We engaged with experts at the Living Wage Foundation to understand the requirements for us to secure accreditation.
- We engaged business membership organisations including the UK Green Building Council, Business in the Community (BITC) and the Yorkshire Climate Action Coalition to collaborate on key industry issues.

Places

We generate impact through placemaking: via our charitable and community work, as well as by a commitment to creating healthy, high quality communities and neighbourhoods that people can live and work in – and enjoy, for generations.

Highlights

- We concluded our charity partnership with Place2Be raising over £55,000 for this amazing charity.
- We contributed over £225,000 of value to our charity and community partners across our communities.
- Our people contributed over 3,000 volunteering hours to a diverse range of community and charity partners.
- We were a founding member of the Sheffield Pride of Place Board.
- We developed our Early Careers Strategy which is due to be published in 2024.

Planet

Our positive impacts are delivered not only through the sustainability targets in our Responsible Business Strategy, but also by adopting a sustainable mindset across the whole Group. We measure success not just by short-term targets but by the lasting impact our sustainable approach generates.

Highlights

- We reduced our direct greenhouse gas (GHG) emissions by 14% from our 2019 baseline in alignment with our decarbonisation trajectory.
- We reduced our electricity usage by 23% and gas usage by 39%, from our 2019 baselines.
- We engaged the Carbon Trust to support the Group to monitor our Scope 3 GHG emissions.
- Our people-led Group Climate Forum monitors delivery of our net zero carbon (NZC) framework and oversees knowledge transfer and innovation across the Group.

CHAIR'S STATEMENT

PETER MAWSON
CHAIR

> "I am pleased to report that we remain in a strong financial position and have continued to make good progress against our medium term objectives".

£359.4m
REVENUE
(2022: £341.4M)

£37.3m
PROFIT BEFORE TAX
(2022: £45.6M)

Henry Boot has performed resiliently in 2023, delivering a profit before tax (PBT) of £37.3m (2022: £45.6m) or on an underlying profit basis £36.7m (2022: £56.1m), after excluding revaluation movements on completed investment property. Throughout last year, the Group traded in a slowing economy, facing stubbornly high inflation and rising interest rates. Despite these conditions, our focus on high quality land and development in prime locations has meant the Group delivered an increase in overall sales, growing revenue to £359.4m (2022: £341.4m).

As previously reported, we expect a lag in performance for 2024 due to the time it takes for projects and sales to complete, and we remain cautious of the near-term trading environment. Whilst believing that it is crucial that any new government deals with a reform of the planning system, the outlook for both inflation and interest rates are improving, supported by recent reductions in mortgage rates. With this in mind, it feels as though the UK economy has turned a corner, leaving us with continued conviction in achieving our medium term growth and return targets.

The Group remains in a strong financial position, with a robust balance sheet and NAV per share increasing by 3.7% to 306p (2022: 295p) or by 3.4% to 300p (2022: 290p), excluding the defined benefit pension scheme surplus. Net debt increased to £77.8m (2022: £48.6m) as we maintained our focus on investing in our prime land portfolio, building out our high quality committed development programme and continuing to grow our premium housebuilder. Additionally, there was continued investment to support our long term ambitions, including the relocation of our head office as well as investment in our people, marketing and technology. This resulted in our gearing moving to 19.0%, which remains within our optimum stated range of 10-20%.

On other strategic objectives that support our long term ambitions of the business, I am pleased to report:

- After launching our Responsible Business Strategy in 2022, we continue to make great progress against our targets. In 2023, we launched our Health and Wellbeing Strategy which includes resources and guidance on a range of key topics, such as neurodiversity and mental health.

- In regard to reducing our total direct greenhouse gas emissions (Scopes 1 and 2), at the end of 2023 there was a 14% reduction against the 2019 baseline, and we are on track to hit net zero carbon (NZC) by 2030.
- In November 2023, we relocated our head office to the Isaacs Building in Sheffield city centre. Our new HQ supports the aim to reduce our carbon footprint and the goal of achieving NZC by 2030, with an expected emission reduction of 79% compared with the former head office. On top of this, it offers a far superior working environment which not only encourages greater collaboration and cohesiveness across our teams but also helps us retain and attract talent.

- The results of our annual Group Employee Engagement Survey were positive, achieving an employee Net Promoter Score of 30 (2022:39). This allows us to gain feedback from our people so we can continually improve our employee experience, and despite a slight decrease in our eNPS, the score is considered very good and 46 points higher than construction and heavy industry averages, while continuing to show very high levels of advocacy, pride and loyalty in Henry Boot.
- Finally, during 2023, we began to assess our brand value proposition by completing a series of internal and external workshops. As a result, I am pleased to say that in early summer we will be launching our refreshed brand, which focuses on improving customer experience and giving greater clarity to our business model.

The Board proposes to pay a final dividend of 4.40p per share which, together with the 2.93p interim dividend, gives a total of 7.33p (2022: 6.66p), an increase of 10.0% for the year. Subject to approval at the AGM, this will be paid on 31 May 2024 to shareholders on the register at the close of business on 3 May 2024.

On behalf of the Board, I would like to thank everyone at Henry Boot for their dedication and hard work. Once again, their expertise and high levels of engagement have been instrumental in the business producing, against a challenging backdrop, resilient results.

PETER MAWSON
CHAIR

Read more about **The relocation of our Head Office** on page **19:**

NOTES:

This report contains the following alternative performance measures (APM): Underlying profit. Return on Capital Employed. Net Asset Value (NAV) per share. Net (debt)/cash. Total Property Return. Total Accounting Return.

More details can be found on page 47.

OUR FOCUS ON TODAY AND OUR FUTURE ...

Today, our reputation is built on our ability to promote and deliver high quality schemes.

Operating across the UK, and employing over 500 people, our expertise is focused on three long term growth markets.

Industrial & logistics

A market in which we have a strong track record of delivering prime industrial and logistics units across England

- **In 2023 the Group completed on 661,000 sq ft of I&L development at a total combined GDV of £104m (HBD share: £89m)**
- **Henry Boot has a wealth of experience in this market and currently has 59% of its £1.3bn development pipeline sitting within I&L opportunities**

Residential

A market in which we continue to grow our presence through one of the largest strategic land portfolios in the country and a growing premium housebuilder

- **The Group's land portfolio increased to over 100,000 plots in 2023**
- **Our jointly owned housebuilder, Stonebridge Homes, increased its annual sales by 43% to 251 homes, whilst simultaneously growing its land bank to over 1,500 plots**

Urban development

A market that continues to recover from both the social and economic impact of COVID, with the continued belief that more people will be living in urban areas than rural by 2050

We are currently developing city centre projects in both Birmingham and Manchester:

- Setl the 102 premium apartment scheme in Birmingham (£32m GDV)

- Island, a 91,000 sq ft NZC office building in Manchester (£33m GDV our share)

Market Review

Read more about the key long term structural trends driving our three key markets and how they have performed throughout 2023 on pages 22 to 25

... BUILDS ON OUR PAST AND STRENGTHENS OUR LEGACY

Evolving our brand

As a long-standing business with 138 years of history, Henry Boot has always recognised the importance of embracing change.

Whether that be due to market conditions, ever-evolving partner or customer expectations, innovations in technology or simply to seize an opportunity, our aim has always been to remain distinct, yet relevant.

In a post-COVID, challenging economy, this need to evolve has never been more prevalent as brands are continually scrutinised for what 'value' they deliver, not just for shareholders but for all their stakeholders including investors, partners, employees and the communities in which they work.

Like any progressive business that seeks buy-in from others in order to succeed, our impact is now measured in more ways than financial performance alone. We now measure the impact of our work on our people, our partners, our places and our planet. Our brand needs to connect with our target audiences and it needs to stand for something in order to resonate in the hearts and minds of the people we work with and for; and especially with the talent we need to attract in order to progress, grow and succeed.

In 2023 we have undertaken an extensive rebrand exercise to better understand what our 'value' is, what we stand for and how we activate and articulate our brand as a modern, progressive and inclusive business.

We began this journey by facilitating two significant projects. The first was the BVP (brand value proposition) project, an externally facing body of work to discover what 'value' we provide for our external audiences and, secondly, the EVP (employer value proposition) project to unearth what value as an employer we provide for all our people, aside from salaries.

Brand Value Proposition

The BVP project started with diagnosis and research canvassing insights from a broad range of external stakeholders. We then took the findings of that research to our people via three internal workshops to inform how we articulate our positioning, purpose, values, key messaging and our tone of voice. The participants in the workshops were selected from across the group of businesses, from a range of positions and roles, seniority, length of service, ethnicity and gender, to ensure the broadest representation possible.

Employer Value Proposition

In quick succession following the BVP, we quickly launched our second project, the EVP. Again, we canvassed the opinion of another large group of people from across our business to articulate the reasons why people should join Henry Boot and reasons why they should stay. We also explored employee mindsets and personas to help improve internal communications and employee engagement. The insight gathered has informed our talent attraction and talent retention strategies as well as practical business-as-usual people needs such as our on-boarding process, health and wellbeing, skills development and career progression.

What's next?

In 2024, we plan to implement a refreshed corporate brand identity for all our businesses which will be showcased in our next Annual Report.

Henry Boot gave us a legacy we're proud of – which fuels our desire to be a business where great places start. **Then, now, and for future generations.**

GROUP AT A GLANCE

Henry Boot is one of the UK's leading land, property development and construction businesses, renowned for transforming land and places.

We manage the combined effort and expertise of six primary subsidiaries, investing in our future to create long term value and robust returns for all our stakeholders and partners.

With our uniquely sustainable business model we have built a market-leading Group of Companies that source, develop and deliver across the whole real estate value chain.

Our Geographical Reach

National coverage and strategic sites

The head office of the Henry Boot Group is located in Sheffield but we operate throughout the country. We have nine regional offices and seven plant hire centres to ensure we are close to our strategic sites and we are able to maximise our development opportunities.

Key

- Head Offices
- Regional Offices
- Hire Centres

Types of revenue streams

Land Promotion

Hallam Land

Hallam Land has facilitated 52,000 new homes since 1990, managing one of the top four largest land portfolios in the country, with the potential to facilitate over 100,000 homes.

Key Markets

Read more on pages 36 to 37

Property Investment and Development

HBD

Henry Boot Developments (HBD) manages a development pipeline of £1.3bn, the equivalent of 7.1m sq ft of developments across our key markets, whilst maintaining a £113m investment portfolio, of which 73% of the properties have an EPC rating of 'C' or higher.

Key Markets

Stonebridge

Stonebridge, our jointly-owned home building business, manages a land portfolio capable of delivering over 1,500 new homes, with an ambition to deliver up to 600 new homes a year.

Key Markets

Read more on pages 38 to 41

Construction

Henry Boot Construction

Henry Boot Construction has extensive experience in both the public and private sectors, including major projects such as the £200m regeneration of Barnsley town centre, and The Cocoa Works, a £57m residential development in York.

Key Markets

Banner Plant

For 65 years, Banner Plant has supplied construction plant and equipment, operating from seven regional depots in the North of England.

Key Markets

Road Link

Road Link has a 30-year contract (two years remaining) with National Highways to operate and maintain the A69 trunk road between Carlisle and Newcastle upon Tyne.

Read more on page 42

Types of revenue streams

Recurring Revenue: This revenue stream is regular and stable, which allows the Group to maintain long term bank funding relationships.

Cyclical Revenue: This revenue stream is dependent on each economic cycle. These profits, in good years, contribute significantly to the Group's profits

Key to markets

- Industrial & Logistics
- Residential
- Urban Development

INVESTMENT CASE

Five reasons to invest

1

Effective management and shareholder returns

The Group has a strong track record of effectively managing the balance sheet, with a modest gearing of 10 – 20%, whilst continuing to create shareholder value through our strategic focus on delivering sustainable growth. We have delivered attractive returns through the cycle with a 10-year return on capital employed of 12.7% p.a. and total accounting return of 10.8% p.a.

2

Clear focus on three key markets driven by positive long term trends

Our strategy remains achieving long term growth through our focus on three key markets – Industrial & Logistics, Residential and Urban Development. Whilst 2023 saw a reduction in activity across all three of our markets, we continue to have conviction in them over the long term. Industrial property was the best performing commercial real estate sector in 2023 and, after having a subdued year, the residential market has shown initial signs of recovery as price falls ease, with leading indicators suggesting that 2024 will see a recovery in demand for new homes.

3

Significant embedded value in the business

There is significant embedded value across the Group, with our strategic land and property developments held at cost, rather than revalued on a mark-to-market basis. This includes c.101,000 strategic land plots (of which 8,501 have planning permission) and a £1.3bn development pipeline (with 59% focused on Industrial & Logistics). Added to this we have a growing premium housebuilder, with a land bank of 1,513 plots which equates to approximately 5.5 years' supply based on our one year forward sales forecast.

4

Our culture and people

Our people are vital to Henry Boot's long term success. A positive and inclusive embedded culture enables us to create and maintain long standing relationships with our customers, clients and communities. This is crucial to our sustainability, creating an environment which empowers our people to deliver the Group's strategy, whilst continuing to attract and retain people who support our culture.

5

Responsible Business approach

We launched the second phase of our Responsible Business Strategy in January 2022. The strategy outlines forward-looking targets aimed at further embedding our ESG approach into the Group's commercial and strategic decision making, with the commitment of achieving NZC by 2030.

Our strengths

Our diversified businesses

Henry Boot operates across the whole property value chain.

With our uniquely sustainable business model we have built a market-leading Group of companies that source, develop and deliver across the whole property value chain.

We manage the combined effort and expertise of six primary subsidiaries, investing in our future to create long term value and robust returns for all our stakeholders and partners.

Our capital structure

We reinvest the cash generated from our investment portfolio and construction business into more profitable areas of the business.

Our financial structure allows us to invest in the more profitable areas of the business to ensure we can maximise value, whilst maintaining prudent gearing levels. HBD's property investment portfolio generates rental income each year, allowing us to borrow against the investment portfolio at attractive rates. The construction segment is self-funded and cash generative, resulting in the cash produced from these activities being invested into strategic land and property development.

Our planning and development expertise

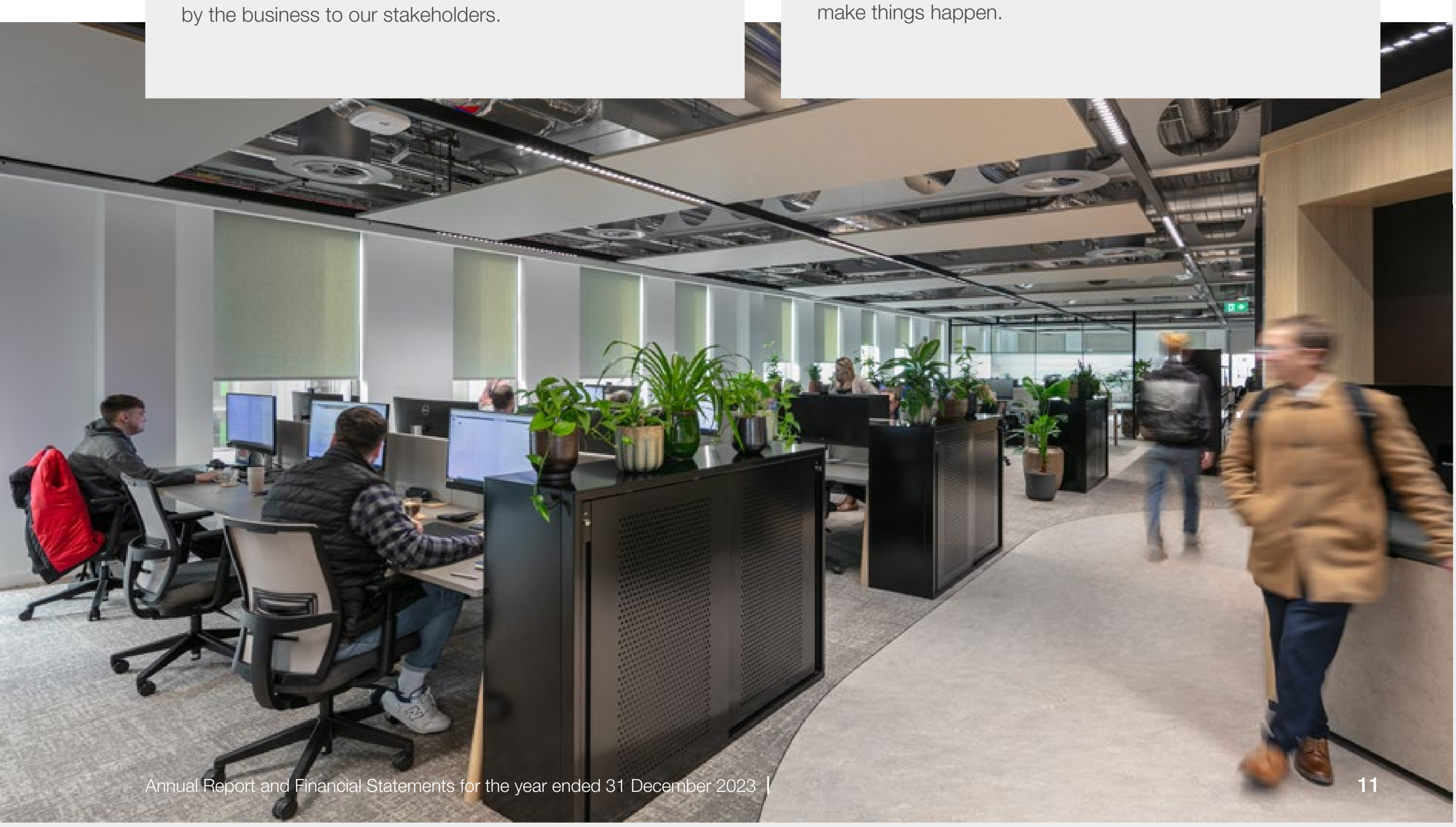
The Group has been in business for 138 years and we are valued for our expertise and forward-thinking approach.

Henry Boot recognises that our people are fundamental to the success and sustainability of the Group. It is their expertise across our three key markets that executes our business model successfully and delivers the value created by the business to our stakeholders.

Our relationships

We work closely with our stakeholders, including our landowners, key property advisers (who inform us of potential opportunities), and planning consultants and legal advisers.

At Henry Boot we pride ourselves on collaboration. We set clear mutual expectations and strive to achieve them. We promote cross-team working and work in partnership to make things happen.



STRATEGIC VALUE IN THE BUSINESS

Land promotion

Continuing to grow one of the largest strategic land banks in the country

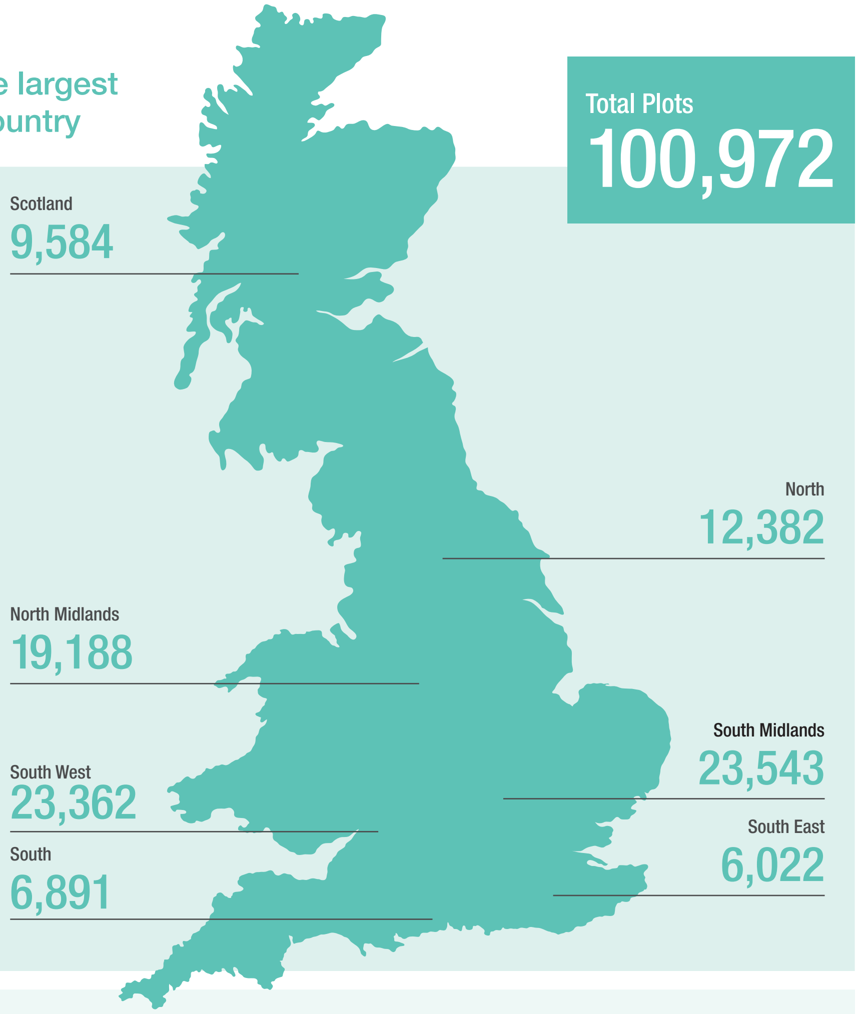
Land bank

Regional breakdown

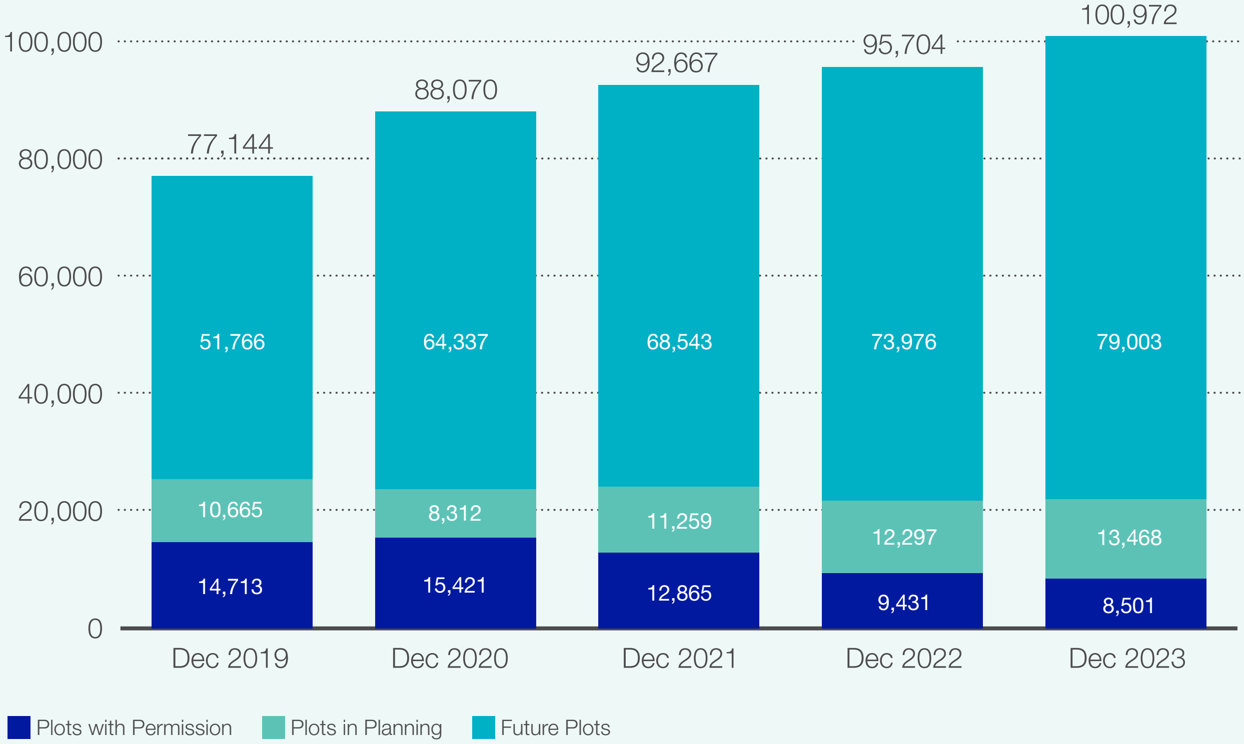
Plots with Permission
8%

Plots in Planning
13%

Future Plots
79%



Residential Land Plots



Property investment & development

Future Development Pipeline

The Group has a total development pipeline of £1.5bn GDV (HBD share £1.3bn), with all of these opportunities sitting within the Company's three key markets.

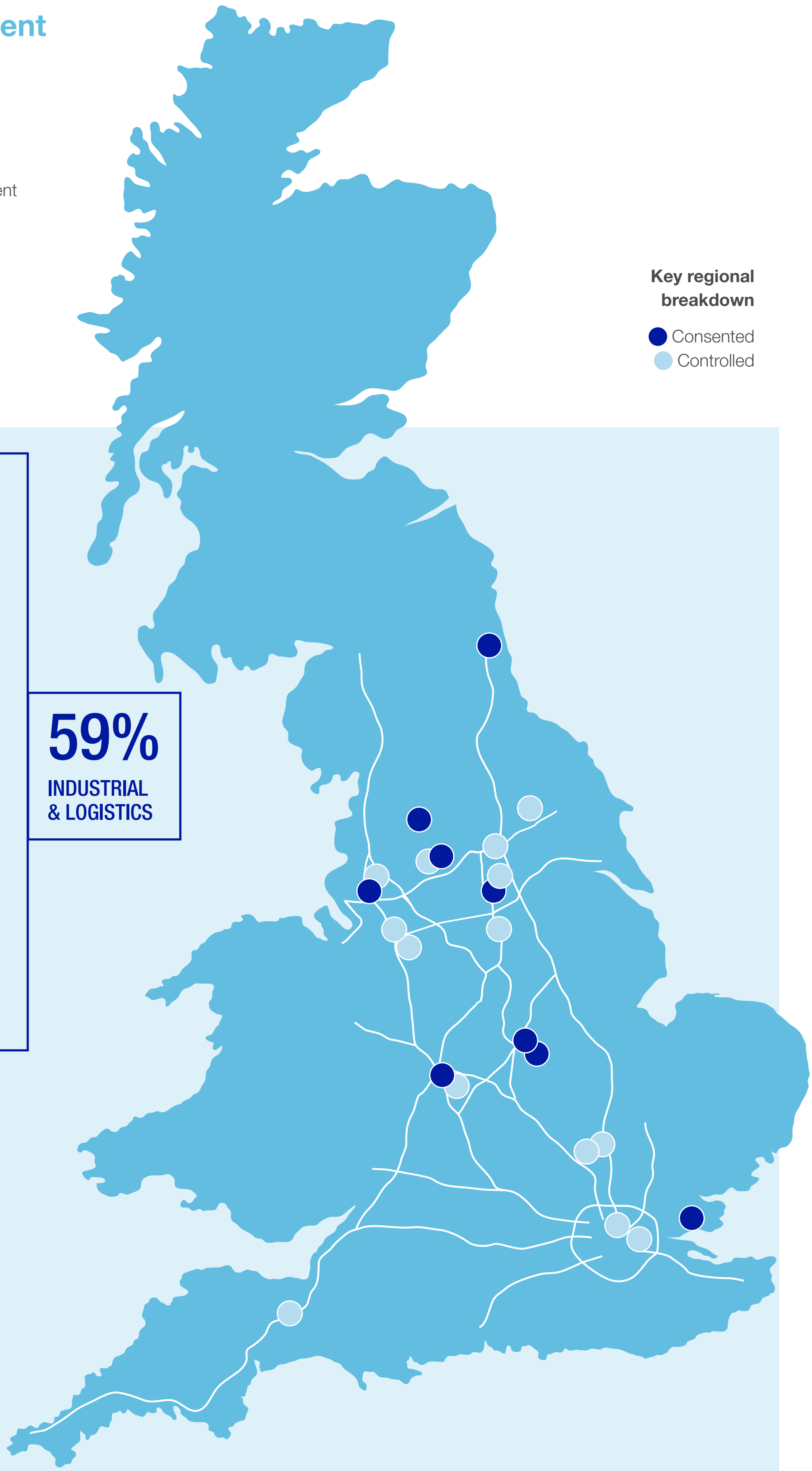
28% Industrial & Logistics: Big Box

31% Industrial & Logistics: Mid/Small Box

59% INDUSTRIAL & LOGISTICS

20% Urban Residential

21% Urban commercial



STRATEGIC REPORT

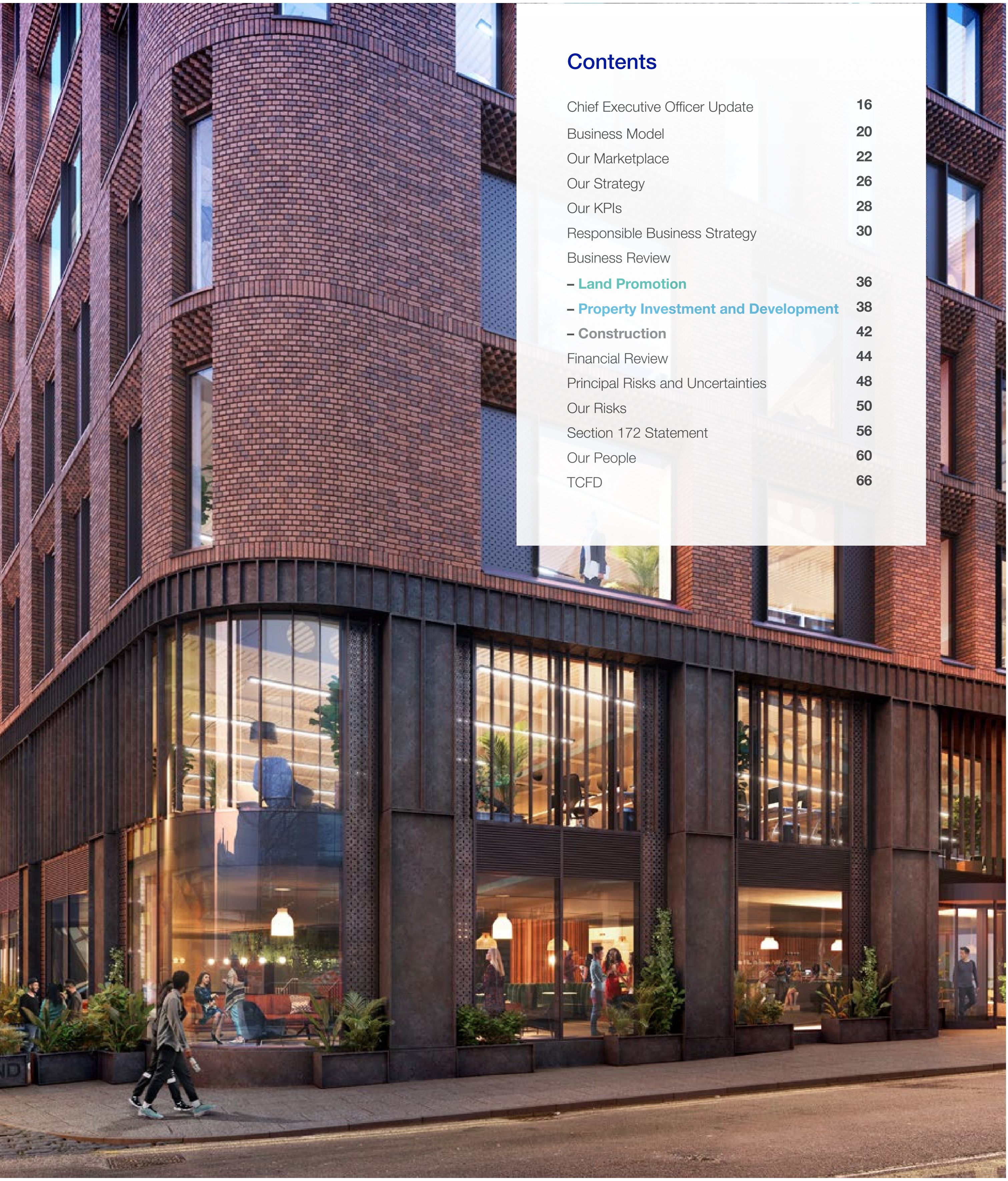
The Directors present the Group Strategic Report for the year ended 31 December 2023.

This report sets out how Henry Boot continues to create consistent value through the promotion of new land opportunities, the development of and investment in high-quality property assets, and construction activities.

The Business Overview and Strategic Report on pages 02 to 77 have been approved by the Board and signed on its behalf by

TIM ROBERTS
CHIEF EXECUTIVE OFFICER

11 April 2024



Contents

CHIEF EXECUTIVE OFFICER UPDATE

TIM ROBERTS
CHIEF EXECUTIVE OFFICER

> I believe we have performed well against a slowing economy, rising interest rates and high inflation. I am clear that our focus on high quality land and development in prime locations has helped us to deliver a resilient set of results".

WE ARE PLEASED WITH THE RESULTS, WHICH WERE IN LINE WITH OUR EXPECTATIONS

306p
NET ASSET VALUE PER ORDINARY SHARE (2022: 295P)

£410m
NET ASSET VALUE (2022: £394M)

Henry Boot performed relatively well against a backdrop of a slowing economy, rising interest rates, high inflation and decreasing volumes in our key markets. Our focus on high quality land, commercial property development and housebuilding in prime locations has meant demand for our product remained resilient, allowing us to complete £248.5m (2022: £241.9m) of sales. Whilst we have worked hard to mitigate the pressures facing the business, they have inevitably had an effect on PBT at £37.3m (2022: £45.6m). However, in the circumstances, we are pleased with this result, which was in line with our expectations.

In line with our strategy, we continue to grow the business, with NAV, on a statutory basis, increasing by 4.0% to £410m (2022: £394m), generating a total accounting return[6] of 6.1% (2022: 12.8%). With our 100,972 plot strategic land portfolio and £1.3bn development pipeline all held at the lower of cost or net realisable value, rather than being regularly revalued on a mark-to-market basis, there is significant latent value across the Group not reflected in our understated NAV.

The rapid and sustained rise in interest rates has affected our key markets. The resultant increase in mortgage rates has materially slowed down house sales, with new build sales typically down in volume by c.20%. House prices, at best, have stopped growing but, in most cases, have fallen, decreasing by 1.8% in 2023 according to Nationwide.

Despite this, Stonebridge Homes (SH), has managed to increase volume by 43% and sell at prices slightly ahead of budget. SH is one of our most ambitious growth targets. The business has grown total homes sold since setting our medium-term objectives in 2021 by 109%. This year, reflecting 50% forward sales (2022: 56%) and what is anticipated to be a slowly recovering market, we have been marginally more cautious and expect completions to increase by 10% to 275 homes in 2024. We remain committed to hitting our medium-term objective of scaling this business up to 600 homes per annum.

According to Savills Research, UK greenfield land values decreased by 6.5% in 2023. Against this backdrop, our land promotion business Hallam Land Management (HLM) performed well, selling 1,944 plots (2022: 3,869) and maintaining profitability through a higher percentage of freehold sales. More crucially, since the start of 2024 HLM has already disposed of 276 plots and exchanged on a further 793 plots for completion across 2024-2026, as well as having an additional 1,556 plots under offer. In the current constrained planning environment, it shows our main customers, the national housebuilders, are still acquiring prime strategic sites. Not all of these transactions will contribute to profit in 2024, as a number of sites have been sold with staggered completions as housebuilders have adjusted their land acquisition strategies to reflect the reduction in sales volumes.

The Government has consistently failed to carry out much needed reform of what, I am afraid to say, is an increasingly dysfunctional and under resourced planning system. The delays and uncertainties caused by planning not only affect housing and commercial property, but also investment and productivity in the UK. The recent CMA market study into housebuilding (which we contributed data to) concluded that land banking was more a symptom of the issues identified with the complex planning system, rather than it being a primary reason for the shortage of new homes. The Government's latest updates to the National Planning Policy Framework (NPPF) are at best tactical but may lead to marginally speeding up development plan preparation. Labour have made it clear if they are in government they will prioritise reviewing planning. Our plots with planning have fallen in recent years to 8,501 (2022: 9,431), primarily due to difficulties of the planning system, accentuated by delays during COVID. However, at 13,468 (2022: 12,297) we now have a high number of plots in for planning and an additional 8,227 have an allocation or draft allocation. Given our long term track record we believe we are as skilled as anyone in the country at navigating the planning system. So, as we continue to grow the portfolio, and convert applications, we expect to build back up our valuable store of plots with planning consent.

On industrial investment, in line with the slowdown in the wider UK real estate market, volumes were down 52% in 2023 to £5.1bn according to JLL. There was also lower activity in occupational markets, with Gerald Eve data showing that take up declined c.30% in 2023 to 44.5m sq ft. Nevertheless, when factoring in that 2022 demand was boosted by COVID, last year's take up is now back in line with the 2015-19 average. However, industrial performance remained strong with rental value growth at 6.9% during 2023 according to the CBRE UK Monthly Index, meaning capital values were up by 1.4% despite further modest yield expansion. This sustained occupier demand allowed us to successfully complete 661,000 sq ft of industrial development, all of which was pre-let or pre-sold. Industrial will continue to be the largest element of our development business going forward. Our aim is to drawdown on our £1.3bn Gross Development Value (GDV) pipeline (59% of which is in industrial) over the next twelve months or so to build back up our committed programme towards our medium-term objective of completing £200m of development per annum. For the time being, new development will be pre-sold or pre-let led, and therefore likely to contribute towards profit in 2025 and beyond.

Cities are continuing to recover from the social and economic effects caused by COVID, not least both businesses and people's slightly misguided, and now seemingly reducing, desire to work from home. The major cities outside of London where we focus will, therefore, continue to attract people to live, work and play. This is demonstrated by the rise in residential rents this year at a very healthy 8.3%, although the increase in interest rates has, for the time being, cooled investor demand for funding Build-to-Rent (BtR). However, whilst investment activity has fallen across all real estate sectors, BtR has proven more resilient with investment volumes of £4.3bn during 2023, down a modest 3% on 2022 according to Cushman & Wakefield. Likewise, the demand for prime office buildings with strong ESG credentials, as businesses look to fulfil their NZC commitments and attract talent back into the office, is still healthy with regional prime office rental growth of 5.0% in 2023. Investor demand for prime offices, like that for BtR, has waned with the rise in interest rates but, as rates fall, investors are likely to return to these growth markets.

With committed development of £240m (HB share) in 2022, we have tactically reduced our committed programme to £159m (HB share) in 2023 as markets have slowed, of which 50% is pre-let or pre-sold (including units reserved at Setl). A key focus for 2024 will be converting customer interest in our three speculative schemes which will all complete this year: Setl – our premium apartments to sell in the heart of the Jewellery Quarter in Birmingham City Centre; Island – our prime, NZC office building in Manchester City Centre; and Rainham our high quality NZC industrial development in Greater London. Our target is to sell all apartments in Setl this year and, in this respect, we have reservations/exchanged in-line with pricing expectations on 30% already. On Island, we are now looking to lease the building on a floor-by-floor basis and our aim is to secure our first letting prior to completion in Q3 24. On Rainham, which completes in Q2 24, our aim is to have the majority of the scheme let within a year. As we do this the level of pre-let / pre-sold will rise above our strategic target of 65% which will give us greater scope to replenish our committed developments.

The Group's investment portfolio (IP) has outperformed again, with a total return of 6.7%, compared to the CBRE UK Index total return of 1.7% in 2023. A capital return of 1.5% against commercial markets, which fell by 1.4%, helped the market value of the portfolio grow to £112.9m (2022: £108.6m). Our structural weighting towards industrial assisted this out performance and, as we did last year, we helped ourselves by making selective accretive sales. We sold four investments plus Banner Cross Hall, the Group's former HQ, for a total of £12.7m at an average 23% premium to December 2022 valuations. We also retained three completed developments in Luton, Markham Vale and Pool with a combined value of £21.2m. We have been patient in growing the IP to its medium-term target of £150m and based on market corrections in 2022 and 2023, this has proven to be the correct approach. Going forward there will be plenty of opportunity to grow this portfolio.

Our construction segment, like the rest of the UK construction market, had a challenging year. Henry Boot Construction's (HBC) performance on two of our largest projects of which both are in the centre of Sheffield, the BtR Kangaroo Works (£40m contract value) and the Heart of the City mixed use scheme (£42m contract value), were hit by the availability of materials and suffered delays. HBC starts 2024 with 49% of its order book secured (against a target of 65%), as we remain determined not to take on work where either the terms or pricing are commercially unattractive. With Pre-Construction Services Agreements (PCSAs) of £50m there are opportunities for us to secure further new work in 2024 but, again, some of this turnover could slip into 2025.

Banner Plant traded slightly below budget in a market where demand has fallen, and sales have been volatile. Road Link (A69), yet again, has traded broadly in line with expectation. Significantly, given that S&P UK Construction PMI has been running below the neutral 50.0 level for much of 2023, showing a fall in activity, the construction segment overall still contributed to the Group's profit.

CHIEF EXECUTIVE OFFICER UPDATE CONTINUED

Cost inflation remained challenging throughout 2023, and, whilst we have learned that there can be external shocks, it feels that its effect will be more subdued in 2024. We are planning for build cost inflation in SH and HBC to be running at between 3-4%.

In line with our ambition to grow the business, we have invested a combined total of £60.4m in increasing our strategic land portfolio to 100,972 plots, completing and building out our high-quality development programme, and growing the landbank of our premium housebuilder, SH. This has helped us to increase our capital employed by 4% to £417m. It has, however, meant our gearing has risen to 19.0% (net debt £77.8m), but is still within our optimal stated range of 10-20%. Whilst the Group's £105m facility runs until January 2025, we have agreed terms with existing lenders and expect to have a new facility in place during Q2 24.

So, all in all we are pleased with the way the business has performed, during what for our key markets has been a difficult year. We are now firmly focused on 2024 and our medium term growth targets – which remain very achievable. Whilst there is a path to lower inflation and reduced interest rates the expected recovery is very likely to be weighted towards the second half of the year. More detail on this is in the outlook, following a review of our medium term targets and operations below.

Outlook

Looking ahead it feels the economy has turned a corner, with inflation falling and the path of interest rates trending down. This is very likely to move us on from the shallow recession we faced at the end of 2023 into a recovering economy. This is encouraging news for our rate sensitive markets. The demand for houses and, therefore, residential land should pick up. Lower rates will also stimulate investor interest in commercial property and BtR. All of this in turn boosts construction activity. However, planning uncertainties and delays will continue to be a problem and we also face the unpredictability of a General Election during 2024.

Not surprisingly, we do not have clear visibility on how all of this will unfold and, with key transactions to execute and complete this year in both land promotion and development, we expect 2024 results will be heavily second half weighted.

We have confidence in the long term fundamentals of our key markets, with growing conviction that our concentration on prime, high quality buildings and projects together with our focus on developments with strong ESG credentials will reward us with improved liquidity and enhanced returns. Our balance sheet remains rock solid and, with agreed terms from our banks on renewing and enlarging our facilities expected to be in place during Q2 24, we have the resources to continue to grow the business in line with our medium term targets.

TIM ROBERTS
CHIEF EXECUTIVE OFFICER

NOTES:

This report contains the following alternative performance measures (APM): Underlying profit. Return on Capital Employed. Net Asset Value (NAV) per share. Net (debt)/cash. Total Property Return. Total Accounting Return.

More details can be found on page 47.

CASE STUDY

OUR NEW HEAD OFFICE

In November 2023 we relocated our head office to the Isaacs Building, in Sheffield city centre.

We have taken 12,800 sq ft of space across the top three floors of the Isaacs Building, providing our team and partners with a more contemporary, sustainable and flexible workspace. Over 90 people from across our Group are based at Isaacs, who can now take advantage of a broad range of spaces to complement multiple working styles and to better support their health and wellbeing.

The new office supports Henry Boot's ambitious growth plans by encouraging greater collaboration and cohesiveness across our diverse network of teams and businesses, as well as attracting new talent and supporting retention.

Colleagues based in the Isaacs Building benefit from the building's wellbeing-focused approach, with collaboration zones, breakfast bars, cycle storage, changing facilities, shower rooms and surrounding complementary retail and leisure facilities in the city centre.

The move also plays a significant role in the Company's aim to reduce its carbon footprint and support its goal of being net zero carbon by 2030, with an expected carbon emission reduction of 79% compared to the former HQ at Banner Cross Hall. Since 2019, Henry Boot has reduced both its Scope 1 and 2 emissions by 14%. An ambition to accelerate reductions in energy use and emissions was a material factor behind the move.

The seven-storey Isaacs Building has been developed with sustainability at its core, achieving a BREEAM 'Very Good' rating. To further enhance the building's energy efficiency, it has been connected to Sheffield's District Energy Network, providing low-cost, sustainable energy.

The new city centre location also takes the firm back to its roots, bringing it closer to its original headquarters on Moore Street. The Isaacs Building, situated on Charles Street, around half a mile from Moore Street, was built between 1904-05 by paperhanging merchant David Isaacs and has recently been refurbished and extended to provide over 38,375 sq ft of high-quality workspace.

OVERVIEW
STRATEGIC REPORT
GOVERNANCE
FINANCIALS
SHAREHOLDERS

BUSINESS MODEL

Our Group is made up of six businesses operating across three key markets: Industrial & Logistics, Residential and Urban Development.

From acquiring land and obtaining planning permission through to development and maintaining an investment portfolio, we work across the whole property value chain. And, while each business operates as its own profit centre, we encourage collaboration across the Group.

Key resources and relationships

Our people

Henry Boot recognises that our people are fundamental to the success and sustainability of the Group. It is their expertise that executes our business model successfully and delivers the value created by the business to our stakeholders.

Read more on pages 60 to 64

Portfolio and land bank

HBD has a £1.3bn pipeline, across our three key markets, whilst Hallam Land Management has increased the land bank to 100,972 plots in the portfolio.

Read more on pages 12 to 13

Group strategy framework (focus on three key markets)

The Group provides reliable earnings with a clear focus on our three key markets – Industrial & Logistics, Residential and Urban Development – driven by positive long term structural trends.

Read more on pages 26 to 27

Supply chain

Our relationships with our supply chain are critical to our success and we work hard to engage and collaborate with all of our suppliers and partners to create and maintain long term successful relationships.

Read more on page 64

Partnerships

At Henry Boot we pride ourselves on collaboration. We set clear mutual expectations and strive to achieve them. We promote cross team working, and work in partnership to make things happen.

Read more on page 34

Our expertise

Land promotion

Hallam Land

- Identifying land with future potential.
- The use of agency and option agreements, as opposed to buying all land outright, means less expenditure on each asset, allowing us to maximise the number of land opportunities that we are involved in at any one time.
- As investment is spread over many assets, this reduces the overall risk of involvement in the planning process and maximises the likelihood of making a return on the capital invested.
- Taking land through the complexities of the planning system.

Property investment & development

HBD, Stonebridge

- Acquiring and developing brownfield land or under performing property assets.
- Operating in diverse sectors to maximise development opportunities.
- Developing partnership arrangements.
- Ability to self fund or source pre funding opens up opportunities. The businesses can commit to long term projects, such as complex multi-site regeneration schemes.

Construction

Henry Boot Construction, Banner Plant, Road Link

- Project delivery in both the public and private sector.
- Creating trusted relationships and repeat business.
- Supplying a wide range of plant equipment efficiently.

Our diversified business

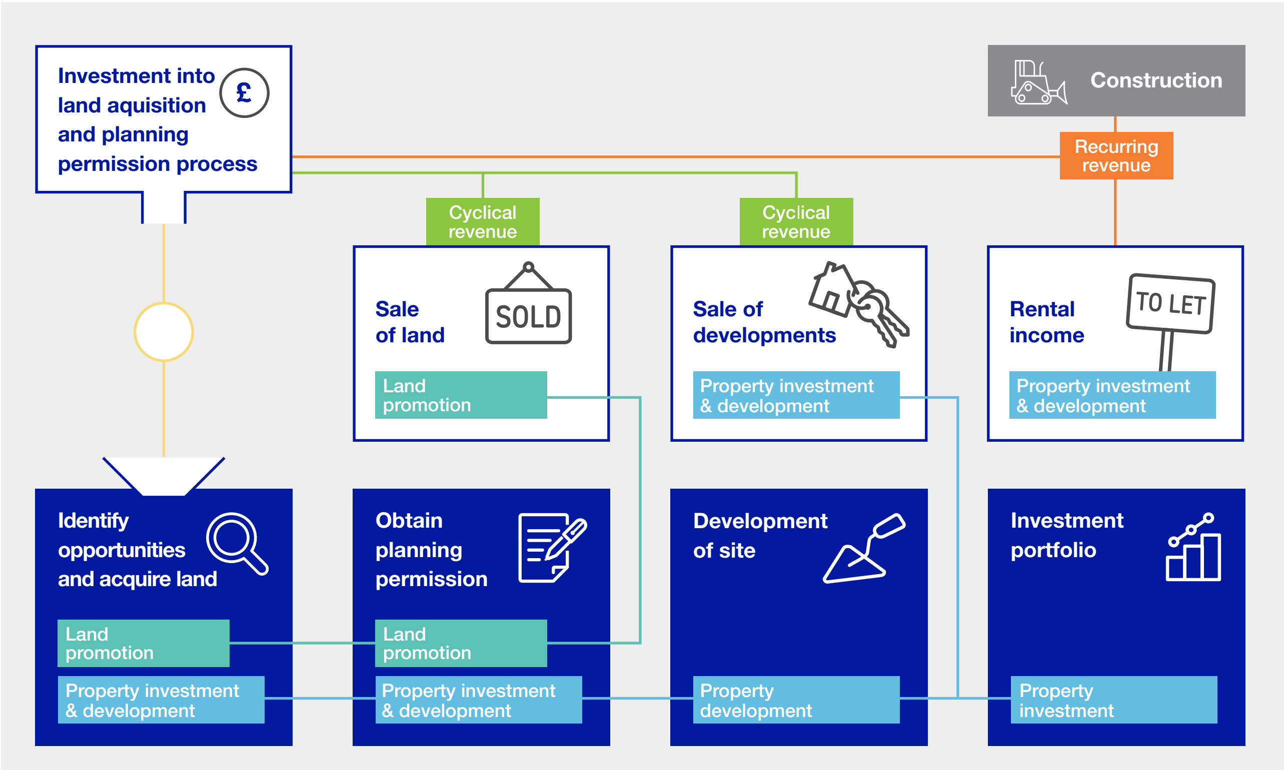
We balance the business in the following ways:

- Our land promotion business has an extensive portfolio which mitigates risk while planning permissions are obtained.
- Our property development and investment business self-funds some projects, while others are delivered as joint ventures or forward funded. Its portfolio generates a significant rental income, which facilitates investment in more diverse operational activities with higher returns.
- Our construction business also generates income that can be reinvested into a portfolio of land and property development projects.
- Finally, a significant amount of equity is retained in the business to lessen the need for external borrowing.

Our Capital Structure:

Recurring Revenue: The revenue from construction and the property investment portfolio is regular and stable. This income allows Henry Boot PLC to maintain long term bank funding relationships.

Cyclical Revenue: Sale of land and property developments generates cyclical revenue. These activities are riskier and give varying amounts of profit through each economic cycle. These profits, in good years, contribute significantly to the stable profits from construction and property investment.



The impact we are making

UN Sustainable Development Goals

When creating our Responsible Business Strategy, we engaged our stakeholders to understand which of the UN Sustainable Development Goals (SGDs) they felt our business could most positively impact.

Based on the feedback received, the Responsible Business Committee selected the below SDGs as those best aligned with our corporate purpose.

Society

All of the targets contained within the Responsible Business Strategy have been influenced and shaped through consultation with our people, our commercial and community partners, our senior management and Board, and our professional advisers to ensure that they are robust, ambitious (whilst also achievable) and will create the impact we aspire to achieve.

Our value generation

Our people

Our people deliver the core activities of our business model. We invest a significant amount of time and resource in their training and development to ensure they are empowered in their roles. We apply the same methods and dedication when we are recruiting to ensure we attract the highest calibre of people within the Group.

Communities

We have offices in ten locations across the UK, but we have projects that extend our community impact across the country. Wherever we operate it is fundamental to us that we develop strong relationships and partnerships with our communities. This could be by using the local supply chain on projects or volunteering our skill set to a local charity.

Customers

We are committed to maintaining our long standing track record of customer satisfaction. We continue to listen, understand and adapt how we can improve upon what we deliver, so we are able to further enhance the competitive advantage our Group brings to its customers.

Shareholders

Our priority is to protect the sustainability of the Group for our shareholders. By operating transparently and responsibly, we are able to create added value for our shareholders, providing updates on performance and changes to the strategic direction of the Group.

OUR MARKETPLACE

In 2023 our three key markets were impacted by a slowing economy, stubbornly high inflation and rising interest rates. Whilst transaction volumes reduced in all our markets, they showed their resiliency with continued demand for our high-quality buildings and prime projects, albeit not at the same levels as previous years.

We still believe our markets are driven by long term trends such as retail moving online, population growth and the success of the main cities in terms of economic growth, education and health provision, leaving us with continued conviction that these markets will drive our growth and performance.

Key long term structural trends affecting our business

Urbanisation

According to the UN, the population of the UK will have grown to approximately 71.7m by 2050 with 90% of the population living in urban areas. Given expected population increases over the long term, major cities will be a key driver of UK growth with a corresponding increase in demand for housing and high-quality office space. People do not choose to live in cities merely to be close to work, but rather because of the lifestyle benefits provided by accessibility to amenities. Research by Centre for Cities shows that being “close to restaurants/leisure and cultural facilities” is by far the biggest factor in determining city centre residents’ location decisions.

Technology

The digital landscape is constantly evolving and will disrupt how we live, work, shop and communicate, leading to a greater requirement to deliver services that adapt to the emergence of new technology, but also the environment in which they do it in. In real estate, there has been greater use of property technology for data and analytics as well as to help automate and streamline tasks resulting in increased demand for warehouse space from third party logistics operators, online retailers and manufacturers. The emergence of AI also has enormous potential to reshape real estate including the emergence of new markets.

Demographics

The UK’s population continues to grow, albeit at a slower rate than previously, with low birth rates and people living longer. However, the most significant change in the working age population over the next 20 years is for 20 to 30-year olds and 40 to 50-year olds who are expected to increase by 4.1% and 4.3% respectively. Demographics therefore provide positive support for senior living and BtR aimed at young professionals.

Environment

The built environment contributes an estimated 25% of the UK’s carbon emissions, which increases the pressure on businesses in our industry to adapt their operations to become more sustainable. This, alongside the need to reverse environmental degradation has created higher demand for energy efficient green buildings with a rising brown discount for buildings that do not offer such characteristics.

INDUSTRIAL AND LOGISTICS

Market Overview

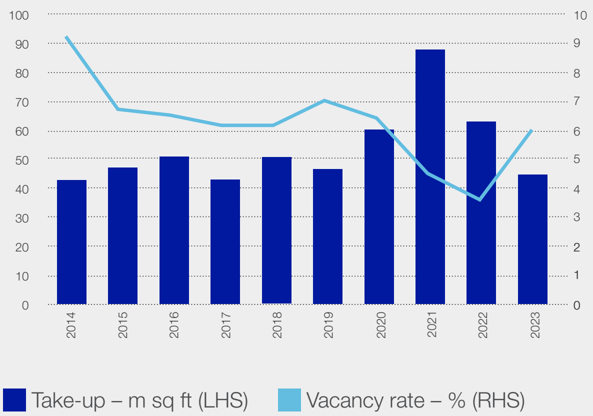
Warehouse take up has slowed over the last year, with volumes declining by c.30% to 44.5m sq ft in 2023 according to Gerald Eve. Whilst this is a reduction in demand from 2022, annual take up is now back in line with the pre-COVID levels of 2015-2019, after the pandemic sparked substantial demand for warehouses from online retailers due to a large spike in internet sales.

Gerald Eve believes that e-commerce remains a long term structural driver of demand for logistics space, with the emergence of other businesses that will also make an important contribution, such as green energy production and EVs as well as companies near shoring operations to improve supply chain resilience.

High street retailers are also looking to upgrade their logistics to more sustainable accommodation as well as increase their e-commerce offering.

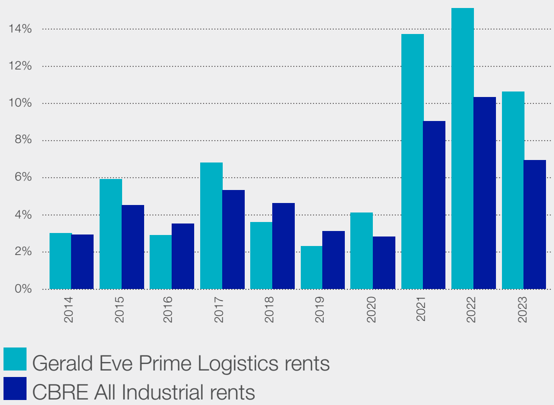
Industrial rental growth remained strong in 2023, with the sector delivering rental growth of 6.9% according to the CBRE UK Monthly Index, which was the highest within the commercial property sector. Industrial property capital values also increased by 1.4% against value declines in both retail and offices, reflecting the limited supply of high-quality warehouse space.

Warehouse take-up and availability



Source: Gerald Eve

Annual rental growth



Source: Gerald Eve & CBRE

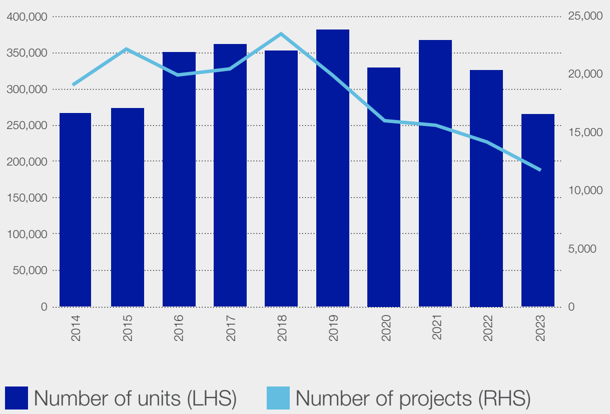
RESIDENTIAL

Market Overview

The latest housebuilding figures show that the Government has continued to fall short of its annual target to build 300,000 new homes in England, which reflects the delays and uncertainties caused by the planning system. According to Glenigan, in 2023 a total of 264,994 plots achieved planning permission, a decrease of 18% on the prior year. Whilst the Group has good levels of stock with planning permission to meet demand from housebuilders as the delays in achieving planning continue, the Government needs to carry out much-needed reform of the system. The complexity of the system not only affects the housing and commercial market, but also investment and productivity in the UK.

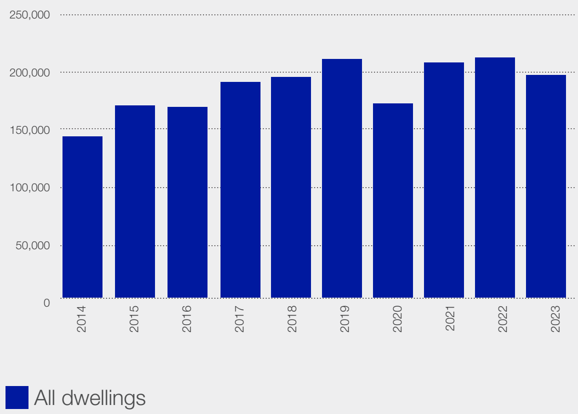
The UK housing market remained subdued during 2023 with house prices decreasing by 1.8% according to Nationwide. Lower volumes have been a symptom of the sustained rise in interest rates, which in turn increased mortgage rates resulting in affordability becoming more stretched for potential buyers. At the beginning of 2024, there have been encouraging signs that mortgage rates are edging down, which in turn should restore the confidence of home buyers.

Residential planning approvals in Great Britain



Source: Glenigan

Housebuilding: Permanent units completed in Great Britain



Source: Office for National Statistics

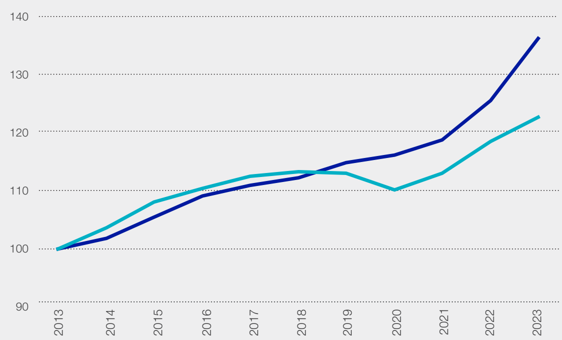
URBAN DEVELOPMENT

Market Overview

The Urban Development market suffered the biggest disruption as a result of COVID. Cities saw a reduction in footfall as people chose to retreat from them and businesses supported homeworking reducing the demand for office space. Nonetheless, we are now seeing a reversal of these practices, with cites becoming more appealing to people again and an array of businesses either encouraging people to return to offices or making it mandatory to return full time.

This is demonstrated as residential rents in 2023 saw a very healthy 8.3% rise according to ONS, supporting continued investor demand for BtR, with volumes remaining resilient at £4.3bn. Demand for prime offices in regional cities with strong ESG credentials has also picked up with rental growth of 5.0% in 2023.

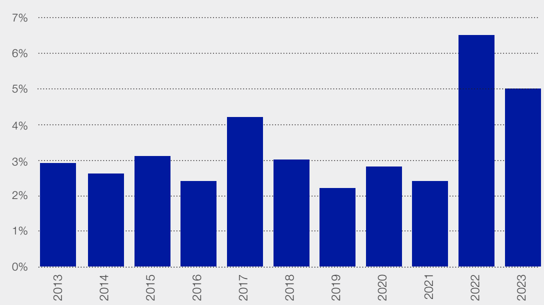
Rental value growth (Dec 2013=100)



England Private Housing   UK Commercial Property

Source: Office for National Statistics and CBRE

Office rental growth



Big Nine regional offices

Source: Avison Young

OUR STRATEGY

Group strategic priorities

The Group set a medium-term strategy in 2021 to grow the size of the business through a 40% increase in capital employed to over £500m and a targeted focus on three key markets: Industrial & Logistics (I&L), Residential and Urban Development, while maintaining ROCE within a 10-15% range.

Our key metric of capital employed has risen to £417m (2022: £399m), and our ROCE at 9.9%, when rounded, was within our targeted range of 10-15%. Over the last two years we have delivered a ROCE of 10.8% p.a. which we believe to be a very credible performance given the decline in commercial property and land values of 22.1% and 8.6% respectively, from their mid-2022 peaks. We maintain our belief that we can achieve our main medium-term target of £500m capital employed, whilst continuing to generate attractive returns.

Key Strategic Pillars

Our strategy is shaped by four key strategic pillars and focuses on three long term markets	**Safety and environment** We aim to be the safest place to work in our markets and be respectful to our environment	**Growth** Grow capital employed to £500m by investing in our three key markets	**Delivery** Adopt emerging working practices, investing and collaborating to deliver our operational targets	**People** Open, progressive, high performing business governed by clear objectives which engages a diverse range of talent

Long term Markets	**Industrial & Logistics**	**Residential**	**Urban Development**

Value Delivery	**Property Development & Investment**	**Land Promotion**	**Home Building**	**Construction**

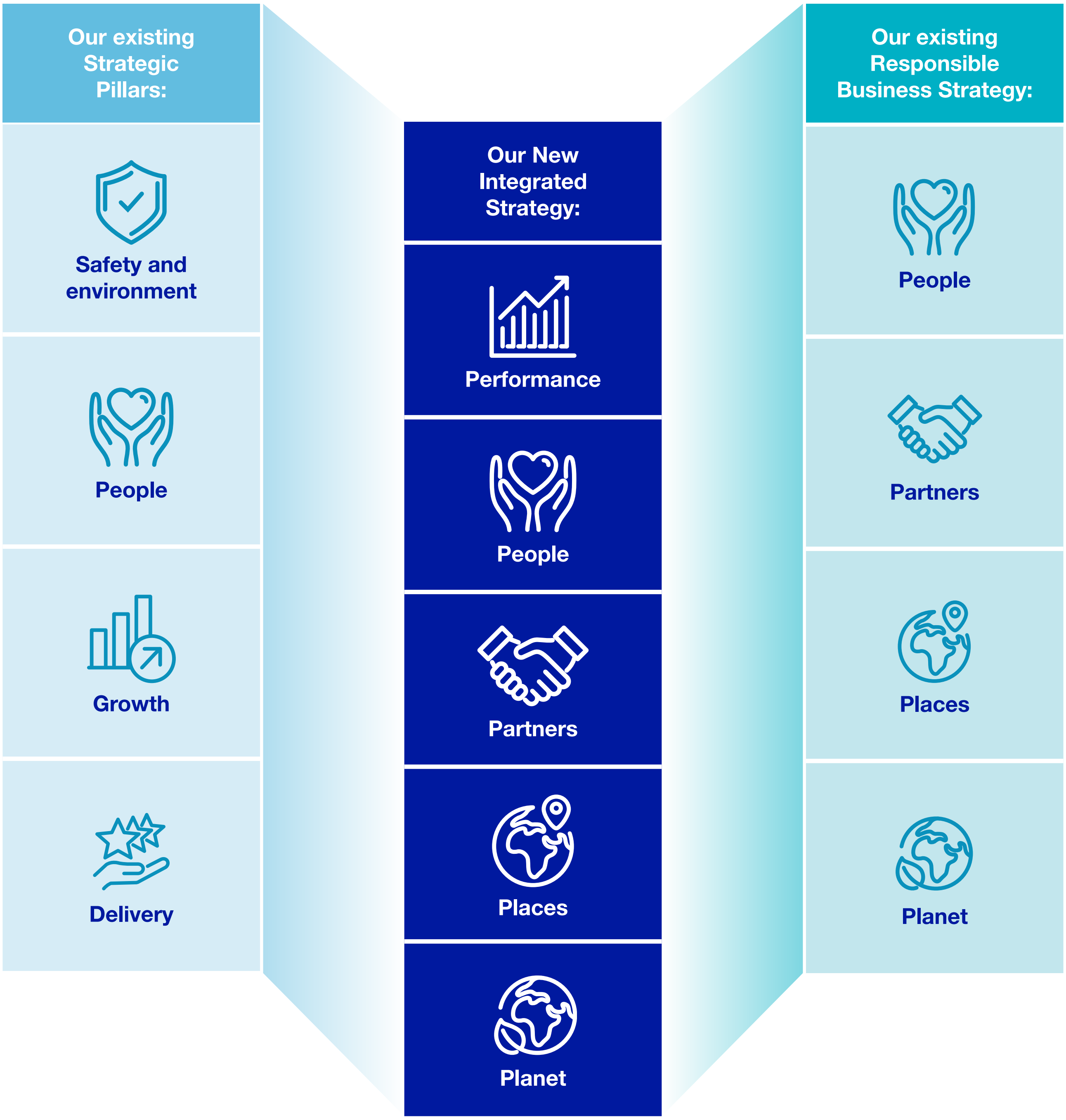
Returns	**Grow Capital Employed to over £500m + Target ROCE 10–15% + Maintain a progressive dividend policy**
Responsible Approach	**People Strategy + ESG**
Risk	**Optimum gearing of 10–20% + minimum 65% committed development programme pre-let/pre-sold**

EVOLVING STRATEGY

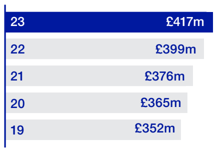
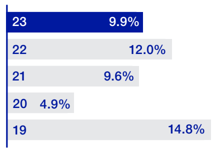
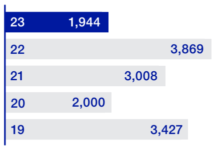
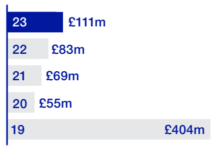
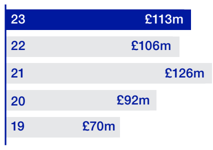
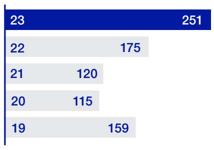
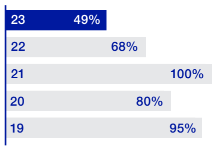
Group strategic priorities

As the Group strategy continues to progress, we have evolved our strategic framework to embed our Responsible Business commitments. Whilst the fundamentals and the commercial medium term objectives of our strategy remain unchanged, we now also measure ourselves on five pillars: performance, people, partners, places, and planet.

Although the primary measure of success is financial performance, we know that we also need to make a wider impact on a variety of factors that will help ensure we remain the high performing, responsible long term business we want to be.



OUR KEY PERFORMANCE INDICATORS

Objective and Medium-term Target	KPI	Performance Commentary	Aim for 2024	Link to Strategic Pillars and Group Risk
To grow capital employed to £500m **Medium-term Target** £500m	Capital Employed 	On track to grow capital employed to over £500m	To maintain capital employed growth in line with strategic target	Strategic Pillar Risks 3 5
To generate a ROCE of 10–15% **Medium-term Target** 10–15%	ROCE 	Lower operating profit reduced ROCE to be marginally out of our target range	To be around the lower end of stated target range, however we maintain our aim to be within 10-15% through the cycle	Strategic Pillar Risks 4 8 9 10 11 12 14
Grow Hallam Land's plot sales **Medium-term Target** c.3,500 pa	Plot Sales 	1,944 plots in FY 23, with returns from the reduction in plots sold offset by a significant sale of freehold land	To exceed the current five year average of 2,850 plots pa	Strategic Pillar Risks 3 4 5 11 12 13 14
Grow HBD development completions **Medium-term Target** c.£200m	Development Completions 	Increased development completions to £111m in FY 23 and begin the year with a committed programme of £159m (HB share)	In the current market, the committed programme has been reduced; however, we have optionality to build it back up from our future pipeline of £1.3bn	Strategic Pillar Risks 3 4 5 11 12 13 14
Grow investment portfolio value **Medium-term Target** £150m	Investment Portfolio 	Value increased primarily due to retained I&L developments	To maintain progress towards stated target	Strategic Pillar Risks 3 4 5 11 12 13
Grow Stonebridge Homes house sales **Medium-term Target** c.600 units	Unit Completions 	251 homes completed in FY 23, compared to delivery target of 250	Continue to target increased annual output in 2024, albeit at a slower growth rate at 275 homes	Strategic Pillar Risks 3 4 5 11 12 13 14
Henry Boot Construction order book secured **Medium-term Target** >65%	Order Book Secured 	Difficult market conditions impacting order book for 2024, which is 49% secured	In response to securing below target for 2024, the opportunity pipeline has been refocused, with £50m PCSA's in progress	Strategic Pillar Risks 3 4 8 13 14

Objective and Medium-term Target	KPI	Performance Commentary	Aim for 2024	Link to Strategic Pillars and Group Risk
Work towards a more coordinated H&S approach to ensure our Group is a safe place to work Medium-term Target <395	Accident Incident Rate 23: 785 22: 202 21: 630 20: 466 19: 233	The Group's AIR increased due to Banner Plant not meeting their individual Health and Safety KPIs, which impacted the Group's overall incident rate	To reaffirm our robust health and safety approach, whilst launching new initiatives that will be implemented throughout 2024 to mitigate further incidents	Strategic Pillar Risks 4 8 9 10 11 12 14
Reduce directly controlled GHG emissions Medium-term Target 20% reduction	GHG Emission CO_2e 23: 2,833 22: 2,930 21: 2,706 20: 2,562 19: 3,313	Scopes 1 and 2 GHG emissions reduced by 14% against our 2019 baseline	To continue implementing NZC strategy across the Group	Strategic Pillar Risks 4 8 9 10 11 12 14
Seek high levels of employee satisfaction and engagement Medium-term Target 40 (eNPS)	Employee Net Promoter Score (eNPS) 23: 30 (eNPS) 22: 39 (eNPS) 21: 26 (eNPS) 20: 46 (eNPS) 19: 40 (eNPS)	Whilst our eNPS reduced, the score is still considered very good, and higher than construction and heavy industry benchmarks	To address feedback that has arisen from the survey	Strategic Pillar Risks 4 8 9 10 11 12 14
Create a high performance culture led by a range of training opportunities Medium-term Target 4 days (per employee)	L&D Interventions Delivered (per employee) 23: 4.0 days 22: 3.7 days 21: 2.5 days 20: 2.8 days 19: 3.3 days	The Group was within the stated target number of L&D interventions	To continue implementing a wide range of training opportunities to support a high performance culture	Strategic Pillar Risks 4 8 9 10 11 12 14

Key to Strategic Pillars

People Partners Places Planet Performance

Key to Group Risks

1 Safety
2 Environmental & climate change
3 Economic
4 People & culture
5 Funding
6 Cyber
7 Pensions
8 Construction contracts
9 Property assets
10 Property development
11 Land sourcing
12 Land demand
13 Political
14 Housebuilding

NOTES:

This report contains the following alternative performance measures (APM): Underlying profit. Return on Capital Employed. Net Asset Value (NAV) per share. Net (debt)/cash. Total Property Return. Total Accounting Return.

More details can be found on page 47.

RESPONSIBLE BUSINESS STRATEGY

Our Responsible Business Strategy sets out medium-term objectives for the business, which we will aim to achieve by the end of 2025.

It incorporates the findings from our stakeholder engagement and our existing responsible business initiatives to provide clear guidelines on how we intend to deliver our commitments over the coming years. We will collaborate with our people and partners with passion and ingenuity to create long-lasting and genuine value and impact. Demonstrating our commitment regularly will be essential, so that we showcase our successes and the challenges we have overcome.

Our Material Issues

Material Issues	What are the risks?	Where do we see opportunities?
1 Employee Health and Wellbeing	We recognise the increasing pressure that our society faces and the challenges that poor physical and mental health pose. Without strategic intervention, we face the risk of increased employee absence and burnout negatively impacting our productivity and workplace culture.	Our Health and Wellbeing Strategy aims to embed a collaborative relationship between the Group and our people to promote a positive and open culture relating to wellbeing. We aspire to embed a culture of people-led leadership and review wellbeing at all levels of our business to ensure that we continue to invest in and protect our greatest asset – our people. Taking this approach provides us with the opportunity to evolve our workplace culture and attract a broader range of diverse talent to our business.
2 Equality, Diversity and Inclusion (EDI)	The built environment sector has traditionally struggled to attract, retain, and progress a diverse pool of talent. Continuing failure to do so poses a risk of increased skills gaps (particularly in operational roles) exacerbated by an ageing workforce, a restricted workplace culture, and limited opportunities for growth,	Our EDI Steering Group works closely with our senior management to collate feedback and review and implement initiatives aimed at ensuring Henry Boot is a welcoming, accessible and diverse workplace. Ongoing reviews of our recruitment processes and employee data are enabling us to identify areas for improvement and informing programmes to continue to engage with diverse talent. Taking this approach presents an opportunity to strengthen our business resilience, support our growth aspirations, and better represent the communities we serve'.
3 Achieving our Net Zero Carbon (NZC) Target	As our business aspires to grow and increase productivity, there is a risk that our direct GHG emissions could rise.	Our Group Climate Forum reports to our senior management team and aims to share knowledge and collaborate to reduce our direct GHG emissions. We continue to adapt our approach to reduce our impact and, in doing so, offer schemes that meet market and investor demand as well as attract talent to work for our business.
4 Education Engagement	It is increasingly difficult to attract diverse talent (particularly in operational roles) and a failure to do so could lead to skills gaps and reduced productivity and growth.	Our Group invests significant amounts of time and resources into providing leading careers education to a broad range of learners. We frequently engage and collaborate with education leaders and specialists to identify where we can create the greatest impact and aspire to create excitement about the opportunities in our business and industry.
5 Community Investment	We recognise the increasing challenges that our communities face as a result of the legacy of COVID, cost of living crisis and rising interest rates. Social Value continues to be an important consideration for the public sector when awarding work and a failure to demonstrate authentic investment and credentials risks the ability to win bids.	We are well underway to achieve our medium term target of generating £1 million of value for our community partners. We continue to invest significant funds, resources and time to create long lasting and genuine social value in the communities where we work. A collaborative approach enables us to showcase a sincere commitment and understand the issues our communities face. As a result we are well regarded for our social value performance.
6 Responsible Consumption and Nature Stewardship	Adapting to climate change goes beyond just reducing GHG emissions and also accounts for how businesses use resources and protect the natural world. We rely on the natural world to produce many of the materials required for our buildings and a failure to limit our consumption and protect natural habitats could affect our ability to procure the materials we require and remain compliant with evolving legislative and regulatory demands.	Our pledge to develop and implement a Nature Stewardship Strategy in 2024 demonstrates our commitment to protecting the habitats where we work and source our materials. We continue to engage partners and our supply chain to reduce our consumption of materials and utilise internal subject matter and external experts to shape our approach to ensure it is ambitious and collaborative.

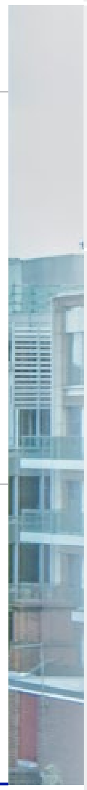
Our strategy is to embed ESG into our commercial decision making

To read more about our **Responsible Business Report** please visit www.henryboot.co.uk

Our People Objectives	2025 Target	2023 Performance	Aligned UN SDGs
Promoting positive health and wellbeing for our people	Develop and deliver a Group-wide Health and Wellbeing Strategy with a range of activities and resources available to all.	The Health and Wellbeing Strategy and Programme was launched to the Group in February 2023 with a range of resources, activities and guidance delivered throughout 2023 including activities and case studies on mental health, neurodiversity, male health, the menopause, physical fitness, and pregnancy loss.	3 Good Health and Well-being
Creating an equal, inclusive and diverse workplace	Encourage greater levels of gender diversity in our workforce and increase gender representation in management positions with 30% of workforce and line managers being female.	We have made strong progress in overall female representation of our overall workforce, which has increased to 28% (25% in 2022). Progress in increasing female representation of our management has aligned at 28% (24% in 2022).	3 Good Health and Well-being; 8 Decent Work and Economic Growth
	Reduce our gender pay gap to 20% (28% in 2020)	Our 2023 gender pay gap was 20.98% (21.43% in 2022).	
	Begin reporting on our ethnicity pay gap and set a target to encourage greater ethnic diversity in our workforce.	We have engaged commercial partners to review ethnic pay gap reporting and are undertaking the required analysis of our employee data to begin reporting and establish a target to increase our ethnic diversity in 2024.	
	Deliver EDI training to 100% of our people.	We delivered expert-led EDI training to the majority of our workforce in 2022 and all new employees must complete a mandatory EDI e-learning module as part of our onboarding process. Our EDI Steering Group is currently reviewing our EDI training programme to ensure that we can deliver engaging and practical training for our people.	
	Introduce best practice recruitment processes and reverse mentoring programmes, combined with an annual benchmarking and auditing process to ensure progress against targets.	Our EDI Steering Group and HR team are collaborating to introduce new recruitment processes and a reverse mentoring programme in 2024. We continually review our workforce data and are introducing measures to ensure it is robust and accurate to establish further targets and introduce new diversity initiatives.	
Engaging and empowering our people	Introduce ESG related targets for all senior management remuneration.	All members of our Executive Committee have ESG related targets incorporated into their performance review.	3 Good Health and Well-being; 8 Decent Work and Economic Growth
	Ensure that all Group Pension Schemes incorporate ESG factors in investment decisions and that our people are well informed about their investment choices.	ISIO, our pension scheme manager, conducts thorough reviews of ESG capabilities and reports performance against their ESG Manager Review Framework. The Group regularly shares information about pensions with employees.	

RESPONSIBLE BUSINESS STRATEGY
CONTINUED

Our Places Objectives	2025 Target	2023 Performance	Aligned UN SDGs
Developing collaborative charity partnerships	Contribute £1,000,000 of financial (and equivalent) value to our charitable partners (including donations of funds, resources, sponsorship and pro-bono support).	We contributed over £225,000 to a range of our charitable and community partners including financial donations and sponsorship, employee fundraising, and expertise, time and resources and services provided pro bono.	3 Good Health and Well-Being; 11 Sustainable Cities and Communities
	Develop long term strategic partnerships both nationally and regionally, and align all Group charitable giving with our Charitable Giving Pillars – for maximum impact.	We concluded the relationship with our Group Charity Partner Place2Be having contributed over £55,000 to support their vital work. We also continued to develop existing and new strategic charity partnerships and to align all charitable donations with our Charitable Giving Pillars.	
Collaborating with our communities	Contribute 7,500 volunteering hours across our Group to a range of community, charity and education projects.	We contributed over 3,000 volunteering hours to a wide range of charitable, community, and education partners.	3 Good Health and Well-Being; 8 Decent Work and Economic Growth; 11 Sustainable Cities and Communities
Engaging learners	Engage 5,000 learners through careers initiatives, curriculum-focused activity, work experience, and mentoring.	We engaged approximately 2,280 learners through a wide range of careers education activity and initiatives including work experience, site visits, career sessions and mentoring.	8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 11 Sustainable Cities and Communities
	Offer 200 entry-level employment opportunities or work experience placements with a focus on those who traditionally struggle to access opportunities.	We offered 22 work experience placements and 10 entry level employment positions. We engaged a range of education partners to share information about entry routes (including apprenticeships) with learners who traditionally struggle to access careers education.	
	Develop and deliver an Education Engagement Strategy to consolidate and enhance our support and collaboration with education partners, to create significant impact for learners and to incorporate social and environmental responsibility into our education programmes.	We undertook extensive engagement with education and community partners to develop an understanding of their needs and aspirations across the areas in which we work. Additional engagement was undertaken with our people to review the education support currently provided. The feedback and learnings from this engagement have been incorporated into our Early Careers Strategy, which has been approved by senior management for implementation in 2024.	



Our Planet Objectives	2025 Target	2023 Performance	Aligned UN SDGs
Reducing our greenhouse gas (GHG) emissions	Reduce Scope 1 and 2 GHG emissions by over 20% to support reaching NZC by 2030.	Our Scope 1 and 2 GHG emissions in 2023 were 2,833 tonnes (a 14% reduction against our 2019 baseline).	11 Sustainable cities and communities; 13 Climate action
	Replace 50% of van fleet with electric vehicles (EVs) or other sustainable alternatives (100% by 2030).	Banner Plant has commissioned the installation of new electric vehicle (EV) charging points and now have two electric vans undertaking pilots to identify challenges ahead of further electrification. The scale of ambition to transition our fleet has been challenging and we continue to introduce additional measures whilst the pilots are undertaken including further driver training and engagement and a review of alternative lower carbon fuel types.	
	Ensure that all our HGVs are EURO 6 compliant (30% to be replaced with EVs or other sustainable alternatives by 2030).	Banner Plant's HGV and crane truck fleet are fully EURO6 compliant.	
	Supply 50% of electricity demand for construction sites from renewable generators.	Henry Boot Construction made significant reductions in the volume of fuel consumed on their sites as reliance on traditional generator demand was increasingly replaced by mains electricity and they continue to trial sustainable generator solutions.	
	Complete energy, resource and sustainability audits in all of our directly controlled offices, sites and depots – and implement all medium-term recommendations.	Energy Impact Limited has completed audits of all our directly controlled offices and depots. Short term recommendations are currently being implemented.	
	Reduce non-sustainable business mileage by 20%.	Business mileage in 2023 was 20% less than the 2019 baseline.	
	Use biodiesel as we electrify our fleet.	We have continued to monitor the market for biofuels and the credibility of this fuel type and are engaging with a range of providers to assess potential options for investment.	
Consuming resources responsibly	Cut avoidable waste by 99% for all our construction sites (100% by 2030).	In 2023, 99% of avoidable waste was achieved on Henry Boot Construction's sites.	11 Sustainable cities and communities; 13 Climate action
	Reduce consumption of avoidable plastic by 50% and undertake Group-wide waste and water monitoring to establish reduction targets.	We are engaging with a number of waste management providers to assist the Group to baseline our use of plastic and creation of waste, with a Waste Management Plan due for implementation in 2024.	
	Introduce a Group-wide Sustainable Supply Chain Standard to support supply chain collaboration and innovation.	Procurement specialists from across the Group are represented on the Group Climate Forum and will be supporting the development of our forthcoming Sustainable Supply Chain Standard.	
To be a steward of nature	Collaborate with commercial partners to achieve biodiversity net gains (BNG) on our projects and enhance and preserve natural environments where we work.	We continue to collaborate closely with our customers, supply chain and commercial partners to deliver BNG effectively on our schemes and to share knowledge and solutions. Our Nature Stewardship Strategy will be developed and published in 2024.	3 Good health and well-being; 11 Sustainable cities and communities; 13 Climate action
	Deliver nature stewardship training to 100% of our people.	Teams from the business attended a biodiversity seminar with specialist industry speakers. A broader range of training and education will be provided across the Group in 2024.	

RESPONSIBLE BUSINESS STRATEGY
CONTINUED

Our Partners Objectives	2025 Target	2023 Performance	Aligned UN SDGs
Being a partner of choice for our key markets	Pay all of our suppliers the real living wage and secure accreditation with the Living Wage Foundation.	The Living Wage Foundation has been engaged and an internal review is being undertaken of the requirements to secure membership.	3 GOOD HEALTH AND WELL-BEING; 11 SUSTAINABLE CITIES AND COMMUNITIES
	Maintain best practice to ensure our sites and supply chain are modern slavery free.	Best practice is maintained by the Group's Modern Slavery Policy (which is routinely reviewed) and engagement with our supply chain.	
	Provide resources and support to enable our supply chain to support the objectives of this strategy.	A range of support has been offered to our supply chain including toolbox talks, bespoke mental health awareness information from the Lighthouse Charity, and guidance on regulations and best practice. We continue to provide bespoke and extensive support to our sub-contractors to provide them with support during turbulent market conditions.	
Delivering high impact collaborations	Engage and collaborate with our partners to generate the highest possible social value for our community and charity partners.	We have routinely engaged with our commercial partners and supply chain to collaborate on delivering significant social value and employment and skills opportunities in alignment with commercial schemes and community partnerships.	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH; 11 SUSTAINABLE CITIES AND COMMUNITIES
	Engage key partners to create a more diverse and inclusive built environment sector and form business-led partnerships to improve EDI.	We continue to engage with membership organisations (including the Confederation of British Industry (CBI) and Business in the Community (BITC)) on EDI and engage other members to share knowledge and best practice. We were proud to be a founding member of the BITC EDI Yorkshire and Humber Steering Group.	
	Collaborate with all our partners to reduce our environmental impact. This will include collaborating with business coalitions and membership organisations, and providing access to environmental training and resources for our suppliers.	We continue to engage with membership organisations (including Yorkshire Climate Action Coalition) to share knowledge and best practice. We are contributory members of the UK Green Building Council (UKGBC) and work closely with their team to educate and inform our people and partners on the latest sector environmental developments. We routinely collaborate with our supply chain and professional partners across all areas of commercial operations to identify opportunities to protect the environment and support the aspirations of our NZC Framework.	

COLLOCO – A 200,000 SQ FT OFFICE SCHEME LOCATED IN THE ST JOHN'S DISTRICT OF MANCHESTER CITY CENTRE, WHICH WILL COMPRISE 16 STOREYS OF HIGH-QUALITY FLEXIBLE OFFICES DESIGNED WITH THE AIM OF ACHIEVING HIGH SUSTAINABILITY CREDENTIALS.

“

HLM performed well in 2023, selling 1,944 plots at seven locations and although the number of plots sold in the year decreased, average gross profit per plot increased to £15,480 due primarily to a significant freehold sale at Tonbridge, Kent, offsetting the volume reduction”.

NICK DUCKWORTH
HALLAM LAND MANAGEMENT LIMITED

WE CONTINUE TO GROW ONE OF THE LARGEST STRATEGIC LAND BANKS IN THE COUNTRY

1,944

PLOTS SOLD
(2022: 3,869 PLOTS)

100,972

PLOTS IN STRATEGIC LAND PORTFOLIO (2022: 95,704 PLOTS)

HLM performed well in 2023, achieving an operating profit of £21.4m (2022: £17.3m) from selling 1,944 plots (2022: 3,869) at seven locations. Although the number of plots sold in the year decreased, average gross profit per plot increased to £15,480 (December 2022: £6,066) due primarily to a significant freehold sale at Tonbridge, Kent, offsetting the volume reduction.

UK greenfield land values decreased by 6.5% in 2023 according to Savills Research. Transactions slowed significantly relative to 2022, with downward pressures on land values reflecting a fall in housebuilders' new build sales rates. However, with 16% fewer homes granted planning consent in England during 2023 compared to 2022, there continues to be competition for available prime sites resulting in land values in those locations being more resilient.

HLM's land bank has grown to 100,972 plots (December 2022: 95,704 plots), of which 8,501 plots (December 2022: 9,431 plots) have planning permission (or a Resolution to Grant subject to S106). Although there continues to be delays and challenges within the planning system, the updates to the NPPF appear not to be quite as restrictive as anticipated. In short the updated NPPF incentivises local authorities to drive forward in preparing and publishing development plans, allowing them to allocate housing sites in their administrative areas and giving them a defence against speculative planning applications. Whilst HLM is not immune from the revisions of the NPPF, given that it generally pursues larger sites of c.500 plots or above, which normally results in sites being allocated in development plans more frequently than smaller sites, the business should benefit marginally from the quicker publication of development plans.

Last year, HLM gained planning permission on 1,014 plots, which is an increase from the 435 plots granted in 2022. During the period, there were 2,185 plots submitted for planning, taking the total plots awaiting determination to 13,468 (December 2022: 12,297 plots), with a further 8,227 plots having an allocation or draft allocation for housing (but with no application as yet). HLM's land bank remains well positioned to benefit from the delays and complexities in the planning system due to the high levels of stock in premium locations, both with planning and awaiting determination, the team's specialist skill set and its strategically placed regional coverage. Despite the challenges, the number of plots in the portfolio continues to increase, giving us confidence in the medium term that our stock levels with planning will rise.

There is significant latent value in the Group's strategic land portfolio, which is held as inventory at the lower of cost or net realisable value. As such, no uplift in value is recognised in the balance sheet relating to any of the 8,501 plots with planning, and any gain will only be recognised on disposal.

Residential Land Plots

	With permission						
	b/f	**granted**	**sold**	**c/f**	**In planning**	**Future**	**Total**
2023	9,431	1,014	(1,944)	8,501	13,468	79,003	100,972
2022	12,865	435	(3,869)	9,431	12,297	73,976	95,704
2021	15,421	452	(3,008)	12,865	11,259	68,543	92,667
2020	14,713	2,708	(2,000)	15,421	8,312	64,337	88,070
2019	16,489	1,651	(3,427)	14,713	10,665	51,766	77,144

In relation to significant schemes:

- At Tonbridge, Kent, HLM sold 125 plots to national housebuilder Cala Homes. The site was originally contracted under option in 2004, with the freehold subsequently purchased in 2021. The scheme includes additional community benefits such as new cycle and pedestrian links to a local railway station and a contribution to improved public transport infrastructure. The deal was completed in two phases over H1 and H2 of 2023, resulting in an ungeared internal rate of return (IRR) of 25% p.a.
- At Coventry, the 2,400-plot site known as Pickford Gate, saw the sale of phase one, comprising 250 plots to Vistry in H1 23. Following this, in H2 23 HLM began to market phase two, which consists of 1,123 plots, and has received strong interest from several major housebuilders.
- Swindon is a site that was jointly held with Taylor Wimpey, where over 20 years ago HLM secured an option on the site which in August 2021 received outline planning consent for a total of 2,380 plots (HLM share 1,063 plots). In December 2023, a contract was exchanged to acquire the land whilst simultaneously exchanging contracts to sell 760 plots (HLM's share) to Vistry, generating an IRR of 10% p.a. The scheme is contracted for completion in two phases during H2 24 and H1 26. HLM will retain 304 plots for future sale. The wider scheme includes local community benefits such as a new primary school, community and sport buildings as well as woodlands and green infrastructure.

Since the start of 2024 HLM has already completed the disposal of 276 plots and exchanged on a further 793 plots for completion across 2024-2026, as well as having an additional 1,556 plots under offer. This shows that despite the slowdown in the housing and residential market the demand for strategic sites endures.

SEGMENTAL REVIEW
PROPERTY INVESTMENT AND DEVELOPMENT

EDWARD HUTCHINSON
HENRY BOOT DEVELOPMENTS LIMITED

DARREN STUBBS
STONEBRIDGE HOMES LIMITED

> Property Investment and Development, which includes HBD and SH, delivered a combined operating profit of £22.2m (2022: £25.7m)".

According to the CBRE UK Monthly Index, commercial real estate values declined by 3.9% in 2023. Industrial property was the best performing sector with values up 1.4% during the year, whilst values for both retail and offices declined by -4.2% and 11.5% respectively. The rate of yield expansion across all three sectors slowed during 2023 following the significant capital value correction in 2022. Whilst I&L take up has slowed from record levels during the COVID pandemic, the industrial sector delivered the highest rental growth in 2023 at 6.9%, due to the longer-term structural drivers and limited supply of high-quality space. At the same time, whilst BtR yields have risen from historic lows, the average rent for new residential lets increased by 8.3% during 2023 according to Zoopla, driven by continued strong demand and a lack of available units.

HBD has performed ahead of expectations, with continued growth of its completed schemes to a GDV of £126m (HBD share £111m, 2022: HBD share £83m), of which 100% was pre-let or pre-sold. In the year, HBD completed on the following developments:

- Three industrial schemes in Nottingham, Luton and Preston totalling 661,000 sq ft with a combined GDV of £104m (HBD share: £89m).
- A 40 bed state of the art care facility for The Disabilities Trust in York (HBD share: £22m GDV) which has achieved a BREEAM Excellent rating.

£111m GDV
DEVELOPMENT COMPLETIONS (2022: £83M)

251
UNIT COMPLETIONS (2022: 175 UNITS)

2023 Completed Schemes

Scheme	GDV (£m)	HBD Share of GDV (£m)	Commercial ('000 sq ft)	Residential Size (Units)	Status
Industrial					
Nottingham, Power Park	54	54	426	–	Pre-sold
Luton, Diploma	20	20	85	–	Pre-let
Preston East, DPD & DHL	30	15	150	–	Pre-sold/ pre-let
	104	89	661	–	
Urban Residential					
York, TDT	22	22	N/A	–	Pre-sold
Total for the Year	**126**	**111**	**661**	**–**	

The committed development programme now totals a GDV of £299m (HBD share: £159m GDV) and is currently 50% pre-let, pre-sold or under offer, with 98% of development costs fixed.

2024 Committed Programme

Scheme	GDV (£m)	HBD Share of GDV (£m)	Commercial ('000 sq ft)	Residential Size (Units)	Status	Completion
Industrial						
Rainham, Momentum	120	24	380	–	Speculative	Q2 24
Southend, Ipeco2 and Cama,	20	20	156	–	Pre-sold	Q1 24
Walsall, SPARK Remediation	37	37	–	–	Forward funded	Q2 24
Leicester, TMS	10	10	29	–	Pre-sold	Q3 24
	187	91	565	–		
Urban Residential						
Birmingham, Setl	32	32	–	102	Speculative – 30% reserved	Q2 24
Aberdeen, Bridge of Don	12	1	–	TBC	Under offer	Q2 24
Aberdeen, Cloverhill	2	2	–	500	Pre-sold and DM fee	Q2 24
	46	35	–	602		
Urban Commercial						
Manchester, Island	66	33	91	–	Speculative	Q3 24
Total for the Year	**299**	**159**	**656**	**602**		
% sold or pre-let	**29%**	**50%***				

*This includes space under offer and units reserved at Setl– 01/03/24.

Within the committed programme there is 565,000 sq ft of I&L space (HBD share: £91m GDV), a total of 602 urban residential units (HBD share: £35m GDV) and 91,000 sq ft of urban office space (HBD share: £33m GDV). This comprises:

- At Momentum, Rainham (in an 80:20 JV with Barings), the four unit I&L development, targeting NZC, serving Greater London, works are on course for completion in Q2 24, with HBD now marketing the space to potential occupiers with the aim of having the majority of the scheme let within a year.
- In H1 23, two freehold design and build transactions totalling 156,000 sq ft, at HBD's 52 acre I&L scheme in Southend, Essex, were added at a combined value of £20m. A 129,000 sq ft headquarters facility will be developed for Ipeco, a supplier of aircraft seating. CAMA Asset Store, specialists in sustainable storage for the creative industries, will take occupation of a 27,600 sq ft warehouse facility with ancillary office accommodation. Both units are on track for completion in Q1 24.
- Setl, the 102 premium apartment scheme in Birmingham, is on track to be completed in Q2 24. After launching pre-sales in Q4 23, the full sales campaign was launched in mid-March. HBD has now secured reservations for 30% of the total units, as of March 2024, at the target price.
- At Island, Manchester a 50:50 JV scheme with Greater Manchester Pension Fund, delivering a 91,000 sq ft NZC office building is scheduled for completion in Q3 24. Marketing of the scheme has commenced and has attracted several enquiries on a floor-by-floor basis, with the aim of securing its first pre-let prior to completion.

HBD's future total development pipeline value is £1.5bn GDV (HBD share: £1.3bn GDV). All of these opportunities sit within the three key markets of I&L (59%), Urban Commercial (21%) and Urban Residential (20%). Within the development pipeline, we have c.200m near-term, occupier led schemes which have the potential to be added to the committed programme within the next twelve months comprising:

- Neighbourhood, Birmingham (HBD share: £123m GDV) - after securing planning approval in March 2023 for a 404-unit BtR development, HBD is continuing preparatory works and is now considering a number of options to progress to development including a forward funding for the scheme.
- Roman Way, Preston (HBD share: £43m GDV) - a planning consent was granted in Q4 23 to deliver c.700,000 sq ft of I&L space. In December 2023, HBD exchanged conditionally with Tilemaster to deliver a serviced plot of 10 acres that will accommodate a 150,000 sq ft manufacturing unit, which is set to commence works in Q2 24. There is also interest on a number of additional units.
- Spark, Walsall (HBD Share: £110m GDV) - HBD is set to complete remediation works in Q2 24 and are in talks to secure the scheme's first pre-let on a 250,000 sq ft I&L unit (£42.5m GDV).
- Welwyn Garden City (HBD share £20m GDV) – HBD is close to securing a pre-let on 25% of this 71,200 sq ft industrial scheme and subject to this being concluded, is targeting a start on site in Q3 2024.

Beyond the near-term pipeline, HBD is progressing on:

- Golden Valley, Cheltenham (HBD share of phase one: £155m GDV) - in December 2023, following the buyout of its JV partner, HBD became the sole developer of a £1bn GDV mixed-use campus, including the new National Cyber Innovation Centre. A £95m funding agreement with Cheltenham Borough Council for the delivery of phase one has now been secured as well as a £20m pledge from the Department for Levelling Up, Housing and Communities. Following planning, construction of phase one is expected to commence in 2025.

Investment Portfolio – key stats

	Dec 2023	Dec 2022
Market values – inc. share of JVs	**£112.9m**	£108.6m
Total area – '000 sq ft	**795**	856
'Topped-up' net initial yield	**5.8%**	5.8%
Reversionary yield	**6.5%**	6.5%
WAULT to expiry[1]	**10.8 years**	10.7 years
Occupancy[2]	**93%**	88%

1 Weighted average unexpired lease term (WAULT) on commercial properties

2 As a percentage of completed property portfolio estimated rental value (ERV)

The total market value of the IP (including share of properties held in JVs) has increased to £112.9m (December 2022: £108.6m). Whilst the CBRE UK Monthly Index showed commercial property values decreased by 3.9% during 2023, HBD's portfolio increased in value by 1.1% on a like for like basis driven by continued rental value growth for the industrial and logistics assets of 2.8% over the year. The portfolio total return of 6.7% was again ahead of the CBRE Index (1.7%) and over the past three years it has outperformed the index with a total return of 7.9% pa against a benchmark return of 3.5% pa. Occupancy increased during the year to 93% (December 2022: 88%) with the weighted average unexpired lease term now 10.8 years (December 2022: 10.7 years).

During 2023, we made further accretive sales of four investment properties along with Banner Cross Hall, the Group's former HQ, for a combined value of £12.7m, at an average 23% premium to December 2022 valuations. In addition to the sales, we retained three completed high quality developments at Luton, Markham Vale and Pool with a total value of £21.2m, which together with the valuation uplift were the main drivers of an increase in the value of the IP.

The Group is also committed to ensuring that all the properties within the IP have a minimum EPC rating of 'C'. Currently 73% of these properties have a rating of 'C' or higher, of which 42% of the total portfolio are rated 'A-B'. The majority of the remaining 27% of the portfolio that are currently below a 'C' rating, have redevelopment potential in the near-term with a target range of 'A' or 'B'.

The UK housing market remained subdued during 2023 as homebuyer demand continued to be impacted by higher mortgage rates. According to Nationwide UK, house prices decreased by 1.8% during 2023 and are now almost 4.5% below their mid 2022 peak. Whilst monthly housing transactions are running at c.10% below pre-COVID levels those involving a mortgage are down c.20%. There have been some encouraging signs for potential buyers recently with average earnings increasing in real terms and mortgage rates edging down over the last few months, whilst unemployment remains low by historic standards.

SH completed 251 homes during 2023 (171 Private / 80 Social) (2022: 175 - 124 private / 51 social), increasing its annual sales by 43% and performing in line with its medium term growth target of delivering 600 units.

The average selling price (ASP) for private units remained firm at £461k (2022: £503k) in-line with budget, however, the ASP reduced as the business expanded its sales outlets into its second region in the North East of England, where selling prices are slightly lower. In line with the UK new build housing market, the average sales rate for the year decreased, with SH securing 0.45 (2022: 0.51) units per week per outlet, for private houses. Notwithstanding this, sales rates in Q4 23 improved marginally to 0.46 homes per site per week (Q4 22: 0.36), as mortgage rates began to fall.

Whilst supply chain availability and cost pressures remained a key focus, both issues began to improve and moderate last year. SH expects build cost inflation to be around 3% in 2024, with discussions ongoing with both suppliers and subcontractors to assist in build cost savings.

SH total owned and controlled land bank increased materially to 1,513 plots (2022: 1,094) – of which 923 plots (2022: 872) have detailed or outline planning equating to 3.4 years' supply based on anticipated one-year forward sales. During 2023, SH added a further 670 plots over seven sites to its owned and controlled landbank, of which 302 plots have some form of planning and the remaining 368 plots with no form of planning have been secured under option agreements.

SH enters 2024 with the benefit of mortgage rates stabilising and cost pressures beginning to ease. Whilst not underestimating the current uncertainty in the UK housing market, SH has begun the year relatively well. In January and February 2024, an average sales rate of 0.51 (Jan and Feb 23: 0.46) houses per week per outlet was achieved, which has resulted in SH securing 50% of its sales target against a delivery target of 275 homes (206 private/ 69 social).

GOLDEN VALLEY, CHELTENHAM (HBD SHARE OF PHASE ONE: £155M GDV) - A £1BN GDV MIXED-USE CAMPUS, INCLUDING THE NEW NATIONAL CYBER INNOVATION CENTRE.

SEGMENTAL REVIEW
CONSTRUCTION

TONY SHAW
HENRY BOOT CONSTRUCTION LIMITED

JONATHAN FISHER
BANNER PLANT LIMITED

TREVOR WALKER
ROAD LINK (A69) LIMITED

Trading in the Group's construction segment was below expectations in 2023, as a result of deteriorating market conditions, achieving an operating profit of £6.5m (2022: £12.1m). UK construction activity slowed during 2023, with all new work decreasing by 2.1%, with the most significant reduction of 13.6% for new private housing.

HBC, the Group's construction business, traded below expectations, delivering a turnover of £70.1m (2022: £97.6m) having experienced difficult operating conditions in line with the UK construction market. However, the business has the lowest capital employed of any subsidiary of the Group and, therefore, the risk it poses to on Henry Boot's strategic growth plans remains limited.

Despite both schemes suffering delays, subcontractor and material availability issues, the Kangaroo Works, a £40m BtR scheme, completed in August 2023, with the Heart of the City, Sheffield Block H, a £42m urban development scheme, completing in phases between December 2023 and January 2024. In addition to the two significant schemes in Sheffield, a residential project at Clipstone, Mansfield also impacted HBC's 2023 performance, as the project's developer fell into administration, resulting in building costs not being fully recovered.

At HBC's largest active site, the Cocoa Works in York, after a significant variation for the Pavilion and Library buildings, the contract value of the residential development increased to £57m and the project is now expected to complete in late 2024.

At the beginning of 2024, HBC has secured 49% of its order book (94% of its costs have fixed price orders placed or contractual inflation clauses). The business remains cautious about difficult trading conditions, and while HBC is actively pursuing PCSAs of £50m across urban development and residential opportunities for 2024, it is expected that some of these opportunities could now fall into the 2025 order book as the business becomes more selective in the work it pursues.

As the business review and explore all the options to deal with the current commercial challenges, the difficult decision has been made to make operational changes which has resulted in a restructuring within the business. Whilst this is regrettable, it is being carried out to protect the long term future of HBC.

Banner Plant traded slightly below budget in 2023 and in response has adjusted its sales strategy. Road Link (A69) performed in line with management expectations as traffic volumes continue to increase.

> "Despite the construction segment being impacted by challenging trading conditions in line with the slowdown of UK construction activity in 2023, it pleasingly remained profitable."

£99.5m

CONSTRUCTION SEGMENT REVENUE (2022: £128.6M)

£6.5m

CONSTRUCTION SEGMENT OPERATING PROFIT (2022: £12.1M)

CAMBRIDGE STREET COLLECTIVE – THE PROJECT SAW THE HISTORIC BUILDINGS THAT FRONT THE SITE SENSITIVELY REFURBISHED AND SEAMLESSLY INTEGRATED INTO A CONTEMPORARY NEW STRUCTURE BEHIND- PART OF HEART OF THE CITY, SHEFFIELD (BLOCK H), A £42M URBAN DEVELOPMENT SCHEME.

FINANCIAL REVIEW

DARREN LITTLEWOOD
CHIEF FINANCIAL OFFICER

> Our focus on high quality land and development opportunities in prime locations across our three key markets continues to support the Group's resilience".

STRONG RESULTS DESPITE A CHALLENGING BACKDROP

£37.3m
PROFIT BEFORE TAX (2022: £45.6M)

306p
NET ASSET VALUE PER SHARE (2022: 295P)

Summary of financial performance

	2023 £'m	2022 £'m	Change %
Total revenue			
Property investment and development	**191.9**	169.0	+14
Land promotion	**68.0**	43.8	+55
Construction	**99.5**	128.6	-23
	359.4	341.4	+5
Operating profit/(loss)			
Property investment and development	**22.2**	25.7	-14
Land promotion	**21.4**	17.3	+24
Construction	**6.5**	12.1	-46
Group overheads	**(9.9)**	(8.6)	+15
	40.2	46.5	-14
Net finance cost and other	**(2.9)**	(0.9)	+222
Profit before tax	**37.3**	45.6	-18

The Group performed well in 2023, with only a 14% fall in operating profit despite the backdrop of an economy in a technical recession. Group profit before tax of £37.3m (2022: £45.6m) or £36.7m on an underlying profit basis[1] (2022: £56.1m) remains very credible and testament to the Group's resilience.

Our focus on high quality land and development opportunities in prime locations across our three key markets continues to support this resilience.

Our land promotion business Hallam Land traded well in the year disposing of 1,944 residential plots (2022: 3,869) at an increased average gross profit per plot of £15.5k (2022: £6.1k), generating an operating profit of £21.4m (2022: £17.3m) as demand for well located premium sites continued, despite falling house prices and volumes across the UK.

Property investment and development exceeded expectation with HBD successfully completing a number of significant development schemes, particularly in the industrial sector. It also made opportune disposals of property assets at a premium to book value and progressed three speculative schemes in Manchester, Birmingham and London. Meanwhile Stonebridge increased its output 43%, completing 251 homes (2022: 175) in line with its medium term growth target of delivering 600 units per annum. Together resulting in an operating profit of £22.2m (2022: £25.7m) from the property investment and development segment.

Consolidated Statement of Comprehensive Income

Revenue increased 5% to £359.4m (2022: £341.4m) as the land promotion business made disposals at a premium site in Tonbridge increasing the segment's revenue 55% to £68.0m (2022: £43.8m). The ongoing growth of Stonebridge (43% increase in output) resulted in a 38% increase in revenue to £97.2m (2022: £70.6m). Construction segment revenue declined £29.1m in a challenging market where clients are taking longer to make decisions. We continued to deliver urban development works in Sheffield and from a number of framework agreements, while becoming increasingly selective of future opportunities.

Gross profit of the Group reduced £4.8m to £76.8m (2022: £81.6m), a gross profit margin of 21% (2022: 24%) and reflects healthy returns across all our operating segments. Other income of £4.8m (2022: nil) relates to a legal settlement on a property development contract completed in 2016. Administrative expenses, including pension expenses, increased by £3.9m (2022: £2.2m) as we continued to invest in our people and processes to support future growth.

Property revaluation gains amounted to £0.4m (2022: £8.2m losses), incorporating £0.3m revaluation gains (2022: £4.9m losses) on wholly owned investment property and £0.1m revaluation gains (2022: £3.2m losses) on our share of investment property held in joint ventures.

Property revaluation gains/(losses)	2023 £'m	2022 £'m
Wholly owned investment property:		
- Completed investment property	0.5	(7.3)
- Investment property in the course of construction	(0.2)	2.4
	0.3	(4.9)
Joint ventures and associates:		
- Completed investment property	0.1	(3.2)
- Investment property in the course of construction	–	–
	0.1	(3.2)
	0.4	(8.2)

Profit on sale of investment properties of £0.7m (2022: £0.6m), relates to the disposal of legacy assets at Bath and Malvern and an industrial unit at Southend. Profit on disposal of assets held for sale of £1.6m (2022: £0.1m loss) relates largely to the disposal of the Group's former head office in Sheffield.

Share of profit of joint ventures and associates of £0.4m (2022: £9.1m) includes completion and sale of two industrial units in Preston and completion of a development in Wakefield, all by the property investment and development segment. Joint ventures continue to be a key part of our operating model however the timing of returns will vary.

Profit on disposal of joint ventures and subsidiaries were £nil (2022: 0.7m), with the prior year reflecting the Group's disposal of a long standing 50% interest in a joint venture entity in Huddersfield by the property investment and development segment.

Overall, operating profits decreased by 13.5% to £40.2m (2022: £46.5m) and, after adjusting for net finance costs, we delivered a profit before tax of £37.3m (2022: £45.6m).

The segmental result analysis shows that:

- Property investment and development operating profit decreased to £22.2m (2022: £25.7m) following a very strong result in 2022, 40% up on 2021, offset by an increase in Stonebridge housing unit disposals to 251 (2022: 175), and a valuation gain on wholly owned investment property of £0.3m (2022: £4.9m loss).
- Land promotion operating profit increased to £21.4m (2022: £17.3m) as we completed on disposals at seven sites, including a high margin site in Tonbridge that increased our average gross profit per plot in the year to £15.5k (2022: £6.1k).
- Construction segment operating profits decreased to £6.5m (2022: £12.1m) as our construction business experienced difficult operating conditions, with performance on two significant projects impacted by the availability of materials and the resultant delays. Plant hire and our PFI concession continued to generate healthy contributions to the segment.

We continue to demonstrate the benefits of a broad-based operating model and how this allows us to manage the impact of cyclical markets during challenging times and capitalise on market recoveries that follow. We maintain a significant pipeline of property development and consented residential plots; the variable timing of the completion of deals in these areas does give rise to financial results which can vary depending upon when contracts are ultimately concluded. We mitigate this through the mix of businesses within the Group and our business model which, over the longer term, will ultimately see the blended growth of the Group delivered.

Tax

The tax charge for the year was £8.8m (effective rate of tax: 23.5%) (2022: £7.7m; effective tax rate: 16.9%) and is in line with (2022: lower) the standard rate of tax (2022: due to adjustments for joint ventures and associates reported net of tax). Current taxation on profit for the year was £6.7m (2022: £8.5m), deferred tax was a charge of £2.1m (2022: £0.8m credit).

Earnings per share and dividends

Basic earnings per share decreased 21% to 19.7p (2022: 25.0p) in line with the fall in profits attributable to owners of the Parent Company. Total dividend for the year increased 10% to 7.33p (2022: 6.66p), with the proposed final dividend increasing to 4.40p (2022: 4.00p), payable on 31 May 2024 to shareholders on the register as at 3 May 2024. The ex-dividend date is 2 May 2024.

Return on capital employed[2] ('ROCE')

ROCE[2] decreased in the year to 9.9% (2022: 12.0%), given current challenges in our markets this is expectedly toward the bottom end of the Group's target range of 10%–15% which we believe remains appropriate for our current operating model and the markets we operate in.

Finance and gearing

Net finance costs increased to £2.9m (2022: £0.9m) reflecting the increase in UK interest rates and higher borrowing levels during the year.

Interest cover, expressed as the ratio of operating profit (excluding the valuation movement on investment properties, disposal and joint venture profits) to net interest (excluding interest received on other loans and receivables), was 9 times (2022: 22 times). No interest incurred in either year has been capitalised into the cost of assets.

The Group's banking facilities were agreed on 23 January 2020 at £75.0m. The facility with Barclays Bank PLC, HSBC UK Bank plc and National Westminster Bank Plc runs for three years and includes two one-year extensions. On 20 January 2022, the banks agreed to the Group's second extension taking the facility to 23 January 2025 and on 9 October 2022 to a call on the accordion increasing the total committed facility to £105.0m. The Group has agreed terms with lenders to refinance for a further five year period but while this facility is being formalised the Group has put in place an option to extend the existing facility for a further year to 23 January 2026 which provides security of funding throughout the going concern period. The Group had drawn £83.5m of the facility at 31 December 2023 (2022: £65.0m).

On 20 December 2021, the Group signed a £25.0m receivables purchase agreement with HSBC Invoice Finance UK Limited (HSBC) that allows it to sell deferred income receivables to the bank. The risk and rewards of ownership are deemed to fully transfer to HSBC and, therefore, this agreement is recorded off balance sheet. The Group had sold £14.7m of receivables under the agreement at 31 December 2023 (2022: £7.6m).

2023 year-end net debt[4] was £77.8m (2022: £48.6m) resulting in gearing of 19.0% (2022: 12.3%), at the upper end of our targeted range of 10%-20% following continued investment in our prime land portfolio, growing our premium housebuilder and delivering our high quality committed development programme.

All bank borrowings continue to be from facilities linked to floating rates or short-term fixed commitments. Throughout the year, we operated within the facility covenants and continue to do so.

Cash flow summary

	2023 £'m	2022 £'m
Operating profit	**40.2**	46.5
Depreciation and other non-cash items	**(1.1)**	(3.4)
Net movement on equipment held for hire	**(2.1)**	(4.1)
Movement in working capital	**(31.2)**	(55.6)
Cash generated from/(used in) operations	**5.8**	(16.6)
Net capital (investments)/disposals	**(16.4)**	16.6
Net interest and tax	**(7.4)**	(3.6)
Dividends paid	**(12.8)**	(12.4)
Dividends received from joint ventures	**0.9**	7.1
Other	**0.7**	0.8
Change in net debt	**(29.2)**	(8.1)
Net debt brought forward	**(48.6)**	(40.5)
Net debt carried forward	**(77.8)**	(48.6)

During 2023, the cash inflow from operations amounted to £5.8m (2022: £16.6m outflow) after net investment in equipment held for hire of £2.1m (2022: £4.1m), and cash outflows from a net increase in working capital of £31.2m (2022: £55.6m). Our increase in working capital arises from additional investment in housebuilder inventories, strategic land sales on deferred terms and the ongoing development of schemes in progress.

Net capital investment of £16.4m (2022: £16.6m disposals) arose primarily from investment in joint ventures of £13.4m (2022: £2.3m redemption) the prior year containing significant disposals of an industrial unit in Wakefield and a motorway service station in Kent.

Net dividends, totalled £11.9m (2022: £5.3m), with those paid to equity shareholders of £9.3m (2022: £8.4m), increasing by 10%, and dividends to non-controlling interests of £3.5m (2022: £4.0m), being offset by dividends received from joint ventures during the year of £0.9m (2022: £7.1m).

After net interest and tax of £7.4m (2022: £3.6m), there was an overall outflow in net cash of £29.2m (2022: £8.1m), resulting in net debt of £77.8m (2022: £48.6m).

Wholly owned investment properties increased in value to £100.6m (2022: £97.1m), following the retention of newly completed industrial assets in Luton and Pool with a combined book value of £19.0m. Offset by disposals of an office in Bath, a leisure asset in Malvern and an industrial unit in Southend, together they sold at a premium to December 2022 book value of £7.0m. Property revaluation gains amounted to £0.4m (2022: £8.2m loss), incorporating £0.3m gains (2022: £4.9m loss) on wholly owned investment property and a £0.1m gain (2022: £3.2m loss) on our shares of investment property held in joint ventures.

Intangible assets reflect goodwill of £1.0m (2022: £1.2m), being Road Link (A69) of £0.1m (2022: £0.3m) and Banner Plant depots £0.9m (2022: £0.9m) and the Group's investment in Road Link (A69) of £1.2m (2022: £1.7m). The treatment of the Road Link investment as an intangible asset is a requirement of IFRIC 12 and arises because the underlying road asset reverts to National Highways at the end of the concession period in March 2026.

Property, plant and equipment comprises Group occupied buildings valued at £4.7m (2022: £7.0m), leasehold improvements of £2.4m (2022: nil), and plant, equipment and vehicles with a net book value of £26.1m (2022: £22.8m), including £4.0m (2022: £1.0m) of right-of-use assets under IFRS 16.

Statement of financial position summary

	2023 £'m	2022 £'m
Investment properties and assets classified as held for sale	**100.6**	97.1
Intangible assets	**2.2**	2.9
Property, plant and equipment, including right-of-use assets	**33.2**	29.8
Investment in joint ventures and associates	**10.5**	10.0
	146.5	139.8
Inventories	**297.6**	291.8
Receivables	**129.3**	122.9
Payables	**(88.1)**	(113.6)
Other	**(5.2)**	(4.2)
Net operating assets	**480.2**	436.7
Net debt	**(77.8)**	(48.6)
Retirement benefit asset	**7.7**	6.2
Net assets	**410.1**	394.3
Less: Non-current liabilities and pension asset	**6.6**	4.8
Capital employed	**416.7**	399.1

Property, plant and equipment, along with right-of-use assets, have increased as new additions of £11.3m (2022: £3.8m) are offset by disposals, transfers and the depreciation charge for the year. Leasehold improvements and right-of-use assets have increased largely due to the lease of the Group's new head office in Sheffield.

Investments in joint ventures and associates increased £0.5m to £10.5m (2022: £10.0m), being the Group's share of profits of £0.4m (2022: £9.1m) (including fair value increases of £0.1m), additional investment of £1.0m (2022: £2.1m), less distributions of £0.9m (2022: £7.2m) and net disposals of £nil (2022: £6.2m). We continue to undertake property development projects with other parties where mutually beneficial.

Inventories were £297.6m (2022: £291.8m) as we increased our housebuilder land and work in progress to £96.2m (2022: £80.6m). We continue to invest in land, expand regionally into the North East and increase annual plot disposals. Property inventory decreased to £77.4m (2022: £91.2m) as the Group completed committed developments in York and Southend, and retained an industrial scheme which was transferred to investment property. In our strategic land business we continue to invest in owned land and land interests under promotion agreements at a lower capital cost amounting to £42.2m (2022: £28.2m). Inventories are held at the lower of cost or net realisable value, in accordance with our accounting policy and, as such, no uplift in value created from securing planning permission is recognised within our accounts until disposal.

Receivables, including contract assets, increased £6.5m to £129.3m (2022: £122.9m) due to an increase in loans to joint ventures and associates and as we progress development schemes. Deferred payment receivables remain a function of the number and size of strategic land development schemes sold, and levels of construction contract activity undertaken.

Payables decreased to £88.1m (2022: £113.6m) with trade and other payables decreasing to £76.0m (2022: £100.0m), provisions decreasing to £4.4m (2022: £5.4m) as strategic land provisions unwind and we near the end of our PFI concession arrangement. Contract liabilities decreased to £1.1m (2022: £4.0m), as large construction schemes near completion.

Net debt included cash and cash equivalents of £13.0m (2022: £17.4m), borrowings of £86.5m (2022: £65.0m), including £3.0m other loans (2022: £nil) arising from sale and lease back, and lease liabilities of £4.3m (2022: £1.0m). In total, net debt was £77.8m (2022: 48.6m).

At 31 December 2023, the IAS 19 pension valuation was a surplus of £7.7m (2022: £6.2m surplus), driven by interest on the existing surplus and contributions paid by the Group to the scheme. The pension scheme's assets continue to be invested globally, with high-quality asset managers, in a broad range of assets. The pension scheme Trustees regularly consider the merits of both the managers and asset allocations and, along with the Company, review the returns achieved by the asset portfolio against the manager benchmarks. They then make changes, as the Trustee considers appropriate, in conjunction with investment advice received.

Overall, the net assets of the Group increased by 4.0% to £410.1m (2022: £394.3m), arising from retained profits less distributions to shareholders with NAV per share[3] increasing 3.7% to 306p (2022: 295p).

DARREN LITTLEWOOD
CHIEF FINANCIAL OFFICER

1 Underlying profit is an alternative performance measure (APM) and is defined as profit before tax excluding revaluation movements on completed investment properties. Revaluation movement on completed investment properties includes gains of £0.5m (2022: £7.3m losses) on wholly owned completed investment property and a gain of £0.1m (2022: £3.2m losses) on completed investment property held in joint ventures. This APM is used as it provides the users with a measure that excludes specific external factors beyond management's control and reflects the Group's underlying results. This measure is used in the business in appraising senior management performance.

2 Return on Capital Employed is an APM and is defined as operating profit/capital employed where capital employed is the average of total assets less current liabilities and pension asset/obligation at the opening and closing balance sheet dates.

3 Net Asset Value (NAV) per share is an APM and is defined using the statutory measures net assets/ordinary share capital.

4 Net debt is an APM and is reconciled to statutory measures in note 34.

5 Total property return is a metric that combines capital and income returns for the investment portfolio. It is calculated as the percentage value change plus net income accrual, relative to the capital employed and is calculated on a monthly basis and then indexed in line with the benchmark.

6 Total Accounting Return is an APM and is defined as the growth in NAV per share plus dividends paid, expressed as a percentage of NAV per share at the beginning of the period.

PRINCIPAL RISKS AND UNCERTAINTIES

Managing our risks

For Henry Boot, effective risk management is essential in achieving positive outcomes from our operations and for the delivery of our strategic targets.

Overview

As a Group, Henry Boot takes a considered approach to risk. We invest prudently in pursuit of our strategic targets, maintain financial strength through effective cash management and aim to be the safest place to work in the markets in which we operate.

The Group operates a system of internal control for risk management within a structured framework. The long term success of the Group depends on the continual review, assessment and control of the key business risks and the emerging risks it faces.

While there is a formal process in place for reporting risks on an annual basis, the process of risk identification, assessment and response is continuous and, therefore, if required, risks are reported to the Group's Board outside of the annual process, should events dictate that this is necessary and appropriate.

In the event of rapidly changing risks, our business continuity group, supported closely by our advisors, have established procedures and actions that will support the Group's day-to-day response to sudden or developing incidents, providing regular updates to our people, the Executive Committee and the Board.

Risk appetite

The Group's risk appetite and tolerance levels are reviewed annually by the Audit and Risk Committee and guide the risk process. The Group has no appetite for safety-related risk or undue financial exposure and will not pursue additional income generating activity unless returns are at targeted levels.

Risk management framework

The principal components of the Group's risk management framework comprise the risk strategy, risk appetite and tolerance statement, risk registers and the risk heat map. Although the process of risk identification, assessment and response is continuous and embedded within the day-to-day operations of each business segment, it is consolidated, reported and reviewed at varying levels throughout the Group on an annual basis as a continuation of the strategy review process. The Board reviews all principal risks including consideration of how risk exposures have evolved during the period and any new risks arising from the risk registers.

The methodology used is to initially assess the gross (or inherent) risk. This is essentially the worst case scenario, being the product of the impact, together with the likelihood of the risk materialising if there are no controls in place to manage, mitigate or monitor the risk. The key benefit of assessing the gross risk is that it highlights the potential risk exposure if controls were to fail completely or not be in place at all. Both impact and likelihood are scored on a rating of one to five, using a scoring matrix.

The Board has ultimate responsibility for risk management, internal controls and review of processes. Part of the Audit and Risk Committee's role is to ensure that the Group's risk management framework and processes, on which the Board relies, are working effectively.

Emerging risks

The Group believes that its emerging risks are inextricably linked to emerging trends in our marketplace and more widely to global and economic events. Such trends include urbanisation, demographics, technology, political and environment. Failure to keep pace with these changes could result in additional risk exposure to the Group. Management has, therefore, undertaken horizon scanning exercises that form key considerations in the Group's risk and strategic planning.

The rapid emergence of generative AI has been of particular note in 2023, with the Group proactively considering the transformative effect on our markets and the competitive advantage to be gained. Our consideration extends to the data and security risks that result from the use of generative AI, and the measures needed to actively mitigate against these.

Geopolitical and economic risk levels remain high, their impact is regularly discussed and have been considered across each principal risk area.

The Group continues to recognise the importance of climate risk and its impact on our business and the planet; this is recognised as one of the Group's principal risks and further information on our assessment of climate risk is detailed on pages 71 to 73.

The financial impact of the above is considered in the going concern and viability section on pages 54 to 55.

Risk Governance
Establish risk strategy and appetite

Risk Identification and Assessment
Identify and evaluate risk

Risk Response and Reporting
Review, report and revise

The Board/The Audit and Risk Committee

Oversight of all risk management within the Group is undertaken at the highest level by the Board of Henry Boot PLC, which is delegated in general terms to the Audit and Risk Committee;

- Reviews the adequacy and effectiveness of the Group's internal controls and risk management systems.
- Monitors and reviews internal and external audit.

The Executive Committee

Reviews risks and internal controls at a consolidated Group level and coordinates the Group's response.

Business Continuity Group

Established in 2022, the Group meets monthly to establish the Group's procedures and plans for management of continuity events.

Subsidiary Boards and PLC

Each subsidiary and PLC department has a nominated individual responsible for reviewing the risks within that subsidiary/department on an annual basis. In general, this will be the Managing Directors (for subsidiaries) and the heads of department (for the PLC), with input from other relevant designated team members as applicable.

Internal Audit (third party)

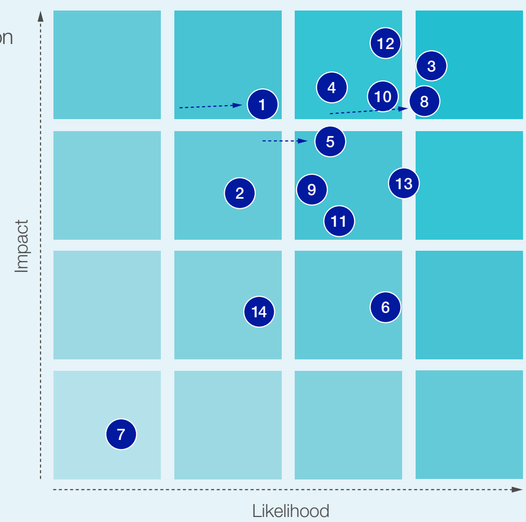
Risk heat map

The risk heat map illustrates the 14 principal risks identified by the Board as having a potential material impact on the Group. The risks have been plotted by the Group Board/Audit and Risk Committee based on a common understanding of the risk appetite of the Group. The risks are presented gross (before taking account of mitigating actions).

The risks associated with housebuilding continue to increase in line with the activity of our joint venture housebuilder Stonebridge Homes Limited. Existing principal risks such as safety, land sourcing and political have always included consideration of housebuilding activities, but the Board recognises that more specific risks associated with housebuilding such as supply chain, material availability and quality of product should now be reflected in a new principal risk of the Group.

Movements from the prior year's ranking are indicated by the arrows.

1 Safety
2 Environmental & climate change
3 Economic
4 People & culture
5 Funding
6 Cyber
7 Pensions
8 Construction contracts
9 Property assets
10 Property development
11 Land sourcing
12 Land demand
13 Political
14 Housebuilding



OUR RISKS

To enable stakeholders to appreciate what the business considers are the main operational risks, they are presented in detail below.

Risk	Risk description	Mitigation	Change during the year	Link to Group strategic priorities
1 **Safety**	Inherent risk within all of our businesses, but most notably within construction activity	• Priority consideration at all Group and subsidiary Board meetings. • Robust training, policies, procedures and monitoring. • Construction operation is ISO 45001 approved for its Health and Safety management system. • Internal independent Health and Safety department conducts regular random inspections. • Routine Director, senior manager or independent health and safety inspections.	↑ Elevated risk of incidents in plant hire segment	People, Partners
2 **Environmental and climate change**	The Group is inextricably linked to the real estate and construction sectors, and environmental considerations are paramount to our success Further detail on the compliance, legal, technological, reputational, financial, market and physical risk associated with climate change are documented in the TCFD section of this Annual Report (pages 71-73)	• Construction environmental risk is managed through the operation of an ISO 14001 approved environmental management system. • Continuous improvement of our performance is achieved by setting annual environmental improvement targets. • Internal design helps mitigate environmental planning issues. • Record of awards given in respect of good safety and environmental performance. • Environmental Impact Assessments are carried out for all construction activities. These detail the action required to eliminate or reduce environmental impacts. • Board level Responsible Business Committee established. • Responsible Business Strategy including NZC framework in place.	↔	People, Partners, Places, Planet

Key

Change during the year

↑ Increased ↓ Decreased ↔ No change

Group strategic priorities

People Partners Places Planet Performance

Risk	Risk description	Mitigation	Change during the year	Link to Group strategic priorities
3 **Economic**	The Group operates solely in the UK and is closely allied to the real estate, housebuilding and construction sectors. A strong economy with strong tenant demand is vital to create long term growth in rental and asset values, while at the same time creating a healthy market for the construction and plant hire divisions	• Strong Statement of Financial Position with low gearing and a long term shareholder base means that we can ride out short-term economic fluctuations. • Different business streams increase the probability that not all of them are in recession at the same time. • The City recognises the Group is a cyclical business and understands performance will be affected by economic cycles. • Directors and shareholders share a common goal of less aggressive leveraging than some competitors. • Banking partners continue to be supportive.	↔	
4 **People and culture**	Attraction and retention of the highest calibre people with the appropriate experience is crucial to our long term growth in the highly competitive labour markets in which the Group works	• This risk is increased when unemployment falls and labour markets contract. • Long term employment records indicate that good people stay within the Group. • The Group encourages equity ownership. • Proven record of sharing profits with our people. • Succession planning is an inherent part of management process. • Reward and remuneration benchmarked against the market to ensure competitive.	↔	
5 **Funding**	The lack of readily available funding to either the Group or third parties to undertake property transactions can have a significant impact on the marketplace in which we operate	• New facility terms well progressed with banking partners, and are backed by investment property assets. • £25m HSBC receivable purchase agreement in place to January 2025. • Detailed cash requirements are forecast up to 15 months in advance, and reviewed and revised monthly. • Five-year business plan prepared as part of strategic review. • As a PLC, access to equity funding is available, should this be required.	↑ Lack of development funding	
6 **Cyber**	Unauthorised access to systems, hacking, malware and distributed denial of service could all lead to data loss, business disruption, reputational damage or financial loss	• Awareness updates routinely distributed to our people. • Use of software and security products and regular updates thereof. • Detailed disaster recovery plans. • External vulnerability and threat management reviews. • Internal mock attacks carried out.	↔	

OUR RISKS
CONTINUED

Risk	Risk description	Mitigation	Change during the year	Link to Group strategic priorities
7 **Pension**	The Group has a legacy defined benefit pension scheme that closed to future accrual in 2021. While the Trustees have a prudent approach to the mix of both return-seeking and fixed-interest assets, times of economic instability can have an impact on those asset values with the result that the reported position of the pension scheme worsens. Furthermore, the relationship between implied inflation and long term gilt yields has a major impact on the pension scheme position and the business has little control over those variables	• Operation of Trustee approved Recovery Plan and scheme now in surplus. • While pension schemes are a long term commitment, regulations require the Group to respond to deficits in the short term. • The move out of gilts has provided a cushion as interest rates have risen. • Risk mitigated by move to quoted investments including pooled diversified growth funds. • Treat pension scheme as any other business segment to be managed. • Strong working relationship maintained between Company sponsor and pension Trustee. • Use good quality external firms for actuarial and investment advice. • Scheme now closed to future accrual.	No change	People
8 **Construction contracts**	Changes in terms and conditions of standard contracts exposing the Company to major financial and design liability risks Supply chain failure and client risk	• Preliminary commercial appraisal. • Directors closely involved. • Standard position set out in guide for our people. • Experienced legal and commercial management. • Project specific tender risk register. • Use of pre-construction services agreements help to mitigate cost and risk. • Inflation clauses negotiated where security of pricing cannot be achieved.	Increased Supply chain, viability and client risk	Partners Performance
9 **Property assets**	Investment property assets are not marketable and are without secure tenancies. Valuations are volatile	• Monthly performance meetings. • Defined appraisal process. • Monitoring of property market trends. • Highly experienced development team. • Flexible to market trends in development requirements. • Diverse range of sites within the portfolio and over £1.3bn pipeline of future opportunities. • Portfolio strategy actively managed and covenants regularly reviewed. • Investments in sectors with strong medium term tailwinds.	No change	People Places Performance

Key

Change during the year

Increased Decreased No change

Group strategic priorities

People Partners Places Planet Performance

Risk	Risk description	Mitigation	Change during the year	Link to Group strategic priorities
10 **Property development**	Construction and client risk, which is not matched by commensurate returns on development projects. Clients not taking up new lettings on speculative schemes	• Construction projects, including returns and cash flows, are monitored monthly by subsidiary company management teams. • Seek high level of pre-lets prior to authorising development. • Development subject to a 'hurdle' profit rate. • Shared risk with landowners where applicable. • Highly experienced development team. • Flexible to market trends in development requirements. • Diverse range of sites within the portfolio and £1.3bn pipeline of future opportunities. • Internal target of no more than 35% speculative development in the committed pipeline.	↔	
11 **Land sourcing**	The inability to source, acquire and promote land would have a detrimental effect on the Group's strategic land portfolio and income stream	• Monthly operational meetings detail land owned or under control, new opportunities and status of planning. • Acquisitions are subject to a formal appraisal process, which must exceed the Group defined rate of return, and is subject to approval by the subsidiary board or Executive Directors of the main Board, subject to level of investment. • Land portfolio of over 100,000 plots with aspiration to grow further. • Well respected name within the industry that demonstrates success. • Housebuilder land portfolio at 1,513 residential plots representing 5.5 years' land supply at one year forward sales target.	↔	
12 **Land demand**	A dramatic change in housebuilder funding sentiment and demand for housing can have a marked change on the demand and pricing profile for land	• The Group's policy is to only progress land that is deemed to be of high quality and in prime locations. • The business is long term and is not seriously affected by short-term events, or economic cycles. • We recognise cyclicality in our long term plans and operate with a relatively low level of debt. • Greenfield land is probably the most sought-after land to build upon. • Long term demographics show a growing trend; therefore, demand for land will follow. • Housebuilders have very good land portfolios and are selective, targeting prime locations.	↔	

OUR RISKS
CONTINUED

Risk	Risk description	Mitigation	Change during the year	Link to Group strategic priorities
13 **Political**	Political decisions, events or conditions can have a significant impact on the Group. Changes in government or government policy towards planning policies could impact on the speed of the planning consent process or the value of sites and legislative changes can have a significant impact on the viability of transactions and schemes	• The Group's highly skilled in-house technical and planning teams monitor changes in the market and in the planning process, and react accordingly to ensure that planning consents are achieved in a cost-effective and timely manner. • Large land portfolio can help smooth short-term fluctuations. • A high profit margin can be achieved when successful. • No uplifts are taken on land through the planning process, which reduces valuation risk in a downturn. Therefore, though profits may be reduced if site values fall, the Group should still achieve a profit on sale.	No change	People, Partners, Places, Performance
14 **Housebuilding**	Increase in housing production or a breakdown within the supply chain may strain the availability of materials and trades resulting in increased costs and construction delays The quality of our product is key. If the Group fails to deliver consistently against these high standards, it could be exposed to reputational damage, the risk of reduced sales and increased costs	• Partnering arrangements in place for key trades. • Dual sourcing in place for critical supplies. • Regional supply chain events held to promote the business and its growth plans. • Regular monitoring of the supply chain. • Regular update meetings with supply chain partners. • 5 key stage quality inspection process. • Stonebridge quality standard manuals and best practice guides rolled out across the business. • Regular supply chain performance reviews. • Training on the New Homes Quality Code (NHQC). • Independent customer satisfaction surveys.	New Risk	People, Partners, Places, Performance

Key

Change during the year

Increased Decreased No change

Group strategic priorities

People Partners Places Planet Performance

Disclosures

In undertaking their going concern review, which covers the period to 31 December 2025, the Directors considered the Group's principal risk areas that they consider material to the assessment of going concern.

As the UK economy continues to prove challenging, the Directors have assessed the Group's ability to operate in a more uncertain environment in modelling a base case scenario. They have also modelled what they consider to be a severe downside scenario, including further curtailment in activities. This downside scenario is based on a c.34% reduction in sales and c.87% reduction in operating profits from the base case in 2024.

The constituents for the reduction in sales and operating profits are:

- Construction and development activity only takes place where contracted;
- No Hallam Land sales are assumed in 2024 unless already contracted;
- Stonebridge Homes - a 10% decline in house prices is assumed along with a 25% reduction in the number of plots sold; and
- Banner Plant revenue declines c.20%.

The downside model also assumes that acquisition and development spend is restricted other than that already committed and is all consistent with previous experience in recessionary environments.

Having started 2024 with net debt of £77.8m, and with c.£83.7m net debt at 29 February 2024, against current facilities of £105.0m the Directors have concluded that the Group is able to control the level of uncommitted expenditure whilst delivering contracted schemes, allowing it to retain and even improve the cash position in the event of a severe downside scenario, although the impact of doing so on the profit and loss account would be unavoidable.

The Group meets its day-to-day working capital requirements through a secured loan facility (see note 25 of the Financial Statements). The existing agreement runs to 23 January 2025 and, an option, entirely in management's control, to extend the existing facilities by a further 12 months to 23 January 2026 has been put in place. The extension maintains the existing facility terms other than for a racheted interest rate of between 1.60% and 2.00% above SONIA. Management has assumed the extension of the current facility within the going concern assessment.

While the option provides security of funding throughout the going concern period and has been used as the basis of the going concern assessment, the Group has also agreed terms with existing lenders on a new revolving credit facility, which is currently in the legal process and expected to be signed shortly. The new facility level will increase to £125m, for a period of three years and include options to extend by one year to 2028 and a further year to 2029. The facility terms are similar to the existing agreement and will be at a rate of 1.60% above SONIA. The agreement includes an accordion to increase the facility by up to £60m. The new facility is expected to complete in H1 2024.

None of the modelling undertaken by the Directors gives rise to any breach of bank facility covenants or liquidity breaches in the going concern period. The most sensitive covenant in our facilities relates to the ratio of EBIT (Earnings Before Interest and Tax) on a 12-month rolling basis to senior facility finance costs, which is assessed half-yearly. We have performed a reverse stress test to determine at what point this covenant could be breached and it would require a further 15% reduction in EBIT, to the downside scenario, in December 2024. We consider this implausible as our downside modelling includes a c.34% reduction in revenue and c.87% reduction in operating profit from our base case for 2024 without a breach, and as such we consider any further reduction in revenue and operating profit to be remote. Furthermore, the Directors are satisfied that there are further mitigations that are in management's control and can be implemented quickly should the business require in order to satisfy a covenant test. We are satisfied that we are able to comply with covenants throughout the going concern period.

The Directors expect that the Company and the Group will have adequate resources, liquidity and available bank facilities to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

Viability statement

Introduction

The business model and strategy of Henry Boot PLC can be found on pages 26 to 29 in the Strategic Report. These documents outline the long term business model and are central to the understanding of how the Group operates. We have operated the current business model successfully since 2004 and have a 138-year unbroken trading history. By their nature the Group's activities tend to be very long term, especially in the land promotion business and increasingly within property development. The Group's strategy and experience in the markets in which we operate has been built up over many years. Over the last ten years, the Group has reported an average profit before tax of £38.8m per annum, added over £209m to net assets (an increase of some 104%) and paid 66.2p per share in dividends, all from the trading segments it now operates, and at no stage in the last economic downturn, between 2008 and 2010, nor during 2020 and 2021 with the outbreak of COVID, did the Group make a trading loss.

The assessment processes

The Group's prospects are assessed through a three year forecasting process led by the PLC Board Executive Directors and the Boards of the individual subsidiaries. A detailed three-year bottom up base case is agreed prior to the commencement of the current financial year, reforecast each month throughout the financial year within each business and consolidated at a Group level. As a largely deal-driven business, it is considered inappropriate to attempt to prepare detailed bottom-up forecasts over a longer-term period. Whilst our strategic land promotion business commenced 2024 with 8,501 plots with planning permission which, at a five-year average disposal rate of 2,850 plots would imply that we have almost three years of sales already in hand and a property development pipeline of over £1.3bn Gross Development Value (GDV) to be delivered over a period extending beyond five years, it becomes difficult to accurately forecast the timing of transactions beyond year three.

We have stress tested our financial results based on the downside scenario modelled to December 2025, as described in the Going Concern statement on pages 54 and 55 followed by an assumed return to planned levels of activity for year three. Our modelling assumes that deferred land sale debtors falling due of c.£85m as at 29 February 2024 will continue to be received during the period either directly from the debtors themselves or via the use of our debt purchase facilities or promissory notes, which management considers to be viable alternatives facilitated by UK banks. These models highlight that as economic conditions worsen and construction activity, developments and land sales do not happen as envisaged, deferred land sale receipts, reduced investment and tight cost control sees the Group retain cash in the short to medium term, although long term profitability would be significantly lower if the aforementioned mitigating actions were required to preserve cash.

Assessment of viability

The long term strategy: the three year monthly forecasts reflect the Directors' best estimates of the prospects for the business and the Directors consider a three-year period to be appropriate over which to assess the viability of the Group. In addition to the downside modelled, we have also reviewed several potential viability risks to the Group and consider that the following represent scenarios that, if not carefully managed, could impact on the Group's viability.

Firstly, overtrading developments in progress with the attendant increase in leverage, at the same time as the property cycle turns down, asset values are falling, and schemes must be completed to create best value. This creates a potentially damaging scenario where debt is rising, and asset values are falling. Mindful of this scenario, we look to maintain prudent debt levels, pre-let or pre-sell 65% of the committed development pipeline and secure development costs on fixed price contracts. Secondly, a decline in residential property markets where margins decline due to a lack of government support and planning delays or rejections, compounded by lower sales prices, higher build costs and increased legislative costs. Where possible the Group mitigates this risk by providing quality products from healthy land banks (including consented land) in prime locations. Finally, a health and safety-related breach that causes a fatality (or similar serious outcome). We manage this risk through a very robust health and safety policy, zero tolerance towards policy breaches and consider health and safety at all of our Company Board meetings. Our safety scores continue to be well into the top quartile of the UK construction industry and we have achieved a very safe working environment over the last 20 years.

Viability statement

Based on their assessment of prospects and viability above, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation over the three-year viability period.

SECTION 172 STATEMENT AND STAKEHOLDER ENGAGEMENT STRATEGY

Introduction

It is the aim of our Board and its Committees to give proper consideration to stakeholder interests when taking decisions, and whilst recognising that not all decisions will be equally positive for all stakeholders, it is nevertheless important for all issues to be considered.

The Board formally adopted a Stakeholder Policy in 2019, which has been reviewed and revised in successive years, to ensure that the Board is proactively considering the most effective methods of incorporating stakeholder views into decision making and providing effective engagement with all groups. More detail on this can be found below.

The Board is keenly aware that stakeholder views, and the considerations of ensuring a sustainable and long term business, as well as maintaining the highest standards of business conduct, are all essential aspects of its decision-making processes. Set out below are some of the ways we ensure this, and decision-making processes, will remain under review at ExCo and Board level to ensure that they remain dynamic and rounded. Within this report we also set out a substantial case study on one of the Board's key decisions in 2023, detailing the consideration of s.172 factors and how this has shaped the Board's approach.

Our stakeholders

The Board identified our key stakeholders during our work on the Henry Boot Way in 2017, being those groups whose interests and views are vital to the operation and culture of the Group, as embodied within our Purpose.

As part of our ongoing work to refine the Henry Boot brand, we will review the stakeholders to ensure they remain appropriate and consider any new potential groups.

Board Information

- Our Board and senior leaders regularly engage with stakeholders as described on pages 57 to 58
- Board papers on Reserved Matters include consideration of stakeholder interests and views
- Gerald Jennings' role as designated NED for liaison with the Group Employee Forum ensures that the Board considers the views of, and impacts on, the workforce of various decisions
- Leadership and management receive training on Directors' duties to maintain awareness of the Board's responsibilities under s.172

Long term Strategic Considerations

- The Board reflects on the Responsible Business Strategy and whether the outcome of its decisions support and contribute to the agreed targets
- The Board remains mindful of the Company's corporate objectives and KPIs which are discussed regularly, and have a wholesale review at each annual set of Strategy Days
- Papers seeking Board approval are required to explain how the matter aligns with the Company's long term strategy. Any items that deviate from the strategy are given additional scrutiny

Decision making

- The Company's culture is a core consideration when making decisions. The Board reflects on whether the action aligns with our culture and our values
- Actions directly brought about as a result of Board engagement – some examples are set out in the Employee Engagement section on pages 94 to 96
- Where appropriate, outcomes of decisions are re-assessed, and further engagement and dialogue undertaken

Board Stakeholder Engagement Strategy

The Board Stakeholder Policy, reviewed annually, is key in setting the existing status of current and future engagement with all of the Group's key stakeholders. During the 2022 review, three additional stakeholders were identified as having relevance in relation to Board engagement – Regulators, Media, and Professional Associations and we report our engagement activities in the table below. It is important to note that the disclosure sets out Board-specific engagements, not the broad and thorough range of engagements undertaken by the wider Group with each of these stakeholders.

Stakeholder	Why is it important for the Board to engage with this stakeholder group	How the Board engaged in 2023	How the Board responded
Shareholders	Dialogue with our shareholders to understand issues that are important to them is vital in shaping the approach of the Board, and the wider Group, in ensuring the delivery of our strategy, growth plans and returns.	• The Remuneration Committee undertook consultation with our major shareholders on the new Remuneration Policy and implementation for 2024 • Annual Investor Roadshows and structured feedback sessions with institutional investors and major family and other shareholders • Focussed investor communication regarding significant issues as required • Regular Board updates on investor and proxy advisor sentiment collated by management / brokers / PR consultants • Informal and ad hoc shareholder engagement with family and other substantial shareholders • Attendance by all Board members at the AGM, available to answer questions and engage directly with shareholders	• Validation of the draft Remuneration Policy • Ongoing and structured communications on results • Consideration of appropriate guidance to be issued where required • Communication of key initiatives such as strategy and ESG objectives
Employees	Our people are the biggest asset of the Group, and ensuring that their priorities are understood makes sure that the Board can take their views into account when delivering on our strategic aims.	See our Employee Engagement report on pages 94 to 96, plus: • Subsidiary board MDs and department heads attended Board meetings to discuss issues relevant to their company/team and the Group • Board members attended subsidiary board and other meeting opportunities throughout the year	• See examples within Employee Engagement report
Customers	Making sure that the services we offer are well received by customers is vital as a long-standing business with a reputation for longevity in its relationships.	• Board site visits arranged to not only view sites in construction/development but also potentially interact with customers. This has now been supplemented by providing Board members with details of all subsidiary meetings/visits that they can attend on an individual basis if convenient • Increased focus on customer insight strategy with survey results for each subsidiary being shared more frequently with the Board. • Adoption of a new CRM system will enhance the Board's oversight of customers during 2024	• Introduction of structured customer feedback initiatives within each subsidiary • Inclusion of customer feedback mechanisms within wider Marketing and Communications Strategy was considered at the Strategy Days
Pensioners	As former employees of the business, pensioner engagement ensures we maintain focus on our investment outcomes and returns.	• Pensioners' lunch is arranged annually by the Company; with invitations extended to Board members and attended by the Chair • Ad hoc attendance by Board members at ad hoc events for pensioners and family members • Pensions report presented at every Board meeting in addition to quarterly performance updates	• Oversight of pension related matters on a regular basis

SECTION 172 STATEMENT

Stakeholder	Why is it important for the Board to engage with this stakeholder group	How the Board engaged in 2023	How the Board responded
Suppliers	As with customers, our supply chain is crucial, and our long-standing relationships ensure we are able to deliver on our commitments.	• Board site visits arranged to not only view sites in construction/development but also potentially interact with suppliers, supplemented by providing Board members with details of all subsidiary meetings/visits that they can attend on an individual basis if convenient • Matters Reserved for the Board reports from Group subsidiary companies contains sections on stakeholder engagement including suppliers	• Inclusion of supplier feedback mechanisms within wider Marketing and Communications Strategy as considered at the Strategy Days
Communities	Being a responsible corporate citizen of the areas we operate in aligns with our values and is a substantial aspect of our Responsible Business Strategy.	• Much work has been done on an individual project basis and also subsidiary and Group wide on community engagement, particularly through the Responsible Business Strategy, overseen by the Responsible Business Committee, and set out in this report on pages 30 to 34 • Matters Reserved for the Board reports from Group subsidiary companies contains sections on stakeholder engagement including communities • Tim Roberts chairs the Sheffield Pride of Place Board established by BITC with the aim of focusing efforts on Sheffield's community priorities	• Community partnership targets included within the Responsible Business Strategy – see pages 30 to 34
Environment	Similar to communities, responsibility to the environment as our wider stakeholder is integral to delivery of our ESG objectives, as well as ensuring we operate within our environments in a responsible manner.	• Matters Reserved for the Board reports from Group subsidiary companies contains sections on stakeholder engagement including environment • Current environmental assessment and reporting is captured in the Responsible Business section of the Annual Report, which is reviewed by the Board • H&S report brought to each PLC Board meeting setting out inspections and issues noted, plus any interactions with authorities such as the HSE • Employees from across the Group who are involved in delivery of the Climate Change Framework and are invited to relevant Responsible Business Committee meetings to share updates	• Environmental targets included within the Responsible Business Strategy – see pages 30 to 34 • Responsible Business Committee approved adoption of Climate Change Framework – more detail on this within the Responsible Business Committee Report on page 116
National / Local Media	To promote the Henry Boot brand and manage its reputation.	• Tim Roberts has regular meetings with our PR agency and has undertaken interviews with various media outlets • Updates provided to the Board as part of the CEO Report	• Panel speaker slots being addressed for 2024 for CEO and other business leads • Non-Financial Communications Agency appointed and will co-ordinate opportunities for Board members
Regulators	To build a two way dialogue and influence potential decisions that may affect the Group.	• Work to be carried out in 2024 to identify which regulators to engage with	• Work to be carried out in 2024 to identify relevant regulators with which engagement should be undertaken • Engagement to be undertaken with RICS on careers
Professional Associations	To liaise with these groups to understand best practice, industry updates and build relationships.	• Engagements with BITC, the CBI and UK Green Building Council to provide training and understand latest trends and regulations	• Work to be carried out in 2024 to identify relevant professional associations with which engagement should be undertaken

SECTION 172 STATEMENT

CASE STUDY

Evolving our brand

As referenced on page 7, the Company commenced a rebrand exercise during 2023 to better understand what 'value' we provide to our stakeholders and use this feedback to refresh our brand identity.

The BVP (brand value proposition) project focused on what Henry Boot means to our external stakeholders and the EVP (employer value proposition) looked internally at what value we provide to our employees, above and beyond their remuneration.

Under the Matters Reserved for the Board document, the Board retains responsibility for the Group's marketing, branding and communications strategy, and the Board has overseen the process from its inception to final approval of BVP, EVP and the new brand architecture. Along this journey, the Board felt it important to engage with our stakeholders, and incorporate their views to create an outcome that is authentic, genuine and resonates with our audiences.

Consideration of s.172 factors

Likely consequences of decisions in the long term

As a business with over 138 years of history, the Board recognises the need to embrace change and keep evolving to remain relevant and to achieve our long term ambitions. We want our brand to appeal to our customers, the communities we work in, and attract new generations of talent.

Interests of the Company's workforce

People from all levels of the organisation were involved with the BVP and EVP projects with their feedback collated and presented to the Board through regular updates from the Group Marketing and Communications Director and our external consultants.

BVP

- Input was sought from ExCo at all stages of the process and bi-monthly project updates were given
- A BVP Steering Group was established with seven senior managers from across Henry Boot
- 65 of our people from a variety of roles, locations and tenure attended one of three workshops held over three days at three different locations. This represented c.16% of the workforce at that time

EVP

- Monthly updates and development sessions with ExCo
- Dedicated sessions with senior managers and the HR Director
- An EVP Steering Group was established (with different individuals to the BVP group)
- Two workshops were held over two days with 24 of our people

Need to foster relationships with suppliers, customers and others

As part of the BVP project, we held 44 interviews by phone with many of our external stakeholders. This included investors, our brokers, suppliers, contractors, commercial property agents, professional advisory organisations, local government, funding partners, journalists, private sector developers and construction partners. Gathering insight from our business contacts was important to understand external perceptions of Henry Boot to help shape the future direction of the brand.

Impact on community and environment

In a challenging economy, modern businesses need to consider their impact on others and what they contribute to society beyond financial results. We measure the impact of our work on our people, our partners, our places and our planet. By consulting with local media, government, higher education providers and community partners, we have listened to their expectations of us as a business. We hope our new proposition and branding clearly resonates with our stakeholders as we continue to work alongside them in a responsible way.

Stakeholders engaged:

- Shareholders
- Employees: current and prospective
- Customers
- Suppliers
- Communities
- National Media
- Local Media
- Professional Associations

OUR PEOPLE

Our Approach

Our people are our greatest asset and are vital to our long term strategic success and sustainability. Engaging and developing them is crucial to our continued performance and growth.

We work to continually develop and maintain a culture of inclusivity that enables us to attract and retain the best talent to work at every level. Our people are committed to working as part of our team and support and represent our values.

We remain committed to investing the time and resources to support, engage, and motivate our people to feel valued, to be able to develop rewarding careers, and want to stay and progress with us. We recruit and promote from within wherever possible to provide the best possible progression opportunities. As our business continues to develop and grow, we understand that by retaining and inspiring effective and committed people, we can continue to deliver excellence to all.

Agile Working

We continue to develop our Agile Working Framework, originally launched in 2021 and to enshrine the learnings we adopted from COVID in our future ways of working.

The framework's vision is to change the way we work to improve work-life balance for our people, while maintaining high levels of engagement and service for our stakeholders. We believe an element of agility can be achieved in all our job roles, but we recognise that not all tasks can be done from alternative locations or from home. The framework is designed to be adaptable as working trends and people's expectations and needs evolve in the post-COVID landscape.

For roles that must be performed in a particular location, we continually work to identify opportunities to be agile in different ways, such as adapting start and finish times to minimise commuting time, fulfil personal commitments, or make time for hobbies.

We believe empowering our people to work in an agile manner will support their health and wellbeing and allow us to quickly adapt to any changes in circumstances. It will enable our people to work in a manner that is most beneficial to their needs whilst continuing to deliver high quality results.

Did You Know?

We have undergone a project within our Construction business (HBC) to explore how we can bring more flexibility and agile working to site-based colleagues. This involved working alongside Timewise, introducing an agile working toolkit and briefing sessions for managers to build their knowledge and skills on how to support our people to think and work differently.

Employee Engagement Survey

Our Objectives

The overall objective of conducting the survey is to gain an in-depth understanding of our people's experience whilst working at Henry Boot. The survey is focused on gaining our people's feedback on their experience of working at Henry Boot, so we can support a culture and an environment where they can be the best version of themselves at work.

The survey and our findings focus on the Group as a whole. Whilst we can look at our subsidiaries as separate entities (which will be beneficial for business specific feedback), we have opted to look at the scoring holistically as a Group to push for more collaboration, a collective responsibility and a joined-up approach to culture and engagement.

Our process

Our process facilitated by HIVE (our employee engagement partner), saw our annual Employee Engagement Survey housing a framework of 39 questions that were used to measure progress when compared with the responses within our previous surveys conducted over the last two years. Some questions were based on those posed previously to allow for statistical analysis of change; however, other questions were more focused on 2023 and specifically how we have, and continue to, adapt to develop our people's experience of working at Henry Boot.

77%

RESPONSE RATE
(INCREASE OF 6% FROM 2022)

Our Findings

The survey results show that our people have remained resilient during a challenging economic year, are optimistic and open to change. Working together as teams they maintain delivery of an exceptionally high standard for our clients and partners.

The survey results and feedback are carefully reviewed by our Board, Executive Committee, and Group Employee Forum, as well as across our Senior Management teams throughout the Group to identify any areas where there is scope for increased engagement with, and support for, our people.

VERY GOOD GROUP eNPS SCORE OF

30

A decrease of 9 points from 2022, however, still benchmarked above industry standard and considered a very good score.

8.7

We received an 8.7 employee engagement score when our people were asked whether they have good relationships with others in their team.

8.2

We received an 8.2 employee engagement score when people were asked if they feel proud to work for Henry Boot.

Did You Know?

Each year, our Group Employee Forum are involved in reviewing the results of the survey. In 2023, they focused on increasing collaboration across the Group.

Key Outcomes

Working collaboratively

Our eNPS of 30 (39 in 2022) was slightly lower than last year. We believe this remains a positive indicator of our people's experience at Henry Boot. The actions we took focused on three key themes:

- feeling valued for my contribution
- ensuring a healthy work-life balance
- reward and recognition.

Wellbeing

Wellbeing was again a key theme in the 2023 survey and we have been working hard to support the health and wellbeing of our people (see page 62 for more information). We recognise that our people experience pressure and we remain committed to developing our Health and Wellbeing Strategy. This will support our people to establish and maintain positive work life boundaries and feel empowered to switch off when not working.

As part of the Employee Engagement Survey, we continue to roll out our Open-Door platform where our people can provide us with confidential honest feedback. This platform has been well adopted and has demonstrated the real sense of honesty and integrity that underpins our workplace culture.

In relation to employee engagement more widely and the role of the Board in this, please also see our Employee Engagement section on pages 94 to 95.

OUR PEOPLE
CONTINUED

Reward Strategy

We continue to embed our Reward Strategy which launched in September 2022 and aims to ensure that all our people are fairly rewarded. The pay and progression structures across the Group have been aligned and communicated, in support of our aspirations to attract and retain a talented and diverse workforce.

Our strategy is strongly linked to our values and behaviours and integral to this is our bonus structure which provides everyone with an earnings opportunity linked to performance.

Our Reward Strategy can be summed up in these five principles, which we continue to be guided by:

1. **Competitiveness** – offering competitive pay so we can both retain people and attract new talent into the business
2. **Fairness** – ensuring that our reward structure is fair and rewards people for the level of performance and contribution they give
3. **Structure, transparency and inclusivity** – providing regular updates on how we are performing, as well as giving clarity on how the performance of our people will be managed, linking it more closely with personal development and wellbeing
4. **A 'One Henry Boot' approach** – reward that's right for us
5. **Simplicity and consistency** – making sure that the processes are clear, easy to understand, and consistent for everyone.

By having a structure in place that is consistent and easy to understand, we hope our people will be able to see what the next step looks like for them, not just in terms of reward but also in terms of skills development, responsibility, and career progression.

Health and Wellbeing

Our people are our greatest asset and investment in their health and wellbeing is critical to ensure that they are healthy, productive, and fulfilled in their roles.

Whilst the health and wellbeing of our people has long been a primary consideration, we recognise that a more strategic, interventionist, and collaborative approach is needed. This will ensure that we provide the best possible support to our people and continue to be successful and enjoy commercial growth driven by fulfilled and productive people.

The development of our Health and Wellbeing Strategy is a primary objective of both the Group's People Strategy and Responsible Business Strategy. In the materiality assessment undertaken in the development of the latter, the health and wellbeing of our people was ranked the highest material issue that we should focus on by both internal and external stakeholders.

Our Health and Wellbeing Strategy has continued to be developed throughout 2023 by a newly formed Health & Wellbeing group led by our HR team and including people from across the business. The strategy launched in 2023 and consolidates our existing offer making it more accessible whilst adding additional initiatives, resources, and training that our people can access to ensure we respond to their individual needs. The strategy focuses on the Group's support for our people across four key areas of wellbeing – physical, mental, digital, and financial.

Financial Wellbeing

We are committed to ensuring that our people are well rewarded for their hard work and have access to resources to support their financial wellbeing.

We operate the Henry Boot PLC Group Stakeholder Pension Plan (defined contribution pension), where the Group pays contributions to an independently administered fund (AVIVA) based upon a fixed percentage of an employees' salary. Member benefits from the plan are determined by the amount of contributions paid by the Group and the member, the investment returns on the investments made by the individual based on their risk appetite (with most people remaining in the pre-selected default fund), and the decisions made by the member on retirement age and how they choose to receive their retirement benefits. We have implemented the UK's auto-enrolment pension requirements, including re-enrolment on a triennial basis, and our people are informed of auto-enrolment and other pension choices through the providers online portal and the Hub.

Did You Know?

We recognised the impact that the cost of living and financial crisis could have on our people's financial security and wellbeing. To further complement previous direct financial support, we introduced the ability for our people to access their next pay early, through an app called Early Pay.

We have continued to support financial wellbeing of our people as a key part of our Health and Wellbeing Strategy with access to external sessions to develop knowledge and understanding and will continue with this in 2024.

In October 2023 we granted share options to all our people who met the eligibility criteria for the Company Share Option Plan (CSOP). We also sent invitations to those who were eligible to participate in the Group's 2023 Sharesave scheme, which allows people to contribute a maximum of £500 per month to one or a combination of current Sharesave schemes. The Remuneration Committee agreed to apply a 20% discount off the share price, the maximum discount allowed under the HMRC rules. At the close of the invitation, 64.2% of those who were eligible had joined one or more Sharesave schemes.

EDI

We aim to create a fair, accessible, diverse, and inclusive working environment, while recognising the challenges our sector has traditionally experienced, particularly in relation to gender and ethnicity representation and diversity. We want to foster a sustainable culture in which all our people can be themselves at work so that they can thrive, add value, and feel valued. We believe that this will bring out the best in our people and lead to long term success and sustainability.

Did You Know?

In 2023, we launched 2 new networks for our people in areas they felt passionate about, SheNetWORKS (our female led network), and Family Matters (our parents and carers network). In 2024, we are launching two further employee led networks focusing on Neurodiversity and the LGBTQ+ community.

Although we recognise that the ambitions and objectives in our Responsible Business Strategy will take time to achieve, we are fully committed to working with key partners to engage with under-represented groups through various networks. We will encourage diversity of thought and approach amongst our people and open up opportunities for under-represented groups to experience and access employment in our industry. We continue to forge links with local groups and educational establishments to encourage diversity and to change perceptions and influence others to view our industry as a positive career choice. Examples of the networks we are members of and actively support are Building Equality, Women in Property, the Considerate Constructor's Scheme, and Business in the Community (BITC).

Our forthcoming Early Careers Strategy (due to be published in 2024) will aim to excite and engage a diverse range of learners about employment opportunities in our industry and guide us to provide a top-class experience for all of our people in early career roles.

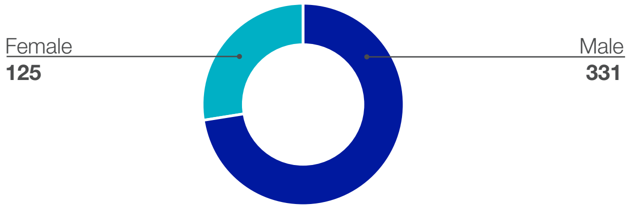
We support our people wherever possible, whether they are new to the Group or have been with us for some time. Our opportunities for learning, career development, and promotion are inclusive to all our people. We are proactively engaging with external stakeholders (including local government and special education providers) to learn about how we can best support those who are disabled or have special educational needs (SEND) into meaningful employment and to offer SEND students rewarding career education experiences.

The Board Diversity Policy is set out in more detail as part of our Nomination Committee report on pages 102 to 108. Our gender pay gap (when measured as a median average) is currently 20.98%. This continues to reflect the current ratio of men and women employed rather than an issue relating to how we pay our people.

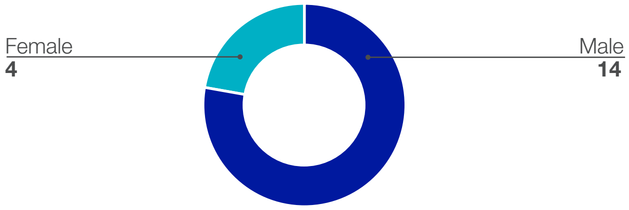
Our Responsible Business Strategy sets out ambitious targets for us to increase our workforce diversity and we recognise that further improving our gender diversity in our workforce and management teams will support us to further reduce this gap. We are also currently undertaking the necessary preparations to begin reporting on our ethnicity pay gap.

The strategy will guide us to ensure our recruitment processes attract diverse talent and ensure our workforce reflects the diversity of the communities in which we live and work, by increasing opportunities and reducing barriers to under-represented groups.

All employees



Senior managers*



Direct workforce (not including Road Link (A69) or Stonebridge Homes)
*Statutory directors that are not on the PLC Board

Professional Development

Delivering a workplace culture and positive career experience that attracts new and diverse talent and retains experienced people will give us the ability to compete successfully and ensure long term sustainability. The Group has a relatively low level of people turnover as the retention and development of our internal talent remains critical to our success. Our turnover in 2023 was 15.7%. Our high retention rates ensure that we have a solid base on which our people can grow, develop and achieve their potential. Our directly employed headcount was 456 at the end of 2023.

We recruited a further 4 apprentices in 2023, which brings our total number of current apprentices to 25 with a further 4 trainees. Our trainees and apprentices are enrolled on formal courses of education and supplement their learning through in house training and experiential development.

Our preferred succession planning method is one of in-house development and growth; consequently, we also have a number of experienced employees enrolled on formalised education programmes to enhance their skills and knowledge, in anticipation of career development and promotion within the business in which they operate. Throughout 2023, 5 of our people completed their education programmes and a further 3 progressed onto the next level of their employment programme. We have key pathways in place for our apprentices and trainees to ensure our talent pipeline continues to flourish.

Throughout 2023, we also hosted a further cohort of our Leadership Development Programme (LDP) which has been attended by 6 of our middle managers. This unique programme of development and support aims to encourage further aspiration and development and progression potential in our future leaders. We also rolled out our previously piloted, Management Development Programme (MDP) which aims to provide Line Managers in the business with enhanced people focused skills and behaviours. 23 of our Line Managers completed the MDP programme in 2023.

We delivered 1,865 learning and development days (an average of just over 4 days per person) and there was also an unquantifiable amount of ad hoc learning and development, which takes place on a daily basis at our sites, offices, depots and via remote engagement. The coming year will see a renewed learning and development provision being rolled out across all subsidiaries that includes a focus on developmental outputs from building capacity and capability at all levels, provision of mentoring and other interventions, which will seek to build resilience and increase performance amongst our people.

Our Performance Development Review (PDR) process places focus on a quality, two-way conversation, aimed at developing our people, sustaining and improving performance across the business. Our approach is to encourage this conversation throughout the year, through a process of interim and midyear reviews, to ensure our people know what is expected of them and have support in achieving this.

In 2023, we continued our approach to have a more open and transparent conversation about performance against SMART objectives. We also implemented our performance ratings process, focused not only on operational tasks but also values and behaviours. Our new HR system has supported the development of this process, which will see a more streamlined PDR approach, where focus is placed on the conversation rather than process alone.

This is an evolving process, which will continually develop over the years ahead through engagement with our people across the whole business.

Health and Safety

One of our most important responsibilities as a business is making sure that the health, safety and wellbeing of our people, partners and the wider public is safeguarded, together with protecting the environment in all our areas of operations.

Our team are enthusiastic experts in this area and work hard in collaboration with our project teams and supply chain to drive innovation and achieve best practice.

Our Performance

In 2023 the Group's Accident Incidence Rate (AIR) was 785 (2022: 202). The increase in our AIR score was a result of Banner Plant not achieving their Health and Safety KPIs, which instigated several improvement initiatives that will be implemented throughout 2024 to mitigate further incidents within in the business. Despite this, the rest of the Group maintained robust Health and Safety standards and made gains towards their individual Group Health and Safety targets and KPIs.

Throughout the year, the Group has invested in various software packages to facilitate and improve efficiency. Our performance is tracked and reported to the Board to ensure Health and Safety performance is discussed and driven from board level.

KPMG also completed an external Health and Safety audit, focusing on the risk management aspect relating to Health and Safety across the Group. In total there were six audit findings, necessitating minor improvements.

Lastly, we have completed the Group's annual Health and Safety reports for all operating subsidiaries reflecting on the year's performance. Each report has resulted in recommendations that have been debated by each subsidiary Executive Leadership Teams and approved for investing during 2024 to ensure Health and Safety remains embedded in how the Group operates.

The Building Safety Act 2022 is having a significant impact in industry, and we have developed various guidance and systems to ensure we are able to fulfil the requirements of the Act.

Our Supply Chain

Our partnership with our supply chain is critical to our success and we work hard to engage and collaborate with all of our suppliers and partners to create and maintain long term successful relationships. We have a commitment to securing the services of predominantly local subcontractors and utilising local suppliers to minimise the miles and emissions that working with us produces and to generate social value for the communities in which we work. This continues to be a strong and responsible approach for our business.

Human Rights

Our business is totally committed to supporting and working to the UN's Guiding Principles on Business and Human Rights. Protecting, preserving and respecting human rights is fully embedded in our culture and is fundamental to our Values. This commitment is reflected in and demonstrated by our routinely updated policies including:

- Anti-Bribery and Corruption
- Equality, Diversity and Inclusion
- Ethics
- Modern Slavery
- Rights to Work
- Whistleblowing

In addition to our policies, we aim to demonstrate this commitment through all our behaviour and actions towards our people, suppliers, partners and the communities in which we operate.

Modern Slavery

We recognise that our industry is vulnerable to the impacts of modern slavery and therefore we have implemented and embedded a number of measures, which seek to bring about greater transparency and scrutiny into our various supply chains in order to combat slavery and trafficking activities.

We keep our Human Trafficking and Slavery Statement (the 'Statement') under regular review and set out the activities we undertake to reduce the risk of slavery and trafficking activities being present within our business operations. These measures include enforcing our Modern Slavery Policy, due diligence requirements, and mandatory contract clauses seeking compliance by our supply chain with appropriate anti-slavery measures. Following completion of a Modern Slavery Assessment Tool (MSAT), we have signed up to the Gangmasters & Labour Abuse Authority (GLAA) Construction Protocol. In addition, we have also engaged NGOs and other supply chain bodies to understand where our practices may be strengthened.

We commit to collaborating closely with our people, partners, contractors and suppliers to monitor our performance, share knowledge, and maintain vigilance throughout our business and supply chains.

Anti-Bribery and Anti-Corruption

Delivering our services with a zero-tolerance approach to corruption in any form is essential for us to demonstrate our Values, long-standing commitment to ethical behaviour and integrity, and to uphold our reputation and image. Our Anti-Bribery and Corruption Policy sets out the standards expected of all Group employees and supply chain members in relation to anti-bribery and corruption and the Board has overall responsibility for ensuring this policy complies with the Group's legal and ethical obligations and that everyone in our organisation and supply chain complies.

OUR RESPONSIBLE BUSINESS

Report on the recommendations of the Taskforce on Climate Related Financial Disclosures (TCFD)

Compliance Statement

Over the course of 2023 Henry Boot has continued to implement the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), and the accompanying guidance notes, to further embed the requirements within our wider Responsible Business approach. The table below sets out in more detail where we have assessed ourselves in relation to our level of consistency with the recommendations of the TCFD, and an explanation of the steps yet to be taken where we are not currently fully consistent.

Where we have indicated 'Full' consistency with the recommendations of the TCFD, this means that we believe we have achieved the minimum of the recommendations set out, but nevertheless acknowledge that there will be further work to do to refine and enhance this approach in coming years. 'Partial' consistency indicates that we have carried out some work but are not yet fully consistent with the recommendations. Where we have stated we are at the 'Beginning of the journey' we have plans in place to achieve full consistency but recognise that the bulk of the work has not yet commenced and may take more than the following 12 months to complete. The table also provides references to other sections within this section and the wider Annual Report where further detail can be found. We expect that over the course of 2024, we will continue to look at areas where we can carry out further work, more notably on the scenario planning aspect where our approach is in its infancy. For this reason, as we set out below, in some areas we have chosen to explain the extent of current consistency with the recommendations and the direction of travel as we move forwards.

Given that the industries represented within our Group include construction and property development, we are aware that we are classed as a 'higher risk business' and acknowledge that we need to continuously develop our level of disclosure to ensure that it is more thorough and progressively advanced. This will be an area of further development for us over the course of 2024 and beyond, as well as involving appropriate levels of external assurance to the risks and opportunities we identify, the scenario modelling work we undertake, and the materiality of the financial impacts those risks may present to the business.

Assessment Table

Provision	Consistency Level	Achieved to Date	Future Developments	More Information
Governance				
Board oversight of climate-related risks and opportunities	F	• As set out under 'Governance' below.	• Development of the Board and ExCo Sponsorship roles to provide additional leadership and visibility. • Further training and upskilling sessions to be held with Responsible Business Committee, Executive Committee and other senior leaders within the business during 2024. • Internal subject matter experts to routinely report to the Board to ensure their understanding of operational delivery is consistent and up to date.	– Page 70 below – Responsible Business Committee Report, pages 114 to 118 – Governance Structure, page 88 – Directors' Remuneration Report (pages 119 to 141) – Risk Report (pages 48 to 55)
Management's role in assessing and managing climate-related risks and opportunities	F	• As set out under 'Governance' below.	• Development of the Board and ExCo sponsorship roles to provide additional leadership and visibility. • Increased amount of ESG updates to subsidiary businesses, ExCo and Board planned for 2024. • Further training and upskilling sessions to be held with Responsible Business Committee, ExCo and other senior leaders within the business during 2024.	– Page 70 below – Responsible Business Committee Report, governance arrangements page 118 – Responsible Business Committee Report, management roles on committee and groups page 117

Key:

F Fully consistent   P Partially consistent, progress made   B Beginning of the journey, plans are in place to address

Provision	Consistency Level	Achieved to Date	Future Developments	More Information
Strategy				
Climate-related risks and opportunities identified over the short, medium, and long term	F	• These have been identified and are as set out in the table within this report below.	• These will remain under review on an annual basis in line with our usual risk review process, with the additional developments regarding the risk review process that are outlined below.	– Risk Report (pages 48 to 55)
Impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning	P	• The overarching objective of the Responsible Business Strategy is to embed ESG into the Group's commercial decision-making processes. • In 2023, we aligned the framework of our commercial strategy with the structure of the Responsible Business Strategy to create an integrated strategic framework incorporating our approach to risk. • The Strategy Days 2023 incorporated assessment of climate-related risks and opportunities into strategies presented, and reflected on progress achieved in delivery of the Responsible Business Strategy. • Group's five-year business planning (into which ESG related expenditure was incorporated).	• Scenario modelling work was not completed prior to the 2023 Strategy Days to enable these to be reflected within the strategy documents. Further work to be carried out to implement the best approach to this. • Scoping of the remaining scenario modelling work will take place during 2024 to determine whether this can be concluded in time for the 2024 Strategy Days or whether it will be concluded in 2025.	– Pages 71 to 74 below
Resilience of the strategy, taking into consideration different climate-related scenarios	B	• Scenario modelling work to date is captured within the scenario modelling section of this report.	• Qualitative scenario modelling work is ongoing, and consideration will turn in the next 12 months to quantitative scenario modelling and how this could further impact on strategic considerations and further financial planning. Scoping of the remaining scenario modelling work will take place during 2024 to determine whether this can be concluded in time for the 2024 Strategy Days or whether it will be concluded in 2025.	– Risk Report (pages 72 to 74)

OUR RESPONSIBLE BUSINESS
CONTINUED

Provision	Consistency Level	Achieved to Date	Future Developments	More Information
Risk				
Processes for identifying and assessing climate-related risks	F	• As set out in the accompanying notes to the table within this report.	• We will continue to deepen our exploration of how these risks are prioritised as against the other principal risks identified, and our assessment of their materiality, over the course of 2024.	– Pages 71 to 74 below
Processes for managing climate-related risks	B	• As set out in the table within this report.	• Qualitative scenario modelling work relating to the risk identified is ongoing and consideration will turn in the next 18 months to quantitative scenario modelling and how this could further impact on strategic considerations and further financial planning.	– Pages 71 to 74 below
How processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	P	• The Group undertakes an annual review of its principal risks as documented in pages 48 to 55 of this report. This review which is undertaken at a subsidiary level includes consideration of the risks and opportunities relating to climate change. The financial impact of the risks, is in part, quantified in our NZC transition workings, although is not material to the business. As part of the assessment of the climate-related risks and opportunities, the management and/or mitigation of each item identified sets out the response, and a decision to Treat, Tolerate, Terminate or Transfer each relevant item.	• We will continue to deepen our exploration of how these risks are prioritised as against the other principal risks identified, and our assessment of their materiality, over the course of 2024.	– Risk Report (pages 48 to 55)

Key:

F Fully consistent P Partially consistent, progress made B Beginning of the journey, plans are in place to address

Provision	Consistency Level	Achieved to Date	Future Developments	More Information
Metrics and Targets				
Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	P	• Metrics relating to GHG emissions have been adopted as part of overall Responsible Business Strategy – see pages 30 to 34 and for further information see our separate Responsible Business Strategy Report. • GHG emissions reduction target supported by sub-targets focused on reduction of business travel, fleet electrification, sustainable generator usage and reduction of waste and water usage. • Remuneration related targets on greenhouse gas emissions have been incorporated into the bonus objectives for the Executive Committee and were also incorporated into LTIP objectives for 2023 and 2024.	• Scoping of the remaining scenario modelling work will take place during 2024 to determine whether this can be concluded in time for the 2024 Strategy Days or whether it will be concluded in 2025. Further work will be required in that process to understand the impact that these outcomes have on the Group's Responsible Business Strategy and Group Strategy, and whether this should alter any metrics previously determined. • Additional metrics to be established to incorporate the required cross-industry, climate-related metrics and to adopt a fully holistic approach to climate change adaptation.	– Responsible Business Strategy (pages 30-34) – Directors' Remuneration Report (pages 119 to 141) – Net Zero Carbon Framework at henryboot.co.uk
Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	P	• Scope 1 and Scope 2 greenhouse gas emissions are set out below. • Also find below a summary of the work carried out to date on assessing our Scope 3 GHG emissions.	• The risks related to these have not been fully quantified and will be the subject of further review and assessment. • Further work to be carried out to review the setting of a baseline and target for Scope 3 GHG emissions. This work is continuing during 2024 to determine whether this can be set during 2024 or whether it will be concluded in 2025.	– Pages 71 to 76 below – Responsible Business Strategy (pages 30-34)
Targets used by the organisation to manage climate-related risks and opportunities and performance against targets	P	• Targets relating to a number of environmental factors have been adopted as part of overall Responsible Business Strategy – see pages 30 to 34 and for more information see our separate Responsible Business Strategy Report.	• Further work will be required following the climate-related scenario planning work to understand the impact that these outcomes have on the Group's Responsible Business Strategy and Group Strategy, and whether this should alter any targets previously determined. • Further work to be carried out to review the setting of a baseline and target for Scope 3 GHG emissions. This work is continuing during 2024 to determine whether this can be set during 2024 or whether it will be concluded in 2025.	– Responsible Business Strategy (pages 30-34)

OUR RESPONSIBLE BUSINESS
CONTINUED

Governance

The Group has set up a comprehensive governance structure incorporating a Responsible Business Committee of the Board, plus a number of special interest groups, committees, steering groups and working groups, which is set out in further detail on page 118 within the Responsible Business Committee Report. Through this structure we can ensure that necessary activities are delegated to the appropriate groups to provide the required focus to these areas, with the Responsible Business Committee, and ultimately the Board, maintaining overall oversight and direction. The Responsible Business Committee receives regular reports regarding the progress of achievement against all ESG-related metrics and targets, and these are also reviewed annually by the Board. In addition, page 117 of the Responsible Business Committee Report sets out the roles of various senior managers within the business, and their links to the various groups, to outline how senior management has the necessary oversight and involvement with responsible business delivery. The Responsible Business Committee ultimately provides Board-level importance to all ESG-related matters, including oversight of the Group's Climate Change Framework, and achievement of all ESG-related targets within the Responsible Business Strategy.

In addition, there are a number of other measures in place to ensure the best governance of all Responsible Business-related activities, including:

- Reporting within the Strategy Days assessed how the business as a whole and the individual subsidiaries assessed its climate related risks and opportunities, based on a 2 degree and a 4 degree pathway, with detail about how the strategies would respond in these scenarios (details of which are set out on page 72 to 74 below). All strategies include wider ESG-related objectives, and achievement against previous ESG metrics and targets.
- Remuneration Committee has oversight of the incorporation of ESG-related metrics into Executive remuneration.
- Skills and experience in climate issues forms appropriate part of Non-executive Director recruitment and are assessed in the Board skills assessment.
- Training and engagement sessions held with industry climate experts and Responsible Business Committee.
- Climate related risks and opportunities forms part of the annual risk management procedures. Twice a year, the Audit and Risk Committee reviews and discusses the principal risks to the business, including climate related risks (as captured in the table on pages 72 to 74 below), to determine whether they are appropriate and sufficient, as informed by the views of the subsidiary assessments. In addition to this, at the annual Strategy Days climate-related risks and opportunities, and their impact on subsidiary strategies, were reviewed by the Board and Executive Committee. Where individual schemes and projects are brought for approval as Matters Reserved for the Board, the Board reports relating to these also contain an assessment of climate-related impacts and mitigations, and any environmental factors that have been taken into account when recommending a particular course of action.
- Budgeting process accounts for all ESG-related expenditure required for achievement of Responsible Business Strategy.

In relation to the role of senior leaders and managers within the organisation, other measures include:

- Executive Committee members are responsible for delivering against specific targets calibrated to ensure each business contributes to achievement of climate-related goals, and are periodically updated about progress against Responsible Business Strategy and annual Responsible Business Plans.
- The ESG Steering Group (comprising the Chief Executive Officer, Chief Financial Officer, Finance Director, HR Director, General Counsel and Company Secretary, and Responsible Business Manager) helps to assess all ESG-related issues including climate issues, to support the Board, and bringing leaders from across the Group together for a multi-disciplinary approach. This considers progress against the Responsible Business Strategy but also cross-cutting issues such as property environmental performance and associated objectives. The ESG Steering Group assess climate related risks and opportunities both directly associated with the delivery of the CCF and more broadly with regards to our key markets, stakeholder expectations, and compliance. It regularly engages the Managing Directors of the subsidiary businesses to assess their short, medium and long-term climate related risks (and mitigation measures) and opportunities which are then incorporated into their commercial strategy. It then provides recommendations or requests for input from the Responsible Business Committee, on measures such as property improvements, energy saving initiatives or fuel usage, and the impacts these can have on greenhouse gas emissions, together with any associated financial outlay required.
- The Group Climate Forum – comprised of subsidiary representatives from around the Group, together with Board and ExCo sponsors – implements a number of initiatives relating to climate change, and provides knowledge transfer and impact on Group strategies. This results in recommendations to the ESG Steering Group, and ultimately the Responsible Business Committee, on areas where environmental improvement activities can be made and innovative measures initiated.
- The appointment of a Climate Change Research Assistant provides additional climate change focus to the activities planned by management, and facilitates knowledge transfer with Sheffield Hallam University.
- Senior leaders within the business have established a relationship with the UK Green Building Council, to provide insights specific to the built environment.
- The Chief Executive Officer has ultimate oversight of the Group's environmental performance and achievements, which is reported on to the Executive Committee along with the Board, and disseminated down to other senior management and more widely within the business through planned information releases and interactions with subsidiaries and the Executive Committee. By chairing the ESG Steering Group, the Chief Executive Officer provides Executive direction and accountability for environmental undertakings by the Group and provides recommendations to the Responsible Business Committee, as well as a steer to subsidiaries on action they should be taking.

Risks and Opportunities and Risk Management Process

A risk and opportunity assessment has been carried out in conjunction with the Managing Directors of each subsidiary business, the Executive Committee, Audit and Risk Committee and Responsible Business Committee, to identify potential risks and review the likelihood and impact. This focused on each area of physical and transitional risk identified as being pertinent to the industries in which we operate. Once completed, this was compiled into an overall matrix of risk and opportunity, which can be seen in the tables below. As this exercise has been performed in respect of each part of the business, it has included assessment of risk by sector (and geography to the extent it is relevant).

During 2023, we have carried out further work with the various subsidiary businesses to re-review the risks and opportunities identified, and further develop the strategy for whether these climate-related risks should be mitigated, transferred, accepted, or controlled. The review also focused on the potential materiality of the financial risks that may be posed, assessed by reference to the two scenarios that are identified within the table below, and how this is modelled to impact on strategic direction, as well as the opportunities that each part of the business should focus on in developing their strategies. This was then considered within the subsidiaries' and Group's strategies for the Strategy Days in November 2023. A summary of the results of this strategic review is set out under 'Strategy' below on page 74.

In relation to the timeframes considered for the risks and opportunities identified below, the Group considers short term to be up to 2030, medium term to be up to 2040 and long term to be up to 2050. The financial commitments required to address the short-term risks are embedded in the Group's short-term budget and five-year business plan. For this reason, 'short term' relates to our Group for this period of more certain financial planning. Due to the nature of our business, often property and land schemes can be in development or the planning stages for over ten years, and so this translates into a 'medium-term' timescale being to 2040, when some of these schemes may come to fruition. Very few schemes would be currently in development or planning beyond that period, and so 'long term' for our business means beyond the foreseeable scope of our current pipeline of opportunities. We have taken this approach as we recognise that the response to climate change is evolving rapidly and, whilst it is essential to deliver cost projections for the investment needed to tackle climate change, we must maintain flexibility to adapt our projections and approach to take into account changes in the regulatory and legislative landscape and the evolving technological response and availability.

OUR RESPONSIBLE BUSINESS
CONTINUED

Risks

Low emissions scenario: 2°C warming	Transition Risk	Potential financial impact	2030	2040	2050
In this scenario the business is exposed to significant transition risks, including more stringent reporting regulation and short-notice legislative changes with requirements to adopt new or alternative materials and technologies that deliver low-carbon whole-life infrastructure assets and buildings. It includes associated supply chain impacts and potential cost increases.	Technology	Capital cost of replacing/upgrading plant and vehicles. Subsidiaries affected – **BP** and **HBC**			
	Financial	Increase in supply chain costs as their transition costs (including technological and legislative) are passed through to main contractor/developer. Subsidiaries affected – **HBD** and **HBC**			
	Market	Demand for sustainable assets rapidly increase/reduced appetite for assets that do not meet sustainability criteria. Subsidiaries affected – **HBD, BP** and **HBC**			
	Policy and legal	Government legislation designed to reduce emissions (such as emissions trading schemes/carbon tax requirements, biodiversity net gains or Future Homes standards) changes specifications and increases costs of schemes impacting viability. Subsidiaries affected – **HLM**, **HBC** and **SBH**			
		Strategic land values reduce as housebuilders and developers look to pass on additional building standards costs as well as additional site planning and infrastructure cost requirements. Subsidiaries affected – **HLM**			

High emissions scenario: 4°C warming	Physical Risk	Potential financial impact	2030	2040	2050
In this scenario the business is exposed to significant physical risks, both acute and chronic, including exposure to flooding, strong winds and heat stress resulting in damage to assets, prolonged project delivery timescales and more onerous whole-of-life obligations on buildings and assets to ensure materials can withstand temperature extremes.	Extreme weather conditions – precipitation, flood, wind	Delayed build programmes due to extreme weather events, leading to additional risk/costs. Ground or site conditions/location is affected by climate events which means that they are no longer viable for their intended use. Subsidiaries affected – **HBC, SBH** and **HBD**			
	Heat stress	Design criteria evolved to combat overheating. Construction site conditions and practices will need to ensure worker health and safety and wellbeing. Subsidiaries affected – **HBC, SBH** and **HBD**			
	Flooding	Already a key requirement of planning process. Increased number of flood plains in future may reduce land values. Subsidiaries affected – **HLM, SBH** and **HBD**			

Unmitigated Risk

- Significant risk
- Elevated risk
- Low risk

Subsidiary

HBC = Henry Boot Construction
HLM = Hallam Land Management
HBD = Henry Boot Developments
BP = Banner Plant
SBH = Stonebridge Homes
RL = Roadlink (A69)

Response	Impact on strategy
A balanced transition to carbon friendly plant and vehicles considering our customer base, the Group's NZC targets and availability of technological advancements. The Group have assessed the cost of transitioning as part of our NZC framework, including the transition of cabins, generators and electrification of the fleet. These costs are included in the Group's five-year business plan. We will look at scenario modelling the costs of transition in the next 18 months.	In terms of accommodation units, loss of scrap value due to climate change and evolving practices means exploration of alternative modern construction methods and initiatives such as container villages, which can result in a better return. Investment in plant and fleet which addresses other challenges (colder weather/frozen ground, ventilation, ground preparation equipment) is factored into the strategy.
It remains difficult to predict the speed at which our supply chain will transition and the likely increase in cost to the Group or indeed our ability to share the cost with our customers. The Group's aim is to maintain healthy margins on all developments by appropriately fixing costs and pricing accordingly while also supporting the transition of our Group supply chain (through sharing knowledge and resources) to a low carbon economy.	Opportunities are to be assessed more thoroughly based on technology and scheme profile. Supply chain liaison will be undertaken to understand capability and offering to support altered requirements as well as any higher risk materials/supplies to value engineer where possible.
The Group continues to invest in sustainable schemes and assets in line with Group targets and to position ourselves favourably in the market. The increasing cost of switching to sustainable options will, in some cases, be passed to customers or be embedded within initial appraisals. We also expect the Group will retain costs in some cases as a responsible employer and where this is the case provision is made in the Group's budget and business plan.	Adjustments to plant and fleet procurement strategy are underway, replacing diesel-powered vehicles with hybrid or electric options. By 2033, a significant proportion of our fleet will be eco-friendly. Investments in hydrogen or electric HGV vehicles will be made when available. For development activity, increasing our knowledge of how to achieve class-leading ESG outcomes for refurbishment as well as redevelopment will look to address the retrofit agenda. HBD is already increasing the number of developments that will achieve the highest environmental standards and disposing of properties where high standards cannot be achieved. On construction schemes, evaluations will include bid/no bid criteria around site location/characteristics and allocation of risk with clients within contracts, as well as customer capacity to cover increased costs.
The Group closely monitors existing and emerging legislation such as the Future Homes Standard and biodiversity requirements in advance of committing to a scheme. Appraisals then fully embed additional legislative costs, which currently remain within accepted targeted return levels.	Residential activity has adopted a follow strategy rather than lead position so the most cost-effective and proven material and technology designs can be utilised without incurring early adopter risk. Modern methods of construction to be explored further rather than traditional build methodology, where design adaptability can be more easily achieved and on-site weather-related delays can be more easily mitigated.
Strategic land forecasts recognise potential decreases in profit per plot although we will look to begin modelling the full financial impact in the next 18 months.	Viability of ongoing projects remains under constant scrutiny to understand the impact on profit per plot of evolving climate change requirements in order that S106 obligations can be appropriately negotiated, infrastructure provision phased and where necessary viability assessments mounted at application stage to assist in the maintenance of profit per plot. Emerging policies to be monitored, so as to 'future proof' longer-term schemes against changing and increasing environmental requirements, and any impacts on sites not yet within the portfolio.

Response	Impact on strategy
Current scheme appraisals make allowance for delays and contractual protections are used where possible. We therefore do not expect any material short-term financial losses. In the longer term where the Group is unable to contractually mitigate the risk it could result in margin erosion on schemes although we do not foresee this resulting in scheme losses due to the healthy margins currently achieved.	Ongoing viability pressures will increase and will continue to be appropriately monitored and mitigated against, through appraisals, supply chain/customer liquidity checks and appropriate contractual mechanisms.
The Group remains mindful to develop sustainable assets and of the health and wellbeing impact on our people. Whilst some costs will inevitably be passed on to the end user, there will clearly also be some financial impact on the Group.	On construction schemes, evaluations will continue to include more sophisticated bid/no bid and appraisal criteria around site location, characteristics and allocation of risk with clients within contracts, as well as customer capacity to cover increased costs.
Flood assessments are considered on all schemes with a particular focus on strategic land which can be held for longer durations. In the long term we could experience a reduction in the volume of suitable land available leading to reduced margins or the impairment of land values where flooding becomes more prevalent. This is mitigated in the medium term by the suitable strategic land bank we hold in prime locations. We will look to begin modelling the financial impact in the next 18 months.	Land appraisals will be ever more focused on the optimum size of site which should be promoted, mindful of maximising profit when set against the environmental agenda and the emerging need to accommodate biodiversity and flood measures on site.

OUR RESPONSIBLE BUSINESS
CONTINUED

Identified on the previous spread are the primary risks to the Group assessed in relation to likelihood and impact – however, we continue to consider lesser risks which, if they were to increase in either likelihood or impact, would be elevated to primary risks. These include:

- the cost of investing in new technology to monitor our environmental impact
- cost of capital
- the valuation impact of environmental factors on investment property
- the ability to attract and retain a talented workforce who are committed to climate change adaptation and
- increase in insurance costs.

Opportunities

In addition to the opportunities presented through the adaptation of our strategies as set out in the table above, a summary of the principal overarching opportunities we have identified is set out below.

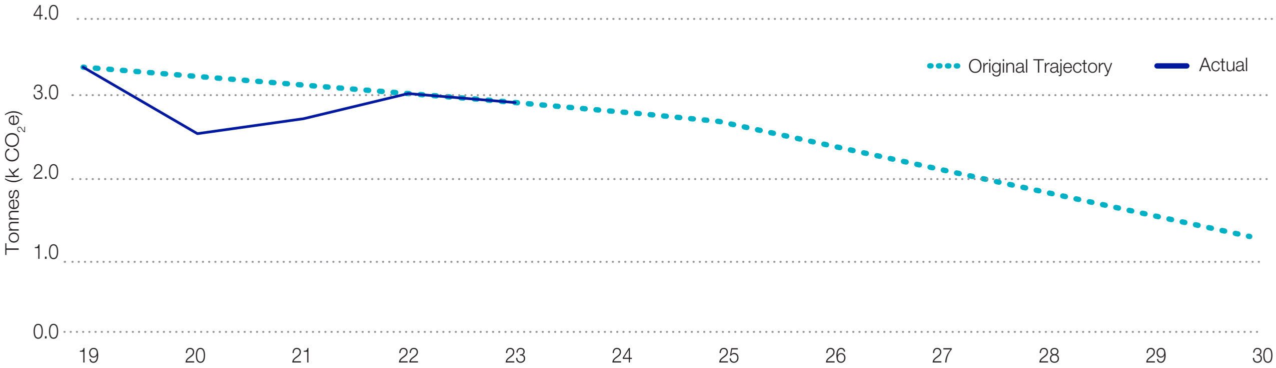
Opportunities	Description	Response
Resources	Recruitment of modern and progressive people	The Group's delivery on ESG matters, and in particular climate change, has already impacted the recruitment process with candidates often reflecting on this as a reason they join Henry Boot.
Financial	Availability and cost of capital to the Group	Discussed potential targets with our funders and plan to incorporate climate targets at our next renewal in January 2025 as a means to reduce interest costs.
Market	Green credentials open tendering opportunities Diversified offerings to customers (green products, retrofitting, redevelopment) Increased premium on products	Environmental credentials and reporting have supported numerous bids in the year, in particular our position on public sector framework contracts in the construction segment. This opportunity will be progressed in line with our NZC targets to 2030.
Energy source and usage	Ability to attract tenants Lower operating costs	The Group is progressing multiple developments that are operationally net zero and BREEAM excellent. This opportunity will be progressed as we recycle and develop assets, including the Group's investment property, enabling us to appeal to a diverse range of tenants.
Innovation and resilience	Digital transformation	As a Group we continue to invest heavily in digital transformation and systems as we believe this will support efficiency and effectiveness as the Group grows. This is an ongoing opportunity with key system upgrades currently in process.

Strategy

For the Strategy Days held in November 2023, each of the main subsidiary businesses within the Group assessed its own climate related risks and opportunities, based on a 2 degree and a 4 degree pathway, with detail about how the strategies have responded in these scenarios, both in terms of mitigation and also in order to benefit from opportunities presented. A selection of the most relevant items identified is set out below in the final column of the 'Risks' table set out on the previous page. The 2 degree and 4 degree pathways have been selected as being the most appropriate in the absence of our scenario modelling having being completed; representing as they do a more probable scenario and then a less probable but more extreme and catastrophic outcome. By carrying out this exercise, each of the subsidiary businesses has ensured that the resilience of its respective strategies has been improved by modelling the impacts of the identified risks and opportunities within their plans. It ensures that products and services are fit for purpose, and any anticipated trends have been catered for when thinking about the longer term future of the various businesses. We also recognise the importance of our approach on environmental issues to future talent acquisition and monitor any impact this is having on our recruitment activities. When scenario modelling is concluded and a more detailed set of assumptions and trends can be explained regarding the scenarios considered, this will be included within the relevant disclosures.

Metrics and Targets

The metrics we currently set relate predominantly to GHG emissions, though we are conscious that additional metrics will be required in relation to climate related risks and opportunities, capital deployment, internal carbon pricing and remuneration. We have a target to reach net zero carbon for all direct (Scope 1 and 2) GHG emissions by 2030. In achieving this target, we are aiming to fully electrify our fleet of vans (and make initial progress in adapting our fleet of heavy goods vehicles), decarbonise operational emissions, and adapt our properties. Our Decarbonisation Trajectory (see below) plots our projected path to achieve net zero carbon.



	2019	2020	2021	2022	2023	2024	2025	2030
Total direct emissions – Scope 1 and 2 (tonnes of CO_2e)	3,313	2,562	2,706	2,930	2,833			
Carbon reduction plan total direct emissions - Scope 1 and 2 (tonnes of CO_2e)	3,313	3,204	3,095	2,985	2,875	2,765	2,653	1,392
Total emissions (tonnes of CO_2e)	4,404	3,357	3,654	3,958	3,897			
Total energy consumed – Scopes 1, 2 and 3 (MWh)	n/a	11,551	12,600	13,647	13,636			

In 2020, the Group worked with external consultants to establish a carbon reduction trajectory. From a 2019 baseline, reductions were forecast based on the Group NZC strategy which included fleet electrification, generator replacement and retrofitting of controlled sites amongst other activities. The trajectory forecasts a reduction in direct emissions to 2,653 tonnes by 2025 and to 1,392 tonnes by 2030. The Group is meeting the reduction targets albeit having been largely impacted by COVID in 2020. Although our actions in respect of decarbonisation may evolve due to changes in legislation and technology, we still believe that our 2025 and 2030 targets can be achieved.

In alignment with our decarbonisation trajectory, we saw a decrease in our direct GHG emissions in 2023. This is positive evidence that our internal processes and collaboration with our partners is leading to a reduction in direct GHG emissions.

Our energy usage (not including Stonebridge Homes) decreased, with 39% less gas and 23% less electricity used when compared with our 2019 baseline. Business travel in the year moderately increased but is 20% lower than our 2019 baseline. We trialled a number of innovative technological solutions (including sustainable site-based generator solutions), which we anticipate will support a reduction in site-based GHG emissions. We remain committed to our decarbonisation targets and are optimistic that we will achieve these.

In addition to our direct emissions, we are committed to reducing our indirect GHG emissions (Scope 3). In 2023, we have undertaken a project to analyse our indirect emissions ahead of establishing a reduction target and action plan. The setting of this target will require significant collaboration with our people, supply chain and customers to ensure we take a collaborative approach to reaching NZC, and will be an activity that is considered over the course of 2024. Scope 3 emissions reported on by the Group within total energy consumed include transmission and distribution losses from electricity, well to tank emissions from all fuels and employee transport.

In addition to our decarbonisation targets, we have also established a range of additional targets (see page 33) focused on the reduction of waste, water and plastic usage and creation. Utilising circular economy principles, we seek to expand on our strong existing performance to implement commercial processes that utilise resources and avoid creating waste. We are also committed to implementing nature stewardship into our commercial delivery and to innovate and work with key partners to enhance natural habitats and ecosystems in the environments in which we work.

This holistic approach to tackling the impacts of climate change will support our business to adapt to the evolving framework of regulation and stakeholder expectations, and to protect natural capital and reduce environmental damage.

OUR RESPONSIBLE BUSINESS
CONTINUED

Henry Boot Group CO_2 Footprint by source

Henry Boot Group CO_2e emissions	**2023 Tonnes**	2022 Tonnes	Trend
Scope 1: Combustion of fuel and operation of facilities (Location based)	**2,300**	2,453	Fall
Combustion of fuel and operation of facilities (Market based)	**2,300**	2,453	
Scope 2: Electricity, heat, steam and cooling purchased for own use (Location based)	**533**	477	Rise
Electricity, heat, steam and cooling purchased for own use (Market based)	**107**	–	
Total direct emissions	**2,833**	2,930	Fall
Total direct emissions per employee[1]	**5.1 tonnes CO_2e**	5.5 tonnes CO_2e	Fall
Scope 3: Upstream and downstream indirect emissions (Location based)[2]	**1,064**	1,028	Rise
Upstream and downstream indirect emissions (Market based)	**970**	906	
Total emissions (Location based)	**3,897**	3,958	Fall
Total emissions per employee[1,3]	**7.0 tonnes CO_2e**	7.4 tonnes CO_2e	Fall

1 Employee numbers are based on the monthly average for the year.
2 Scope 3 includes transmission and distribution losses from electricity, well to tank emissions from all fuels and employee transport.
3 100% of emissions and energy consumed are within the UK and offshore area.

Carbon Emissions by Segment

Henry Boot Group energy usage	**2023 MWh**	2022 MWh	Trend
Total energy consumed (Scopes 1, 2 and 3)	**13,636**	13,647	Fall

Henry Boot Group CO_2e emissions	**2023 tonnes of CO_2**	**2023 intensity ratio tonnes of CO_2e**	2022 tonnes of CO_2	2022 intensity ratio tonnes of CO_2e	Intensity basis	Trend of intensity
Property investment and development	**1,003**	**3.20**	1,089	9.29	per 1,000 sqft of investment property with communal areas	Fall
Land development	**54**	**1.39**	33	0.94	per employee	Rise
Construction	**2,709**	**27.22**	2,740	21.12	per £1m of turnover	Rise
Group overheads	**131**	**1.39**	96	1.17	per employee	Rise
Total gross controlled emissions	**3,897**		3,958			

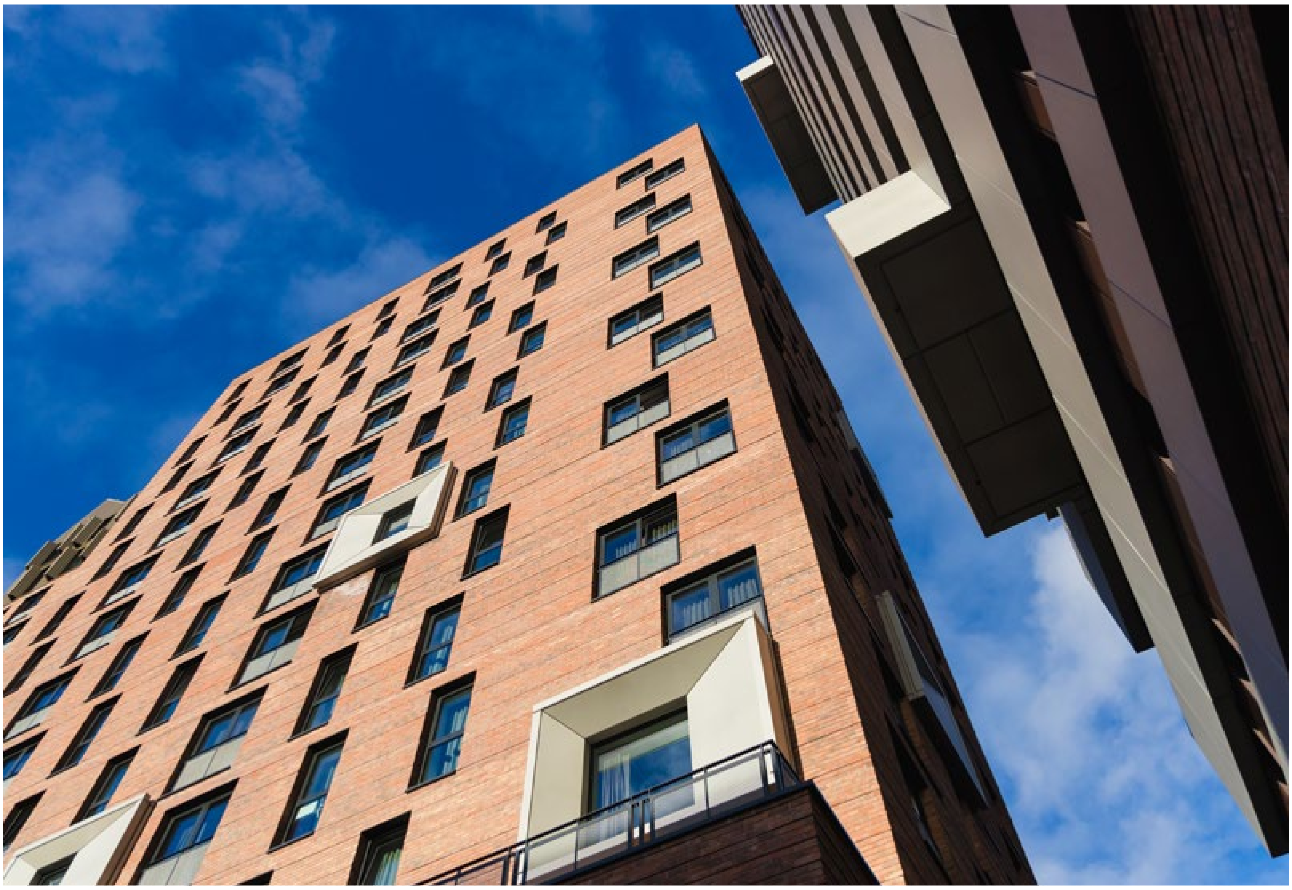
Our carbon emissions for the year ended 31 December 2023 were calculated using the GHG Protocol Corporate Accounting and Reporting Standard, which provides requirements and guidance for companies calculating their GHG emissions and in accordance with the March 2019 BEIS ‘Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance’ and the EMA methodology for SECR Reporting.

Our direct and indirect operational carbon emissions are shown in the tables above. These sources fall within our consolidated financial statements. We do not have responsibility for any emission sources that are not included in our financial statements. Overall, the Group’s carbon emissions have decreased by 11% when compared with 2019. When compared to 2019 pre-COVID levels the Group has reduced direct GHG emissions by 14%; this equates to a decrease of 0.69 tonnes per employee.

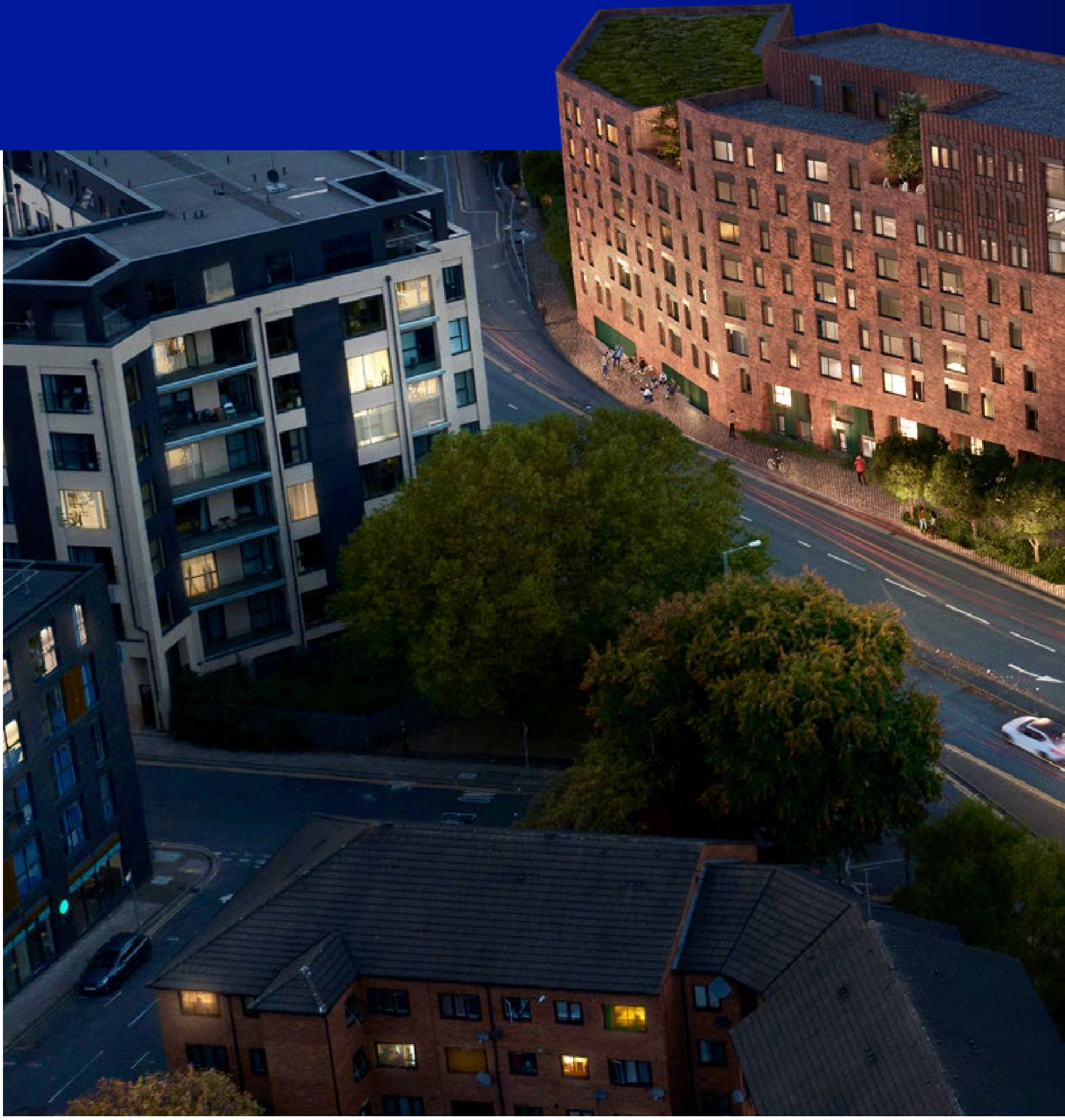
Non-financial and Sustainability Information

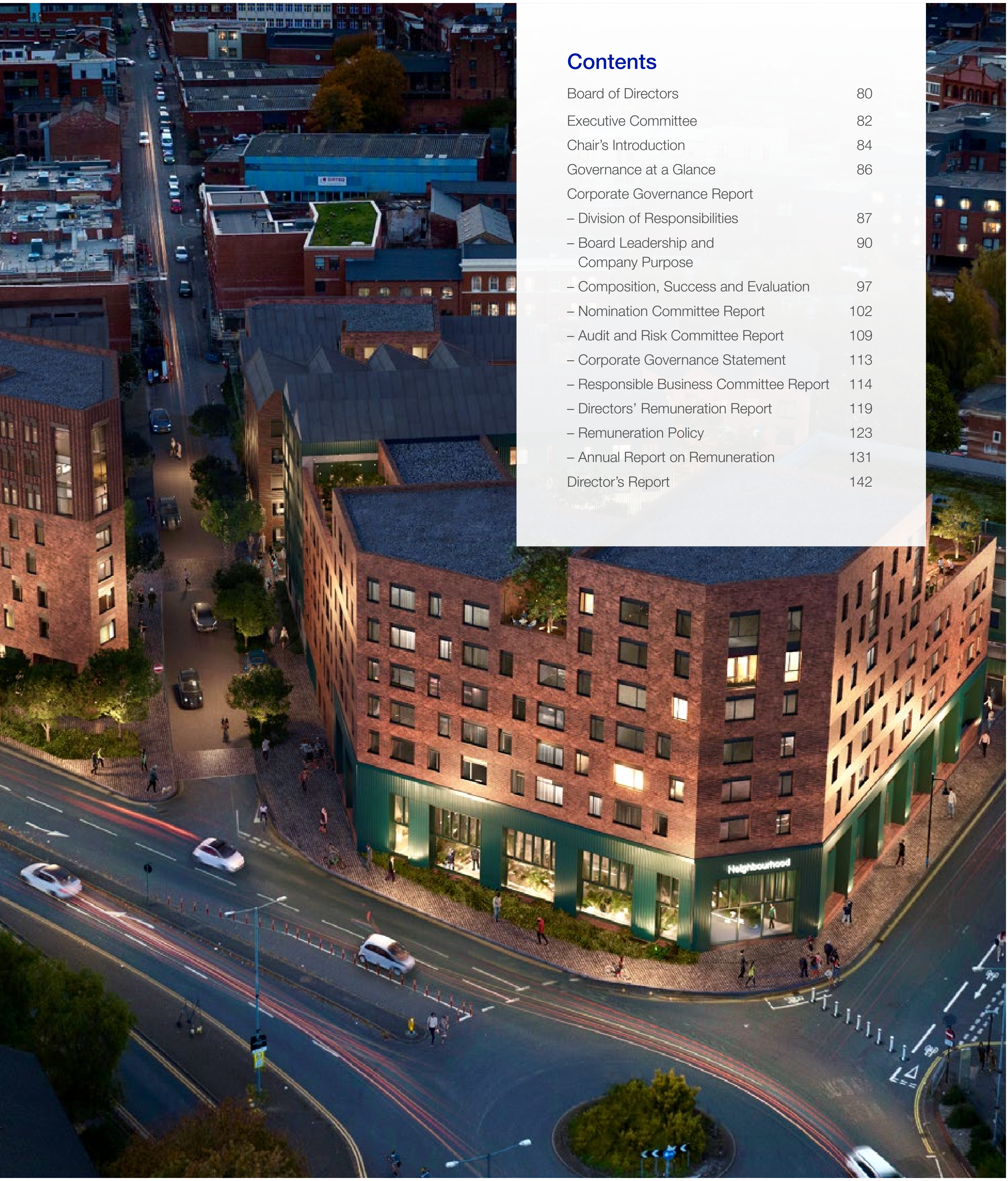
The following table sets out where stakeholders can find relevant non-financial and sustainability information within this Annual Report, further to the Financial Reporting Directive requirements contained in sections 414CA and 414CB of the Companies Act 2006. Where possible, it also states where additional information can be found that supports these requirements.

Reporting requirement	Relevant Henry Boot policies and procedures	Where to read more in this report	Page
Business model		Business Model	20 – 21
Principal risks and impact of business activity		Risks and Uncertainties Audit and Risk Committee Report	48 – 55 109 – 112
Non-financial KPIs		Strategy Key Performance Indicators	26 – 29
Employee engagement	Board Diversity Policy Board Stakeholder Policy	Our Responsible Business Our People Corporate Governance Report	30 – 34 60 – 64 78 – 141
Human rights	Modern Slavery Statement and Policy Rights to Work Whistleblowing	Our People	60 – 64
Social matters	Board Stakeholder Policy	Our Responsible Business	60 – 64
Anti-bribery and corruption	Anti-bribery and Corruption Policy	Our People	64
Environmental matters	Board Stakeholder Policy Climate Change Framework	Our Planet TCFD	33 66 – 69



GOVERNANCE





Contents

BOARD OF DIRECTORS

Peter Mawson
Chair

N B R

Date of appointment
October 2015

Independent
Yes

Brings to the Board
Key strengths:

- Wide-ranging experience in senior leadership and practitioner roles across the built environment
- Property development and planning knowledge in both the public and private sector

Peter has a wealth of experience in the management and leadership of professional service firms, together with senior practitioner expertise across the built environment, from both public and private sector perspectives.

Additional roles held
Non-executive Chairman of Nexus Planning Limited, independent Board Representative for the Paradise Circus Project on behalf of Birmingham City Council.

Tim Roberts
Chief Executive Officer

B

Date of appointment
January 2020

Independent
No

Brings to the Board
Key strengths:

- Strong strategic and corporate experience accumulated as past longstanding Director
- Strong property and leadership experience
- Extensive experience in delivering significant property development projects

Tim joined Henry Boot as Chief Executive Officer in January 2020. He is responsible for developing and implementing Group Strategy and has ultimate responsibility for Group profitability. Tim leads the engagement with all the Company's stakeholders, including interaction with investors and our people. He is also the Director responsible for all health, safety and environmental matters.

Additional roles held
Chair of Business in the Community's Sheffield Pride of Place Board.

Darren Littlewood
Chief Financial Officer

B

Date of appointment
January 2016

Independent
No

Brings to the Board
Key strengths:

- In-depth Group and financial experience
- Establishing and delivering strategy whilst protecting assets in the Group

Darren joined the Group in 1999 prior to his appointment as Group Finance Director in 2016. He became qualified as a member of the Chartered Institute of Management Accountants in 2007 and is responsible for all financial and risk matters relating to the Group. He is heavily involved in investor communications and, along with Tim Roberts, is also responsible for communicating strategy and results to both private and institutional investors.

Additional roles held
Director and Trustee of South Yorkshire Community Foundation Limited and Member of the CBI Yorkshire and Humber Regional Council.

Joanne Lake
Senior Independent Director

A R B

Date of appointment
October 2015

Independent
Yes

Brings to the Board
Key strengths:

- Extensive financial and investment banking experience
- In-depth knowledge of strategy and governance

Joanne has over 30 years' experience in accountancy and investment banking, including with Panmure Gordon, Evolution Securities, Williams de Broe and Pricewaterhouse. She is a Chartered Accountant and a Fellow of the Chartered Institute for Securities & Investment and of the ICAEW, and is a member of the ICAEW's Corporate Finance Faculty. Joanne became the Senior Independent Director on 26 May 2022.

Additional roles held
Non-executive Chair of Made Tech Group plc, Non-executive Director of Gateley (Holdings) Plc, Non-executive Director of Pollen Street Group Limited and Non-executive Director of Braemar PLC.

Key

Committee Membership

N Nomination | A Audit and Risk | R Remuneration | B Responsible Business | Committee Chair

James Sykes
Non-executive Director

N B

Date of appointment
March 2011

Independent
No

Brings to the Board
Key strengths:

- Significant strategic land knowledge
- Sound financial background and experience

As a partner in the Private Wealth and Estates Group at Saffery Champness he has many years' experience in the UK strategic land market and brings that experience to Board decision making generally but particularly to Hallam Land Management Limited.

Additional roles held
Chairman and Partner in the London office of Saffery LLP Chartered Accountants, which he joined in 1987. He is a Non-executive Director of Saffery Trust International business in Guernsey.

Talita Ferreira
Non-executive Director

N A R B

Date of appointment
January 2024

Independent
Yes

Brings to the Board
Key strengths:

- Extensive finance, risk and governance experience
- Extensive experience in leadership, culture and transformation programmes
- Certification from Cambridge Institute for Sustainability Leadership
- Strong strategic and corporate experience across multiple industries

Prior to joining Henry Boot PLC, Talita held a Non-executive Director and Chair of Audit role at Tandem Bank Ltd and executive roles as CFO and People Director at BMW UK Ltd, BMW Automotive Ireland Ltd, BMW Group Financial Services Ltd (UK and Ireland) and Alphabet (GB) Ltd.

Additional roles held
Non-executive Director and Chair of the Audit Committee of FCE Bank plc, CEO and Founder of Authentic Change Solutions Limited, Course Leader and Facilitator for the Institute of Directors.

Gerald Jennings
Non-executive Director and Designated Non-executive Director for Workforce Engagement

N A R

Date of appointment
October 2015

Independent
Yes

Brings to the Board
Key strengths:

- Widespread industry experience in retail and property
- Successful track record of delivering significant development projects and working with a wide range of stakeholders.
- Extensive experience in asset management
- A variety of executive and non-executive roles over the years within the private, public and third sectors

Gerald has over 30 years' experience in the retail and property industry and the delivery of major development projects and adding value through proactive asset management.

Additional roles held
Non-executive Chairman of Social Communications (Leeds) Limited and Director of G R Jennings Properties Ltd.

Serena Lang
Non-executive Director

N A R B

Date of appointment
August 2022

Independent
Yes

Brings to the Board
Key strengths:

- Extensive strategic leadership, growth and digital transformation experience
- Experience in industrial, engineering and construction environments and culturally diverse markets
- Strong sustainability credentials, specifically in the built environment
- Diversity of thought to the Board having worked across multiple industries

Prior to joining Eleco plc in 2014, she previously held executive roles as Enterprise Client Executive at Invensys (now Schneider Electric), Global VP of Transformation at BP plc and as an Executive Consultant at Capgemini Ernst & Young.

Additional roles held
Chair of Trifast plc and Non-executive Director of Ainscough Crane Hire Ltd.

EXECUTIVE COMMITTEE

Amy Stanbridge
General Counsel and Company Secretary

Date of appointment
October 2018

Independent
No

Brings to the Board
Key strengths:

- Significant legal, compliance, regulatory and corporate governance experience
- Robust knowledge of all aspects of commercial law and practice

Having obtained her qualifications at the Universities of Nottingham (LLB Hons) and Sheffield (PG Dip LP), Amy qualified as a solicitor in 2006 and as a Chartered Secretary in 2019. She is an experienced lawyer with a demonstrated history of working in-house in the public sector and construction industry. With a broad range of expertise across contract and commercial law and practice, construction matters, corporate governance and compliance matters, Amy has worked at Henry Boot PLC since 2014, becoming Company Secretary in 2018 and General Counsel in 2021.

Additional roles held
Trustee of St Luke's Hospice, Sheffield and member of Business in the Community's (BITC) Yorkshire and Humber Board.

Nick Duckworth
Hallam Land Management Limited

Date of appointment
Managing Director in 2016

Brings to the Executive Committee
Nick Duckworth MRTPI began his career in a private sector planning consultancy, Phillips Planning Services, in 1990. He left there in late 1992 and joined Hallam Land's then newly established Northampton office. In 1997, Nick set up the South West office of Hallam Land in Bristol and became the Regional Manager. He was appointed a Director in 2002. Nick is an Exco Sponsor for the Group's Community and Educational Investment working with the relevant sub-committees that have oversight of our responsible business activity.

Edward Hutchinson
Henry Boot Developments Limited

Date of appointment
Managing Director in 2018

Brings to the Executive Committee
Edward Hutchinson BSc (Hons) MRICS started his career in quantity surveying before quickly progressing into project management. He joined Henry Boot Developments in 2004 as a Project Manager, rapidly rising to the position of Senior Project Manager, in 2006. Edward was appointed a Director in 2012 and became Managing Director in 2018. In January 2021, he became a board member of the Yorkshire and Humber Regional Board for LandAid, following which he assumed the position of Chair in January 2023.

Tony Shaw
Henry Boot Construction Limited

Date of appointment
Managing Director in 2021

Brings to the Executive Committee
Tony Shaw joined Henry Boot Construction Limited as a Trainee in 1985 and with a background in production planning and project management, he has held a number of positions in the business, including Regional Manager and Operations Director. Tony is North East Regional Chair and a Director of the National Federation of Builders (NFB) and a Director of the Yorkshire Builders Federation (YBF). Tony took over as Managing Director in July 2021.

Jonathan Fisher
Banner Plant Limited

Date of appointment
Managing Director in 2021

Brings to the Executive Committee
Jonathan Fisher joined the Henry Boot Group in 2021, bringing with him extensive experience in hospitality and facilities management. He began his career as a General Manager with Whitbread before transitioning into sales and management within facilities management. At the Algeco Group, Jonathan worked as an Account Director before being promoted to Regional Director, overseeing four production facilities. He also served as UK Sales Director before becoming Managing Director at Banner Plant. In addition to his professional achievements, Jonathan is a foundation governor at his local high school.

Darren Stubbs
Stonebridge Homes Limited

Date of appointment
Chief Executive in 2010

Brings to the Executive Committee
Darren Stubbs has a wealth of experience in the housebuilding industry and a proven track record in delivering successful housing developments, spanning a 40-year career. Darren founded Stonebridge Homes in 2010, a jointly owned company with Henry Boot PLC. Darren is the Chairman of The Yorkshire Children's Charity and Vice Chair of Zarach, a charity who provide beds to children living in poverty.

Rachel White
Henry Boot PLC

Date of appointment
HR Director in 2022

Brings to the Executive Committee
Rachel White joined Henry Boot PLC in 2001 as a graduate. She has held a number of roles in the People team, before taking the role of HR Director in July 2022. Rachel leads the delivery of our People Strategy to meet the requirements of our internal stakeholders, including employee relations, succession planning, talent management, diversity and inclusion, wellbeing, reward and recognition, employee benefits and employee engagement.

Rachel is also a Trustee Director for Henry Boot Pension Trustees Limited and is a member of the Governance Committee for the Henry Boot PLC Group Stakeholder Pension Plan. In 2022, Rachel became a Trustee of The Children's Hospital Charity and is also a volunteer befriender to lonely older people through b:Friend.

Additional Executive Committee Members

Tim Roberts
Chief Executive Officer

Darren Littlewood
Chief Financial Officer

CHAIR'S INTRODUCTION

PETER MAWSON
CHAIR

> We have weathered 2023 well and look forward to building on the foundations of success, through several Group-wide initiatives, that we believe stand us in good stead to come together and work more collaboratively as a Group of companies."

During 2023 there have been no changes within the Board composition, giving us an opportunity to embed the changes within the Board that took place during 2022 and reflect on our next steps in succession planning. Serena Lang has assumed the role of Chair of the Responsible Business Committee, to which she brings her wealth of knowledge and experience in this arena. We have, in early 2024, welcomed Talita Ferreira to our Board and anticipate several forthcoming changes as Joanne Lake and Gerald Jennings prepare to step down after their nine-year tenure, towards the end of 2024. This will include changes to the Chairs of Audit and Risk and Remuneration Committees, as well as the designated Group Employee Forum liaison and Senior Independent Director, which are outlined in the Nomination Committee Report on pages 102-108.

2023 has been a year of challenges within our industries and one which the Board has keenly managed during this period. The economic climate in which we operate has increasingly turned our focus to managing and mitigating risk and a thorough review of our strategic approach, in common with many other businesses of our nature. The Board has a dynamic approach to setting its agendas and pivoting to focus on the issues that require the closest attention, underpinned by our November Strategy Days which allow us to examine in greater detail what our direction of travel is and how we are responding to the issues we are seeing in our key markets. In this way, we have weathered 2023 well and look forward to building on these foundations of success during the forthcoming years. This includes having an ever more cohesive approach to a number of Group-wide initiatives that we believe stand us in good stead to come together and work more collaboratively as a group of companies.

Performance and Cohesion

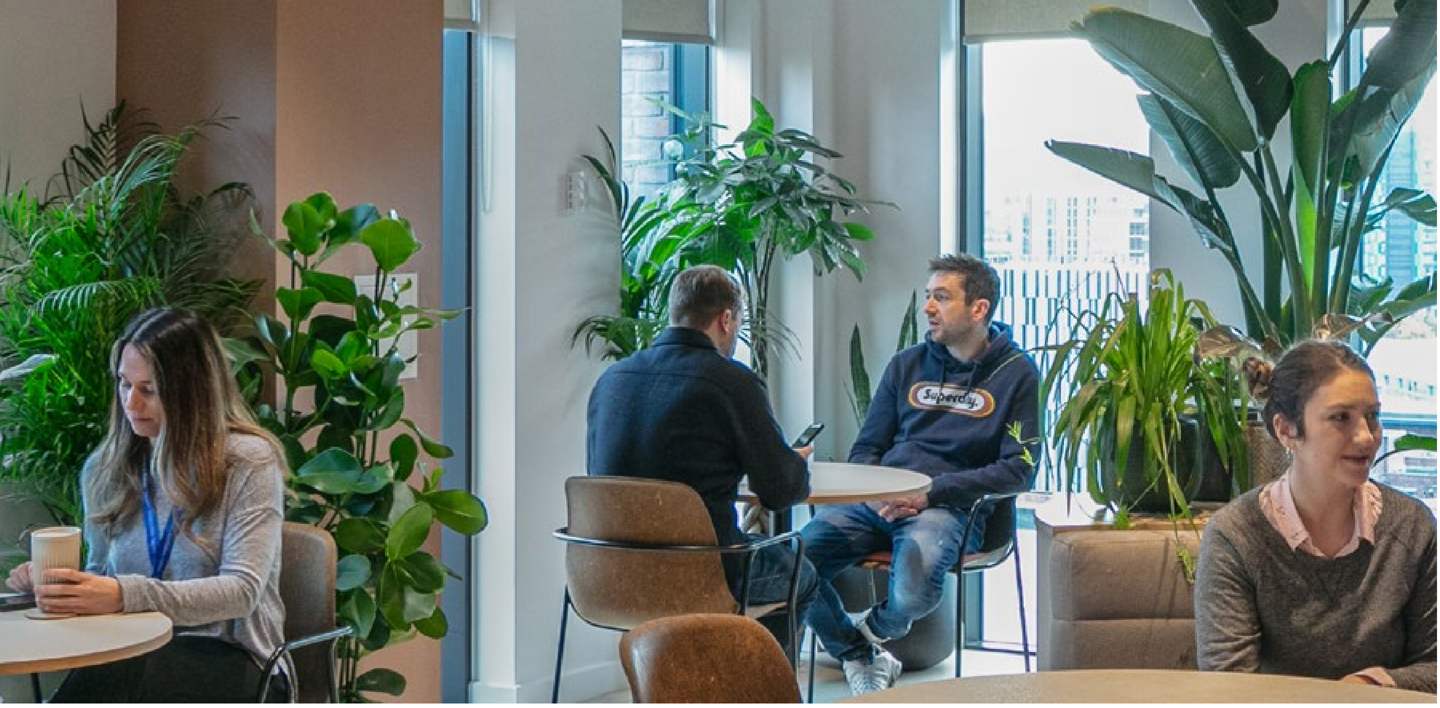
A number of important developments in our ways of working have taken place with Board oversight during 2023 such as the move of our head office to the Isaacs Building in Sheffield City Centre, and the progression of key Group activities relating to IT, marketing and communications (including Brand Value and Employer Value Propositions), people and reward, to name but a few. We view these developments as important building blocks to enable us to realise our ambition of being a modern and progressive business, and consideration of how we achieve these elements formed an integral part of our Strategy Days in November 2023. The focus of the Strategy Days, as it had been throughout the year, was maintaining focus on achievement of our medium-term objectives whilst also ensuring an appropriate focus on cost consciousness and maximising efficiencies. We believe that these efficiencies will be enhanced in their delivery by continuing the appropriate focus on delivering those key Group activities which will promote our resilience, ambition and focus. Whilst the main strategic direction of the Group has not changed, by being able to discuss issues directly with a range of senior leaders, we had a great opportunity to challenge our thinking and come together as a senior leadership team.

Leadership Development and Oversight

The initiatives that were launched in 2022 have been embedded and enhanced in 2023 in relation to our approach to reward and recognition, leadership development and broader succession issues. Thinking about how we communicate programmes such as this also touches on how we bring our leaders along with us on important initiatives and we have overseen a programme of development activity for our Executive Committee, as well as thinking about how this learning can be cascaded down including through the rollout of our Management Development Programme.

Succession Planning and Diversity

During 2023 we have continued the work that was outlined in our reports from previous years to implement our succession planning approach for the Board. As highlighted above, we have been very pleased to welcome Talita Ferreira to the Board at the start of 2024, following a recruitment exercise in the latter part of 2023, and you can read about our approach in more detail in the Nomination Committee Report on pages 102-108, as well as our further plans for 2024. We will naturally be sad to lose the skills and experience that have been brought to the Board by Gerald Jennings and Joanne Lake over their tenure with us, as well as the excellent working relationships we have always enjoyed as a team.



However, within any period of change we recognise the benefits of welcoming fresh perspectives to our collective. I am looking forward to realising these during 2024 and continuing to bolster those excellent relationships with our refreshed Board.

Responsible Business

Delivering on our Responsible Business goals remains key and, as we reported on last year, we continue to refine the ways in which the Board oversees and contributes to this important work. One major development was the adoption by each member of the Responsible Business Committee of a 'Sponsorship' role for essential aspects of our Responsible Business Strategy, enabling Directors to become more acquainted with the excellent work that is taking place throughout the Group and improving its visibility, as well as contributing their own valuable insights. We continued to welcome a range of guest speakers to help us develop our understanding of key drivers for changes within our industries, such as the UK Green Building Council, and you can read more about this in detail on pages 116. In addition, we continue to improve our focus on ensuring that we support the businesses with their Responsible Business ambitions, overseeing a number of working groups focusing on important subjects such as climate change and health and wellbeing.

Code Compliance

During 2023 the Board and its Committees have continued to keep their focus on ensuring wherever possible that compliance with the Code can be achieved, improving its operations and governance. This is demonstrated throughout this Corporate Governance Report, and of particular note are the Code principles below with references to further detail as applicable, as well as the report set out at page 113 for more information.

Given our long history as a family business, and as a FTSE Small Cap company, we have adopted alternative solutions to the provisions where we believe this is appropriate. The Code recognises that good governance can be achieved by other means, and the Board believes the approach we have taken is the most appropriate for the Company and its shareholders, whilst remaining consistent with the spirit of the Code.

Division and responsibilities	Read more on pages 87 to 89
Board leadership and Company purpose	Read more on pages 90 to 96
Composition, success and evaluation	Read more on pages 97 to 108
Audit, risk and internal control	Read more on pages 109 to 112
Remuneration	Read more on pages 119 to 141

The following report sets out our structure, governance processes and key activities undertaken by the Board and its Committees during 2023. We welcome feedback from our stakeholders and I would encourage you to get in touch with us on any governance matters.

I hope to see many of you at our AGM on 23 May 2024 (see page 212 to 215 for full details).

PETER MAWSON
CHAIR

11 April 2024

GOVERNANCE AT A GLANCE

Enabling long term sustainable success

Henry Boot's long term success is founded upon a clear purpose and supporting strategy, which considers the views and needs of its many stakeholders.

Details of the Board's contribution to the long term success of the Company whilst ensuring responsible governance, strategy implementation and oversight of operations is set out below. We have now oriented our successful strategy to the five 'P's -People, Places, Planet, Partners and Performance, an overview of which is set out below.

Performance:

During the year, the Board considered several investment decisions from the businesses. The Board examines a number of factors before making a decision, such as:

- the risks involved in the project and any mitigations
- lessons learned from similar projects
- the alignment to the Group strategy
- the impact on cashflow and return on investment
- the social value and net zero carbon credentials
- views and impacts on stakeholders

Projects that were approved in 2023 include the acquisition of land at Barmby Dunn, Doncaster for Stonebridge Homes and proceeding with the contract for AMRC3 at Sheffield Business Park.

People:

The Board meets with the Group Employee Forum twice annually and receives updates at every meeting about their work through Gerald Jennings, our designated Non-executive Director. In September, the GEF presented their proposals for increasing collaboration throughout the Group with the Board discussing their ideas and approving eight of their recommendations to be implemented. Alongside detailed reports on the employee engagement survey results from our specialist providers in February, the Board regularly considers the views of the workforce and seeks their input. You can read more about our people and culture on page 60-64 and 91-96.

Places:

It was a significant decision to leave our old HQ, Banner Cross Hall, and the Board engaged with the workforce before making the decision to relocate to the Isaacs Building in Sheffield City Centre. The Board oversaw this process to ensure that the new environment would be a collaborative space, fit for modern-day working and would attract and motivate people to work for Henry Boot. It was ensured that the space was flexible, could accommodate future growth and that local and sustainable materials and suppliers were used where possible.

Board Activities in 2023

Planet:

Throughout the year, training sessions led by the UK Green Building Council and Deloitte were held to increase awareness and understanding of how the wider built environment is demonstrating best practice in climate change adaptation and how the ESG regulatory and legislative framework is evolving.

In addition, the Remuneration Committee included targets to reduce our Scope 1 and 2 carbon emissions in the LTIP plan for the Executive Directors and all senior management in line with our net zero carbon aspirations.

Partners:

At various meetings in the year, the Board has overseen an ongoing project to redefine the Henry Boot brand. In a bid to produce an authentic and considered outcome, internal and external interviews were conducted to understand what Henry Boot represents to a wide range of stakeholders. This process included internal workshops with approximately 15% of the workforce. At each step, the Board has listened to feedback from our external consultants, our in-house specialists, the Executive Committee and the employee workshops to inform their decision-making. We look forward to sharing the results with you during 2024.

CORPORATE GOVERNANCE REPORT

DIVISION OF RESPONSIBILITIES

UK Corporate Governance Code 2018

The Board is committed to achieving high governance standards and following best practice. Where we do not strictly follow the UK Corporate Governance Code 2018 (Code), considerable thought is given to ensuring that our approach aligns with the spirit of good governance, helps to promote high ethical standards and sustains the success of the Company over the long term.

For this financial year, as a premium listed company, the Company was subject to compliance with the Code. Further details of how the Code has been applied are set out throughout this Corporate Governance section and a statement of Code compliance is presented on page 113.

The Board

The names, responsibilities and other details of each of the Directors of the Board are set out on pages 80 and 81. There have been no Board changes during 2023 but Talita Ferreira joined as a Non-executive Director on 1 January 2024. Biographies for each Director are shown on page 80 and 81 and roles and responsibilities can be viewed on the website.

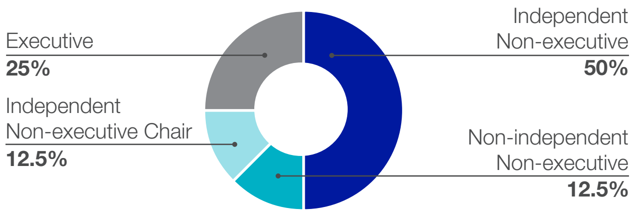
Throughout the year, there have been six scheduled Board meetings attended by all Directors, and one separate Board meeting to approve the appointment of the new Director. In addition to the formal Board meetings, two Strategy Days were held in November with a selection of sessions attended by the Executive Committee and senior management.

The number of Committee meetings are reported in each Committee report.

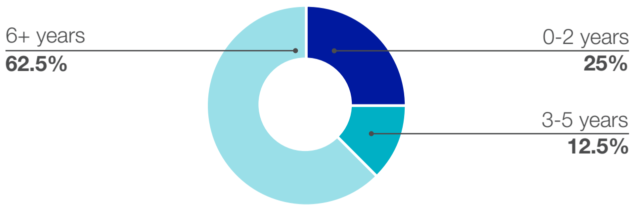
	Meetings attended	Eligible meetings
Peter Mawson Non-executive Director	7	7
Tim Roberts Chief Executive Officer	7	7
Darren Littlewood Chief Financial Officer	7	7
Joanne Lake Senior Independent Director	7	7
James Sykes Non-executive Director	7	7
Gerald Jennings Non-executive Director	7	7
Serena Lang Non-executive Director	7	7

Meetings attended   Eligible meetings

Board composition



Board tenure



Board composition and independence

The governance structures in place are designed to reflect the individuality of the Company and the composition of both its institutional shareholders and individual shareholders, many of whom have family ties to the Company. James Sykes is classed as non-independent, having been appointed to represent the substantial shareholdings of the Reis family interests (see page 144).

The Company values the importance of its independent Non-executive Directors who provide objective advice and challenge the Executive Directors. Their diverse backgrounds in various sectors and knowledge of the wider business environment are critical when it comes to strategy development. The Non-executive Directors meet without the Executive Directors present, usually the evening before the Board meetings and on other occasions throughout the year.

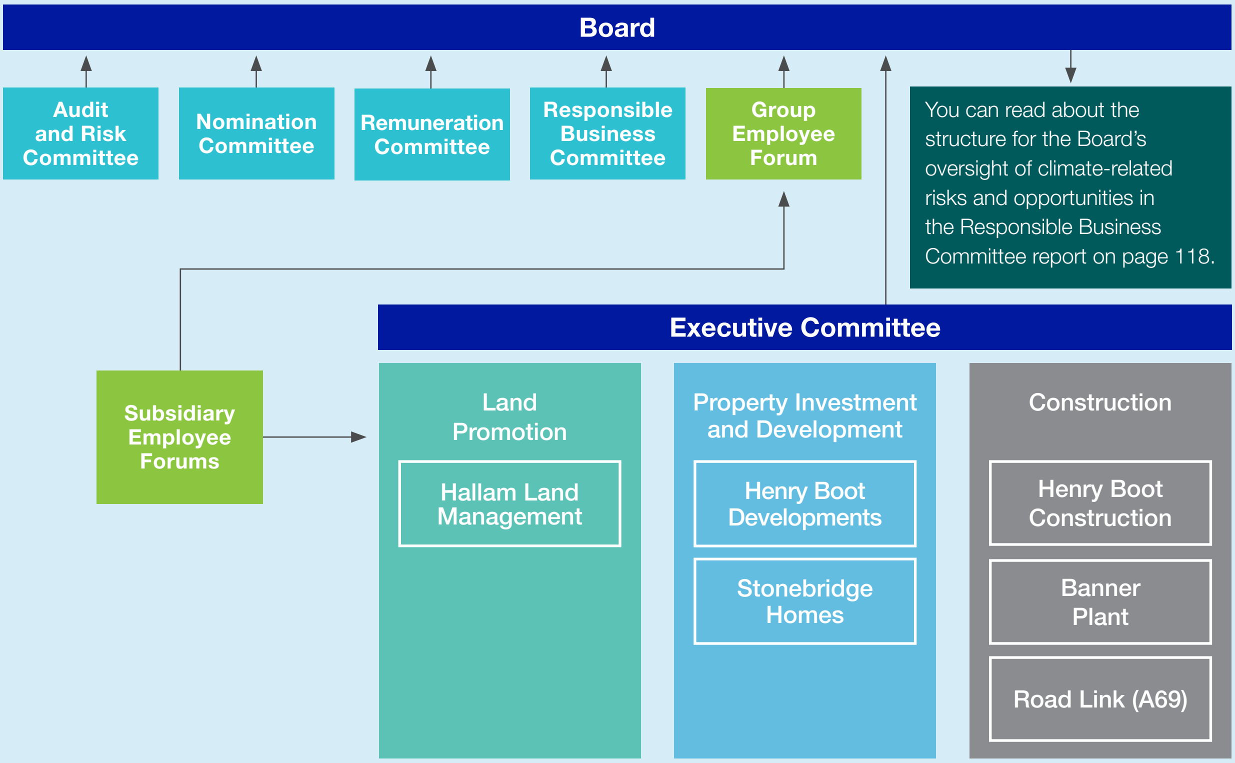
Board Diversity Disclosures

In accordance with the Listing Rules, the disclosures relating to gender identity and ethnic background are set out below. These were self-reported by members of the Board and ExCo, having been asked to select which of the categories within each of the tables below the recipients identified as.

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	5	62.5	3	7	78
Women	3	37.5	1	2	22
Not specified/ prefer not to say	0	0	0	0	0

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	8	100	4	9	100
Mixed/Multiple Ethnic Groups	0	0	0	0	0
Asian/Asian British	0	0	0	0	0
Black/African/Caribbean/Black British	0	0	0	0	0
Other ethnic group, including Arab	0	0	0	0	0
Not specified / prefer not to say	0	0	0	0	0

Governance framework



DIVISION OF RESPONSIBILITIES

Key features

Board	• The Board maintains a formal schedule of matters reserved for its decision that cannot be delegated elsewhere (available to view on the website) • This schedule is reviewed at least annually and includes: – establishing long term strategy and objectives – overseeing culture and stakeholder engagement – approval of annual budgets, financial results and the dividend policy – approval of capital expenditure above an agreed amount – the determination and monitoring of the Company's principal and emerging risks, including the effectiveness of internal controls • When matters require Board approval, management is required to present a detailed paper which includes any input or feedback received from stakeholders, assessment of key risks and how the matter links to Group strategy
Board Committees	• Delegated authority from the Board to look after specific areas of responsibility • Each Committee operates under its own written Terms of Reference which are reviewed at least annually and are available on the website • Report to the Board and work alongside the other Committees, e.g. the Responsible Business Committee works alongside the Audit and Risk Committee to fully consider the TCFD reporting requirements • Have access to external consultants where necessary • See pages 102 to 141 for more information on the work of each Committee
Executive Committee	• Members are set out on pages 82 to 83 • Re-formed in December 2020, the Board has reviewed and approved its updated Terms of Reference and delegated levels of authority • Meets at least ten times a year to debate strategic issues that affect the Group, to collaborate and share best practice and make recommendations to the Board • Appointments to the Executive Committee are overseen by the Nomination Committee and the Board. Members of the Executive Committee attend the Board meetings regularly and are part of the Board Strategy Days
Subsidiary Boards	• Day-to-day operational management of the subsidiary companies sits with their respective boards and MDs • The CEO and CFO sit on all the principal subsidiary company boards • The MDs are invited to attend the Strategy Days and the Board meetings on a rotational basis to discuss business plans and strategy

CORPORATE GOVERNANCE REPORT

Board Leadership and Company Purpose

The Board has a rolling 12-month Forward Business Schedule which is regularly reviewed to check that there is appropriate balance across the year between strategy, risk, operations and governance, providing updates as well as seeking discussions and approvals on key Board issues. It includes routine items that are included on every agenda as well as one-off topical items or decisions, and ensures that all stakeholder groups are discussed as well as scheduling attendance from leaders and colleagues across the Group. Below are set out some of the key areas of strategic focus for 2023.

Area	Stakeholders considered	Link to Strategy	What was reviewed and considered?
Overseeing and reinforcing health and safety practices	E Sh En Co Cu	People, Partners	The safety of our people, particularly given the industries in which we operate, is paramount. Alongside our routine health and safety reporting and monitoring our KPIs, the Board has been paying particular attention to emerging trends and linking Group MDs with other business leaders to promote knowledge transfer and best practice. In 2023, there were some areas in which we missed our Group KPIs (see page 29), particularly due to some incidents within Banner Plant. As a result, the Board has recognised that it is crucial to lead from the top and further strengthen the safety culture within the businesses, working alongside the Group Safety Manager who compiles the annual Health and Safety reports for each of the principal businesses and outlines his recommendations for improvement.
Ensuring understanding of the business, culture and ESG priorities	E S Cu En Sh	Planet, People, Places	Site visits carried out in 2023 to the Disabilities Trust and Cocoa Works in York, as well as Stonebridge Homes' site at Great Ouseburn, provided the Board with an opportunity to meet our employees, customers and suppliers, as well as demonstrating the breadth of the schemes in which we are involved. Other engagements this year have included sessions with the UK Green Building Council and Deloitte to provide opportunities for the Board to deepen its understanding of the regulatory framework in which we operate, and ways in which we can seek to contribute to policy in the future.
Focusing on brand and customer engagement	E S Cu Co	Partners, People	The Group's developing approach to its purpose, vision and values, through its Brand Value Proposition and Employer Value Proposition work, is summarised on page 7. This strategic rethink of the structure of the Group's engagement with its internal and external stakeholders has been discussed with the Board on multiple occasions during the year, touching as it does on key areas such as customer focus, employee engagement, and brand values.
Evaluating Group Strategy	Sh E Cu	Places, Performance, People, Partners, Planet	The Board held a productive session over two days, joined by the Executive Committee and other senior management. Strategies for each of the subsidiary businesses were debated with a renewed focus on the types of opportunities we want to pursue and how to build upon existing relationships with customers. Alongside this, time was dedicated to ensuring that the strategies for some of the central support functions (IT, Marketing and People) were aligned and able to help the businesses deliver their long term ambitions. The key themes, actions and decisions from the sessions were captured, shared with senior management and will be regularly reviewed.
Reviewing and managing risk	E Cu Sh	Performance, Partners	Given the evolving picture in relation to the UK Corporate Governance Code and associated legislation during 2023, the Board (and the Audit and Risk Committee) has maintained a watching brief on developments in this area. The Committee and the Board review the Group's principal and emerging risks twice a year (see pages 48-55 for more information). However, there have been heightened levels of uncertainty in the market, as well as the upcoming changes to risk management and internal controls as announced in early 2024. In response, the Board has kept risk management practices as a priority, both through overall risk reviews and in-depth reviews on individual projects. This has included updates to the Board on the risk management capabilities that can be offered by insurance advisory services, which have been the subject of a tendering exercise in 2023. These benefits are to be maximised through the appointment of a new insurance broker, Locktons, in early 2024, who will assist the Board and the Audit and Risk Committee in reviewing all risk management protocols during the course of 2024.
Managing budget, gearing and financing	E Cu S Co En	Performance	The Board has been maintaining a keen oversight of the Group's budget and gearing during 2023, noting the risk environment as referred to in the section above and the wider macro-economic climate in which we are operating. The Group's refinancing activities have been undertaken with a conscious decision to ensure plenty of time has been allowed to conduct negotiations in a more straitened financial climate, ensuring that we are best placed to maximise the benefits of existing relationships with financial institutions. See Note 26 to the Financial Statements for more information.

Stakeholders

E Employees · S Suppliers · Sh Shareholders · En Environment · Cu Customers · P Pensioners · Co Communities

Group strategic priorities

People · Partners · Places · Planet · Performance

BOARD LEADERSHIP AND COMPANY PURPOSE

Our Culture

The Henry Boot Way – our articulation of the Group's vision and values - has been in place since 2017, and has remained a vital part of our Group's overall cultural articulation during this time. Towards the end of 2022, the Board approved a wholesale review of this approach, taking place during 2023, to supplement and develop our refreshed approach to purpose, vision and values – looking at our Brand Value Proposition and Employer Value Proposition. This work will involve us evolving away from the Henry Boot Way, which focused on being purpose-led, to being more impact driven and incorporating wider thinking about how we deliver our strategic priorities. Further details of this are set out on pages 7 and 59.

This work has been overseen by the Board and is due to be launched in 2024, and has given additional opportunities during the measures set out below to re-examine the views of our employees from across the Group on the culture of our business.

How the Board monitored culture in 2023

	Action	Link to culture, and effectiveness of engagement method	Values upheld or impacted	Outcomes, development of culture and addressing culture issues
Engagement surveys	In 2023 we continued refining our cycle of engagement surveys to capture our eNPS and other valuable information about how our people feel about working for the Group.	The outcomes of an engagement survey build a picture year on year to give us an insight into how our people feel about the culture of our business. It gives a good baseline for the Board to measure against, and as a method of engagement it ensures that it reaches all areas of the Group. In addition, being able to hear directly from GEF members on issues that impact them and their areas of the business enables the Board to understand directly whether those employees feel that the culture of the business is being upheld, and where it is not, what employees feel could be done to address this.	**Loyalty** **Integrity** **Collaboration**	The Board reviewed the survey outcome as a whole, and with direct engagement with the GEF. A number of ongoing activities had been spearheaded by the GEF in response to prior years' surveys, such as launch of the Health and Wellbeing Strategy, and embedding culture and performance within the Group's reward strategy. In agreement with the GEF for 2023, there were no stand-out areas arising from the engagement survey which merited addressing within the year. The engagement survey provides an important check-in and capability for the Board to reflect on important issues affecting our people on a regular basis.
BVP and EVP focus sessions	As mentioned above, a number of sessions have been held with employees from across the Group to review perceptions around purpose, vision and values, to inform the Brand Value Proposition and Employer Value Proposition approach.	Obtaining the views of our people on how we progress and implement our Employer Value Proposition, in particular, is vital. The Henry Boot Way was developed by our people and it is crucial to us that any development of this approach is done in the same way. Focus groups including employees from across the Group have helped to shape this work.	**Collaboration** **Adaptability**	Page 7 sets out the BVP and EVP work, which will also be launched fully during 2024. This development of how we articulate our culture is an essential step forward as we look to be more connected within the Group.
Health and Wellbeing	The Health and Wellbeing Strategy, and the work that has been done to produce this (including substantial input by the Group Employee Forum) and launch it, is covered in more detail on pages 116 within the Responsible Business Committee Report.	The formulation of the Health and Wellbeing Strategy reflects the outcomes of our engagement surveys and issues that have particularly resonated with our employees, as set out above. Engagement methods in developing our Strategy included: – GEF reflection and Board presentations (see more on pages 94-96) – Health and Wellbeing Working Group – HR Management team – A range of other internal engagements	**Respect** **Adaptability** **Integrity**	The Health and Wellbeing Strategy aims to develop our culture as a progressive and proactive, supportive employer of choice. The Board recognises that our people are critical to the delivery of our commercial priorities and helping our people flourish by providing a framework of support will mean fulfilled and healthier colleagues which supports retention, creativity and innovation.

BOARD LEADERSHIP AND COMPANY PURPOSE

	Action	Link to culture, and effectiveness of engagement method	Values upheld or impacted	Outcomes, development of culture and addressing culture issues
Head office move	As we highlighted in last year's Annual Report, the Group faced a significant change touching on culture when it decided to move from its existing head office at Banner Cross Hall to Isaacs Building in Sheffield City Centre.	A major consideration in relation to the move has been to enhance our key cultural priorities relating to the promotion of greater collaboration across the Group. By moving to a more integrated space, with many facilities and meeting areas to allow internal and external stakeholders to use the building, the move provides an unparalleled opportunity to live our values. The Board has been kept regularly updated of engagements that have taken place with employee working groups and steering groups that guided the eventual office move in late 2023.	**Adaptability** **Delivery** **Collaboration**	The successful move into the new head office and the impacts on culture have been felt immediately, and longer-term benefits will continue to be monitored by the Board.
Employee forum	As well as the direct Board interaction outlined above, and as described on page 94, linkage to the Board is provided by the designated Non-executive Director appointed to liaise with the GEF, so that the entire Board can benefit from hearing the feedback and respond to issues as necessary.	The Group and Subsidiary Employee Forums provide a key method of employee engagement on several issues, including cultural matters and perceptions throughout the Group. The designated NED feeds back on issues discussed by the GEF at every Board meeting, to ensure that relevant issues are taken into account in decision-making as well as the general view across the Group on matters impacting on culture. Bringing together interested members of the Group, who can speak directly to the designated NED, means that a cross section of views from around the Group can be heard.	**Collaboration** **Respect**	The Board, represented by the designated NED, attended all GEF meetings in the year and provided insight to the GEF around several matters, including Executive Director remuneration, IT and systems, and marketing strategy. Other NEDs and the Executive Directors have also attended the GEF by invitation where relevant to the agenda. Views of the GEF have been taken into account when discussing those issues at the Board, as reported in more detail on pages 94-95.
Strategy Days	The Group's People Strategy, alongside the wider Group and subsidiary strategies, was discussed at the 2023 Strategy Days with the Board and Executive Committee.	The culture of the business and how this can be influenced by the Board and Executive Committee, was a key part of the People Strategy and also an underlying element of the Marketing and Communications Strategy, focusing on the offer to our people through its EVP.	**Delivery** **Integrity**	The Board and ExCo recognise that culture is the key to success, and that without a positive and engaging culture even the best formulated strategies will struggle. We have placed our people at the heart of all we do and therefore the focus that the Board and Executive Committee are giving to the People Strategy as a key lever of change and also a shared priority will be more meaningful to our wider internal stakeholders.

Employee Engagement

In our refreshed strategic pillars, a focus on one of the five Ps is 'People' – Henry Boot's greatest asset is its people and, as such, are a key focus across the organisation, including at Board level, to ensure that employee views are being taken into account. The Board has established two key methods of direct Board employee engagement, also demonstrating compliance with Provision 5 of the Code:

- the founding of a network of employee forums across the Group; and
- the appointment of a designated Non-executive Director of the Board to liaise with the Group Employee Forum.

In addition, there are a number of ways that employee engagement is addressed in our Responsible Business Strategy on pages 30-34, and in this section, we outline the ways in which that engagement has specifically taken place with the Board.

Employee forum

Our Group and subsidiary Employee Forums, launched in 2019, have continued to meet to discuss a range of key Group issues during 2023. Each main wholly owned subsidiary (and Henry Boot PLC) have their own Subsidiary Employee Forum (SEF), the Chair of each of which meets to form the Group Employee Forum (GEF).

The Group is constantly looking to develop and strengthen its approach to employee engagement, and recognises the Employee Forums as a pivotal route to hearing the voice of employees. The Group and Subsidiary Employee Forums have refreshed their memberships throughout the year, to renew their commitment to ensuring representation from across the Group and add new voices to the teams. The Chair and the Chief Executive Officer have also worked with the designated NED to structure a series of attendances at the GEF by them and also by senior leaders within the businesses to present on key initiatives. The GEF has worked with the Marketing and Communications team to ensure that the outcomes of their work and engagements are more widely publicised to the Group.

Outcomes

A number of the key issues discussed by the GEF, some of which have been referred up to the Board or elsewhere throughout the Group for resolution and/or discussion and feedback, or have otherwise been overseen by the Board are outlined here:

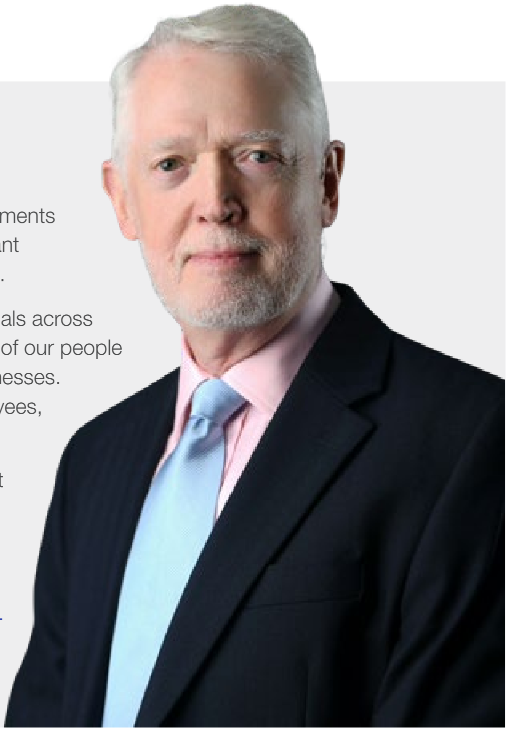
Consultation activities	Method and outline of engagement	How the Board responded
GEF Collaboration Project	Instead of focusing on the lowest scoring areas from the Employee Engagement Survey results, this year the Group Employee Forum decided to look at the general topic of 'Collaboration within the Group'. This was inspired by work presented by Jon Fisher, MD of Banner Plant, around his work to integrate Banner Plant into the wider Group with a greater strategic focus, as well as the opportunities identified for collaboration by the new Head Office working groups. The GEF also felt that there were no new areas of focus that had arisen through the employee engagement survey, which had been the focus of previous projects. Following discussions with each of the Subsidiary Employee Forums, the GEF produced a presentation which outlined areas of focus for 2023, examples of successful collaboration, areas of improvement and what any solution will need to cover.	The initial proposal around collaboration was shared with the Board in March 2023, who concurred that the areas of focus felt appropriate and relevant to our areas of strategic focus. The GEF members, together with the SEFs, then developed the proposal into a number of key actions, such as maximising cross-Group learning and development activities, sharing expertise and best practice, and using process mapping to increase efficiencies. This action plan was shared with the Board in September 2023, who were again supportive, with Executive Directors pledging the support of the Executive Committee to deliver it.
Reward strategy implementation	Elements of the Group-wide reward strategy, launched in 2022, continued to be implemented in 2023, with further consultations taking place with the GEF and points raised by the GEF being fed into the communications around the rollout.	The designated NED liaison fed back any areas raised to the Board and these areas were also addressed directly with the GEF for cascade throughout the business as well as tailoring relevant communications.
Directors' Remuneration Policy	The consultants appointed by the Remuneration Committee, Korn Ferry, attended a GEF meeting to discuss various elements of Executive Director remuneration and the approach being taken for the updated Remuneration Policy being proposed for 2024, to aid understanding and also explain the alignment with the Group's wider remuneration policy.	The Remuneration Committee is conscious of the drive to engage with employee representatives whenever a new Remuneration Policy is being proposed, and to ensure that employee views are heard. The designated NED liaison fed back any topics discussed, and information provided to the GEF, noting that no concerns had been raised with the proposed new Remuneration Policy.

Consultation activities	Method and outline of engagement	How the Board responded
Head Office relocation	Cross-Group working groups formed in 2022, as reported on in our previous Annual Report and Accounts, continued to meet in 2023 to shape further aspects of the move to the new Head Office and provide input to the updates provided to the Board on areas such as travel and parking, personal safety and culture and heritage.	The Board was keen to ensure that it understood the employee views and were kept updated as to the progression of the plans for the Head Office move throughout the period up to the transition date.
SheNetWORKS	A number of networking groups were established during 2022/2023 as part of the Group's EDI Strategy; for parents and carers (Family Matters); mental health first aiders; menopause and perimenopause (Pause to Talk) and females within the business (SheNetWORKS). An event set up towards the end of 2023 welcomed female attendees from across the Group to start to create better opportunities for the women within the businesses to discuss important issues affecting them.	Non-executive Director Serena Lang attended the event alongside the excellent turnout of women from across the business, and gave a lunchtime talk about her experiences within the industries she had worked in and advice to the attendees.
Board and ExCo Sponsorship Roles	Executive sponsorship roles were proposed at the Responsible Business Committee in December 2023, to provide senior leadership support and guidance for strategic projects, demonstrate leadership, role model positive behaviour and connect senior leaders to strategic issues and the workforce.	The Responsible Business Committee members (as well as the Executive Committee members) will take on a variety of sponsorship roles, looking to achieve the following: 1. To champion their respective initiative when relevant at any PLC Board and/or Committee meetings, encouraging other members to consider their chosen initiative when decisions are made to ensure that all commercial decisions consider ESG factors. 2. To engage with the respective employee working groups at least once per annum to share knowledge, exchange views and display leadership. 3. To attend and be involved (wherever possible) with any Group events, webinars or updates about the chosen subject. 4. To share with fellow Committee members information about any related themes, trends or updates observed in the market.

CORPORATE GOVERNANCE REPORT

CASE STUDY

Peter Mawson and Tim Roberts engagement visits



Throughout 2023, Peter and Tim have undertaken a programme of visits and engagements with employees across the Group, meeting employees at a number of our Banner Plant depots, Hallam Land and HBD regional offices, construction sites and other locations.

This has enabled Peter and Tim to hold one-to-one meetings with teams and individuals across the business, to provide visibility of their respective roles and to get to know as many of our people as possible, facilitating meaningful discussions on issues relevant to each of the businesses. In addition, Peter participated in a male health campaign video for Henry Boot employees, to raise awareness and highlight avenues of support.

"With our people being located in various different areas across the UK, it is important to me that I can take time to go to them and make sure that they are able to speak to me directly, which helps me to understand how we as a Board are overseeing and implementing measures that touch on the whole Group and its operations."

PETER MAWSON,
PLC BOARD CHAIR

Q&A with recently joined GEF members

Amric Manku has assumed the role as Chair of the Group Employee Forum at the close of 2023 – here he gives his views on the roles of the GEF.

Q How has the Board supported and interacted with the GEF over the past year?
A: The two main forms of support that is given to the GEF by the Board are time and consideration. The GEF is invited to attend and present at the Board meetings twice a year, and a Board member attends all of our meetings. All items discussed at both GEF meetings and presentations are carefully considered and action is taken where needed.

Q How do you feel the GEF supports the culture of the business?
A: The people-first approach of the culture of the business is most clearly reflected in the GEF and each of the Subsidiary Employee Forums, which allows for direct communication with the leaders of the business throughout the year.

Q What areas does the GEF want to focus on in the future?
A: The main area of focus for the GEF will always be the well-being of the employees, and creating effective changes to reflect the employee requirements by maintaining direct and meaningful communications with the Board.

COMPOSITION, SUCCESSION AND EVALUATION

Board performance review

Although Henry Boot is not required to conduct an externally facilitated performance review, as it sits outside the FTSE 350, the Nomination Committee did seriously consider whether to engage an external provider for 2023. Whilst the value of such a process was fully appreciated, the Committee concluded that it was not the right time to conduct such an exercise due to upcoming Director changes and would review the decision again in 2024.

A formal and rigorous internal performance review was undertaken by the Board, its Committees, the Chair and each individual Director. Attendees at Board meetings were again asked to complete an anonymous questionnaire seeking their thoughts on preparing for, attending and receiving feedback after the meetings. This step offered an additional layer of rigour to the evaluation process.

The process and results are set out below.

Process

STEP 1

In March 2023, the Nomination Committee considered whether to conduct an externally facilitated performance review but agreed to proceed with an internal approach.

STEP 2

The Board discussed and agreed an approach in September 2023.

STEP 3

Question content was agreed with the respective Chairs and the questionnaires issued. 1:1 interviews were also arranged with Peter Mawson to discuss individual performance and training needs. Peter Mawson's interview was conducted with Joanne Lake in her capacity as Senior Independent Director.

STEP 4

Questionnaire deadline, results collated, and reports written.

STEP 5

At the year-end, results were reviewed with the Board and respective Committees, and actions were agreed for 2024. Progress against the 2023 actions was also discussed.

STEP 6

Mid-year reviews will be carried out in summer 2024 to discuss performance against the agreed actions before a full review at the year-end.

Areas where the Board scored strongly:

- Open and collaborative environment.
- Positive and welcoming experience for Board attendees.
- Board administration has improved and Board papers are provided in sufficient time.

Board focus areas:

- Allowing enough time on the agenda for idea generation and opportunity identification.
- Improving time management for presenters maximise their engagement with Directors.
- Providing attendees with timely feedback and actions.

CORPORATE GOVERNANCE REPORT

COMPOSITION, SUCCESSION AND EVALUATION

BOARD

2023 action areas	Progress during 2023
Marketing and branding Oversee the marketing, branding, and communications strategy as it develops and is rolled out.	• The Brand Value Proposition was presented to the Board in July. • The overall Brand, Marketing & Communications strategy was debated at the November Strategy Days. • The Board approved the Brand Value Proposition and the Employer Value Proposition in December, alongside initial discussions on the corporate identity.
Agenda Build time into the Forward Business Schedule to concentrate on innovation, idea generation, and opportunity identification.	• Initial discussions held in during 2023. • Time set aside during 2024 to dedicate to an innovation session.
Culture Formulate an approach to understanding and assessing culture within the business.	• Culture was discussed at the July meeting including the various ways in which we assess culture such as the engagement survey, the whistleblowing internal audit, the brand audit consultation and engagement with the employee forums.

Action areas for 2024

Marketing and branding
Monitor the roll out of the internal and external branding project.

Idea generation
Hold a productive session which focusses on innovation, idea generation, and opportunity identification.

Training
Create a dynamic training schedule that incorporates softer skills and ensures the successful indication of new directors and handover of roles.

IT Strategy and implementation
Oversee the delivery of the new system implementations and IT strategy.

AUDIT AND RISK

2023 action areas	Progress during 2023
Specialist training Provide specialist training for the Committee on the new audit reform when the guidance is finalised.	• Training delayed due to the new UK Corporate Governance Code not being published until January 2024.
Internal controls preparation Begin internal preparations to our systems and processes to be in the best position to adapt to the new audit reform.	• Despite the delays mentioned above, initial discussions commenced on: – Assessing the new requirements with a view to preparing a gap analysis – Process mapping the various internal controls within the Group and bringing together relevant people within the teams to undertake this work.
Risk review Agree new risk review procedures to be implemented and rolled out in 2023 (supported by Board and ExCo training).	• Again, deferred to 2024 to ensure that any changes to the risk procedures take into account the new governance requirements.
Cyber and IT Oversee a wholesale review of the Group's cyber and IT security approach, receiving updates arising from the cyber internal audit of 2022 but placing these into a broader perspective of the overall risk management for IT and cyber.	• The IT Strategy was debated during the November 2023 Strategy Days. • A new Cyber Strategy was approved in the February 2024 meeting alongside a review of all the updated IT policies.

Action areas for 2024

Specialist training
Provide specialist training for the Committee on the internal controls requirements arising from the new UK Corporate Governance Code and develop a roadmap for compliance.

Internal controls preparation
Carry out an assessment of our internal controls in preparation for the requirement for the Board to make an attestation in compliance with the updated UK Corporate Governance Code.

Risk review
Review, in conjunction with external advisers, risk management procedures to agree any changes to be implemented and rolled out in 2024 (supported by Board and ExCo training).

Internal audit
Review internal audit approach to determine optimal number and mixture of internal audit activities to be carried out annually.

Chair succession
Ensure that the new Chair is successfully transitioned into the role.

NOMINATION

2023 action areas	Progress during 2023
Equality, diversity, and inclusion Oversee the development of wider diversity reporting in categories other than gender (e.g., ethnicity, disability).	• The introduction of a new HR system during 2023 now facilitates capturing diversity data on categories beyond gender. The ability to report on wider data will become possible in 2024.
Executive succession Hold a session with the EDI Steering Group to gain insight into barriers to recruitment / progression and understand how this could be improved.	• The EDI Steering Group was relaunched in early 2024 and Joanne Lake attended the forum's first meeting. Once the Steering Group's priorities have been finalised, a meeting with the Committee will be arranged for summer 2024.
Skills development Oversee a reverse mentoring programme with a diverse employee and one of the ExCo members plus one of the Board members.	• As mentioned above, with the relaunch of the EDI Steering Group in early 2024, this action will be presented to the Committee as a proposal later in 2024.

Action areas for 2024

Skills development	Recruitment barriers	Diverse initiatives	Non-executive recruitment	Chair succession
Oversee a reverse mentoring programme with a diverse employee and one of the ExCo members plus one of the Board members.	Hold a session with the EDI Steering Group to gain insight into barriers to recruitment/progression and understand how this could be improved.	Work with management and the EDI Steering Group to develop two meaningful medium-term initiatives to increase the number of diverse recruits into the Group.	Carry out further successful recruitment exercise for a Non-executive Director and ensure a thorough and effective induction and embedding process.	Discuss Chair succession plan with a view to agreeing timescales and procedures.

COMPOSITION, SUCCESSION AND EVALUATION

REMUNERATION

2023 action areas	Progress during 2023
Employee communications Oversee improved communications between the Committee, ExCo and employees particularly with regards to the roll out of the workforce reward strategy and PDR process, seeking feedback from the GEF at various stages.	• The workforce reward strategy and PDR launch was discussed in February with the Committee setting actions for management. • There were further discussions in March on feedback received from the workforce. • Reward strategy feedback was discussed by the GEF in various meetings throughout the year with Gerald Jennings relaying comments back to the Board. • The Board has also been given regular updates throughout the year on the move to a more transparent reward structure for the workforce as part of the CEO Report.
Exec Directors targets Ensure targets for Executive Directors are sufficiently stretching at the time of setting and seek advice from advisors on best practice and market expectations.	• Targets for Executive Directors were set in early 2023 with support from Korn Ferry. • Annual Bonus targets increased back up to -10/+10% range from -10/+5% the previous year. • Challenging PBT target set for 2023 amidst difficult market conditions.
Benefits alignment Check for consistency across workforce benefits, particularly with regards to pension contribution.	• Decisions made to ensure a consistent approach to benefits across the Group, including aligning employee pensions contribution levels for all.

Action areas for 2024

Chair succession
Ensure that the new Chair is successfully transitioned into the role.

PDR processes
Oversee the PDR process implementation during the year and the integration with the PeopleXD software, gaining insight from the Group Employee Forum.

Committee visibility
Increase visibility and understanding of the Committee's role throughout the business and raise awareness of how the executive directors' remuneration aligns to the company's long-term strategy and workforce remuneration.

Bonus framework
Review the annual bonus framework across the Group to ensure it remains appropriate.

RESPONSIBLE BUSINESS

2023 action areas	Progress during 2023
Guest speakers Engage with a series of specialist guest speakers who will inform the Committee on a variety of ESG topics, including the regulatory and legislative framework.	• A session was held with the UK Green Building Council covering best practice in how the built environment is adapting to climate change and a session with Deloitte covered the evolving ESG regulatory and legislative framework.
Training Working with the Responsible Business Manager and Company Secretary, to identify and commission specialist third parties to provide training and/or updates on the ESG regulatory and legislative framework to the Committee and the workforce.	• See above
Employee engagement Engage with Henry Boot working groups focusing on responsible business throughout the year to understand their roles, opinions, and aspirations.	• All Committee members were appointed Executive Sponsors of Responsible Business Strategy pillars and are collaborating with the Responsible Business Manager to undertake working group engagement throughout 2024.
Benchmarking To identify peers (in our sector and beyond) that are performing well on ESG and continually work with the Responsible Business Manager to benchmark Henry Boot's performance.	• Committee members routinely support the Responsible Business Manager to benchmark the Group's responsible business performance against good practice in the market.
Materiality assessment To support the development and delivery of the materiality assessment to be undertaken with key stakeholders.	• The materiality assessment has been delayed to 2025 to align with the development of Phase 3 of the Responsible Business Strategy.

Action areas for 2024

Training
Continue engagement with specialists to inform the Committee on the ESG regulatory and legislative framework.

Employee Engagement
Fulfil the role profiles of Executive Sponsorship and engage with Henry Boot working groups and subject matter experts focusing on responsible business throughout the year to share knowledge and provide executive insight.

Benchmarking
Identify peers that are performing well on ESG and continually work to benchmark Henry Boot's performance, and support knowledge transfer, and industry collaboration.

Paper Preparation
Implement a collaborative process to ensure that Committee papers are concise, informative and easy to understand.

COMPOSITION, SUCCESSION AND EVALUATION

Nomination Committee Report

> Within any period of change we recognise the benefits of welcoming fresh perspectives, and I am looking forward to realising these during 2024, and continuing to implement our succession planning approach for the Board."

PETER MAWSON
CHAIR

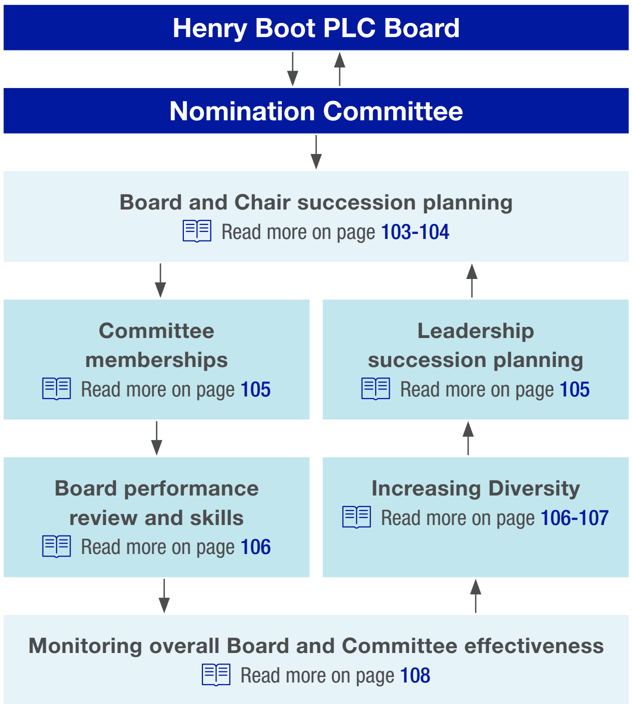
Review of the year

The Nomination Committee (the Committee) met three times during 2023 to review and discuss matters such as succession planning, diversity and inclusion, skills and leadership development. You can read an in-depth review of the approach we have taken to Non-executive Director recruitment, and how we have taken steps during this process to support greater diversity and inclusion within our Board. We have thought carefully about the appropriate ways of undertaking our recruitment activity to constantly strive for balance on our Board in as many areas as possible, including in relation to the mix of skills and experience.

We have continued to broaden our understanding of the talent below the Board level, with the Executive Committee having taken a number of steps to develop its own knowledge and expertise and updating the Committee on how these activities are intending to flow down to the leaders within the Group. The Committee continues to monitor an evolving picture of succession planning activities across the entire business, to ensure greater resilience and insight into the Group.

Further details of 2023's activity can be found below. Those serving as members of the Committee for 2023 were myself, Gerald Jennings, James Sykes and Serena Lang. Talita Ferreira joined the Committee on 1 January 2024.

On behalf of the Board and the Committee, I am pleased to present the Directors' Nomination Report for the year ended 31 December 2023.



Peter Mawson
Chair of the Nomination Committee

4 4

James Sykes
Committee member

4 4

Gerald Jennings
Committee member

4 4

Serena Lang
Committee member

4 4

Nomination Committee attendance key

Meetings attended | Eligible meetings

Board Succession Planning

The Committee continued the work commenced in previous years regarding succession planning for the Board, reviewing its proposed activity for 2023/2024 alongside its ambitions in relation to diversity and inclusion, as well as the need to plan for the future and to consider appropriate methods of addressing outcomes of its skills evaluation.

2023 Recruitment Activity

External recruitment partners were selected by the Committee to assist with the recruitment process for a new independent Non-executive Director to the Board in the latter part of 2023. Norman Broadbent, the Committee's appointed partner, helped to shape the requirements for the role, acknowledging that the substantive aim of the role was to provide succession planning for the Audit and Risk Committee Chair, and to propose strategies to achieve greater diversity on the Board.

Timeline

March 2023

Recruitment timeline and approach approved by Nomination Committee

July 2023

External recruitment partners appointed

August 2023

Candidate briefing pack and role profile issued to recruitment partners

October 2023

Longlist of candidates received, candidates shortlisted for interviews

November 2023

Initial informal conversations held with five candidates, final interviews held with three shortlisted candidates

December 2023

Talita Ferreira selected and recommended to Board for approval of appointment

January 2024

New independent Non-executive Director appointed

COMPOSITION, SUCCESSION AND EVALUATION

Nomination Committee Report

Recruitment of Non-executive Director

Q&A with Talita Ferreira

Q: What attracted you to a role as a Non-executive at Henry Boot PLC?

A: Henry Boot is a company with a strong heritage, having survived and thrived for over 130 years. I have always worked for brands with strong heritage and cultures, like BMW and Ford Credit Europe Bank. During my interviews, I sensed a very people-orientated culture at Henry Boot, which attracted me to the brand and company. Although my executive career has included other industries, my current and former NED positions have been in banking. Henry Boot allows me to broaden my experience in construction, property development and property investment.

Q: What are you looking forward to becoming involved with as part of your Board and Committee roles?

A: I look forward to being involved in the Corporate Governance Code amendments and Directors' attestation from 2026 on the internal control and risk environment with my former experiences in regulated banking. It will be my first Responsible Business Committee (sustainability) membership role. I am eager to apply some of the knowledge I gained from completing the Cambridge Business Sustainability Management certificate.

Q: What do you think are the key issues a Board should be considering when viewing their overall succession planning approach?

A: Succession planning should allow for a blend of diverse cognitive thought, skills, industry experience, and an assessment of the organisation's strategy and industry horizon trends to determine gaps, for instance, generative AI, sustainability and innovation expectations.

The succession plan should ensure enough diverse thinking around the board table to avoid groupthink and, combined with strong leadership from the Chair, create the conditions for constructive challenge in a psychologically safe environment.

Recruitment for 2024

Further recruitment activity is planned for H1 2024, utilising again the resources of an external recruitment partner to assist us with confirming the requirements of this role as well as achievement of our broader ambitions on diversity and inclusion.

February 2024	Finalise person specification and role profile as well as preferred recruitment partner, with refreshed look at any required skills or experience
March 2024	Preferred recruitment partner to commence seeking candidates for longlist
May 2024	Shortlisting
June 2024	Committee members meet shortlisted candidates informally
July 2024	Formal interview of candidates to select appointee, for recommendation to the Committee
August 2024	Appointee commences role as Non-executive Director.

The Committee fully recognises the commitments within its Board Diversity Policy (see below) to achieving greater diversity and inclusion within its members and will be seeking to meet these objectives within these recruitment activities, whilst acknowledging that it will take time to be able to put these objectives fully into action through this succession approach. In addition, the Committee will be considering the extent to which it can address any outcomes from its skills assessment in the recruitment activities, whilst acknowledging that it will also need to fulfil any other regulatory requirements in relation to Committee Chair requirements and Committee membership.

Future Chair succession

It is anticipated that a further period during which the flexibility permitted by Provision 19 of the Code will be utilised to allow me to remain in my role as Chair past the nine-year period of tenure. This is to ensure that all new Non-executive Directors who have been recruited have had the opportunity to develop detailed knowledge of the business, before becoming eligible to be considered for the Chair role. Whilst it has not yet been determined how long this period of flexibility will be utilised for, this will form part of 2024's further succession planning approach in order to provide appropriate visibility to the Board and wider stakeholders.

Review of Roles and Responsibilities

The Committee has considered the most appropriate method of ensuring an appropriate period of handover for Non-executive Directors joining the Board during 2024, and has determined that in order to achieve this, the following changes are to be made to various roles within the Board:

Role	Current appointee	Proposed appointee
Audit and Risk Committee Chair	Joanne Lake	Talita Ferreira (1st September 2024)
Remuneration Committee Chair	Gerald Jennings	Serena Lang (1st September 2024)
Nomination Committee Chair	Peter Mawson	No change
Responsible Business Committee Chair	Serena Lang	No change
Senior Independent Director	Joanne Lake	Serena Lang (1st October 2024)
Group Employee Forum liaison	Gerald Jennings	Peter Mawson (summer 2024)

This will be reviewed after 12 months to determine if any other alterations to roles would be beneficial.

Leadership succession planning

Succession planning at all levels within the Group is an area of significant interest and the Board has continued to support the development of our people through a variety of mechanisms, including formalised Leadership Development Programmes, coaching and mentoring.

For Executive Directors and the Executive Committee, the Committee regularly reviews the talent grids which are overseen by our HR Director with input, where appropriate, from our leaders and external partners who have gained insight into our people through the delivery of our suite of development opportunities. The aim of the regular review is to identify suitable internal talent who are capable of taking on senior roles within the Group in the future and to ensure that we nurture and address any identified development needs to support success.

The Committee has oversight of the Company's Senior Leadership Development Programme (SLDP) through which we have given development opportunities to a significant number of senior management. Our Leadership Development Programme (LDP), which was launched in 2020, is a cohort-led development opportunity to address the needs of the next level of leadership below Executive Committee and Director level. The SLDP and LDP will continue to be available for our people as required and identified by the business as being a priority.

We continue to run cohorts of our Management Development Programme (MDP) which aims over a period of nine months to develop junior managers and aspiring managers personally and professionally to become more effective in their roles and drive performance in their teams. During 2023, we had 23 colleagues participate and have a strong demand for delivery in 2024.

Our investment in learning, development, talent and succession at all levels in the business is pivotal in achieving our key objectives:

- Delivering our purpose, which is: "To empower and develop our people"; and ensure that this applies at all levels, including our senior teams
- To strengthen our short and medium-term succession planning across the whole business, whilst providing the foundations for longer-term talent planning
- To provide the right level of development support to ensure that we all continue to make the maximum contribution to the wider business

Following on from team development undertaken by the Executive Committee in 2023, which focused on collaboration, authentic and

COMPOSITION, SUCCESSION AND EVALUATION

Nomination Committee Report

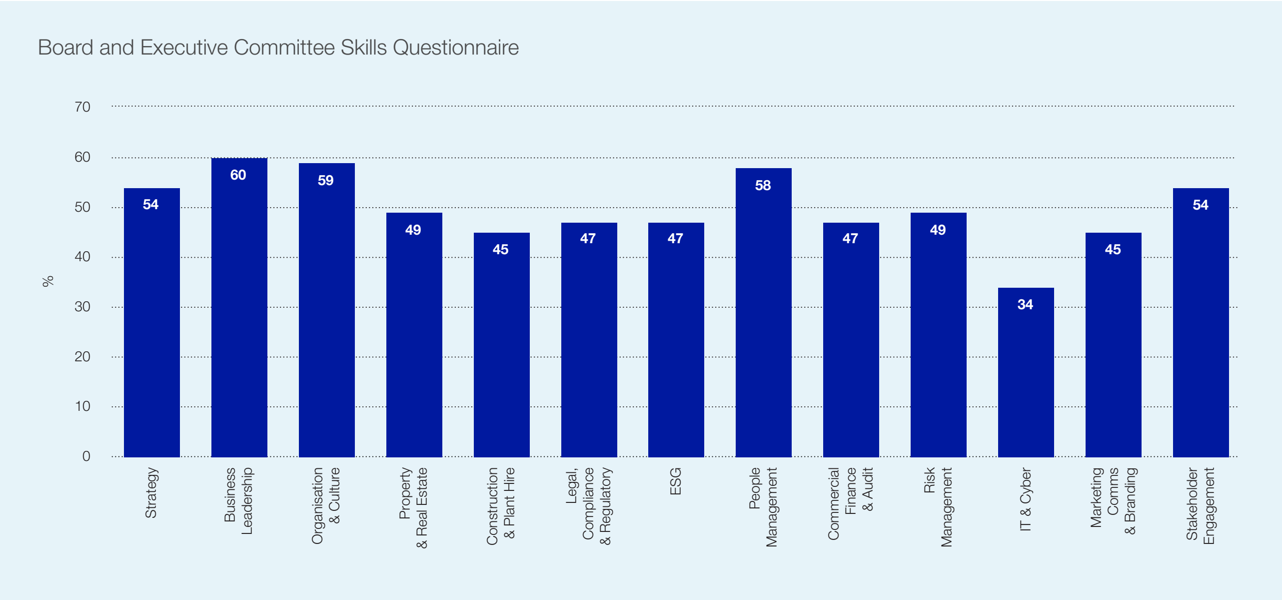
compassionate leadership and change management, in 2024 we will be focusing on a roll-down of this development to our leaders and managers to support cohesion across the Group.

The Committee will continue to oversee the leadership development opportunities in the business and monitor the ongoing impact on succession planning and talent pipelines throughout the Group.

Board performance review and skills assessment

Formal performance reviews were carried out at the end of 2023, and you can read about the process and results on pages 97 to 101.

In addition to the performance reviews outlined above, the Committee reviewed the assessment of the Board's key skills and experience. We have streamlined the skills evaluation activity to align more with the core expertise required, to ensure strong links between the skills evaluated and the core strategic objectives and focus on those areas most relevant to an effective overall governance structure. In addition, given the closer ways of working and inputs received from the Executive Committee in relation to a number of key strategic areas, the assessment of skills has been extended to all Executive Committee members as reflected below.



The Skills Matrix will be key to determining the role profile for recruiting new Board members as it aims to address any areas in which skills could be usefully supplemented, and will be refreshed following the anticipated Board changes later in 2024.

Board Diversity Policy

The Committee reviewed and approved an updated Board Diversity Policy during the year, which is aligned to the recommendations of the Hampton-Alexander Review regarding gender diversity on Boards, and the Parker Review on ethnic minority Board representation, as well as reflecting the amended targets introduced by the updated Listing Rules. The full policy is available to view at henryboot.co.uk/our-responsibility. The Committee ensured that the objectives set out within the Board Diversity Policy were fully incorporated within the recruitment activity undertaken during 2023 and will also ensure that our ambitions in this area are captured in forthcoming rounds of recruitment. As such, we anticipate being able to make progress towards achievement of those objectives through this further period of Board refresh.

We are committed to improving our position on Board diversity when appropriate opportunities arise. It is recognised that there will be periods of change on the Board and that these objectives may be reliant upon the Board being refreshed; however, it is our longer-term intention to achieve these objectives. The Board and Nomination Committee will also consider the prevailing skills and diversity of the Board and the wider Group as and when seeking to appoint a new Director to the Board.

Objective	Progress against objective	Status
1 The Board will ensure that it is made up of an appropriate mix of skills, experience and knowledge required to effectively oversee and support the management of the Group.	Detailed review of effectiveness undertaken confirming that the Board is adequately resourced and performing well.	
2 The Board has set a target to meet the objective of the Hampton Alexander Review, in that at least 40% of our Board members are women.	At the commencement of 2024, our proportion of female Board members is 37.5%, recognising that this will be subject to alteration during the year with the changes anticipated to the Board composition. At least 40% female representation remains our goal and we will continue to ensure that our recruitment processes maximise the gender diversity included in our long and shortlists. We are fully committed to achieving and exceeding this goal with our Non-executive Director succession planning and Group-wide diversity initiatives.	
3 In addition, the Board shall have as its objective that at least one of the four senior board positions (Chair, Chief Executive Officer (CEO), Chief Financial Officer (CFO) or Senior Independent Director (SID)) shall be a woman, as per the Listing Rules objective.	The role of Senior Independent Director is held by Joanne Lake, who is female. During 2024, this role will be adopted by Serena Lang when Joanne Lake steps down from the Board.	
4 The Board has set a target to meet the objectives of the Parker Review for at least one Board member to be from an ethnic minority background excluding white ethnic groups (as set out in categories used by the Office for National Statistics).	We currently have no members on the Board from an ethnic minority background. We will be looking to address this objective over the next round of Board recruitment and internal progress.	
5 The Board will consider candidates for appointment as Non-executive Directors from a wider pool, including those with little or no previous FTSE Board experience.	We have consciously worked with our recruitment partners to ensure that our briefs for Non-executive Director appointments encouraged diverse candidates, and a number of those on our longlist had no previous FTSE experience. We will continue to ensure that previous FTSE experience is not a specified requirement in future recruitment rounds in order to attract a broad pool of applicants.	
6 The Board will work with external recruitment consultants to provide support for Board appointments and will ensure that Non-executive Director longlists include both women and candidates from an ethnic minority background excluding white ethnic groups.	In 2022, we appointed external recruitment partners to work with us on our recruitment exercises, an appointment that continued throughout 2023. This ensured that the longlist for the candidates for both recruitment exercises provided a wealth of individuals from diverse backgrounds. We will continue this approach for 2024. As previously disclosed last year, we did not engage an external recruiter for the appointment of the new Chair. This was a considered decision to prioritise the continuity of the Board after Jamie Boot, a major shareholder and Boot family member, retired as a director after almost 37 years' service.	
7 The Board (in conjunction with the Committee and the Responsible Business Committee) will support and monitor Group activities to increase the percentage of senior management roles held by women and other underrepresented groups across the Group. Activities may include, but not be limited to, the hiring of diverse external senior managers and internal promotion activity but also continued emphasis on diverse pipeline, graduate and apprentice recruitment to support this objective long term.	Through a series of peer sharing forums and information exchanges, led by our HR team and in conjunction with our Responsible Business Strategy delivery, we have worked to elevate the built environment and real estate as a positive career option for women and underrepresented groups. Whilst there is still more to do in this area, the intent to develop a pipeline of talent for the Group which meets our diversity aspirations is crucial.	
8 The Committee (together with the Responsible Business Committee), on behalf of the Board, will monitor, challenge and support internally set targets for diversity and inclusion at all levels across the organisation.	The Responsible Business Strategy, reviewed by the Responsible Business Committee and approved by the Board, includes people-related targets. ESG-related targets now also form part of the personal objective element of the Annual Bonus award for Executive Directors and senior leaders within the whole Group. These include quantitative targets for improving the gender mix and reducing the gender pay gap.	
9 The Committee (together with the Responsible Business Committee), on behalf of the Board, will report annually against these objectives and other initiatives taking place within the Company which promote gender and other forms of diversity.	We have improved disclosure of progress against our targets for this year. Activities may include, but not be limited to, the hiring of diverse external senior managers and internal promotion activity but also a continued emphasis on a diverse pipeline and graduate and apprentice recruitment to support this objective long term.	

Key: Objective achieved Objective achieved in part Objective remains a work in progress

COMPOSITION, SUCCESSION AND EVALUATION

Nomination Committee Report

The gender balance of those in senior management positions is shown on page 63. You can read more about our EDI Strategy and workforce diversity initiatives on pages 62 to 63.

Terms of reference

In December 2023, the Committee reviewed its terms of reference in line with the scope of its operations, and the requirements of the Code, to ensure that they remained appropriate. Some minor amendments were proposed and approved, and the full terms of reference are available to view on the Company's website.

Board effectiveness and time commitment

The Board believes it has an appropriate balance of Executive and Non-executive, and independent and non-independent Directors, having regard to the size and nature of the business. Further to a review by the Committee it is felt that the overall combination of experience, skills, knowledge and lengths of service of the current Board members provides an appropriate level of balance which contributes to effective decision-making and helps to mitigate risk. A detailed succession plan for the Non-executive Directors, as set out within this report, will address any gaps needed to achieve our strategic objectives.

The Committee discussed the skills, independence, length of tenure and time commitments of all the Directors and reviewed the results of the 2023 performance reviews (see pages 97 to 101 for more information) as well as the Board skills evaluation completed during the year. During this process, we noted that Joanne Lake held directorships in other publicly listed companies, including a chairperson role at Made Tech Group plc. Joanne's time spent at her other directorships equates to, on average, ten days a month and therefore the Committee agreed that this leaves sufficient time to carry out her duties. Among other things, her experience from other listed businesses provides helpful insight into governance matters and best practice and we value her input. We do not see any indication that these other directorships negatively impact her contribution to the Group and remain wholly satisfied with her time commitments and performance.

Following the review, I can confirm on behalf of the Committee that the performance of the Directors, the Board and its Committees continues to be effective and that all individuals show commitment to their roles. All Directors will seek re-election at the upcoming AGM, biographies are shown on pages 80 to 81, and a further summary of Board roles and responsibilities can be found on our website at henryboot.co.uk.

PETER MAWSON
CHAIR OF THE NOMINATION COMMITTEE

11 April 2024

AUDIT, RISK AND INTERNAL CONTROL

JOANNE LAKE
CHAIR OF THE AUDIT AND RISK COMMITTEE

> "This year, the Audit and Risk Committee has approved an internal audit plan to focus on some key areas connected with our principal risks. Time has been spent discussing and planning for the updates to the UK Corporate Governance Code and how the new requirements will impact our material controls processes."

Joanne Lake
Chair of the Audit and Risk Committee

Gerald Jennings
Committee member

Serena Lang
Committee member

Member	Meetings attended	Eligible meetings
Joanne Lake	4	4
Gerald Jennings	3	4
Serena Lang	4	4

Audit and Risk attendance key
Meetings attended | Eligible meetings

Review of the year

On behalf of the Board and the Audit and Risk Committee (the Committee), I am pleased to present the Directors' Audit and Risk Committee Report for the year ended 31 December 2023. This report will be my last as Chair as I step down from the Board on 30 September 2024, having reached my nine-year tenure. Our new Non-executive Director, Talita Ferreira, will take over as Chair from 1 September 2024.

This year, the Audit and Risk Committee has continued to work with KPMG as the internal auditor and approved an internal audit plan to focus on some key areas connected with our principal risks. Time has been spent discussing and planning for the updates to the UK Corporate Governance Code and how the new requirements will impact our material controls processes.

We continue to strengthen our relationship with EY, our external auditors, in overseeing our full-year results and assessing the Group as a going concern. The Committee has also considered the principal and emerging risks and, alongside the Responsible Business Committee, the climate-related risks and opportunities for the TCFD disclosures. The level of risk appetite and risk tolerances are also debated and agreed for various risks.

Those serving as members of the Committee were myself (Committee Chair), Gerald Jennings and Serena Lang. Talita Ferreira joined the Committee on 1 January 2024.

AUDIT, RISK AND INTERNAL CONTROL

Internal audit

Given the size of the Group and extent of the internal audit activities required, the Committee considers that an externally appointed internal auditor is appropriate. This provides independence to the internal audit activities as well as ensuring that any required areas of specialism and knowledge of audit processes can be provided. The Committee consider a range of potential audit areas including those linked to the Company's principal risks, routine financial and operational processes and specific requests from the Committee to determine which audits to prioritise in any given year.

From early 2022 onwards, our internal audit partner has been KPMG LLP (KPMG). During 2023, internal audit reviews carried out by KPMG included:

Topic	Outline
Whistleblowing	Designed to test the tone and culture of the organisation, the objective of this audit was to provide assurance that there was an effective whistleblowing process in place that was easily accessible and allowed people to speak up in a safe environment without fear of reprisal or victimisation. The review consisted of interviews with key stakeholders, testing of previous incidents reported during the last ten years and a workforce survey to collate the views from a broader audience. Insight was also gained from KPMG's subject matter expert to leverage insight into best practice procedures at similar organisations.
Safety Incident Management	With safety as one of the Group's key risks, this audit evaluated the safety incident management procedures with specific focus on controls for improvement process and reducing the number of incidences and/or near misses. It also considered the culture and behaviours and how this compared to market leaders. The scope considered three key areas: **Recording and reporting** – Processes for accurately and timely recording, tracking, actioning, analysis, oversight and reporting of all safety incidents and near misses; **Supplier management** – Processes and controls for engagement with business partners to ensure compliance with safety incident management policies and standards; and **Communication and awareness** – Processes to create and raise awareness on how staff identify, report and minimise the safety incidents and near misses.
Follow-up Action Tracking	A detailed review was undertaken of the previously agreed internal audit actions to allow the Committee to understand the level of progress made and provide comfort that recommendations had been followed through. KPMG independently verified whether actions had been completed sufficiently and, where any deadlines had been extended, reviewed whether there was a clear rationale for doing so. The tracker document sits as a regular item on the Committee's agenda so progress can be monitored.

AUDIT AND RISK COMMITTEE REPORT

Internal audit effectiveness review

The Committee undertook a performance review of the internal auditor's effectiveness in the July meeting. The review consisted of questionnaires with each of the Committee members and the sponsors and main contacts for each of the audits in that period. Under review was their scope, expertise and resource, the level of responsiveness, the clarity of reporting, value for money, quality of recommendations and relationships with key contributors. KPMG scored highly in most areas with no major concerns found. The results were shared with the internal auditors and feedback taken on board. The Committee was satisfied that the internal auditors are performing their duties to a high standard and add value to the business.

Effectiveness of risk management and internal controls

Risk assessment and risk management reporting across the Group has continued to be monitored during the year. Details of the key risks which the Group faces, the key controls in place to manage and mitigate those risks and the enhanced system of risk management adopted by the Company are set out in more detail on pages 48-55. The Committee, and ultimately the Board, oversee these processes and review the risk reporting and principal and emerging risks on an ongoing basis.

Audit Reform

We have been monitoring the updates on the new UK Corporate Governance Code and the now withdrawn draft bill on audit reform over the past year. We are working with our advisers to fully understand the implications of the new Code and prepare to meet the new requirements. Whilst the Committee already reviews the internal controls and processes across the Group, we recognise that this is a good opportunity to strengthen our governance procedures and we will conduct a thorough gap analysis to highlight any areas that need to be addressed, ready for 1 January 2025 and 2026.

Cyber Security

Cyber security is one of the Company's key risks (see page 51) and continues to be an area of focus for the Committee. In February 2024, the Committee reviewed and approved an updated Cyber Strategy which allows the Group to further enhance our security stance.

The Group has not been subject to an information security breach within the past three years (the last incident having occurred in 2018), and is accredited by Cyber Essentials (IASME), an externally audited certification recognised within the security industry. We have cyber insurance in place to mitigate financial losses and liabilities resulting from potential cyberattacks, data breaches, or other cybersecurity incidents.

The Group mitigates these risks in other ways too, through the biannual provision of detailed security e-learning, supplemented by security awareness training. Where training is not passed successfully, we carry out additional, targeted training which sits alongside our suite of information security policies and protocols which have been recently updated in line with ISO27001 recommendations.

NCSC and CIS frameworks are also now being followed as part of our Cyber Strategy to ensure that the measures we have are in line with best practice, and any investment in future technologies is focused on where we can add the most value.

Following the recommendations of KPMG during the 2022 internal audit, the Group has put additional measures in place, including: USB disablement; multi-factor authentication for all our people and cloud systems; procurement of new backup technologies; and data migrated from on premise to cloud storage to help visibility and cleansing exercises.

External audit effectiveness review

The Committee oversaw a full review of the effectiveness of the external auditor in July 2023, which collated feedback from the Committee, finance teams, ExCo members and other key stakeholders within the Group on the 2022 full year audit. A detailed questionnaire sought views on the external auditor's understanding of the business, engagement levels of senior audit staff, how risks are assessed, working relationships, constructive challenge, audit planning and hitting deadlines.

Overall, the survey results were very positive with the review concluding that EY conducted a thorough and comprehensive audit, providing robust and independent challenge where needed. Strong scores were received in relation to the senior staff understanding our business and any audit differences being resolved on a timely basis. There were some minor areas of improvement identified in relation to ways of working, as might be expected, but these were discussed as part of a two way debrief with EY in the summer with suggestions for how the process could be fine-tuned for the following year. The Committee is confident that there are no concerns that impact the quality of audit work or audit opinion.

Independence of the external auditor

In order to ensure the independence of the external auditor, the Committee monitors the non-audit services provided by EY to the Group and has adopted a policy on the provision of non-audit services by the external auditor with the objective that such services do not compromise the independence or objectivity of the external auditor.

The Committee is required to approve services provided by the external auditor in excess of £25,000. All other services below this threshold are also monitored to ensure that the performance of regulatory requirements is not impaired by the provision of permissible non-audit services.

EY did not provide any non-audit services to the Group during the year. Details of amounts paid to the auditors for audit services are set out in note 3 to the Financial Statements. Deloitte will provide the Group's corporation taxation services for the year ended 31 December 2023.

In accordance with best practice, the Company will require its external audit partner to rotate every five years, this being the fourth year to which this relates. The statutory auditor signing the Audit Report for 2023 is Victoria Venning.

AUDIT AND RISK COMMITTEE REPORT

The Committee members meet with the audit partner and other members of the audit team without management present to discuss any potential areas of concern. There are no issues to report in relation to this. The Committee also reviews a letter from the external auditor on an annual basis outlining the measures taken by it to ensure that its independence is not compromised. The Committee reviews the safeguards and policies in place to maintain a high level of objectivity.

Following a review of all these elements, the Committee is satisfied that the independence and objectivity of the external auditor is not impaired and that the amount of non-audit fees is at a level which does not compromise the overall quality and rigour of the work undertaken.

In addition, an External Auditor Independence Policy has been developed to supplement our approach on external auditor independence, which was approved in early 2023.

Extent to which external auditor challenged management

The external auditor has provided robust challenge, particularly around areas of complexity or judgement, including contract, intangibles, property and inventory valuations, as well as going concern and viability. Its procedures and findings are detailed in its report to this Committee.

Significant issues

The Committee considered the following key accounting issues and matters of judgement in relation to the Group's Financial Statements and disclosures. In addition to these disclosures, the Independent Auditor's Report on pages 152-159 discusses other key audit matters which were also considered by the Committee.

Focus	Matters considered	Committee outcome
Valuation of investment properties	The investment property portfolio accounts for a large proportion of the Group assets and the assessment is subject to a degree of judgment and assumptions. In line with our accounting policy, completed investment properties are held at fair value. Other than houses, the portfolio is valued twice a year by external, independent valuers. Assets under construction are valued by management at fair value using the residual method.	The Committee critically reviewed the valuations and any key movements during the year. Having discussed the valuations during the meeting and considered EY's independent valuations, the Committee was comfortable with the values adopted.
Valuation of housebuilder inventory	Inventories are stated at the lower of cost and net realisable value. Inventories comprise all the direct costs incurred in bringing the individual inventories to their present state at the reporting date, less the value of any impairment losses. Net realisable value of inventories is determined by reference to expected future sales value and costs to complete assumptions which are subject to estimation.	During the year, the Committee critically reviewed the carrying value of housebuilder inventories and judgements in relation to recoverable amounts. Following discussions with EY on the thoroughness of their testing processes, the Committee was satisfied that the carrying values are appropriate.
Construction accounting estimates	As explained more fully in our accounting policy on construction contracts on page 167, a significant element of turnover is attributable to construction contracts. Contract costs and revenues may be affected by a number of uncertainties that are dependent on the outcome of future events and therefore estimates may need to be revised as events unfold and uncertainties are resolved.	During the year, the Committee examined the judgements and methodologies applied to uncertainties, reviewed the sensitivity analysis around the future costs on construction contracts and agreed that the valuation of contract balances and associated revenue are not materially misstated.

Terms of Reference

During 2023, the Committee reviewed its terms of reference in line with the scope of its operations, and the requirements of the Code, to ensure that they remained appropriate. There were no amendments proposed during this review but the Committee will consider the matter again in 2024 to incorporate the updated requirements of the Code. The Terms of Reference are available on the Company's website.

Approved by the Board and signed on its behalf by

JOANNE LAKE
CHAIR OF THE AUDIT AND RISK COMMITTEE

11 April 2024

CORPORATE GOVERNANCE STATEMENT

Compliance statement

During 2023, the Board and its Committees continued to monitor their compliance with the requirements of the UK Corporate Governance Code, as well as the upcoming amendments to the same as published in early 2024. The Company has complied with all the principles of the UK Corporate Governance Code 2018 for the year ended 31 December 2023 and the vast majority of the provisions. This is demonstrated throughout this Corporate Governance Report, and of particular note are the issues below with references to further detail as applicable. However, as in previous years, there are some instances where the Company has chosen to take advantage of the flexibility offered with the 'comply or explain' rule when applying certain provisions. We are conscious of the updated requirements within the recently published UK Corporate Governance Code in 2024 and will be providing further updates on our levels of compliance, and any measures in progress, in next year's Annual Report.

Given our 138-year history as a family business, and as a FTSE Small Cap company, we have adopted alternative solutions to the provisions where we believe this is appropriate. The Code recognises that good governance can be achieved by other means and the Board believes the approach we have taken is the most appropriate for the Company and its shareholders whilst remaining consistent with the spirit of the Code.

Provisions 9 and 19

Peter Mawson, an independent Non-executive Director of the Company, was appointed as the new Chair and the Company is now compliant with provisions 9 and 19. However, there will be a period of non-compliance with provision 19 from 1 October 2024 when Peter Mawson will remain as Chair, despite his nine-year tenure. This period of time will allow the Non-executive Directors recently recruited to the Board to have the opportunity to develop detailed knowledge of the business, before becoming eligible to be considered for the Chair role. As referred to in the Nomination Committee Report at pages 102-108, this period is currently undetermined but will be for such duration as will enable the Board as a whole to be comfortable that Peter's replacement has garnered sufficient knowledge and experience of the business to enable Peter to step down from the Board.

DTR 7.2.8A

The Board's Diversity Policy, including its objectives, how these have been implemented and the results of the same, is reported on at pages 106-107.

Provision 20

During the succession planning for the Chair role, the Board determined that its strong preference was not to appoint an external recruitment agency to source a new Chair for the Board, but to ensure continuity of experience within the Chair role by appointing one of its existing independent Non-executive Directors as the Chair. Within the longer-term succession plan, provision is made for a further Chair appointment process to commence within the next five years, which will once again enable all Non-executive Directors in post at that time to apply for the role as Chair. The Board feels strongly that it is important for its Chair to have had some knowledge and experience of the business prior to assuming the role as Chair, and, accordingly, has planned for this approach to maintain that continuity. An external recruitment agency was appointed to carry out the search for Serena Lang and Talita Ferreira, and will be used for future Non-executive Director appointments, as reported on page 103-104.

Provision 24

Peter Mawson became Chair on 26 May 2022 and remained a member of the Audit and Risk Committee until 16 September 2022. The Committee composition is now in line with provision 24, and will remain so notwithstanding the upcoming changes to the Board's constitution during the year, with only independent Non-executive Directors as its members.

20% vote against – AGM

At the AGM in 2023, no resolution proposed received more than 20% of the vote against it.

AMY STANBRIDGE
COMPANY SECRETARY

11 April 2024

RESPONSIBLE BUSINESS COMMITTEE

SERENA LANG
CHAIR OF THE RESPONSIBLE
BUSINESS COMMITTEE

> In 2023, we continue the work to embed our responsible business ambitions within our wider commercial strategies, and think broadly about the ways in which we can have the greatest amount of positive impact on our climate, communities and stakeholders."

Review of the year

In 2023, the Responsible Business Committee (the Committee) met three times, providing oversight and leadership on the Company's strategic approach to, and performance on, all responsible business practices. Committee members also attended two engagement sessions with guest speakers to provide insight on some key areas of practice. The Committee provides an independent review and oversight of the ongoing development and delivery of the Group's Responsible Business Strategy, which guides the Company's approach to delivery of long term ESG activity and objectives. For each year, objectives in the Responsible Business Strategy are broken down into annual targets within a Responsible Business Plan to provide an attainable roadmap towards achievement of the 2025 ambitions, on a Group and also a subsidiary basis, which the Committee reviews and tests.

During the year, as well as having this broader oversight of the Responsible Business Strategy and associated Plan, the Committee has overseen the setting of an annual Equality, Diversity and Inclusion plan, the roll-out of the Health and Wellbeing Strategy, reviewed progress on agile working, early careers and sustainable transport, to name but a few. Further details of areas of focus for 2023 are provided below. The Committee is also alive to the interactions required in relation to incorporation of ESG-related targets into executive remuneration (in conjunction with the Remuneration Committee) and review of climate-related risks (along with the Audit and Risk Committee).

Those serving as members of the Committee during the year were myself, Joanne Lake, Peter Mawson, James Sykes, Tim Roberts and Darren Littlewood, and I assumed the role as the Chair of the Responsible Business Committee in January 2023. Talita Ferreira joined the Committee on 1 January 2024.

On behalf of the Board and the Committee, as Chair of the Committee, I am pleased to present the Directors' Responsible Business Committee Report for the year ended 31 December 2023.

Henry Boot PLC Board

Responsible Business Committee – key responsibilities

- Setting and achieving of the objectives within the Responsible Business Strategy, and the creation of annual Responsible Business Plans to contribute towards this;
- Review of all sustainability and ESG reporting, including implementation of the recommendations of the Taskforce on Climate-related Financial Disclosures and all associated governance arrangements (see more on pages 66-76);
- Ensuring that the Board maintains up-to-date awareness of the Company's impact on the communities it serves, the environment it operates within and the charitable support it is able to give;
- Monitoring culture and alignment with the Company's Purpose, Vision and Values; and
- Monitoring and supporting the development of employee diversity and inclusion across the Company and its leadership
- Monitoring and supporting employee engagement with the responsible business agenda.

Responsible Business Strategy

The Group's Responsible Business Strategy outlines a range of objectives and quantifiable targets to be achieved by the end of 2025. An annual Responsible Business Plan is developed to embed the Strategy within our commercial approach and culture, and to provide clarity for our people about how they can contribute to this in the short term. The Plan details the progress that needs to be made each year to ensure successful delivery of our medium-term (2025) targets. In addition, each year, a Responsible Business Strategy Progress Report details the progress the Group made against the previous year's Responsible Business Plan and the overall Strategy. Each Responsible Business Plan aims for incremental growth in key areas and seeks to embed a consistent approach to responsible business practice and to create a shared responsibility for delivery across the Group.

Serena Lang
Chair of the Responsible Business Committee

3 3

James Sykes
Committee member

3 3

Joanne Lake
Committee member

3 3

Peter Mawson
Committee member

3 3

Darren Littlewood
Committee member

3 3

Tim Roberts
Committee member

3 3

Responsible Business Committee attendance key

Meetings attended | Eligible meetings

To provide further clarity and to enable effective governance, each subsidiary business works with the Responsible Business Manager to develop their own Responsible Business Plan which draws from the Group Plan and details how they are required to contribute to its success.

Delivery of the Responsible Business Plan and executive scrutiny and oversight of performance is the responsibility of the Responsible Business Committee. The Executive Committee, the ESG Steering Group and the Responsible Business Manager are responsible for overseeing the implementation and strategic delivery of the Responsible Business Plan across the Group and reporting progress back to the Committee. Further details about roles and responsibilities of individual members can be found on page 117. However, in addition to this executive oversight and that of the Committee, the Board and Executive Committee have assumed sponsorship roles for individual Responsible Business Pillars.

CORPORATE GOVERNANCE REPORT

Other significant issues considered

Focus	Matters considered	Committee outcome
Health and wellbeing	Following a round of review by the Executive Committee, and having been contributed to by the GEF (see pages 92), initial implementation of the Health and Wellbeing Strategy was considered by the Committee in December 2023.	The Committee agreed that the Strategy, which was an evolution of the previous approach, was an appropriate response to provide a more collaborative and proactive support for our people. Alignment with other initiatives, such as the agile working approach and employee value proposition work, was noted.
Reporting frameworks	Deloitte provided the Committee with an in-depth overview of the ESG regulatory frameworks and requirements, including reporting frameworks such as TCFD and TNFD, that the leaders within the Group should be aware of.	The session provoked a thorough debate with the Committee and Executive Committee around the increasing regulatory framework that both bodies needed to be cognisant of and how this would feed into considerations around strategy and risk.
Early Careers Strategy	These discussions covered development of an Early Careers Strategy, focusing on two key areas: 1. Engaging Learners and Building Partnerships (by providing strategic education engagement, clarity of processes and engagement with our people) and 2. Early Career Pathways and Experience (by creating entry-level opportunity and tackling barriers, and developing a market-leading early-years careers journey).	The progress on this Strategy is ongoing but the Committee provided input on some key areas requiring a steer and also overall agreement to the direction of travel.
Climate Change Framework (CCF)	Reporting on a variety of climate-related issues, which has been drawn into a consolidated framework, continued during 2023, focusing on net zero carbon, TCFD, biodiversity, nature stewardship and carbon offsetting. This internal reporting mechanism aligns the existing and forthcoming strategies, reporting requirements, and initiatives focused on how the Group is responding to climate change. This approach provides a clearer strategic structure and more clarity for monitoring progress and impact.	The individual strands within the CCF have continued to be developed and overseen by the Committee during the year.
TCFD and Scope 3 greenhouse gas emissions approach	In the year, the Group has developed its approach to Scope 3 greenhouse gas emissions evaluation, appointing the Carbon Trust to carry out baselining work. As noted in the TCFD report within this Annual Report and Accounts, further progress on Scope 3 and on scenario modelling is required, and the Committee has been reviewing the approaches to addressing this.	The ESG Steering Group continues to monitor the preferred approach to TCFD and Scope 3 reporting, including use of external consultants, with proposals being considered by the Committee during the year.
Engagement session	An engagement session was held with Simon McWhirter, Deputy Chief Executive of the UK Green Building Council, relating to climate change in the built environment, giving an overview of the ways in which climate change is affecting the real estate sector and how our industry is responding to these challenges.	These sessions have provided greater engagement of the Committee members with peers and subject matter experts, and upskilling in key areas relating to current topics of debate. The Committee, in conjunction with the Board and Nomination Committee, will continue to identify further areas for development through these engagement sessions.

Oversight of climate-related ESG disclosures and governance

Set out below is a summary of the approach that has been developed within the Group to ensure that key stakeholders are involved in, and providing relevant reporting on, ESG-related activities throughout the business. These governance structures enable specialists and subject matter experts, as well as our people from throughout the various parts of the Group, to get involved in areas that are closest to them, and ensure that the input to our Committee comes from as broad a range of employee stakeholders as possible.

Responsibilities of senior leaders and management

Senior leader	Membership	Summary of role
Chief Executive Officer	Board Responsible Business Committee ESG Steering Group Executive Committee	The Chief Executive Officer assumes overall responsibility for the delivery of the Group's Responsible Business Strategy and responsible business performance.
Chief Financial Officer	Board Responsible Business Committee ESG Steering Group Executive Committee	The Chief Financial Officer supports the Chief Executive Officer to monitor and lead the Group's responsible business performance and to embed ESG within commercial decision making.
Responsible Business Manager	Responsible Business Committee (attendee) ESG Steering Group Executive Committee (attendee) EDI Steering Group Climate Change Forum	The Responsible Business Manager: • is responsible for preparing the Responsible Business Strategy and annual Responsible Business Plans, monitoring the Group's performance against the Strategy/Plans and routinely updating ExCo and the Responsible Business Committee • assumes responsibility for the management and delivery of the Climate Change Forum and EDI Steering Group • assists with preparation of the Group's TCFD disclosures
Finance Director	Responsible Business Committee (attendee) ESG Steering Group Climate Change Forum	The Group Finance Director: • collaborates with the Responsible Business Manager to monitor and measure progress against quantitative targets within the Responsible Business Strategy • provides advice on alignment with the Group's risk framework and commercial opportunities • assists with preparation of the Group's TCFD disclosures
General Counsel and Company Secretary	Responsible Business Committee (attendee) ESG Steering Group Executive Committee EDI Steering Group Climate Change Forum	The Company Secretary is the Group's executive ESG Lead and assumes the responsibility to inform strategic direction on ESG and alignment with the expectations of shareholders and the market, as well as assisting with preparation of the Group's TCFD disclosures.
HR Director	Executive Committee EDI Steering Group Responsible Business Committee (attendee)	The HR Director assumes responsibility for overseeing the alignment of the Responsible Business Strategy with the Group People Strategy and leads on early careers and health and wellbeing.
Managing Directors	Executive Committee	The Managing Directors all advise on the Group's strategic approach to ESG and assume responsibility for the responsible business performance for their respective businesses.

CORPORATE GOVERNANCE REPORT

ESG Governance Structure

Terms of reference

During 2023, the Committee reviewed its terms of reference in line with the scope of its operations and key areas of focus to ensure that they remained appropriate. There were no amendments proposed as part of that review and the Terms of Reference were re-approved, and are available on the Company's website.

SERENA LANG
CHAIR OF THE RESPONSIBLE BUSINESS COMMITTEE

11 April 2024

REMUNERATION
Directors' Remuneration Report

GERALD JENNINGS
CHAIR OF THE REMUNERATION COMMITTEE
4 4

> "We engaged with shareholders representing over two-thirds of the register on the new Remuneration Policy and plans for implementation in 2024 and received strong levels of support for both."

Joanne Lake
Committee member
4 4

Peter Mawson
Committee member
4 4

Serena Lang
Committee member
4 4

Remuneration Committee attendance key
☐ Meetings attended ■ Eligible meetings

Annual Statement from the Chair of the Remuneration Committee

On behalf of the Board and the Remuneration Committee (the Committee), I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2023.

This report is divided into three sections:

- This Annual Statement, which summarises the work of the Committee and our approach to Directors' remuneration.
- The Remuneration Policy (on pages 123 to 130), which will be put forward for shareholder approval at the 2024 AGM.
- The Annual Report on Remuneration, which sets out the remuneration outcomes for the financial year ended 31 December 2023 and the proposed implementation of the Remuneration Policy for the upcoming year.

Remuneration outcomes

Annual Bonus

The 2023 annual bonus was based on financial measures (66.7%) and individual strategic objectives (33.3%).

At the start of the year, the Committee set stretching financial targets against a backdrop of a slowing economy and higher interest rates, acknowledging that it was unlikely to repeat the record underlying profit recorded in 2022. Despite activity in our key three markets decreasing during 2023, the business performed resiliently, exceeding its underlying profit target thanks to the focus on high quality land and development in prime locations. The business generated robust sales including growing Stonebridge Homes' output by 43% and achieving investment property sales at a premium to FY22 valuations. As a result, the formulaic payout under the profit element was 66.67% of maximum.

The personal objectives considered investment in people, IT infrastructure, marketing and advancements in our internal strategies which has driven progress towards our long term ambitions and contributed to a successful year operationally. As a result, for their personal objectives, the CEO achieved 85% of maximum under this element and the CFO achieved 82.5% of maximum. Therefore, the formulaic outcome under the bonus was 72.8% of maximum for the CEO and 71.9% for the CFO.

REMUNERATION
Directors' Remuneration Report

The Committee reviewed the formulaic outcome under the bonus, taking into account the broader stakeholder experience including the bonus level more broadly across the workforce and the level of absolute profitability delivered over the year. After careful consideration, the Committee felt that despite strong performance from executives and employees in challenging market conditions, it would be appropriate to use discretion to reduce the formulaic bonus outcome by 11.65% for all employees, including Executive Directors. As a result, the CEO will receive a bonus of 64.3% of maximum and the CFO will receive 63.6%. One third of the bonus is deferred into shares and held for three years.

LTIP award for performance period FY21–23

The three-year performance period for the 2021 LTIP award ended on 31 December 2023. Performance was based on EPS (33.3%), ROCE (33.3%) and TSR (33.4%).

The three-year average ROCE was 10.18% which resulted in a payout of 54.5% of maximum under this element. The relative TSR and EPS elements did not reach threshold performance and so will lapse. Overall, 18.15% of the LTIP will vest. After reviewing wider business performance over the period, the Committee considered that this result was appropriate and did not apply discretion to adjust the outcome.

The Committee is comfortable that actions taken on pay during the year across the Company were appropriate and balanced the interests of all stakeholders and that the Remuneration Policy operated as intended.

Board Changes

There were no changes to the Board during 2023. We welcomed Talita Ferreira as a Non-executive Director on 1 January 2024. Talita's fee is in line with the other Non-executive Director fees and she will receive an additional annual fee for chairing the Audit and Risk Committee from 1 September which will be prorated for 2024.

Joanne Lake and I are nearing our nine-year tenure on the Board and will step down as Directors in September 2024, making this my last report as Committee Chair. Serena Lang will take over as Committee Chair in the autumn, with Peter Mawson assuming my responsibilities as liaison to the Group Employee Forum.

Directors' Remuneration Policy

Our current Policy was approved at the 2021 AGM and is due for renewal at the 2024 AGM. The Committee has reviewed the current Policy, taking into account the Group strategy, corporate governance developments, institutional investor views and market practice.

The review concluded that our Policy is working effectively and is aligned to the Group strategy, provides a good link between reward and performance and is in line with institutional investors' best practice expectations. Alternative incentive models, such as replacing the LTIP with restricted shares, were considered, but there was a consensus that long term share awards should be linked to performance targets for all of the LTIP population.

The only material change to the Policy is the reduction of the maximum LTIP grant from 175% of salary to 150% of salary. A summary of the review process and the factors considered by the Committee are set out on pages 123 to 124.

Application of the Directors' Remuneration Policy for 2024

The key decisions for 2024 are set out below.

Salary and fees

The Executive Directors received a salary increase of 3%, lower than the budgeted increase for the workforce of 4%. In addition, the Non-executive Directors and Chair also received a fee increase of 3%.

Annual Bonus

The maximum annual bonus for Executive Directors will remain at 120% of salary. The annual bonus will again be based two-thirds on financial measures and one-third on individual strategic objectives, including a number of ESG targets. One-third of the bonus is deferred in to shares and held for three years.

LTIP

The 2024 LTIP awards will be granted at 150% of salary for the CEO and 125% of salary for the CFO in line with the new Policy maximum. This is a modest increase to the normal LTIP grant level, as permitted under the new Policy, to increase the emphasis on long term performance, accompanied by stretching targets, so that Executive Directors will only receive increased LTIP pay-outs if excellent performance is delivered.

The FY24 LTIP awards will be subject to relative TSR, EPS, ROCE, and ESG related targets based on a reduction in Scopes 1 & 2 emissions and workforce gender balance. During the year, the Committee reviewed the weightings of each of the measures to ensure they aligned with the strategic priorities of the business over the longer term. As a result, the Committee increased the weighting on relative TSR from 30% to 40% to increase the emphasis on shareholder returns and provide stronger alignment with shareholders' interests. The weighting on EPS and ROCE have been reduced from 30% to 25% each. The weighting on Scopes 1 & 2 emissions and workforce gender balance targets have remained at 5% each.

The stretching targets that have been set are considered to be at least as challenging as targets set for prior years' awards, taking into account internal business plans and current market conditions.

Wider workforce considerations

The Committee has oversight of the salary increases, annual bonus and the long term incentive schemes across the business and ensures that a consistent approach is taken between executive schemes and those applying to the workforce generally.

In my dual capacity as Committee Chair and designated Non-executive Director for workforce engagement, I meet regularly with the Group Employee Forum to discuss remuneration and reward matters. In addition to a discussion with them on the new Remuneration Policy (see page 123), we also discussed the CEO's personal objectives in one session and held another session on the role of the Remuneration Committee and how the Executive Directors' packages link to the company strategy and encourage long term behaviours. During all our discussions, executive remuneration and the implementation of the Remuneration Policy were not raised as issues during the engagement and so no amendments were required to the Remuneration Policy or to the implementation of the Policy in 2024 as a result of this engagement.

Shareholder engagement

The Committee consults with its larger shareholders on executive pay matters, where considered appropriate. We engaged with shareholders representing over two-thirds of the register on the new Remuneration Policy and plans for implementation in 2024 and received strong levels of support for both.

Closing remarks

Throughout my time as Committee Chair, I believe that we have made great strides towards aligning executive remuneration with the interests of our shareholders and the workforce and I have welcomed engagement with many of you. Should you have any queries or comments, please do not hesitate to contact me, or the Company Secretary, as we do value your input.

I hope that you will be able to support both the Remuneration Policy and the Directors' Remuneration Report at this year's AGM.

GERALD JENNINGS
CHAIR OF THE REMUNERATION COMMITTEE

11 April 2024

REMUNERATION
Remuneration at a glance

Performance snapshot

2023 Annual bonus performance

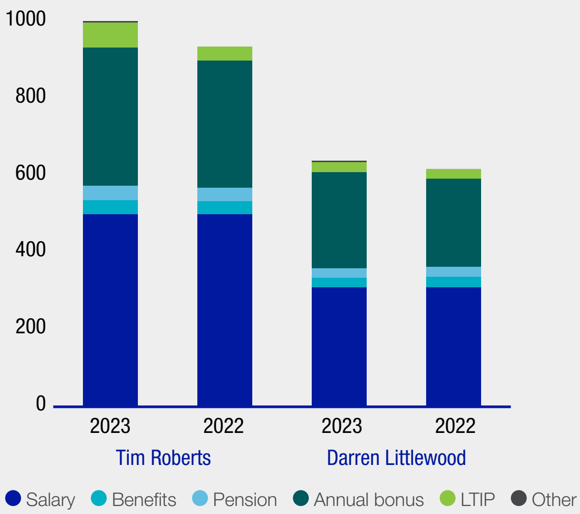
Measure	Performance	Achievement (% of max for each element)
Underlying PBT (66.7%)	£36.7m	66.67%
Individual Strategic objectives (33.3%)	See pages 133 to 134	85% (CEO) and 82.5% (CFO)

LTIP performance for 2021 award based on performance over three years to 31 December 2023

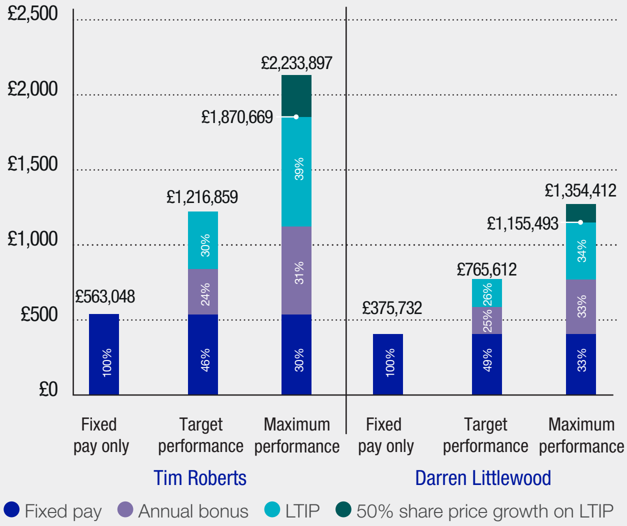
Measure	Performance	Achievement (% of max for each element)
Relative TSR vs FTSE Small Cap	Below median	0%
EPS	20.4p	0%
ROCE	10.18%	54.5%

Executive pay in 2023 and compared to prior year

Total remuneration (£'000)



Scenario charts (£'000)



Implementation of Policy for 2024

Base salary	3% increase for all Executive Directors • CEO – £484,304 • CFO – £318,270
Benefits	No change
Pension	8% of salary (in line with the wider workforce)
Annual bonus	• Maximum opportunity: 120% of salary • Subject to underlying profit and strategic objectives
LTIP	• CEO – 150% of salary • CFO – 125% of salary • Subject to EPS, ROCE, TSR and ESG targets • Two year holding period applies after vesting
Shareholding guidelines	200% of salary (to be held for two years post-employment)

REMUNERATION
Remuneration Policy

This section of the report sets out the Company's Policy on the remuneration of Directors which will be put to a binding shareholder vote at the 2024 AGM. Subject to shareholder approval, the Policy will take effect from the date of the 2024 AGM and is intended to apply for three years.

This report has been prepared in accordance with the provisions of the Companies Act 2006, The Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2008 and the subsequent amendments, and the UK Listing Authority Listing Rules. In addition, the report has been prepared on a 'comply or explain' basis with regard to the UK Corporate Governance Code 2018.

Determining the Remuneration Policy

The Committee is responsible for the development, implementation and review of the Directors' Remuneration Policy. In addressing this responsibility, the Committee works with management and external advisers to develop proposals and recommendations. The Committee considers the source of information presented to it, takes care to understand the detail and ensures that independent judgement is exercised when making decisions. The Committee works alongside other Board Committees as needed; for example, the Audit and Risk Committee confirms incentive plan performance results.

The Company Policy on remuneration is designed to ensure that Executive Directors earn sufficient remuneration to be motivated to achieve our strategy with the addition of appropriate incentives, aligned to our vision and strategic objectives, that encourage enhanced performance without excessive risk.

When setting the Remuneration Policy, the Committee considered: market practice, Director remuneration at companies of comparable size and complexity, Group performance and the wider economic environment. In addition, the Committee reviewed pay across the wider workforce and stakeholder views. Set out below is a summary of the pay across the business and how employee and stakeholder views are taken into consideration.

Pay across the Group

Henry Boot aims to provide a remuneration package that is market competitive, complies with statutory requirements and is applied fairly and equitably across employees of the Group. Where possible, the Group operates the same core remuneration principles for employees as it does for Executive Directors.

These are:

- We remunerate fairly for each role with regard to the marketplace, consistency across comparable roles and consistency across each company within the Group.
- We remunerate people at a level that the Group has the ability to meet which is sufficient to retain and motivate our people to achieve our shared long term goals.

Bonus arrangements across the Group have a similar structure to the Executive Directors in that there is a measure of Group profitability, subsidiary profitability and personal performance through objectives measurement. The level of bonus potential varies across roles and Group companies.

Participation in the LTIP Scheme is extended to the senior management beyond the Executive Directors based on our grading structure and at the discretion of the Board. Share ownership amongst the wider workforce is encouraged but there is no formal requirement to hold shares. We encourage long term employee engagement through the offer of a SAYE share scheme and a CSOP scheme to all employees who don't participate in the LTIP Scheme.

How employee views are taken into account

Employee engagement on remuneration matters by the Committee is conducted through the Group Employee Forum (GEF). The GEF consists of employees from across the businesses and provides an opportunity for employees to voice their views and raise concerns. The GEF is attended by the designated Non-executive Director and Remuneration Committee Chair, Gerald Jennings, who acts as a conduit between the Board and the workforce and ensures a two-way dialogue.

During the Remuneration Policy consultation, a meeting was held with the GEF to discuss the overall remuneration approach for Executive Directors and to highlight how it was closely aligned to the remuneration approach for the wider workforce. The GEF members were invited to provide feedback on the Remuneration Policy and other remuneration structures and practices within the Group. Other meetings during the year take place with the GEF to discuss the Company strategy, the Executive Directors' personal objectives and the link between strategy, performance and reward. The executive Remuneration Policy and its implementation were not raised as material issues in the discussions at any point and therefore no amendments to the Remuneration Policy were required as a result of this engagement.

In addition to direct engagement with the workforce, the HR Director regularly summarises matters relating to the wider workforce, including relative levels of pay between companies in the Group, changes to other working conditions and changes within the composition of the workforce. Updates on GEF opinion on any remuneration matters are shared with the Committee at most meetings via the designated NED/Committee Chair.

REMUNERATION
Remuneration Policy

Consideration of Shareholder Views

Over recent months, the Committee consulted with major family and institutional shareholders representing over two-thirds of the shareholder base and proxy advisers to seek their views on the proposed Remuneration Policy and implementation. During the consultation, the major shareholders were supportive of our proposed changes to the Remuneration Policy and the proposed implementation of the policy in FY24, so we have proceeded with the planned changes. The Committee is thankful for shareholders' participation in this consultation process. The Committee will continue to monitor developments in corporate governance and market practice to ensure that the Policy and its implementation continues to be in line with best practice.

Other considerations

The Policy has been tested against the six factors listed in Provision 40 of the UK Corporate Governance Code:

- Clarity – the Committee believes the Remuneration Policy is clear and includes a simple annual bonus structure. The elements of the Remuneration Policy were described clearly to investors during the consultation process, to the workforce during the engagement with the Group Employee Forum and are set out in this report.
- Simplicity –all structures are as simple as possible whilst providing a strong link between reward and performance and avoiding reward for failure.
- Risk – the Remuneration Policy has been designed to discourage inappropriate risk-taking, including a balance between short-term and long term elements, as well as bonus deferral, recovery and withholding provisions, in addition to in-employment and post-cessation shareholding requirements. To avoid conflicts of interest, Committee members are required to disclose any conflicts or potential conflicts ahead of Committee meetings. No Executive Director or other member of management is present when their own remuneration is under discussion.
- Predictability – elements of the Policy are subject to caps and dilution limits. An illustration of pay levels for different levels of performance are shown in the scenario charts in the notes to the Policy table. The Committee has the discretion to adjust the formulaic outcomes of the incentive arrangements if the outcome is considered inappropriate.
- Proportionality – there is a broadly equal balance between fixed pay and incentives and there is also a broadly equal balance between short-term and long term incentives, reflecting the importance of both short-term and long term performance.
- Alignment to culture – Henry Boot's distinctive company culture has been taken into consideration with the incentivisation of the Executive Directors to continue to develop the Group with our people at the forefront of our strategies, whilst formulating a Policy to drive sustainable long term growth.

Conclusion of the review and changes to the Directors' Remuneration Policy

The Committee concluded that the Policy worked effectively and is aligned to the Group strategy, provides a good link between reward and performance and is in line with institutional investors' best practice expectations. On this basis and having explored alternative incentive models, such as replacing the LTIP with restricted shares, the Committee concluded that the Policy was fit for purpose. The only material change to the Policy is the reduction of the maximum LTIP grant from 175% of salary to 150% of salary. As we do not intend to grant LTIPs up to 175%, the additional headroom within the Policy is not needed.

Directors' Remuneration Policy

Element	Purpose and link to strategy	Operation	Opportunity	Performance measures
Salary	Core element of the Executive Directors' fixed remuneration reflecting the role, experience and set in part by reference to comparable companies in the FTSE and appropriate relativities within the broader executive team.	The Committee reviews base salaries annually, taking into consideration: i. the value of the individual to the Group, their skills, experience and performance; ii. pay increase levels in the Group and more generally in the marketplace; and iii. the Group profitability and prevailing market conditions.	Salary increases will normally be in line with the workforce average. The Committee will consider any increase above this level very carefully in the following circumstances, for example: i. relevant commercial factors; ii. increasing scope and responsibility; iii. promotional increases; and iv. falling below market positioning.	None.
Benefits	These are provided on a market competitive basis to assist in recruiting and retaining Executive Directors.	Benefits include (but are not limited to): i. a car allowance; ii. private health insurance; iii. permanent health insurance; iv. death in service cover; and v. the offer of participation in the SAYE Scheme. The Committee reviews the level of benefit provision from time to time and has the flexibility to add or remove benefits to reflect changes in market practice or the operational needs of the Group. The cost of providing benefits is borne by the Company and varies from time to time.	Set by reference to normal market practice.	None.
Pension	To provide a contribution towards retirement income.	Executive Directors are eligible for membership of the Henry Boot PLC Group Stakeholder Pension Plan (defined contribution pension scheme) or a cash supplement in lieu of this.	Executive Directors will receive a pension contribution in line with the rate applying to the majority of the workforce, currently 8% of salary.	None.

REMUNERATION

Element	Purpose and link to strategy	Operation	Opportunity	Performance measures
Annual bonus	To incentivise the delivery of financial performance, operational targets and individual objectives over the financial year.	Targets are reviewed annually and any payment is normally determined by the Committee after the year end based on targets set for the financial year. At least one-third of the bonus earned will be invested into shares and deferred for three years (during which time the shares cannot be sold). Malus and clawback provisions apply.	The maximum bonus opportunity is 120% of salary.	The majority of the bonus will be based on financial metrics. No more than 10% of the maximum bonus opportunity will pay out for threshold performance and no more than 50% for target performance where practicable. Payout between threshold, target and maximum will be calculated on a straight-line basis where practicable. The Remuneration Committee has the discretion to adjust the formulaic outcome of the bonus if they believe the outcome does not accurately reflect business performance.
Long term incentive plan	The Long term Incentive Plan provides a clear and strong link between the remuneration of Executive Directors and the creation of value for shareholders by rewarding the Executive Directors for achieving longer-term objectives aligned closely to the business strategy and shareholders' interests.	Conditional share awards are normally granted annually to Executive Directors. Awards vest after the third anniversary of grant subject to performance conditions and continued service. To the extent awards vest, the value of dividends payable over the vesting period will be added, usually in the form of an additional award of shares. After awards vest, subject to selling sufficient shares to pay tax, shares must be held for a further two years. Malus and clawback conditions apply.	Up to a maximum of 150% of salary in any year.	Performance conditions and targets will be set each year linked to business KPIs in line with the strategy, or a measure of total shareholder return. The Remuneration Committee has the discretion to adjust the formulaic outcome of the bonus if they believe the outcome does not accurately reflect business performance. No more than 25% of the award will vest for threshold performance where practicable.

Element	Purpose and link to strategy	Operation	Opportunity	Performance measures
Shareholding guidelines	Direct share ownership by Executive Directors aligns their long term interests to those of shareholders.	During employment, Executive Directors are required to build and maintain a shareholding equivalent to 200% of base salary. Executive Directors are expected to retain at least 50% of any LTIP awards or deferred bonus awards until holdings reach the required level. **Post-cessation of employment** Any Executive Director leaving the Company will be expected to retain the lower of the shares held at cessation of employment and shares to the value of 200% of salary, for a period of at least two years. Shares purchased voluntarily by the individual will be excluded from this requirement and the requirement only applies to awards made after the May 2021 AGM.	Not applicable.	None.
Non-executive Director fees	Fee levels are set in order to recruit and retain high calibre Non-executive Directors with the relevant experience required to achieve success for the Company and its shareholders.	The fees of the Chair are determined by the Committee and the fees of the Non-executive Directors are determined by the Board (minus the Non-executive Directors). Non-executive Directors are not eligible to participate in any of the Company's share schemes, incentive arrangements or pension schemes. The Company may pay any reasonable expenses that a Non-executive Director incurs in carrying out their duties as a Director.	Non-executive Directors are paid a basic fee. Additional fees may be paid for chairing committees or taking additional roles such as the Senior Independent Director or Director responsible for the Group Employee Forum liaison. Non-executive Directors are encouraged, but not required, to build up a shareholding in Henry Boot.	None.

REMUNERATION

Notes to the Policy table

Explanation of the performance measures chosen

Performance measures are selected to reflect the Group's strategy. Stretching performance targets are set each year for the annual bonus and long term incentive awards. In setting these performance targets, the Committee will take into account a number of different reference points which may include the Group's business plans and strategy and the market environment.

The Committee has the discretion in exceptional circumstances to change performance measures and targets part way through a performance year if there is a significant event which causes the Committee to believe the original measures and targets are no longer a fair and accurate measure of business performance.

Malus and clawback

The Committee has discretion to claw back awards made under the annual bonus plan and LTIP in the event of a material misstatement in the audited consolidated accounts of the Company, a material error in assessing any performance condition, employee misconduct, serious reputational damage or corporate failure. In these circumstances, the Committee has discretion to reduce or cancel deferred awards, or require the participant to repay some or all of the value delivered from a bonus or LTIP awards, at any time up to the third anniversary of vesting of LTIP awards or payment of annual bonus.

Discretion

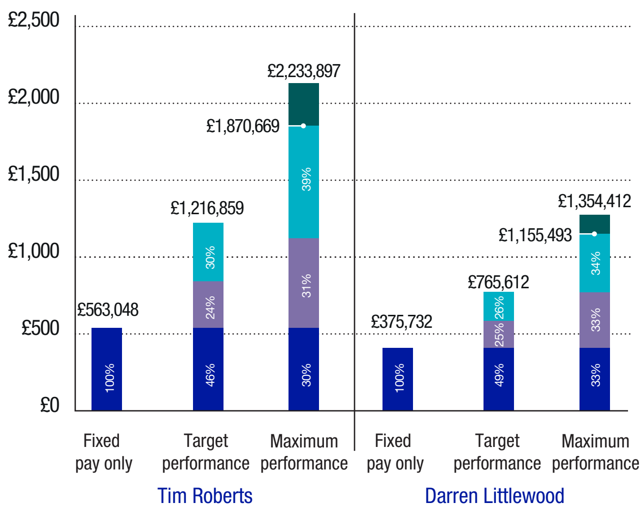
The Committee can exercise discretion in a number of areas when operating the Company's incentive schemes, in line with the relevant rules of the schemes. These include (but are not limited to):

- the choice of participants;
- the size of awards in any year (subject to the limits set out in the Directors' Remuneration Policy table);
- the extent of payments or vesting in light of the achievement of the relevant performance conditions;
- the determination of 'good' or 'bad' leavers and the treatment of outstanding awards (subject to the provisions of the scheme rules and the Remuneration Policy provisions); and
- the treatment of outstanding awards in the event of a change of control.

Illustration of the application of the Remuneration Policy

The graph shows total remuneration under the new Policy, illustrating the minimum pay (fixed pay), on-target pay and maximum pay (assumptions are set out in the table below).

Minimum	Fixed pay comprised of base pay as of 1 January 2024, benefits paid in FY23, and pension contributions in FY24.
Target	Fixed pay and 50% of the FY24 bonus and LTIP opportunity.
Maximum	Fixed pay and maximum payout under the bonus and LTIP. This scenario also includes an additional element illustrating the impact of 50% share price growth on the LTIP.



Recruitment Remuneration Policy

This table sets out the Company's policy on recruitment of new Executive Directors for each element of the remuneration package. Non-executive Directors are recruited on an initial three-year term and receive a fee but no other benefits.

Remuneration element	Policy on recruitment
Base salary	The Committee will typically offer a salary in line with the Policy whilst also considering the experience, ability to implement Group strategy, and the wider economic climate and pay and conditions throughout the Group, in order to facilitate the hiring of candidates of the appropriate calibre required to implement the Group's strategy.
Benefits	The Committee will offer benefits in line with the Policy for existing Executive Directors; however, the Committee has the flexibility to consider other benefits from time to time, including relocation expenses.
Pension	Contribution levels will be set in line with the Company policy.
Bonus	The Committee will offer the ability to earn a bonus in line with the Policy (maximum 120% of base salary). Bonus opportunities will be prorated for new employees that join during the year.
LTIPs	The Committee will offer LTIPs in line with the Policy in the year of joining. As a result, the maximum variable pay level which may be awarded to a new Executive Director is 270% of salary (i.e. 120% annual bonus and 150% LTIP award).
Buyouts	The Committee's policy on 'buying out' existing incentives granted by the Executive's previous employer will depend on the process of recruitment and be negotiated on a case-by-case basis. The Committee may make an award in order to 'buy out' previous incentives but it will only be made if it is considered necessary to attract the right candidate and there will not be a presumption in favour of doing so. The award will in any event be no larger than the award forfeited and will resemble the arrangements forfeited as far as applicable, and performance conditions will apply on a like-for-like basis.
Internal appointees	Any remuneration awards previously granted to an internal appointee to the Board will continue on their original terms. In the same way, if an appointee has deferred benefits in the Henry Boot Staff Pension and Life Assurance Scheme these will continue as before.

Payment for the loss of office policy

The table below sets out the policy on exit payments. Treatment of different elements under the Policy may vary depending on whether the Executive Director is classified as a 'good' or a 'bad' leaver. 'Good leaver' status occurs upon the cessation of employment for a compassionate reason, such as death in service, ill health, injury, disability, retirement, redundancy or for any other reason determined by the Committee.

The Committee will ensure that a consistent approach to exit payments is adopted and there is no reward for poor performance and any liability to the Group is minimised/mitigated in all areas. Where a compromise agreement is required, the Committee would consider contributing to the reasonable costs of legal and other expenses relating to the termination of employment and pay reasonable amounts to settle potential claims.

Remuneration element	Policy
Base salary/fees and benefits	Base salary/fees and benefits will be paid over the notice period subject to mitigation. Compensation will be phased over the notice period. If the Executive finds a new role prior to the end of the notice period, payments will be offset against earnings from the new role.
Pension/salary in lieu of pension	Pension contributions and any payments in lieu of pension will be provided over the notice period.
Bonus	For a 'good leaver', any bonus payment would be at the discretion of the Committee and would be prorated to the time employed in the year that employment ceases. Any payment would be paid at the same time as other Directors, subject to the original performance criteria deferral and malus and clawback.
LTIP awards	It is normal for awards to lapse on cessation of employment unless the Company and Committee agree that the Executive is a good leaver. Good leavers will be treated in accordance with the rules of the LTIP scheme which has been approved by shareholders. Their awards are prorated for the proportion of the performance period that has elapsed. Any prorated shares vest at the normal vesting date and are subject to the same performance conditions as other LTIP award holders. The Committee retains discretion to allow vesting at the time of cessation of employment on a prorated basis. Good leavers will be subject to the clauses in the LTIP Scheme related to holding periods, malus and clawback. In the event of a change of control, Directors affected will be treated in accordance with the rules of the LTIP Scheme. Any early vesting as a consequence of a change of control would be based on the Committee's assessment of the performance conditions and would take into account the vesting period that has elapsed at the time of the change of control.

REMUNERATION

Service contracts and letters of appointment

The Executive Directors have a service contract requiring 12 months' notice of termination from either party as shown below:

Executive Director	Date of appointment	Date of current contract	Notice from the Company	Notice from the individual	Unexpired period of service contract
Tim Roberts	1 January 2020	1 August 2019	12 months	12 months	Rolling
Darren Littlewood	1 January 2016	1 January 2016	12 months	12 months	Rolling

Contractual compensation in the event of early termination provides for compensation of basic salary, pension and benefits for the notice period, which would be payable on a phased monthly basis.

Non-executive Directors have letters of appointment and their appointment and subsequent reappointment is subject to approval by shareholders. Non-executive Director appointments are typically for three years, subject to a maximum of three terms totalling nine years; however, they may be terminated without compensation at any time.

The table below details the letters of appointment for each Non-executive Director.

Non-executive Directors	Date of appointment	Date of current letter of appointment	Notice from the Company	Notice from the individual
Peter Mawson	1 October 2015	30 July 2015	3 months	3 months
James Sykes	22 March 2011	21 August 2019	3 months	3 months
Joanne Lake	1 October 2015	30 July 2015	3 months	3 months
Gerald Jennings	1 October 2015	30 July 2015	3 months	3 months
Serena Lang	1 August 2022	28 July 2022	3 months	3 months
Talita Ferreira	1 January 2024	21 December 2023	3 months	3 months

Copies of Executive Directors' service contracts and Non-executive Directors' letters of appointment are available on request.

Policy on external appointments

The Company recognises that Executive Directors may be invited to become Non-executive Directors of other companies and that this can help broaden the skills and experience of a Director. Executive Directors are permitted to accept one external appointment with the approval of the Board. Any remuneration earned from such appointments is retained by the Executive.

Annual Report on Remuneration

The following section provides details of how Henry Boot's Remuneration Policy was implemented during the financial year. The labelled parts of the Directors' Remuneration Report are subject to audit.

The Remuneration Committee

The primary role of the Committee is to:

- Review, recommend and monitor the level and structure of the remuneration packages of the Executive Directors and senior management;
- Set and approve the remuneration package for the Executive Directors; and
- Determine a balance between base pay and performance-related elements of the remuneration package in an effort to align the interests of stakeholders more widely (including shareholders) with those of the Executive Directors.

The members of the Committee and their attendance at Committee meetings is set out on page 119. The key activities of the Committee during the year are set out below:

- Oversight of the Remuneration Policy and its implementation.
- Reviewed and approved salaries for the Executive Directors and senior management.
- Reviewed formulaic incentive outcomes for the Executive Directors, senior management and the wider workforce. Considered whether they were aligned to Company performance over the short and long term.
- Reviewed the LTIP awards for the Executive Directors and senior management.
- Engaged with the wider workforce on the alignment between executive pay and the wider workforce.

External Advisers

Following a formal and robust tender process, the Committee appointed Korn Ferry as its advisers with effect from 11 June 2020.

During the year, the Committee received independent advice on Directors' remuneration from Korn Ferry who are a member of the Remuneration Consultants Group and adhere to its Code of Conduct which requires its advice to be objective and impartial. Korn Ferry provided advice on market practice updates, benchmarking and supported management with undertakings such as producing the Directors' Remuneration Report and reviewing the Remuneration Policy to the extent this did not impact the independence of its advice. The fees paid to Korn Ferry for providing advice to the Committee in relation to Directors' remuneration was £47,600.

There were no other services provided by Korn Ferry during the year and, as a result, the Committee is satisfied that the advice received was objective and independent.

Statement of voting at the last Annual General Meeting (AGM)

At the 2023 AGM, shareholders were asked to approve the 2023 Annual Report on Remuneration. The Directors' Remuneration Policy was approved by shareholders at the 2021 AGM. The votes received are set out below:

2023 AGM (25 May 2023)	Nature of vote	Votes for	%	Votes against	%	Votes total	Votes withheld
Approve the 2022 Directors' Remuneration Report	Advisory	91,422,990	98.05	1,816,561	1.95	93,239,551	40,672

2021 AGM (20 May 2021)	Nature of vote	Votes for	%	Votes against	%	Votes total	Votes withheld
Approve the Directors' Remuneration Policy	Binding	87,300,759	98.03	1,754,384	1.97	89,055,143	9,626

CORPORATE GOVERNANCE REPORT

REMUNERATION

Single total figure of remuneration *(audited)*

The table below reports the total remuneration receivable by Directors in respect of qualifying services during the year.

Year ended 31 December 2023	**Salary and fees[1] £'000**	**Taxable benefits £'000**	**Pension-related benefits £'000**	**Other[2] £'000**	**Total fixed £'000**	**Annual bonus £'000**	**Long term incentives[3] £'000**	**Total variable £'000**	**Total remuneration £'000**
Tim Roberts	**470**	**40**	**38**	**5**	**553**	**363**	**79**	**442**	**995**
Darren Littlewood	**309**	**32**	**25**	**5**	**371**	**236**	**40**	**276**	**647**
James Sykes	**53**	**0**	**0**	**0**	**53**	**0**	**0**	**0**	**53**
Joanne Lake	**61**	**0**	**0**	**0**	**61**	**0**	**0**	**0**	**61**
Gerald Jennings	**60**	**0**	**0**	**0**	**60**	**0**	**0**	**0**	**60**
Peter Mawson	**109**	**0**	**0**	**0**	**109**	**0**	**0**	**0**	**109**
Serena Lang	**55**	**0**	**0**	**0**	**55**	**0**	**0**	**0**	**55**

Year ended 31 December 2022	Salary and fees[1] £'000	Taxable benefits £'000	Pension-related benefits £'000	Other[2] £'000	Total fixed £'000	Annual bonus £'000	Long term incentives[4] £'000	Total variable £'000	Total remuneration £'000
Tim Roberts	457	37	37	0	531	338	60	398	929
Darren Littlewood	300	31	24	0	355	224	35	259	614
James Sykes	51	0	0	0	51	0	0	0	51
Joanne Lake	58	0	0	0	58	0	0	0	58
Gerald Jennings	58	0	0	0	58	0	0	0	58
Peter Mawson	89	0	0	0	89	0	0	0	89
Serena Lang	21	0	0	0	21	0	0	0	21

1 Salary includes the value subject to salary sacrifice.
2 Tim Roberts and Darren Littlewood participated in the SAYE all employee plan, further details are set out on page 137. Both Directors withdrew from the 2022 scheme and joined the 2023 scheme. The figures in the table above have been restated to reflect this.
3 Value of shares based on a three-month average share price of 1.90p to 31 December 2023. This value will be restated next year based on the actual share price on the date of vesting.
4 The 2020 LTIP award vested on 22 June 2023, the value included in the table has been restated and is now based on the value of the award on vesting and includes dividend equivalents shares. The value is based on the share price on the date of vesting (219p).
5 Taxable benefits include the provision of a company car or a cash allowance alternative and private medical insurance. The value of benefits is not pensionable.

The information in the single total figure of remuneration in the table above is derived from the following:

Salary or fees	The amount of salary or fees received in the year.
Taxable benefits	The taxable benefits received in the year by Executive Directors.
Annual bonus	The value of bonus payable and the calculations underlying this are disclosed on pages 133 and 134.
Long term incentives	The value of LTIP awards are those related to shares that vested as a result of the performance over the three- year period ended 31 December of the reporting year.
Pension-related benefits	Pension-related benefits represent the cash value of pension contributions or salary in lieu of contributions received by Executive Directors at a rate of 8% salary for both Tim Roberts and Darren Littlewood.
Other	SAYE awards granted to Executive Directors during the year.

Individual elements of remuneration

Pension entitlement

Tim Roberts and Darren Littlewood receive a salary supplement in lieu of pension contribution equivalent to 8% of salary, in line with the workforce rate.

2023 bonus

The maximum annual bonus opportunity for the Executive Directors was 120% of salary. Two-thirds of the bonus was subject to stretching PBT targets and one-third personal strategic objectives. Performance against the targets is set out in the table below.

Measure	Weighting (% of award)	Threshold 10% of maximum	Target 50% of maximum	Stretch 100% of maximum	Actual result	Outcome (% of maximum) Tim Roberts	Outcome (% of maximum) Darren Littlewood
Financial							
Underlying PBT	66.7%	£32.0m	£35.5m	£39.1m	£36.7m	66.67%	66.67%
Non-financial							
Personal objectives	33.3%		See below			85%	82.5%
Formulaic outcome			See below			72.8%	71.9%
Outcome following Committee discretion						64.3%	63.6%

The proportion of personal strategic objectives achieved was assessed by the Committee as follows:

2023 personal objectives – Tim Roberts

Objective	Details	Weighting (% of salary)	Performance against objective	Outcome (% of max)
1	Implement Group strategy, grow capital employed, progress internal business improvements	15%	**Strong:** Despite cost pressure, ambitions on corporate and longer-term strategic objective progress at pace. Capital deployed carefully whilst remaining in the optimum gearing range.	87%
2	Enhance the Henry Boot profile through effective external and internal communications	4%	**Excellent:** Increased level of communications internally through various channels, including a live strategy session with ExCo to the workforce. The Brand Value Proposition and Employer Value Proposition work streams remain on track to deliver rebranding in 2024.	100%
3	Drive high-performance culture within senior leaders and review organisational structures	4%	**Excellent:** Successful progress made with ExCo development enhancing the quality of decision making and collaboration across the Group. Reporting and progress structures refreshed in some subsidiaries.	100%
4	Lead good Health and Safety practices around the Group to avoid any major Health and Safety incidents	4%	**Satisfactory:** Reporting structure revised and improved Group approach to setting targets. High safety standards expected with most subsidiaries achieving the majority of their KPIs.	50%
5	Evolve the Investor Relations policy, agree the equity narrative and attract new shareholders to the register	3%	**Strong:** Positive investor feedback received from the investor roadshows. Ongoing engagement with new and potential shareholders.	67%
6	Implement Responsible Business Strategy, and promote an open, diverse and progressive organisation	10%	**Excellent:** Gender balance target achieved for the year and positive progress on the gender pay gap. Health and Wellbeing Strategy launched internally alongside significant support to charity and community partners. Reduction in energy usage in line with net zero carbon targets.	90%
Total		**40%**		**85%**

REMUNERATION

2023 personal objectives – Darren Littlewood

Objective	Details	Weighting (% of salary)	Performance against objective	Outcome (% of max)
1	Implement Group strategy, grow capital employed, progress internal business improvements	10%	**Strong:** Despite cost pressure, ambitions on corporate and longer-term strategic objective progress at pace. Capital deployed carefully whilst remaining in the optimum gearing range.	80%
2	Implement IT strategy with a focus on identifying business process improvements, efficiencies and systems	10%	**Strong:** New core HR system implemented and CRM system identified and beginning first stages of implementation. IT team upskilled and evolving, and Cyber Security essentials accreditation successfully renewed.	80%
3	Encourage strategic development of senior leadership and increase influence within the business and profile within the wider industry	2%	**Excellent:** ExCo development has been a core focus during the year, alongside continued investment in the Leadership Development Programmes and Management Development Programmes. Attendance and presenting at industry events has increased and building networks with regional stakeholders.	100%
4	Support the modernisation agenda, develop direct reports and prepare for the banking facility renewal	4%	**Excellent:** Banking facility renewal progressing on time Brand Value Proposition and Employer Value Proposition work streams remain on track to deliver rebranding in 2024.	100%
5	Evolve the internal budgeting process and Investor Relations policy and attract new investors	4%	**Strong:** Improved, revised approach taken to budgeting processes ensuring alignment across the Group. Investor Relations Policy evolved with positive investor feedback received from the roadshows. Ongoing engagement with new and potential shareholders.	75%
6	Implement Responsible Business Strategy, support the TCFD steering group and progress other initiatives including the head office move and Health and Wellbeing Strategy.	10%	**Strong:** Oversaw successful head office move including a change in working practices and establishment of the sustainable transport policy. Health and Wellbeing Strategy introduced. TCFD scenario planning continues to be work in progress.	80%
Total		**40%**		**82.5%**

As set out in the Chair's statement on page 119, the Committee reviewed the formulaic outcome under the bonus, taking into account the broader stakeholder experience. After careful consideration, the Committee felt that despite strong performance from both Executive Directors, it would be appropriate to use discretion to reduce the formulaic bonus outcome by 11.65%. This reduction is aligned with the treatment of the bonus outturn for the wider workforce and was felt to be a fair outcome in the broader business context.

Based on performance to 31 December 2023, and downward discretion used by the Committee, the adjusted annual bonus outcomes for Executive Directors during the year are shown below.

	Annual bonus outcome		
Executive	**% of maximum**	**% of salary**	**Bonus outcome (£)**
Tim Roberts	64.3%	77.2%	£362,786
Darren Littlewood	63.6%	76.3%	£235,682

Two-thirds of the bonus will be payable in cash. The remaining one-third will be invested in shares and deferred for three years. No further performance conditions or service requirements apply.

Long term Incentive Plan (LTIP)

LTIP awards were granted to Tim Roberts and Darren Littlewood on 23 June 2021. The LTIP shares in this award were subject to the performance criteria set out in the table below.

Performance condition	Weighting (% of award)	Threshold (25% vesting)	Maximum (100% vesting)	Actual performance	Outcome (% of maximum)
EPS in 2023	33.3%	22p	28p	20.4p	0%
ROCE	33.3%	9%	12%	10.18%	54.5%
TSR vs FTSE Small Cap (excluding investment trusts)	33.4%	Median	Upper quartile	Rank 75 out of 112 TSR: -19%	0%
Total vesting (out of 100%					**18.15%**

After reviewing wider business performance over the period, the Committee considered that this result was appropriate and did not apply discretion to adjust the outcome. As a result, the following shares will vest.

Executive Director	Number of shares granted	Number of shares due to vest	Estimated number of shares for dividend equivalents	Total
Tim Roberts	206,899	37,549	3.960	£78,867
Darren Littlewood	104,695	19,000	2,004	£39,908

1 The share price was 263p at the time of grant, compared to the three-month average share price of 190p to 31 December 2023. Therefore, no part of the award is currently attributable to share price appreciation.

2 After awards vest, subject to selling sufficient shares to pay tax, shares must be held for a further two years.

3 Dividend equivalent shares will be awarded on the shares that vest and will be valued on an average share price for the three business days before the vest date of 23 June 2024. For the purpose of the table above, the estimated number of dividend equivalents has been based on the three-month average share price up to 31 December 2023. For the FY24 Annual Report, this figure will be restated.

4 The total value above has been calculated based on the three-month average share price up to 31 December 2023 of 190p.

LTIP awards granted in the year *(audited)*

LTIP awards were granted during the year to Tim Roberts and Darren Littlewood on 26 April 2023.

	Type of award	% of salary	Number of shares	Face value of grant at 235.67p per share[1]	% of award vesting at threshold
Tim Roberts	LTIP – nil cost options	125%	249,397	£587,754	25%
Darren Littlewood	LTIP – nil cost options	100%	131,117	£309,003	25%

1 The share price is calculated based on the average share price for the three days preceding the grant.

The awards are subject to the following performance conditions which will be measured over the three-year period ending 31 December 2025:

Measure	Weighting	Threshold (25% of max)	Maximum (100% of max)
EPS in 2025	30%	20p	28p
Return on Capital Employed (average over three years)	30%	9.5%	12%
TSR relative to the FTSE Small Cap Index (excluding investment trusts)	30%	Median performance	Upper quartile
Greenhouse gas emissions in 2025	5%	2,650 tonnes	
Gender balance at 31 December 2025	5%	70 male : 30 female*	

* Individuals identifying as male or female

REMUNERATION

Sharesave options granted during the year *(audited)*

During the year, Tim Roberts and Darren Littlewood were granted options under the Company's Sharesave scheme. The details are set out below:

Name	Number of options granted[1]	Exercise price[2]	Face value at grant[1]	% of award vesting at threshold	Date on which exercisable
Tim Roberts	11,967	155p	£23,156	N/A	1 December 2026
Darren Littlewood	11,967	155p	£23,156	N/A	1 December 2026

1 Both Directors opted to save £500 a month over the three-year savings period which, including the bonus rate amount, equates to 11,967 shares based on the exercise price.

2 The exercise price is calculated based on the average share price for the three days preceding the grant (193.50p). The Board then applied a 20% discount on the price for all participants in line with HMRC rules.

Payments to past Directors

There were no payments made to past Directors during the year.

Payments made for loss of office

There were no payments made for loss of office.

Statement of Directors' shareholdings and share interests *(audited)*

The following table sets out the shareholdings and share interests in ordinary shares of the Directors and connected persons in the Company as at 31 December 2023. The Executive Directors are subject to a shareholding requirement of 200% of salary under the Remuneration Policy. Executive Directors are expected to retain at least 50% of any LTIP awards or deferred bonus awards until holdings reach the required level. There are no holding requirements for Non-executive Directors.

		At 31 December 2023					
Director	Beneficially owned at 1 January 2023	Beneficially owned	Unvested options with performance conditions	Unvested options without performance conditions	Vested unexercised options	Total interests	**Shareholding as a % of salary or fees**
Tim Roberts	303,258	383,838	632,234	11,967	–	1,028,039	**165%**
Darren Littlewood	225,380	265,958	328,309	11,967	–	606,234	**174%**
Peter Mawson	13,200	13,200	–	–	–	13,200	**24%**
Talita Ferreira	N/A	-	-	-	-	-	**0%**
Gerald Jennings	19,900	19,900	–	–	–	19,900	**66%**
Joanne Lake	10,710	10,710	–	–	–	10,710	**35%**
Serena Lang	N/A	–	–	–	–	–	**0%**
James Sykes	20,000	20,000	–	–	–	20,000	**77%**

1 All outstanding scheme interests are in the form of options.

2 The table above includes the holdings of persons connected with each of the Directors.

3 The shareholding as a percentage shown above is based on the share price at 31 December 2023 (208p). The salary used for this calculation is that which commences on 1 January 2024.

There have been no other transactions between 31 December 2023 and 31 March 2024.

LTIP

	Date of grant	Market price at date of grant	At 1 January 2023	Grant during the year	Exercised during the year[1,2]	Lapsed during the year	**At 31 December 2023**	Actual exercise date/earliest vesting date
Tim Roberts	22/06/2020	256.17p	168,039	–	27,428	140,611	**–**	22/06/2023
	23/06/2021	262.67p	206,899	–	–	–	**206,899**	23/06/2024
	29/04/2022	324.33p	175,938	–	–	–	**175,938**	29/04/2025
	26/04/2023	235.67p	–	249,397	–	–	**249,397**	26/04/2026
			550,876	249,397	27,428	140,611	**632,234**	
Darren Littlewood	22/06/2020	256.17p	97,592	–	15,929	81,663	**–**	22/06/2023
	23/06/2021	262.67p	104,695	–	–	–	**104,695**	23/06/2024
	29/04/2022	324.33p	92,497	–	–	–	**92,497**	29/04/2025
	26/04/2023	235.67p	–	131,117	–	–	**131,117**	26/04/2026
			294,784	131,117	15,929	81,663	**328,309**	

1 Shares exercised under the LTIP includes 2,059 and 1,196 dividend equivalent shares respectively for Tim Roberts and Darren Littlewood.
2 Tim Roberts and Darren Littlewood exercised options during the year under the LTIP. The aggregate gain on exercise was £60,067 for Tim Roberts and £34,885 for Darren Littlewood based on a share price on the date of exercise of 219p.

Sharesave plan

	Date of grant	At 1 January 2023	Granted during the year	Exercised during the year	Lapsed during the year[1]	**At 31 December 2023**	Exercise price	Date from which exercisable	Expiry date
Tim Roberts	21/10/2022	9,090	–	–	9,090	**–**	198p	–	–
	20/10/2023	–	11,967	–	–	**11,967**	155p	01/12/2026	01/06/2027
Darren Littlewood	21/10/2022	9,090	–	–	9,090	**–**	198p	–	–
	20/10/2023	–	11,967	–	–	**11,967**	155p	01/12/2026	01/06/2027

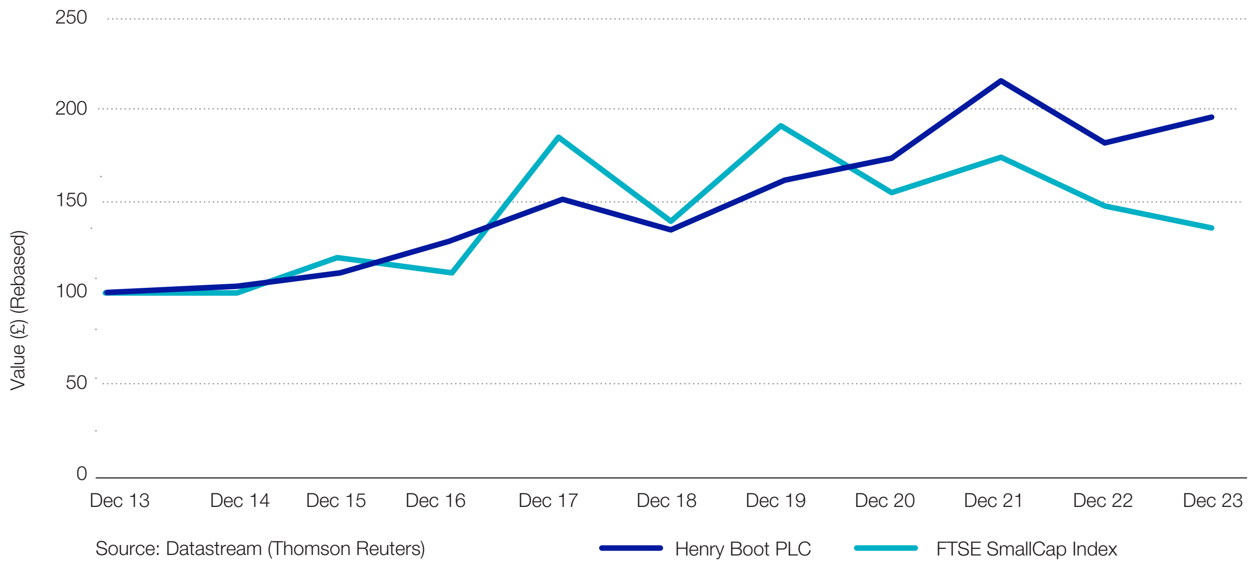
1 Both Tim Roberts and Darren Littlewood withdrew from the 2022 Sharesave plan and opted to join the 2023 Sharesave plan instead.

Share price

The middle market price for the Company's shares at 31 December 2023 was 208p and the range of prices during the year was 170p to 253p.

Ten-year TSR performance graph

The chart below shows the TSR for the Company compared to the FTSE Small Cap Index over ten years. The FTSE Small Cap index has been chosen as Henry Boot is a constituent of the FTSE Small Cap index.



REMUNERATION

CEO remuneration for the previous ten years

Year		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	**2023**
Name		Jamie Boot	Jamie Boot	Jamie Boot	Jamie Boot	John Sutcliffe	John Sutcliffe	John Sutcliffe	John Sutcliffe	Tim Roberts	Tim Roberts	Tim Roberts
Total Remuneration	(£'000)	1,054	1,000	981	1,118	1,277	1,250	912	715	982	929	**995**
Annual bonus	(% of max)	83.3	94.5	87.8	91.1	99.2	76.8	64.8	50.0	83.3	61.6	**64.3**
LTIP	(% of max)	50	25	25	67	100	87	65	nil	nil	15.1	**18.15**

Percentage change in Directors remuneration

The table below sets out in relation to salary, taxable benefits and annual bonus the percentage increase in remuneration for Directors compared to the wider workforce.

	Average percentage change 2022/23			**Average percentage change 2021/22**			**Average percentage change 2020/21**			**Average percentage change 2019/20**		
	Salary/ fees	**Taxable benefits**	**Annual bonus**	**Salary/ fees**	**Taxable benefits**	**Annual bonus**	**Salary/ fees**	**Taxable benefits**	**Annual bonus**	**Salary/ fees**	**Taxable benefits**	**Annual bonus**
Chief Executive Officer[1]	2.84%	8.11%	7.40%	-5%	6%	-22%	5%	0%	68%	0%	0%	N/A
Chief Financial Officer[1]	3.00%	3.23%	5.36%	0%	11%	-19%	9%	0%	87%	11%	0%	-51.10%
James Sykes[3]	3.92%	N/A	N/A	6%	N/A	N/A	5%	N/A	N/A	3%	N/A	N/A
Joanne Lake[3]	5.17%	N/A	N/A	21%	N/A	N/A	15.36%	N/A	N/A	3%	N/A	N/A
Gerald Jennings[3]	3.45%	N/A	N/A	21%	N/A	N/A	20.55%	N/A	N/A	3%	N/A	N/A
Peter Mawson[4]	22.47%	N/A	N/A	85%	N/A	N/A	27.81%	N/A	N/A	3%	N/A	N/A
Serena Lang[5]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Workforce	3.12%	0%	-9.39%	6.24%	0%	54.89%	9.55%	0%	0%	3.99%	0%	-40.81%

1 Explanations for large increases in prior years are provided in the previous Annual Reports
2 Peter Mawson was appointed as Chair on 26 May 2022 resulting in an increase in the fees received.
3 Serena Lang was appointed on 1 August 2022 and received a pro-rated fee. Therefore, the percentage change is not representative and so has not been included in the table above.

CEO pay ratio

The CEO pay ratio comparing the CEO single total figure of remuneration to the equivalent pay for the lower quartile, median and upper quartile of UK employees (calculated on a full-time equivalent basis). The ratios have been calculated in accordance with the Companies (Miscellaneous Reporting) Regulations.

	Method	**25th percentile pay ratio**	**Median pay ratio**	**75th percentile pay ratio**
2023	**Option A**	**28:1**	**21:1**	**13:1**
2022	Option A	28:1	20:1	12:1
2021	Option A	31:1	22:1	14:1
2020	Option A	26:1	18:1	11.1
2019	Option A	41:1	27:1	17:1

The Committee selected Option A as the method of calculation as it is generally recognised as the most statistically robust and is consistent with the approach used historically. The pay and benefits for UK employees have been determined by reference to the last day of the financial year (31 December 2023) using the same method as used for the single total figure.

Each employee's pay and benefits were calculated using each element of remuneration on a full-time basis, consistent with the CEO. No adjustments (other than the approximate up-rating of pay elements to achieve full-time equivalent rates) were made, with the exception of annual bonuses for Stonebridge and Road Link where the amount paid during 2022 was used, as the FY23 bonus figures had not yet been determined at the time this report was produced. No components of pay have been omitted.

	25th percentile	50th percentile	75th percentile
Salary/wages	£31,500	£38,000	£57,750
Total remuneration	£35,128	£49,264	£73,673

The CEO pay ratio for FY 23 is broadly in line with the ratio in FY 22. This reflects similar proportionate salary increases for the CEO and the workforce in both years and the relatively low long-term incentive payout over this period compared to other years. There have been no changes to the Company's employment models or the calculation methods used in both periods. The Committee is satisfied that the median pay ratio reported this year is consistent with our wider pay, reward and progression policies for employees.

Relative importance of the spend on pay

The following table sets out the percentage change in dividends, and the overall spend on pay across our whole organisation:

	2023 £'000	2022 £'000	Change %
Ordinary dividends	**9,785**	8,876[1]	10.3%
Overall expenditure on pay	**39,912**	39,088	2.1%

1 Figure reinstated with the 2022 actual dividends over the period

Implementation of Remuneration Policy in 2024

The section below sets out the implementation of the Remuneration Policy in 2024.

Executive Directors

Base salary

The Executive Directors received an increase of 3%, lower than the budgeted increase for the workforce of 4%. The base salaries for 2024 are set below:

	Salaries effective from		
	1 January 2024 £	1 January 2023 £	Change %
Tim Roberts	**£484,304**	£470,200	3%
Darren Littlewood	**£318,270**	£309,000	3%

Pension

The Executive Directors will continue to receive cash in lieu of pension contribution at a level of 8% of base salary in line with the majority of employees.

2024 bonus

The maximum bonus opportunity for Executive Directors is 120% of salary. The 2024 bonus will be based two-thirds on financial measures and one-third on strategic personal objectives of which some are related to ESG targets. In line with the Policy, 10% of the bonus will pay out for threshold performance and 50% at target. The profit targets are considered to be commercially sensitive and will therefore be disclosed retrospectively in next year's report. An overview of the high-level strategic personal objectives for each Executive Director is set out below. The Committee has reviewed the detail and sub-objectives that sit behind the overarching personal objectives below and is satisfied that they are stretching, robust and will contribute to the Company's medium-term strategy.

2024 strategic personal objectives – Tim Roberts

	Objective	Weighting (% of salary)
1	Evaluate and oversee implementation of Group strategy	15%
2	Enhance the Henry Boot profile through effective communication of our strategy, purpose, vision and values	5%
3	Oversee and drive culture of high performance through enhancing leadership capabilities and developing strategic capacity	3%
4	Oversee and direct Group-wide health and safety practices to avoid any major health and safety incidents	6%
5	Create a compelling narrative to engage with our shareholders and customers	3%
6	Oversee implementation of Responsible Business Strategy and embrace new ways of working	8%

REMUNERATION

2024 strategic personal objectives – Darren Littlewood

	Objective	Weighting (% of salary)
1	With CEO, support the implementation of the Group Strategy	10%
2	Oversee the implementation of the IT Strategy to encourage business improvement and efficiencies	10%
3	Encourage strategic development of talent in Group and continue to develop own profile amongst peers	4%
4	Support modernisation agenda and key internal changes across Group support functions to achieve a more aligned business partner model	4%
5	Oversee and develop financial reporting to support compelling equity narrative to encourage development of the shareholder register	4%
6	Support implementation of Responsible Business Strategy and influence our modernisation agenda	8%

Two-thirds of any bonus earned will be payable in cash and for the remaining one-third of the bonus, Executive Directors will be required to invest this into shares which must be held for three years.

2024 LTIP awards

The 2024 LTIP awards will be granted at 150% of salary for the CEO and 125% of salary for the CFO in line with the new Policy maximum. This is a modest increase to the normal LTIP grant level, as permitted under the new Policy, to increase the emphasis on long term performance, accompanied by stretching targets, so that Executive Directors will only receive increased LTIP pay-outs if excellent performance is delivered.

The Committee will consider the share price at the date of grant in relation to the share price used for the prior year's grant. If the share price is materially lower it may scale back the grant level as a percentage of salary. Alternatively, the Committee will review the share price at the date of vesting and consider whether there has been any windfall gain through a strong recovery in share price that is not linked to business performance.

The 2024 LTIP awards will be subject to relative TSR, EPS, ROCE, and ESG related targets, based on a reduction in Scopes 1 & 2 emissions and workforce gender balance. During the year, the Committee reviewed the weightings of each of the measures to ensure they aligned with the strategic priorities of the business over the longer term. As a result, the Committee increased the weighting on relative TSR from 30% to 40% to increase the emphasis on shareholder returns and provide stronger alignment with shareholders' interests. The weighting on EPS and ROCE have been reduced from 30% to 25% each. The weighting on Scopes 1 & 2 emissions and workforce gender balance targets have remained at 5% each.

The stretching targets that have been set are considered to be at least as challenging as targets set for prior years' awards, taking into account internal business plans and current market conditions.

The detailed performance metrics, which will be measured over the three-year period to 31 December 2026, are as follows:

Total Shareholder Return (TSR) relative to constituent companies of the FTSE Small Cap Index excluding Investment Trusts (40% weighting)	We strive to achieve high shareholder returns. TSR reflects the extent to which shareholders and the market consider that the Company strategy is appropriate and is being implemented and articulated well by the Executive Directors.
EPS (25% weighting)	We strive to grow earnings per share sustainably over the long term. This should give rise to an ability to grow dividends faster than inflation; a key driver to long term growth in shareholder value.
Return on Average Capital Employed (25% weighting)	We aim to deliver strong ROACE performance. This is a further driver to long term shareholder value growth.
ESG – Scope 1 and 2 Greenhouse Gas Emissions (5% weighting) **Workforce Gender Balance (5% weighting)**	We strive to ensure that our business decisions create sustainable and long term value for all our stakeholders. We want to deliver our commercial purpose whilst leaving a lasting positive legacy.

These performance criteria provide a good balance between financial and stock market performance and broader stakeholder interests. Set out below are the target ranges.

	Weighting	Threshold target (25% of maximum)	Maximum target (100% of maximum)
Henry Boot TSR relative to the FTSE Small Cap Index (excluding Investment Trusts)	40%	Median performance	Upper quartile performance or above
EPS in 2026	25%	19p	24p
Return on Average Capital Employed (average over 3 years)	25%	8%	11.5%
Scope 1 and 2 Greenhouse Gas Emissions in 2026	5%	2,612 tonnes	
Workforce gender balance by 2026	5%	68 male : 32 female*	

* Individuals identifying as male or female

The target ranges for the EPS and Return on Average Capital Employed elements, have been set to be at least as challenging to prior years' awards, taking into account internal business plans, consensus analyst estimates and the challenging market conditions.

During the year, the Company undertook a review of the carbon reduction trajectory to take into account when the initiatives set in place will start to significantly impact emissions. As a result, the Scopes 1 and 2 emissions target was set at 2,612 tonnes and is considered a stretching goal, even though this represents a relatively modest reduction in comparison to the 2025 target that was set for last year's award (2,650 tonnes).

The performance target has been determined based on the current size of the business and will be adjusted based on growth or contraction of the business, to ensure that it remains equivalently challenging irrespective of the size of the business in three years' time.

The workforce gender balance split was set taking into account our current gender balance of 72 male: 28 female and the limited recruitment opportunities within the market Henry Boot operates in. The target set for the FY24 award represents a clear and progressive goal for the business.

Awards will be subject to a two-year holding period post vesting.

Non-executive Directors

Non-executive Director and Chair's fees have been increased by 3% for FY24, lower than the budgeted increase for the workforce of 4%.

	Fees effective from		
	1 January 2024 £	1 January 2023 £	Change %
Chair fee[1]	**112,476**	109,200	3%
Base Non-executive Director fee	**54,234**	52,654	3%
Remuneration and Audit & Risk Committee Chair fee	**5,356**	5,200	3%
Responsible Business Committee Chair	**2,678**	2,600	3%
Non-executive Director designated to workforce engagement	**2,678**	2,600	3%
Senior Independent Director	**3,729**	3,640	3%

1 Fee includes role as Chair of Nomination Committee.

Approved by the Board and signed on its behalf by

GERALD JENNINGS
CHAIR OF THE REMUNERATION COMMITTEE

11 April 2024

CORPORATE GOVERNANCE REPORT

DIRECTORS' REPORT

The Directors' Report for the financial year ended 31 December 2023 is detailed below.

Activities of the Group

The principal activities of the Group are land promotion, property investment and development, and construction.

Strategic Report

In accordance with the Companies Act 2006, we are required to present a fair review of the Group's business along with a description of the principal risks and uncertainties it faces. The Strategic Report for the year ended 31 December 2023 is set out on pages 14 to 77.

Corporate governance statement

The Disclosure Guidance and Transparency Rules of the Financial Conduct Authority require certain information to be included in a corporate governance statement in the Directors' Report. Information that fulfils the requirements of the Corporate Governance Statement can be found in Governance on pages 78 to 141, and also within this Director's Report.

Results for the year and dividends

The results are set out in the Consolidated Statement of Comprehensive Income on page 160. The companies affecting the profit or net assets of the Group in the year are listed in note 37 to the Financial Statements.

The Directors recommend that a final dividend of 4.40p per ordinary share be paid on 31 May 2024, subject to shareholder approval at the 2024 AGM to be held on 23 May 2024, to ordinary shareholders on the register at the close of business on 3 May 2024. If approved, this, together with the interim dividend of 2.93p per ordinary share paid on 13 October 2023, will make a total dividend of 7.33p per ordinary share for the year ended 31 December 2023. Further details are disclosed in note 10 to the Financial Statements on page 178.

Financial instruments

The Group's policy in respect of financial instruments is set out within the Accounting Policies on page 171 and details of credit risk, capital risk management, liquidity risk and interest rate risk are given respectively in notes 18, 26 and 27 to the Financial Statements.

Going concern and viability statement

The Directors have, at the time of approving the Financial Statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Further detail is contained in the Strategic Report on pages 54 to 55.

Fair, balanced and understandable

The Audit and Risk Committee and the Board have assessed the tone, balance and language of the Annual Report and Financial Statements, being mindful of the requirements of the UK Corporate Governance Code and the need for consistency between the narrative section of the document and the Financial Statements. The Board's formal statement on the Annual Report and Financial Statements being fair, balanced and understandable is contained within the Statement of Directors' Responsibilities which can be found on page 148.

Political donations

The Company made no political donations in the year or in the previous year.

Directors and their interests

Details of the Directors who held office during the financial year ending 31 December 2023 and as at the date of this Annual Report and Financial Statements can be found on pages 80 and 81. At no time during the year has any Director had any interest in any significant contract with the Company.

The interests of Directors and persons closely associated with them in the share capital of the Company as at 31 December 2023, are disclosed in the Directors' Remuneration Report on page 136. Between 31 December 2023 and 31 March 2024, being a date not more than one month prior to the date of the Notice of the AGM, there were no changes in the beneficial interests of any of the current Directors during this period.

Details of Directors' long-term incentive awards and share options are provided in the Directors' Remuneration Report on pages 119 to 141.

Directors' service contracts and letters of appointment

Details of unexpired terms of Directors' service contracts and/or letters of appointment of the Executive Directors proposed for reappointment at the AGM on 23 May 2024 are set out in the Directors' Remuneration Policy.

Tim Roberts and Darren Littlewood each have a one-year rolling service agreement in accordance with our policy on Directors' contracts. Termination of these arrangements would therefore be subject to their contractual terms and conditions which require a notice period of one year to the Director. Contractual compensation in the event of early termination provides for compensation at basic salary, pension and benefits for the notice period.

Non-executive Directors, including the Chair, do not have service contracts. All Non-executive Directors have letters of appointment and their appointment and subsequent reappointment is subject to approval by shareholders. Non-executive Director appointments are typically for three years; however, they may be terminated without compensation at any time. The proposed 2024 Directors' Remuneration Policy can be viewed on pages 123 to 130.

Training and development

Formal and tailored inductions are arranged for all new Directors and continued development is monitored by the Chair as part of the evaluation process. The programme of induction includes attendance at PLC Board and subsidiary meetings, meetings with key internal and external stakeholders including the Group Employee Forum Chair, site visits, training on director duties and other personalised development to encourage a seamless integration into the business.

Non-executive Directors are encouraged to familiarise themselves with the Company's business, and throughout the year they have regularly attended subsidiary board meetings and other management meetings. You can read more about engagement with employees and other stakeholders on pages 57-58 and 94-96.

Specific training requirements were considered as part of the Board's performance review, details of which can be found on pages 97 to 101. General updates on regulations and best practice are provided through a mixture of briefings, Board papers and email updates.

Employment policy and involvement

Employees

Employees are at the heart of all that we do; our culture ensures that employees can grow, thrive and succeed. Details of how we seek to promote and achieve this are set out in the Responsible Business section on pages 60 to 64, the employee engagement report on pages 94 to 96 and Nomination Committee Report on pages 102 to 108.

Employee engagement

Details of our employee engagement activities can be found on pages 94 to 96.

Employee communications

Employee engagement and best-practice internal communications was a key consideration for the Marketing and Communications team in 2023. Early in the year, detailed strategies and plans were created to support two major communications workstreams; the embedding of a refreshed reward strategy linked to employee objective setting and a major change management project focused on the head office move from Banner Cross Hall on the outskirts of Sheffield, to the Isaacs Building in the city centre. In September, a dedicated Internal Communications Manager was appointed to strengthen and upskill the existing team.

To ensure communications were as engaging as possible, regular monthly cross-departmental meetings prioritised the content workstreams and analysed engagement statistics to inform decisions. To reduce the number of emails being sent across the business, and to focus attention, a new monthly e-newsletter titled 'The Lowdown' was launched in May, which has proven successful in communicating important operational and people-focussed news. Also in September, a dedicated Events and Engagement Manager was appointed to create and curate a year-round programme of events at the Isaacs Building, promoting business updates, learning & development, health & wellbeing initiatives and charitable endeavours.

Employee share schemes

The Group encourages participation in the Company's employee share schemes to share in the potential growth and future success of the Group. From 2018, eligible employees have been invited to participate in Sharesave and either the Company Share Option Plan or the Long Term Incentive Plan based on their grade on an annual basis. Details of employee share schemes are set out in note 31 to the Financial Statements.

Directors' indemnity provisions

Directors risk personal liability under civil and criminal law for many aspects of the Company's main business decisions. As a consequence, the Directors could face a range of penalties, including fines and/or imprisonment. In keeping with normal market practice, the Company believes that it is prudent and in the best interests of the Company to protect the individuals concerned from the consequences of innocent error or omission. As a result, the Company operates a Directors' and officers' liability insurance policy in order to indemnify Directors and other senior officers of the Company and its subsidiaries, as recommended by the UK Corporate Governance Code. This insurance policy does not provide cover where the Director or officer has acted fraudulently or dishonestly.

In addition, subject to the provisions of and to the extent permitted by relevant statutes, under the Articles of Association of the Company, the Directors and other officers throughout the year, and at the date of approval of these Financial Statements, were indemnified out of the assets of the Company against liabilities incurred by them in the course of carrying out their duties or the exercise of their powers.

Health and safety

The health and safety of our employees and others is paramount.

Further information on our approach to health and safety is provided in the Our People section on page 64.

Relationship with stakeholders

Details of how we engage with stakeholders and uphold our Directors' duties more widely under s.172 of the Companies Act 2006 can be found on pages 56 to 59.

Shareholder relations

The Company actively communicates with its institutional and private shareholders and values a two-way conversation on key Company issues. It is this close relationship with shareholders that is viewed as one of the Company's particular strengths.

During the year a number of formal presentations were made by members of the Board to institutional shareholders and feedback from these meetings was provided to the Board by our brokers or through written reports. In addition, informal feedback sessions regarding the Annual Report were carried out with institutional investors. At every Board meeting an update is given to the Non-executive Directors on any feedback from investors, particularly after investor roadshow programmes. The Board receive a report at every meeting on share movements during the period and any market trends. The Company uses the Investor Relations section of its website, henryboot.co.uk, to publish statutory documents and communications to shareholders, such as the Annual Report and Financial Statements. The website is designed to communicate with both present and potential investors and includes all London Stock Exchange announcements, investor presentations and press releases. During the last year, the Company also consulted with major shareholders on the new Remuneration Policy which you can read about on pages 123 to 130.

CORPORATE GOVERNANCE REPORT

DIRECTORS' REPORT

Greenhouse gas emissions

The greenhouse gas emissions disclosures required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 are included within the Strategic Report on page 176. This information is incorporated by reference into (and shall be deemed to form part of) this report.

Substantial interests in voting rights

Excluding Directors, as at 31 March 2024, being a date not more than one month prior to the date of the Notice of the AGM, the information in the table below had been disclosed to the Company in accordance with the requirements in the Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

	Voting rights over ordinary shares	
	Number	% of issued
Rysaffe Nominees and J J Sykes (joint holding)[1]	20,532,155	15.40
David John Gladman	12,084,550	9.02
The London & Amsterdam Trust Company Limited	8,487,371	6.37
The Fulmer Charitable Trust[2]	5,739,580	4.40

1 Rysaffe Nominees and James Sykes are joint registered holders on behalf of various Reis family trusts and are therefore not included under the beneficial interests of James Sykes set out in the Directors' Remuneration Report.

2 The shares of the Fulmer Charitable Trust, a recognised charity, are registered in the names of Mr John Spencer Reis, Mrs Sally Anne Reis and Mrs Caroline Mary Mytum as Trustees.

These figures represent the number of shares and percentage held as the date of notification to the Company.

Details of Directors' holdings can be found on page 136.

Shares held by the Henry Boot PLC Employee Trust

The Company has an established Employee Trust (the Trust) for the benefit of the Group's employees to satisfy existing grants by the Company under various share-based payment arrangements. Details of the Company's share-based payment arrangements are provided in note 31 to the Financial Statements. The Trustee of the Trust, a subsidiary of the Company of which the Directors throughout 2023 were Tim Roberts, Darren Littlewood and Amy Stanbridge, exercises the voting rights in relation to shares held as it, in its absolute discretion, thinks fit, but having regard to the interests of the beneficiaries. In respect of the financial year of the Company ended on 31 December 2023, the Trust has waived the right to receive from the Company all dividends (if any) in respect of the shares held within the Trust.

During 2023, the Trust purchased 48,916 ordinary shares in the Company, as it does from time to time in order to satisfy upcoming grants. Further details are provided in note 33 to the Financial Statements.

Future developments

Important events since the financial year end and likely future developments are described in the Strategic Report on pages 14 to 77 and in note 36 to the Financial Statements.

Statement of disclosure of information to auditors

The Directors of the Company who held office at the date of approval of this Annual Report each confirm that:

- so far as they are aware, there is no relevant audit information (information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The external auditors, Ernst & Young LLP, have carried out the audit of the 2023 financial results. Resolutions re-appointing Ernst & Young LLP as auditors (Resolution 13) and authorising the Audit and Risk Committee to fix their remuneration (Resolution 14) will be proposed at the AGM.

Accountability and audit

Details of the Directors' responsibilities and the Statement of Directors' Responsibilities are contained on page 148. The Independent Auditors' Report is given on pages 152 to 159.

Annual General Meeting (AGM)

The Notice of the AGM can be found on pages 212 to 215, which also details methods of shareholder engagement to take place in conjunction with the AGM. It is also available at henryboot.co.uk, where a copy can be viewed and downloaded.

Additional shareholder information

This section sets out details of other matters on which the Directors are required to report annually, but which do not appear elsewhere in this document.

The information below summarises certain provisions of the current Articles of Association of the Company (as adopted by special resolution on 27 May 2011) (the Articles) and applicable English law concerning companies (the Companies Act 2006). This is a summary only and the relevant provisions of the Companies Act 2006 or the Articles should be consulted if further information is required.

Share capital

The Company's issued share capital comprises two classes of shares being, respectively, ordinary shares of 10p each (ordinary shares) and cumulative preference shares of £1 each (preference shares). Further details of the share capital of the Company are set out in note 31 to the Financial Statements. As at 31 March 2024, the ordinary shares represent 97.1% of the total issued share capital of the Company by nominal value and the preference shares represent 2.9% of such total issued share capital. The ordinary shares and the preference shares are in registered form. Both classes of share are admitted to the Official List of the Financial Conduct Authority.

The Company's ordinary shares are categorised as "Premium Listed" and its preference shares as "Standard Listed". A Standard Listing is based on EU minimum standards for floating a company on a public market whereas a Premium Listing requires compliance with additional requirements set out in the Listing Rules of the Financial Conduct Authority.

The Notice of the AGM on pages 212 to 215 includes the following resolutions:

- An ordinary resolution (Resolution 15) to renew the authority of the Directors to allot shares up to a maximum nominal amount of £4,466,207 representing approximately one-third (33.33%) of the Company's issued ordinary share capital at 31 March 2024. The authority will expire on 23 August 2025 or at the conclusion of the next AGM, whichever is the earlier, but it is the present intention of the Directors to seek annual renewal of this authority. The Directors do not have any present intention of exercising the authority.
- A special resolution (Resolution 16) to enable the Directors to continue to allot equity securities for cash in connection with a rights or other issue pro rata to the rights of the existing shareholders, but subject to certain exceptions, and for any other purpose provided that the aggregate nominal value of such allotments does not exceed £669,931 (approximately 5% of the Company's issued ordinary share capital at 31 March 2024). The authority will expire on 23 August 2025 or at the conclusion of the next AGM, whichever is the earlier, but it is the present intention of the Directors to seek annual renewal of this authority. The Directors also confirm their intention that, in line with the Pre-Emption Group's Statement of Principles, no more than 7.5% of the issued ordinary share capital of the Company (excluding treasury shares) will be issued for cash on a non pre-emptive basis during any rolling three-year period without prior consultation with shareholders.
- A special resolution (Resolution 17) to renew the authority of the Company to make market purchases of up to 13,398,621 of its own issued ordinary shares (10% of the Company's issued ordinary share capital at 31 March 2024). The minimum price that may be paid under the authority for an ordinary share is 10p and the maximum price is limited to not more than 5% above the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days before the purchase is made. The Directors will exercise the authority only if they are satisfied that it would be likely to result in an increase in expected earnings per share of the ordinary share capital in issue and that any purchase will be in the best interests of shareholders generally. If the Directors do decide to exercise the authority, ordinary shares so acquired will either be cancelled or held as treasury shares, depending upon the circumstances prevailing at the time.

Rights and obligations attaching to shares

Subject to the Companies Act 2006 and other shareholders' rights, any share may be issued with such rights and restrictions as the Company may by ordinary resolution decide or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board of Directors for the time being of the Company (the Board) may decide. Subject to the Companies Act 2006, the Articles and any resolution of the Company, the Board may deal with any unissued shares as it may decide.

Rights of preference shares

The preference shares carry the following rights (subject to Board approval) in priority to the ordinary shares but carry no further right to participate in profits or assets:

- the right to receive out of the profits of the Company a fixed cumulative preferential dividend at the rate of 5.25% per annum on the capital paid up thereon;
- the right on a return of assets on a winding up to payment of the capital paid up thereon together with a sum calculated at the rate of 6.00% per annum in respect of any period up to the commencement of the winding up for which such preferential dividend as referred to above has not been paid; and
- the right on a return of assets in a reduction of capital to repayment of the capital paid up thereon together with a sum equal to all arrears (if any) of such preferential dividend as referred to above. The preference shares shall not confer on the holders of them any right to receive notice of or to be present or to vote at any general meeting unless either:
  - a resolution is proposed directly affecting the rights or privileges of the holders of the preference shares as a separate class; or
  - at the date of the notice convening the general meeting, the fixed cumulative preferential dividend provided in the Articles shall be in arrears for more than six months.

Voting

For 2024, the Company has again determined that voting on each resolution will be conducted by way of a poll. The Company believes that a poll is more representative of shareholders' voting intentions because shareholder votes are counted according to the number of votes held and all votes tendered are taken into account. The results of the poll will be announced to the London Stock Exchange and will be made available on the Company's website at (add company link) as soon as practicable following the conclusion of the AGM. Under the Companies Act 2006, shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at a general meeting or class meeting.

CORPORATE GOVERNANCE REPORT

DIRECTORS' REPORT

Restrictions on voting

A shareholder shall not be entitled to vote at any general meeting or class meeting in respect of any shares held by him unless all calls and other sums presently payable by him in respect of that share have been paid. In addition, holders of default shares (as defined in the Articles) shall not be entitled to vote during the continuance of a default in providing the Company with information concerning interests in those shares required to be provided (following relevant notification) under the Companies Act 2006.

Deadlines for voting rights

Full details of the deadlines for exercising voting rights in respect of the resolutions to be considered at the AGM to be held on 23 May 2024 are set out in the Notice of AGM on pages 212 to 215.

Dividends and distributions

The Company may, by ordinary resolution, declare a dividend to be paid to the shareholders but no dividend shall exceed the amount recommended by the Board. The Board may pay interim dividends and also any fixed rate dividend whenever the financial position of the Company justifies its payment in the opinion of the Board. If the Board acts in good faith, none of the Directors shall incur any liability to the holders of shares with preferred rights for any loss they may suffer in consequence of the payment of an interim dividend on other shares.

Variation of rights

The Articles specify that the special rights attached to any class of shares may, either with the consent in writing of holders of three-quarters of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of such holders (but not otherwise), be modified or abrogated.

Transfer of shares

Under and subject to the restrictions in the Articles, any shareholder may transfer some or all of their shares in certificated form by transfer in writing in any usual form or in any other form which the Board may approve. Uncertificated shares must be transferred by means of a relevant system, such as CREST. The Board may, save in certain circumstances, refuse to register any transfer of a certificated share not fully paid up. The Board may also refuse to register any transfer of certificated shares unless it is:

- in respect of only one class of shares;
- duly stamped or exempt from stamp duty;
- delivered to the office or at such other place as the Board may decide for registration; and
- accompanied by the certificate for the shares to be transferred and such other evidence (if any) as the Board may reasonably require to show the right of the intending transferor to transfer the shares.

In addition, the Board may refuse to register any transfer of shares which is in favour of (i) a child, bankrupt or person of unsound mind or (ii) more than four transferees.

Repurchase of shares

Subject to the provisions of the Companies Act 2006 and to any rights conferred on the holders of any class of shares, the Company may purchase all or any of its shares of any class, including any redeemable shares.

Amendment to the Articles of Association

Any amendments to the Articles may be made in accordance with the provisions of the Companies Act 2006 by way of special resolution.

Appointment and replacement of Directors

The Directors shall not, unless otherwise determined by an ordinary resolution of the Company, be less than three nor more than 15 in number. Directors may be appointed by the Company by ordinary resolution or by the Board. A Director appointed by the Board shall retire from office at the next AGM of the Company but shall then be eligible for reappointment. The Board may appoint one or more Directors to hold any office or employment under the Company for such period (subject to the Companies Act 2006) and on such terms as it may decide and may revoke or terminate any such appointment.

At each AGM, any Director who has been appointed by the Board since the previous AGM and any Director selected to retire by rotation shall retire from office. At each AGM, one-third of the Directors who are subject to retirement by rotation or, if the number is not an integral multiple of three, the number nearest to one-third but not exceeding one-third shall retire from office. In addition, there shall also be required to retire by rotation any Director who at any AGM of the Company shall have been a Director at each of the preceding two AGMs of the Company, provided that they were not appointed or reappointed at either such AGM and they have otherwise ceased to be a Director and been reappointed by general meeting of the Company at or since either such AGM. The Company's policy is that all of the Directors should be, and are, subject to annual re-election.

The Company may, by ordinary resolution of which special notice has been given in accordance with the Companies Act 2006, remove any Director before their period of office has expired notwithstanding anything in the Articles or in any agreement between them and the Company. A Director may also be removed from office by the service on them of a notice to that effect signed by or on behalf of all the other Directors, being not less than three in number. The office of a Director shall be vacated if:

i. they are prohibited by law from being a Director;
ii. they become bankrupt or make any arrangement or composition with their creditors generally;
iii. they are physically or mentally incapable of acting as a Director, in the opinion of a registered medical practitioner who is treating them;
iv. a court makes an order that they are prevented from exercising their powers or rights by reasons of their mental health;

v. for more than six months they are absent, without special leave of absence, from the Board, from meetings of the Board held during that period, and the Board resolves that their office be vacated; or

vi. they serve on the Company notice of their wish to resign.

Powers of the Directors

The business of the Company shall be managed by the Board which may exercise all the powers of the Company, subject to the provisions of the Articles and any resolution of the Company's shareholders.

The Articles specify that the Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets and uncalled capital and to issue debentures and other securities, subject to the provisions of the Articles.

Takeovers and significant agreements

The Company is a party to the following significant agreements that take effect, alter or terminate on a change of control of the Company following a takeover bid:

- the Company's share schemes and plans; and
- bank facilities whereby upon a 'change of control' the lenders shall consult with the Company for a period not greater than 30 days (commencing on the date of the change of control) to determine whether and on what basis the lenders are prepared to continue the facility.

Information rights

Beneficial owners of shares who have been nominated by the registered holder of those shares to enjoy information rights under Section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares, rather than to the Company's registrars, Computershare Investor Services PLC or to the Company directly.

Approved by the Board and signed by its order by

AMY STANBRIDGE
COMPANY SECRETARY

11 April 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with UK-adopted international accounting standards (IFRSs). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- in respect of the group financial statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent company financial statements, state whether UK-adopted international accounting standards, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and/ or the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the company and the group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and parent company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

The directors confirm, to the best of their knowledge:

- that the consolidated financial statements, prepared in accordance with UK-adopted international accounting standards give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation taken as a whole;
- that the Annual Report, including the strategic report, includes a fair review of the development and performance of the business and the position of the company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- that they consider the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

Approved by the Board and signed on its behalf by

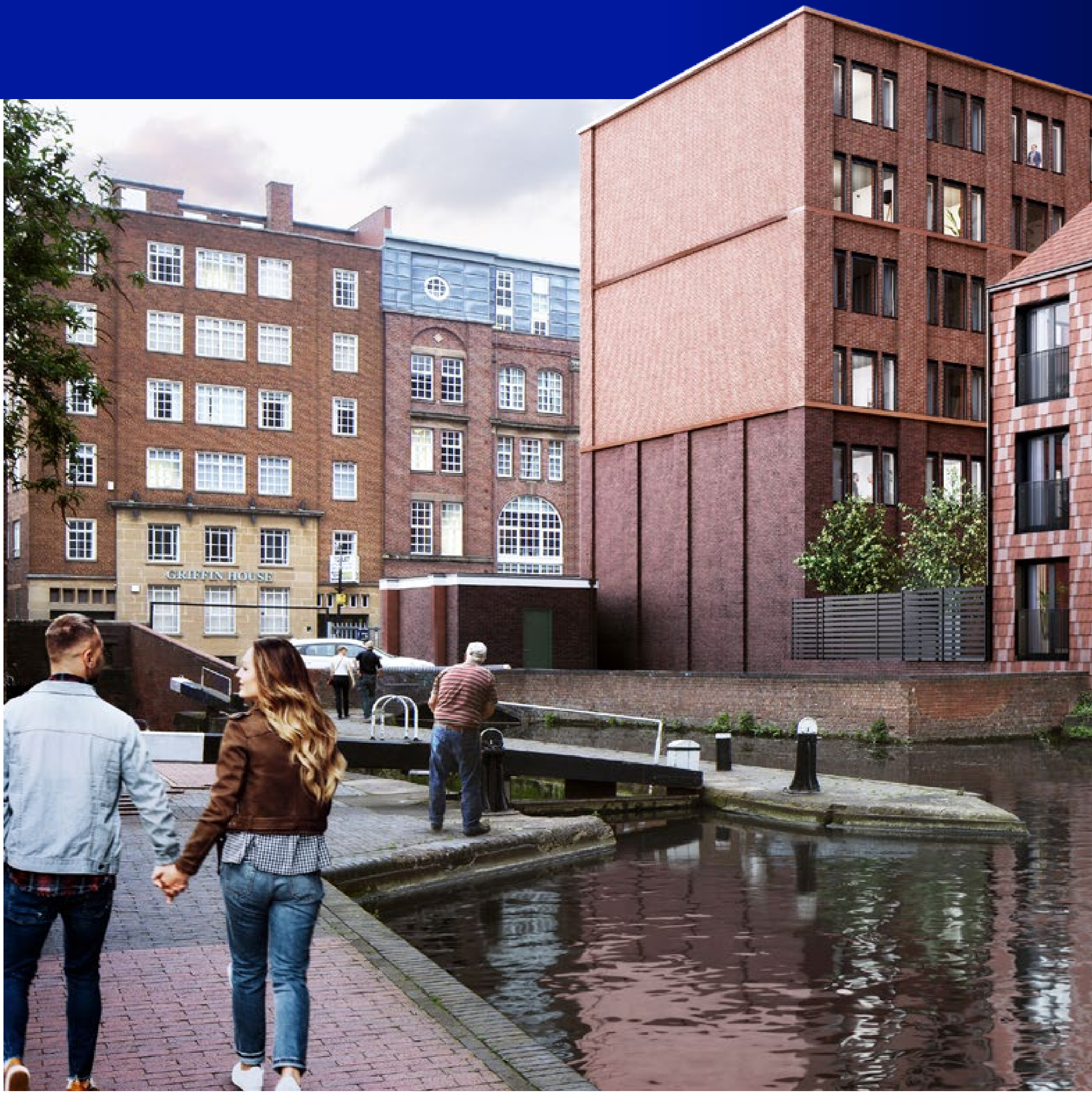
TIM ROBERTS
DIRECTOR

11 April 2024

DARREN LITTLEWOOD
DIRECTOR

11 April 2024

FINANCIALS



Contents

INDEPENDENT AUDITOR'S REPORT

to the members of Henry Boot PLC

Opinion

In our opinion:

- Henry Boot PLC's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted international accounting standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Henry Boot PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise:

Group	Parent Company
Group statement of financial position as at 31 December 2023	Parent Company statement of financial position as at 31 December 2023
Consolidated statement of comprehensive income for the year ended 31 December 2023	Parent Company statement of changes in equity for the year ended 31 December 2023
Group statement of cash flows for the year ended 31 December 2023	Parent Company statement of cash flows for the year ended 31 December 2023
Group statement of cash flows for the year ended 31 December 2023	Related notes 1 to 38 to the financial statements, including material accounting policy information
Related notes 1 to 38 to the financial statements, including material accounting policy information	

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the group and parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

- confirming our understanding of management's going concern assessment process, through our walkthrough of the Group's financial close process and engaging with management early to ensure all key factors we identified were considered in their assessment;
- obtaining management's going concern assessment, including the cash flow forecasts and forecast covenant calculations, which covers the period to 31 December 2025. The Group has modelled a base scenario and a severe but plausible downside scenario. This downside scenario models a significant curtailment of activity in 2024 followed by a return to 2023 levels in 2025. The 2024 forecast is modelled on a recessionary environment similar to that experienced during the global financial crisis in 2008;
- testing the integrity and clerical accuracy of the model;
- testing the assumptions included in each modelled scenario and considering whether climate change could impact the assessment;.
- considering the mitigating factors included in management's downside scenario and assessing whether they are within control of the Group, for example, reducing uncommitted development and acquisition expenditure;
- verifying the credit facilities available to the Group, being the secured loan facility of £105m alongside an option to extend this facility through to January 2026;
- considering the likelihood of new financing being available for the period post- January 2026 in light of Heads of Terms being agreed with full credit committee approval for a new facility as at the date of this report;
- assessing management's break case regarding breaching the EBIT cover covenant in the downside scenario;
- performing reverse stress testing in order to identify what factors would lead to the Group utilising all liquidity or breaching the financial covenant during the going concern period; and
- reviewing the Group's going concern disclosures included in the Annual Report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period to 31 December 2025.

In relation to the group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of six components and audit procedures on specific balances for a further nine components. • The components where we performed full or specific audit procedures accounted for 94% of Profit before tax, 99% of Revenue and 99% of Total assets.
Key audit matters	• Valuation of contract balances and associated revenue and profit recognition • Valuation of house building inventories and profit recognition • Valuation of investment properties
Materiality	• Overall group materiality of £1.9m which represents 5% of profit before tax.

An overview of the scope of the parent company and group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, changes in the business environment, the potential impact of climate change and other factors when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 57 reporting components of the Group, we selected 15 components covering entities which represent the principal business units within the Group.

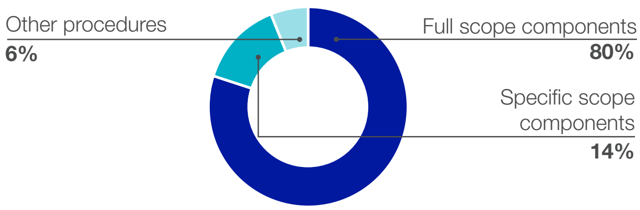
Of the 15 components selected, we performed an audit of the complete financial information of six components ("full scope components") which were selected based on their size or risk characteristics. For the remaining nine components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 94% (2022: 93%) of the Group's Profit before tax, 99% (2022: 99%) of the Group's Revenue and 99% (2022: 98%) of the Group's Total assets. For the current year, the full scope components contributed 80% (2022: 81%) of the Group's Profit before tax, 94% (2022: 95%) of the Group's Revenue and 81% (2022: 83%) of the Group's Total assets. The specific scope component contributed 14% (2022: 12%) of the Group's Profit before tax, , 5% (2022: 4%) of the Group's Revenue and 18% (2022: 15%) of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

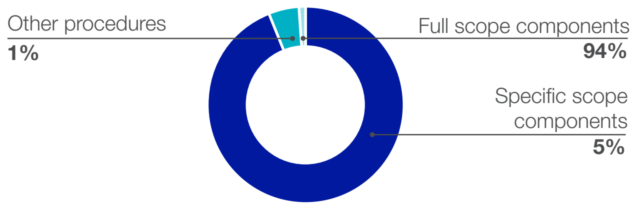
Of the remaining 42 components that together represent 6% of the Group's Profit before tax, none are individually greater than 2% of the Group's Profit before tax. For these components, we performed other procedures, including analytical review and testing of consolidation journals and intercompany eliminations to respond to any potential risks of material misstatement to the Group financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.

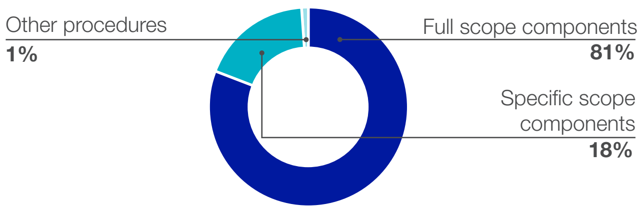
Profit before tax



Revenue



Total assets



Involvement with component teams

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

Climate change

Stakeholders are increasingly interested in how climate change will impact Henry Boot PLC. The Group has concluded that the construction and property development industry is one of the higher risk sectors and they continuously monitor the risks and opportunities arising and the materiality of the financial impacts of those risks may present to the business. This is explained on pages 72 to 74 in the required Task Force on Climate related Financial Disclosures and on page 50 in the principal risks and uncertainties. They have also explained their climate commitments on page 33. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in the Basis of preparation note their articulation of how climate change has been reflected in the financial statements. There are no significant judgements or estimates relating to climate change in the notes to the financial statements. The Group has concluded that the environmental impact on the Group's operations is relatively low and no issues were identified that would materially impact the carrying values of such assets or have any other impact on the financial statements.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating whether management's assessment of the impact of the physical climate risk of flooding has been appropriately reflected in inventory asset values and that the Group's relevant transition costs have been appropriately reflected in the investment property valuation. We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, include other relevant steps to our risk assessment to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

Based on our work, whilst we have not identified the impact of climate change on the financial statements to be a standalone key audit matter, we have considered the impact on the valuation of investment properties. Details of the impact, our procedures and findings are included in our explanation of the key audit matter below.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Valuation of contract balances and associated revenue and profit recognition *Refer to the Audit and Risk Committee Report (page 111); Accounting policies (page 164); and Notes 1,17 and 22 of the Consolidated Financial Statements (pages 173, 191 and 194)* The Group has reported revenues from construction and development contracts for the year of £118.9m (2022 - £154.7m). The Group has reported contract assets of £13.6m (2022 - £19.3m) and contract liabilities of £1.1m (2022 - £4.0m). For construction and development contract activity the performance obligation is satisfied over time. This means that revenue is recognised by measuring the progress towards completing the performance obligation satisfactorily. This assessment requires management to estimate the stage of completion of construction and development contract activity and assess costs to complete. Forecasting is highly subjective and is an area that could lead to misstatement of revenue, profit and related construction and development contract balances either through error or management bias.	We performed a walkthrough to understand the key processes and identify key controls. We agreed key contractual terms to customer contracts. We agreed total expected revenue for the contracts through to signed contracts and approved variation orders. We visited a sample of contract sites to gain a deeper understanding of the projects and to identify any contra-indicators of the stage of completion through inspection and discussion with the onsite project managers. We tested a sample of costs incurred in the year to third party invoices and ensured the correct allocation of costs to the contracts. We challenged the cost to complete assumptions by: • Holding discussions with project managers and quantity surveyors to understand the basis for the assumptions and for a sample of incomplete contracts, attending the year end valuation meetings where the costs to complete are challenged internally; • Testing a sample of costs to complete by agreeing through to purchase order, contract or other evidence; • Understanding the nature of costs to come and evaluating the split between fixed and variable costs to assess the cost volatility risk; • Assessing management's consideration of key supplier resilience for contracts where costs with sub-contractors are fixed; and • Obtaining the post year end Cost Variance Reports ('CVR's') to ascertain whether there had been any unfavourable or favourable margin movements that should have been reflected at year end. We recalculated the percentage completion and margin recognised in the year. We analysed historical accuracy of forecasting by comparing original forecast margins to their final actual margins on contracts completed in the year. We performed sensitivity analysis for the incomplete contracts to determine what level of cost increase or project delays would be required to have a material impact on the amounts recognised as revenue and cost of sales in the year. We reviewed board minutes and the legal claims log to determine whether there are any claims not reflected in the year end contract assessments. We assessed the completeness of onerous contracts to ensure that these are accounted correctly in line with IAS 37. **We performed full and specific scope audit procedures over this risk area in two components, which covered 100% of the risk amount.**	Based on our audit procedures we have concluded that the revenue, profit and contract balances recognised in the year are not materially misstated.

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Valuation of house building inventories and profit recognition *Refer to the Audit and Risk Committee Report (page 111); Accounting policies (page 164); and Note 20 of the Consolidated Financial Statements (page 193)* The Group holds house building inventories of £96.2m (2022 - £80.6m). There is a risk that the margin used to recognise profit on each development is incorrect and that the carrying value of inventory could be overstated. The carrying value of inventory is determined by reference to a number of assumptions inherent in the site forecasts, such as costs to complete and expected selling price. These are used to calculate the expected margin on each development and the cost of sale recorded when a plot is sold. There is a risk that these assumptions may be subject to management override or error.	We performed a walkthrough to understand the key process and identified key controls. For completed sites, we compared the budgeted and actual costs and margin to assess the historical accuracy of management's forecasting. We tested a sample of costs incurred in the year by agreeing to third party invoice and ensuring the cost allocation is to the correct site. We challenged the cost to complete assumptions on all material incomplete sites by; • Holding a meeting with the commercial director to assess the status and performance to date and the basis for the cost to complete assumptions made, including understanding the reasons behind any excess costs or savings recognised on the site since the initial forecast; • Testing a sample of costs to complete by agreeing through to third party support (e.g. tender, purchase order) targeting cost categories containing a higher level of estimation; • Comparing the original budgeted margin to the current expected site margin to assess the accuracy of management's forecasting and the impact on cost of sales; • Comparing the margin recognised to date to the current expected site margin to identify any significant deviations. Where there are significant deviations we understood and substantiated the drivers; • Performing a stress test to see by how much costs to complete would have to increase by to have a material impact on the margin recognised in the financial statements; and • Where available, inspecting the post year end site forecasts and attending post year end management meetings to ascertain whether there had been any significant margin movements that should have been reflected in the year end estimates. We challenged the expected selling price assumptions on all material incomplete sites by; • Holding a meeting with the commercial director to assess the basis for the expected selling price assumptions made; • Inspecting industry publications to assess expectations regarding house prices to identify any contradictory evidence for the expected selling price; • Testing a sample of expected selling prices to current market price on external website or the most recent selling price for the same/similar house type;; and • Performing stress tests to see what expected selling prices would have to change by to result in a material write down to inventory. **We performed full and specific scope audit procedures over this risk area in one component, which covered 100% of the risk amount.**	Based on our audit procedures we have concluded that the house building inventory balance and profit recognised in the year are not materially misstated.

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Valuation of investment properties *Refer to the Audit and Risk Committee (page 111); Accounting policies (page 164); and Note 14 of the Consolidated Financial Statements (pages 184 to 188)* The Group holds Investment property of £100.6m (2022 - £97.1m). The change in fair value of investment properties is a £0.3m gain (2022: £4.9m loss) There is a risk that the carrying value of investment properties is misstated, given that the carrying value of these assets is based on a number of assumptions which contain inherent uncertainties and which require management judgement. Uncertainties in the valuations include yields, market rent, actual rent achieved and commercial property values amongst other building specific assumptions. In addition, there is a risk that management inappropriately override the valuation determined by the external valuer.	We performed walkthroughs to understand the key process and identify key controls. For a sample of completed investment properties, we involved our internal EY valuations specialists to assess the appropriateness of the valuations provided by Management's specialist valuer. We assessed these through reading the external valuer reports and testing the underlying data used by the external valuer in forming their valuation. This included validating key assumptions around rent, yields and commercial property values to supporting third party evidence or market activity, and by holding discussions directly with the external valuer to confirm their valuation approach, including their consideration of climate risk. We also considered if there was any contrary evidence to management's valuations and assessed the objectivity and competence of Managements specialist valuer. We reconciled the third party property valuations to the property book values and tested the appropriateness of any material reconciling items. **We performed full and specific scope audit procedures over this risk area in two components, which covered 100% of the risk amount.**	Based on our audit procedures we have concluded that the investment property balance is not materially misstated.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £1.9 million (2022: £2.4 million), which is 5% (2022: 5%) of Profit before Tax. We believe that Profit before Tax provides us with an appropriate basis of materiality and is the most relevant measure for stakeholders as it is a focus of both management and investors.

We determined materiality for the Parent Company to be £2.5 million (2022: £2.4 million), which is 2% (2022: 2%) of Equity. However, we have capped the materiality for our audit testing to the allocated materiality of the Group.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2022: 75%) of our planning materiality, namely £1.4m (2022: £1.8m). We have set performance materiality at this percentage due to this being a recurring audit with a history of few misstatements. Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £0.3m to £0.7m (2022: £0.4m to £1.8m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of £0.1m (2022: £0.1m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds..

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report set out on pages 1 to 148, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 54 to 55;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 54 to 55;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 54 to 55;
- Directors' statement on fair, balanced and understandable set out on page 142;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 48 to 54;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 109 to 112; and;
- The section describing the work of the Audit and Risk Committee set out on page 109 to 112,

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 148, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those that relate to the reporting framework (UK adopted international accounting standards as applied in accordance with section 408 of the Companies Act 2006), the relevant tax compliance regulations in the UK, employment law and building safety regulations.
- We understood how Henry Boot PLC is complying with those frameworks by making enquiries of management, Internal Audit, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of board minutes and papers provided to the Audit and Risk Committee.
- We assessed the susceptibility of the group’s financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was a susceptibility to fraud. We also considered performance targets and their propensity to influence efforts made by management to manage earnings. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk, as set out in the Key Audit Matters section above. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from material fraud and error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual consolidation journals, and journals indicating large or unusual transactions based on our understanding of the business; enquiries of Group management and Internal Audit; and focused testing, as referred to in the key audit matters section above. In addition, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Accounts with the requirements of the relevant accounting standards, UK legislation and the UK Corporate Governance Code 2018.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Other matters we are required to address

Following the recommendation from the Audit and Risk Committee, we were appointed by the company on 25 May 2023 to audit the financial statements for the year ending 31 December 2023 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is four years, covering the years ending 31 December 2020 to 31 December 2023.

- The audit opinion is consistent with the additional report to the Audit and Risk Committee

Use of our report

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

VICTORIA VENNING (SENIOR STATUTORY AUDITOR)

for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

11 April 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Revenue	1	**359,399**	341,419
Cost of sales		**(282,634)**	(259,829)
Gross profit		**76,765**	81,590
Other income	1	**4,800**	—
Administrative expenses		**(39,543)**	(36,143)
Pension expenses	4	**(4,798)**	(4,312)
		37,223	41,135
Increase/(decrease) in fair value of investment properties	14	**307**	(4,921)
Profit on sale of investment properties		**733**	646
Profit/(loss) on sale of assets held for sale		**1,571**	(149)
Share of profit of joint ventures and associates	16	**371**	9,079
Profit on disposal of joint ventures	16	**—**	667
Operating profit	3	**40,205**	46,457
Finance income	5	**3,357**	1,641
Finance costs	6	**(6,260)**	(2,503)
Profit before tax		**37,302**	45,595
Tax	7	**(8,759)**	(7,725)
Profit for the year from continuing operations		**28,543**	37,870
Other comprehensive income/(expense) not being reclassified to profit or loss in subsequent years:			
Revaluation of Group occupied property	12	**(228)**	315
Deferred tax on property revaluations	19	**279**	(23)
Actuarial (loss)/gain on defined benefit pension scheme	29	**(3,066)**	14,994
Deferred tax on actuarial (loss)/gain	19	**767**	(3,749)
Total other comprehensive income not being reclassified to profit or loss in subsequent years		**(2,248)**	11,537
Total comprehensive income for the year		**26,295**	49,407
Profit for the year attributable to:			
Owners of the Parent Company		**26,299**	33,319
Non-controlling interests		**2,244**	4,551
		28,543	37,870
Total comprehensive income attributable to:			
Owners of the Parent Company		**24,051**	44,856
Non-controlling interests		**2,244**	4,551
		26,295	49,407
Basic earnings per ordinary share for the profit attributable to owners of the Parent Company during the year	9	**19.7p**	25.0p
Diluted earnings per ordinary share for the profit attributable to owners of the Parent Company during the year	9	**19.3p**	24.6p

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2023

	Note	Group 2023 £'000	Group 2022 £'000	Parent Company 2023 £'000	Parent Company 2022 £'000
Assets					
Non-current assets					
Intangible assets	11	**2,179**	2,933	**—**	—
Property, plant and equipment	12	**29,218**	28,766	**3,021**	380
Right-of-use assets	13	**3,986**	997	**2,022**	63
Investment properties	14	**100,602**	97,116	**—**	—
Investments	15	**—**	—	**37,771**	37,771
Investment in joint ventures and associates	16	**10,484**	9,990	**—**	—
Retirement benefit asset	29	**7,725**	6,188	**7,725**	6,188
Trade and other receivables	18	**39,263**	37,029	**190,233**	185,206
Deferred tax assets	19	**213**	249	**244**	307
		193,670	183,268	**241,016**	229,915
Current assets					
Inventories	20	**297,618**	291,778	**—**	—
Contract assets	17	**13,659**	19,257	**—**	—
Trade and other receivables	18	**76,416**	66,601	**40,881**	40,149
Cash		**13,034**	17,401	**5,572**	10,316
		400,727	395,037	**46,453**	50,465
Liabilities					
Current liabilities					
Trade and other payables	23	**73,477**	95,827	**68,350**	89,308
Contract liabilities	22	**1,060**	4,006	**—**	—
Current tax liabilities		**6,677**	3,793	**5,499**	2,356
Borrowings	27	**84,819**	65,000	**84,102**	65,009
Lease liabilities	13	**728**	426	**232**	34
Provisions	28	**3,221**	4,003	**—**	—
		169,982	173,055	**158,183**	156,707
Net current assets/(liabilities)		**230,745**	221,982	**(111,730)**	(106,242)
Non-current liabilities					
Trade and other payables	23	**2,501**	4,568	**—**	—
Borrowings	27	**1,699**	—	**—**	—
Lease liabilities	13	**3,547**	607	**1,982**	30
Deferred tax liability	19	**5,372**	4,401	**2,162**	1,548
Provisions	28	**1,178**	1,385	**—**	—
		14,297	10,961	**4,144**	1,578
Net assets		**410,118**	394,289	**125,142**	122,095
Equity					
Share capital	31	**13,799**	13,763	**13,799**	13,763
Property revaluation reserve	32	**1,011**	2,352	**—**	—
Retained earnings	32	**383,219**	365,692	**102,833**	100,680
Other reserves	32	**8,248**	7,482	**9,385**	8,619
Cost of shares held by ESOP trust	33	**(875)**	(967)	**(875)**	(967)
Equity attributable to owners of the Parent Company		**405,402**	388,322	**125,142**	122,095
Non-controlling interests	38	**4,716**	5,967	**—**	—
Total equity		**410,118**	394,289	**125,142**	122,095

The Parent Company made a profit for the year of £13,304,000 (2022: £15,987,000).

The Financial Statements on pages 160 to 211 of Henry Boot PLC, registered number 160996, were approved by the Board of Directors and authorised for issue on 11 April 2024.

On behalf of the Board

TIM ROBERTS
DIRECTOR

DARREN LITTLEWOOD
DIRECTOR

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2023

		Attributable to owners of the Parent Company							
		Share capital	Property revaluation reserve	Retained earnings	Other reserves	Cost of shares held by ESOP trust	Total	Non-controlling interests	Total equity
Group	Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2022		13,732	2,060	328,348	6,744	(1,044)	349,840	5,446	355,286
Profit for the year	32	—	—	33,319	—	—	33,319	4,551	37,870
Other comprehensive income		—	292	11,245	—	—	11,537	—	11,537
Total comprehensive income		—	292	44,564	—	—	44,856	4,551	49,407
Equity dividends	10	—	—	(8,383)	—	—	(8,383)	(4,030)	(12,413)
Proceeds from shares issued		31	—	—	738	—	769	—	769
Share-based payments	32, 33	—	—	1,163	—	77	1,240	—	1,240
		31	—	(7,220)	738	77	(6,374)	(4,030)	(10,404)
At 31 December 2022		13,763	2,352	365,692	7,482	(967)	388,322	5,967	394,289
Profit for the year	32	**—**	**—**	**26,299**	**—**	**—**	**26,299**	**2,244**	**28,543**
Other comprehensive expense		**—**	**51**	**(2,299)**	**—**	**—**	**(2,248)**	**—**	**(2,248)**
Total comprehensive income		**—**	**51**	**24,000**	**—**	**—**	**24,051**	**2,244**	**26,295**
Transfer between reserves[1]		**—**	**(1,392)**	**1,392**	**—**	**—**	**—**	**—**	**—**
Equity dividends	10	**—**	**—**	**(9,274)**	**—**	**—**	**(9,274)**	**(3,495)**	**(12,769)**
Purchase of treasury shares		**—**	**—**	**—**	**—**	**(98)**	**(98)**	**—**	**(98)**
Proceeds from shares issued		**36**	**—**	**—**	**766**	**—**	**802**	**—**	**802**
Share-based payments	32, 33	**—**	**—**	**1,409**	**—**	**190**	**1,599**	**—**	**1,599**
		36	**(1,392)**	**(6,473)**	**766**	**92**	**(6,971)**	**(3,495)**	**(10,466)**
At 31 December 2023		**13,799**	**1,011**	**383,219**	**8,248**	**(875)**	**405,402**	**4,716**	**410,118**

1 Transfer of realised profits on disposal of revalued property.

Parent Company	Note	Share capital £'000	Retained earnings £'000	Other reserves £'000	Cost of shares held by ESOP trust £'000	Total equity £'000
At 1 January 2022		13,732	81,414	7,881	(1,044)	101,983
Profit for the year	8	—	15,987	—	—	15,987
Other comprehensive expense		—	11,245	—	—	11,245
Total comprehensive expense		—	27,232	—	—	27,232
Equity dividends	10	—	(8,383)	—	—	(8,383)
Proceeds from shares issued		31	—	738	—	769
Share-based payments	33	—	417	—	77	494
		31	(7,966)	738	77	(7,120)
At 31 December 2022		13,763	100,680	8,619	(967)	122,095
Profit for the year	8	**—**	**13,304**	**—**	**—**	**13,304**
Other comprehensive income		**—**	**(2,299)**	**—**	**—**	**(2,299)**
Total comprehensive income		**—**	**11,005**	**—**	**—**	**11,005**
Equity dividends	10	**—**	**(9,274)**	**—**	**—**	**(9,274)**
Purchase of treasury shares		**—**	**—**	**—**	**(98)**	**(98)**
Proceeds from shares issued		**36**	**—**	**766**	**—**	**802**
Share-based payments	33	**—**	**422**	**—**	**190**	**612**
		36	**(8,852)**	**766**	**92**	**(7,958)**
At 31 December 2023		**13,799**	**102,833**	**9,385**	**(875)**	**125,142**

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2023

		Group		Parent Company	
		2023	2022	**2023**	2022
	Note	**£'000**	£'000	**£'000**	£'000
Cash flows from operating activities					
Cash generated from operations	34	**5,871**	(16,549)	**(1,174)**	(10,473)
Interest paid		**(5,475)**	(1,829)	**(4,978)**	(3,031)
Tax paid		**(3,797)**	(2,918)	**(2,000)**	(1,500)
Net cash flows from operating activities		**(3,401)**	(21,296)	**(8,152)**	(15,004)
Cash flows from investing activities					
Purchase of property, plant and equipment (excluding equipment for hire)	12	**(4,074)**	(971)	**(2,916)**	(205)
Capital expenditure on investment property	14	**(8,017)**	(9,301)	**–**	–
Purchase of investment in associate	16	**–**	(2,112)	**–**	–
Proceeds on disposal of property, plant and equipment (excluding equipment held for hire)		**432**	270	**–**	–
Proceeds on disposal of assets held for sale		**4,713**	10,987	**–**	–
Proceeds on disposal of investment properties		**7,764**	8,146	**–**	–
Advances of loans to joint ventures and associates		**(24,321)**	(8,560)	**–**	–
Repayment of loans from joint ventures and associates		**10,868**	10,904	**–**	–
Advances made to subsidiary undertakings		**–**	–	**(16,769)**	(22,676)
Repayments received from subsidiary undertakings		**–**	–	**9,911**	10,677
Proceeds on disposal of investment in joint ventures	16	**–**	6,873	**–**	–
Interest received		**1,830**	1,153	**269**	85
Dividends received from joint ventures and subsidiaries	8,16	**900**	7,160	**25,139**	26,491
Net cash flows from investing activities		**(9,905)**	24,549	**15,634**	14,372
Cash flows from financing activities					
Proceeds from shares issued		**802**	769	**802**	769
Purchase of treasury shares		**(98)**	–	**(98)**	–
Advances from joint ventures and associates		**12**	355	**–**	–
Advances received from subsidiary undertakings		**–**	–	**2,007**	4,713
Repayments made to subsidiary undertakings		**–**	–	**(24,660)**	(3,803)
Repayment of borrowings		**(36,510)**	(70,000)	**(35,500)**	(70,000)
Proceeds from new borrowings		**58,028**	85,000	**54,000**	85,000
Principal elements of lease payments		**(526)**	(679)	**(96)**	(48)
Dividends paid – ordinary shares	10	**(9,253)**	(8,362)	**(9,253)**	(8,362)
– non-controlling interests	10	**(3,495)**	(4,030)	**–**	–
– preference shares	10	**(21)**	(21)	**(21)**	(21)
Net cash flows from financing activities		**8,939**	3,032	**(12,819)**	8,248
Net (decrease)/increase in cash and cash equivalents		**(4,367)**	6,285	**(5,337)**	7,616
Cash and cash equivalents at beginning of year		**17,401**	11,116	**10,307**	2,691
Cash and cash equivalents at end of year		**13,034**	17,401	**4,970**	10,307

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

The principal Accounting Policies adopted in the preparation of the Group's Financial Statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The Company is a public limited company, listed on the London Stock Exchange and incorporated and domiciled in the United Kingdom. The address of its registered office is Isaacs Building, 4 Charles Street, Sheffield, England, United Kingdom S1 2HS.

Basis of preparation and statement of compliance

The Consolidated Financial Statements of the Group and the Financial Statements of the Parent Company have been prepared in accordance with UK-adopted International Accounting Standards. They have been prepared on the historical cost basis, except for financial instruments, investment properties and Group occupied land and buildings, which are measured at fair value.

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act and not presented a statement of comprehensive income for the Parent Company alone. See note 8.

The Group has considered the impact of climate change when preparing the financial statements. In particular, the potential effect on balance sheet assets arising from either future physical or transition risk. Having undertaken this process, we are satisfied no impairments are required at this time, largely due to the natural churn and development of property assets, continued investment and replacement of plant hire equipment, and the consideration of appraisal processes on land acquisitions.

Consolidation

The Consolidated Financial Statements are a consolidation of the Financial Statements of the Parent Company and all entities controlled by the Company (its subsidiaries) made up to 31 December each year. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the Accounting Policies used in line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or to the effective date of disposal. Non-controlling interests in the fair value of the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination.

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment.

Going concern

In undertaking their going concern review, which covers the period to 31 December 2025, the Directors considered the Group's principal risk areas that they consider material to the assessment of going concern.

As the UK economy continues to prove challenging, the Directors have assessed the Group's ability to operate in a more uncertain environment in modelling a base case scenario. They have also modelled what they consider to be a severe downside scenario, including further curtailment in activities. This downside scenario is based on a c.34% reduction in sales and c.87% reduction in operating profits from the base case in 2024. The constituents for the reduction in sales and operating profits are:

- Construction and Development activity only takes place where contracted;
- No Hallam Land sales are assumed in 2024 unless already contracted;
- Stonebridge Homes - a 10% decline in house prices is assumed along with a 25% reduction in the number of plots sold;
- and Banner Plant revenue declines c.20%.

The downside model also assumes that acquisition and development spend is restricted other than that already committed and is all consistent with previous experience in recessionary environments.

Having started 2024 with net debt of £77.8m, and with c.£83.7m net debt at 29 February 2024, against current facilities of £105.0m the Directors have concluded that the Group is able to control the level of uncommitted expenditure while delivering contracted schemes, allowing it to retain and even improve the cash position in the event of a severe downside scenario, although the impact of doing so on the profit and loss account would be unavoidable.

The Group meets its day-to-day working capital requirements through a secured loan facility (see note 25 of the Financial Statements). The existing agreement runs to 23 January 2025 and, an option, entirely in management's control, to extend the existing facilities by a further 12 months to 23 January 2026 has been put in place. The extension maintains the existing facility terms other than for a racheted interest rate of between 1.60% and 2.00% above SONIA. Management has assumed the extension of the current facility within the going concern assessment.

While the option provides security of funding throughout the going concern period and has been used as the basis of the going concern assessment, the Group has also agreed terms with existing lenders on a new revolving credit facility which is currently in the legal process and expected to be signed shortly. The new facility level will increase to £125m, for a period of three years and include options to extend by one year to 2028 and a further year to 2029. The facility terms are similar to the existing agreement and will be at a rate of 1.60% above SONIA. The agreement includes an accordion to increase the facility by up to £60m. The new facility is expected to complete in H1 2024.

None of the modelling undertaken by the Directors gives rise to any breach of bank facility covenants or liquidity breaches in the going concern period. The most sensitive covenant in our facilities relates to the ratio of EBIT (Earnings Before Interest and Tax) on a 12-month rolling basis to senior facility finance costs, which is assessed half-yearly. We have performed a reverse stress test to determine at what point this covenant could be breached and it would require a further 15% reduction in EBIT, to the downside scenario, in December 2024. We consider this implausible as our downside modelling includes a c.34% reduction in revenue and c.87% reduction in operating profit from our base case for 2024 without a breach, and as such we consider any further reduction in revenue and operating profit to be remote. Furthermore, the Directors are satisfied that there are further mitigations which are in management's control and can be implemented quickly should the business require in order to satisfy a covenant test. We are satisfied that we are able to comply with covenants throughout the going concern period.

The Directors expect that the Company and the Group will have adequate resources, liquidity and available bank facilities to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

Operating segments

The chief operating decision maker is the person or group that allocates resources to, and assesses the performance of, the operating segments of an entity. The Group has determined that its chief operating decision maker is the Board of Henry Boot PLC (the 'Board').

Management has determined the operating segments based on the reports reviewed by the Board in making strategic decisions.

The Board considers the business based on the following operating segments:

- Property Investment and Development, inclusive of property investment, property development, housebuilding and associated trading activities
- Land Promotion, inclusive of land management, development and trading activities
- Construction, inclusive of its PFI company and plant hire activities

While the following is not a reportable segment, information about it is considered by the Board in conjunction with the reportable segments:

- Group overheads, comprising central services, pensions, head office administration, in-house leasing and financing activities

Joint ventures and associates

Joint ventures are all entities in which the Group has shared control with another entity, established by contractual agreement. Associates are all entities over which the Group has significant influence, but not control, generally accompanied by a share of between 20% and 50% of the voting rights. Joint ventures and associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's share of profits or losses is recognised in the Consolidated Statement of Comprehensive Income. If the share of losses equals its investment, the Group does not recognise further losses, except to the extent that there are amounts receivable that are long term and may not be settled in the foreseeable future. Unrealised gains on transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest in them. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of the joint ventures and associates are consistent with those of the Group.

Business combinations and goodwill

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Subsequent changes in fair value of contingent consideration classified as a financial asset or financial liability are accounted for in accordance with IFRS 9. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured, initially, at their fair values at the acquisition date. Acquisition-related costs are recognised in the Consolidated Statement of Comprehensive Income as incurred.

Goodwill arising on consolidation of subsidiary undertakings is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is, subsequently, measured at cost less any accumulated impairment losses. Goodwill is subjected to an impairment test at the reporting date or when there has been an indication that the goodwill should be impaired; any loss is recognised immediately through the Consolidated Statement of Comprehensive Income and is not, subsequently, reversed. For the purpose of impairment testing, goodwill is allocated to cash-generating units. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which goodwill arose.

Critical judgements and estimates

The critical judgements and estimates in applying the Group's Accounting Policies that have the most significant effect on the amounts recognised in the Financial Statements, apart from those noted below, relate to revenue recognition and inventories. These are referred to on page 167 and 170, and each is interpreted by management in the light of IFRS 15 'Revenue from Contracts with Customers' and IAS 2 'Inventories'.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, are:

- Retirement benefit costs — the estimates used in retirement benefit costs are arrived at in conjunction with the scheme's actuary and advisers, those having the most significant impact being the liabilities discount rate, RPI and mortality rates. Note 29 to the Financial Statements gives details of the sensitivity surrounding these estimates;
- Fair value of investment properties and of Group occupied properties — the fair value of completed investment property and of Group occupied property is determined by independent valuation experts using the yield method valuation technique. The fair value of investment property under construction has been determined using the residual method by the Directors of the Company. The most significant estimates used in these valuations are rental values, yields and costs to complete. Notes 12 and 14 to the Financial Statements give details of the valuation methods used and the sensitivity surrounding these estimates. In determining fair value measurement, the impact of climate-related matters, including legislation, which may affect the fair value measurement of investment property, has been considered; and
- Provisions — amounts recognised in relation to provisions are based on assumptions in respect of cost estimates, the timing of cash flows and discount rates used. Note 28 to the Financial Statements gives details of the sensitivity surrounding these estimates.

The reference to estimates above, and in policy notes on IFRS 15 'Revenue from Contracts with Customers' and IAS 2 'Inventories', is not intended to comply with the requirements of paragraph 125 of IAS 1 'Presentation of Financial Statements', as it is not expected there is a significant risk of a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer and excluding amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer. Where consideration is not specified within the contract and, therefore, subject to variability, the Group estimates the amount of consideration to be received from its customer. The consideration recognised is the amount that is highly probable not to result in a significant reversal in future periods. Where a modification to an existing contract occurs, the Group assesses the nature of the modification and whether it represents a separate performance obligation required to be satisfied by the Group or whether it is a modification to the existing performance obligation.

The Group has some contracts for which the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. The Group adjusts its transaction price for the time value of money.

The Group's activities are wide ranging, and, as such, depending on the nature of the product or service delivered and the timing of when control is passed to the customer, the Group will account for revenue over time or at a point in time. Where revenue is measured over time, the Group uses the input method to measure progress of delivery.

Product and Service	Nature, timing of satisfaction of performance obligations and significant payment terms.
Construction contracts	Typically, the Group's construction contracts consist of one performance obligation, being the delivery of construction works. However, for certain contracts (for example, where contracts involve separate phases or products that are not highly interrelated), multiple performance obligations exist. Where multiple performance obligations exist, total transaction price is allocated to performance obligations based on the relative standalone selling prices of each performance obligation. Revenue attributed to each performance obligation is recognised over time based on the percentage of completion, as the benefit is transferred to the customer, reflecting the enhancement in value of the customer's asset. The percentage of completion is calculated as the costs incurred to date as a percentage of the total costs expected to satisfy the performance obligation. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the percentage of completion calculation in the period in which the circumstances that give rise to the revision become known. Losses are recorded in full when the unavoidable costs of fulfilling a contract exceed the economic benefits. Any revenues recognised in excess of amounts invoiced are recognised as contract assets within current assets. Any payments received in excess of revenue recognised are recognised as contract liabilities within current liabilities.
Sale of land and properties	Revenue from the sale of land and properties is generally a single performance obligation, which is satisfied at the point in time when control of the land and properties has passed, typically on legal completion when the legal title has transferred. Land and properties are treated as disposed when control of the asset is transferred to the buyer. Typically, this will either occur on unconditional exchange or on completion. Where completion is expected to occur significantly after exchange, or where the Group continues to have significant outstanding obligations after exchange, the control will not usually transfer to the buyer until completion. Variable consideration such as overages are estimated based on the amount of consideration the Group expects to be entitled to, taking into account the terms which may give rise to variability and it is only recognised where it is highly probable there will not be a significant future reversal. This is estimated at contract inception and reassessed over the life of the contract. Revenue includes the fair value of consideration received or receivable on the sale of part exchange properties.
PFI Concession	Revenue from the Group's PFI concession is recognised at the point in time, by the calculation of 'shadow tolls' based on individual vehicle usage of the A69. The concession is accounted for in accordance with IFRIC 12 'Service Concession Arrangements' using the intangible asset model.
Operating leases (recognised as income under IFRS 16 'Leases')	Revenue from operating leases is recognised on a straight-line basis over the lease term, except for contingent rental income, which is recognised in the period in which it was earned. When the Group provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction to revenue.
Plant and equipment hire (recognised as income under IFRS 16 'Leases')	Revenue from plant and equipment hire is measured as the fair value of rental proceeds, which relate to the period of account.

Critical judgements and other estimates in applying IFRS 15 Revenue from Contracts with Customers

The following are the critical judgements and other estimates in applying accounting policies that the Directors have made in the process of applying IFRS 15 Revenue from Contracts with Customers and that have the most significant effect on the amounts recognised in the Consolidated Financial Statements.

Estimates in determining the recognition of revenue on construction contracts over time – construction contract revenue is recognised in accordance with the stage of completion of the contract where the contract's outcome can be estimated reliably. The principal method used to recognise the stage of completion is the input method using cost incurred to date as a percentage of estimated total costs to complete. The assessment of the final outcome of each contract is determined by regular review of the revenues and costs to complete that contract by an in-house or external survey of the work.

Judgement in determining the recognition of revenue at a point in time on land sale contracts – there is often judgement involved in evaluating when a customer obtains control of land during a sale, particularly where the contract includes licensing (or the granting of early access to housebuilders before completion), risk or deferred payment term clauses. In determining the revenue recognition, the Directors consider the present right for payment, legal title, physical possession, risks and rewards of ownership and acceptance of the asset in forming their opinion. Where necessary, third-party advice is taken.

Interest income and expense

Interest income and expense are recognised within 'Finance income' and 'Finance costs' in the Consolidated Statement of Comprehensive Income using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalised as part of the cost of that asset. The Group has chosen not to capitalise borrowing costs on all qualifying assets, which are measured at fair value.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability.

Leasing

Where the Group acts as a lessor in the case of operating leases, rentals receivable are recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Leases

The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liability: The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses an incremental borrowing rate, which is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Right-of-use assets: The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are, subsequently, measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss in line with the Group's existing impairment accounting policy.

Sale and leaseback

The Group's sale and leaseback of assets are accounted for such that the transfer of the asset is not deemed a sale under IFRS 15, this is on the basis that control of the assets remain with the Group as the Group has the right to repurchase the assets.

As the transfers do not qualify as a sale, the Group accounts for the transaction as a financing transaction. This means that the Group continues to recognise the asset on its balance sheet within property, plant and equipment and that the proceeds from the sale and leaseback are recognised as a financial liability at amortised cost in accordance with IFRS 9. This arrangement is similar to a loan secured over the underlying asset. Cashflows are reported in new borrowings and repayment of borrowings on the Group's cashflow statement.

Share-based payments

Equity-settled share-based payments to employees of the Company and its subsidiary undertakings are measured at fair value of the equity instruments at the date of grant and are expensed on a straight-line basis over the vesting period. Fair value is measured using a Monte Carlo pricing model, taking into account any market performance conditions, and excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 31. At each reporting period date, the Group estimates the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision, if any, is recognised in the Consolidated Statement of Comprehensive Income with a corresponding adjustment to equity reserves.

SAYE share options are treated as cancelled when employees cease to contribute to the scheme. This results in accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

Intangible assets excluding goodwill

Intangible assets are stated at cost less accumulated amortisation and impairment. The PFI asset, which is accounted for under IFRIC 12 'Service Concession Arrangements' represents the capitalised cost of the initial project, together with the capitalised cost of any additional major works to the road and structures, which are then amortised, on a straight-line basis, over 20 years or the remaining life of the concession. The concession lasts a period of 30 years and has a further two years to run.

Property, plant and equipment

Group occupied properties are stated in the Statement of Financial Position at their revalued amounts, being the fair value, based on market values, less any subsequent accumulated depreciation or subsequent accumulated impairment loss. Fair value is determined annually by independent valuers. Surpluses on revaluations are recorded in OCI and credited to the revaluation reserve. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. Deficits on revaluations are charged against the revaluation reserve to the extent that there are available surpluses relating to the same asset and are otherwise charged to profit or loss in the Consolidated Statement of Comprehensive income.

Equipment held for hire, vehicles and office equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes the original purchase price of the asset plus any costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, mainly at the following annual rates:

- Leasehold improvements – between 10% and 20% or based on lease term
- Equipment held for hire – between 6% and 50%
- Vehicles – between 10% and 25%
- Office equipment – between 25% and 33%

Investment property

Investment properties are those properties which are not occupied by the Group and which are held for long term rental yields, capital appreciation or both. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment properties are, initially, measured at cost, including related transaction costs.

At each subsequent reporting date, investment properties are remeasured to their fair value; further information regarding the valuation methodologies applied can be found in note 14 to the Financial Statements. Movements in fair value are included in the Consolidated Statement of Comprehensive Income.

Where the Group employs professional valuers, the valuations provided are subject to a comprehensive review to ensure they are based on accurate and up-to-date tenancy information. Discussions are also held with the valuers to test the valuation assumptions applied and comparable evidence utilised to ensure they are appropriate in the circumstances.

Subsequent expenditure is capitalised to the asset's carrying value only where it is probable that the future economic benefits associated with the expenditure will flow to the Group. All other expenditure is expensed to the Consolidated Statement of Comprehensive Income in the period in which it arises.

Investment property is derecognised when it is disposed of at its carrying value.

Where specific investment properties have been identified as being for sale within the next 12 months, a sale is considered highly probable and the property is immediately available for sale, their fair value is shown under assets classified as held-for-sale within current assets, measured in accordance with the provisions of IAS 40 'Investment Property'.

Inventories

Inventories are stated at the lower of cost and estimated net realisable value and are subject to regular impairment reviews.

Inventories comprise developments in progress, land held for development or sale, options to purchase land and planning promotion agreements.

- Property developments in progress includes properties being developed for onward sale.
- Housebuilder land and work in progress includes construction of residential housing for onward sale.
- Land held for development or sale is land owned by the Group that is promoted through the planning process in order to gain planning permission, adding value to the land.
- Options to purchase land are agreements that the Group entered into with the landowners whereby the Group has the option to purchase the land within a limited time frame. The landowners are not generally permitted to sell to any other party during this period, unless agreed to by the Group. Within the time frame the Group promotes the land through the planning process at its expense in order to gain planning permission. Should the Group be successful in obtaining planning permission it would trigger the option to purchase and subsequently sell on the land.
- Planning promotion agreements are agreements that the Group has entered into with the landowners, whereby the Group acts as promoter for the landowners in exchange for a fee of a set percentage of the proceeds or profit of the eventual sale. The Group promotes the land through the planning process at its own expense. If the land is sold, the Group will receive a fee for its services.

- The Group capitalises various costs in promoting land held under planning promotion agreements. In some instances, the agreements allow for the Group to be reimbursed certain expenditure following the conclusion of a successful sale, at which point the reimbursed costs are recognised as revenue. These costs are held in inventory at the lower of cost and estimated net realisable value.

Inventories comprise all the direct costs incurred in bringing the individual inventories to their present state at the reporting date, including any reimbursable promotion costs, less the value of any impairment losses.

Impairment reviews are considered on a site-by-site or individual development basis by management at each reporting date; write-downs or reversals are made to ensure that inventory is then stated at the lower of cost or net realisable value.

Net realisable value is considered in the light of progress made in the planning process, feedback from local planning officers, development appraisals and other external factors that might be considered likely to influence the eventual outcome. Where it is considered that no future economic benefit will arise, costs are written off to the Consolidated Statement of Comprehensive Income.

Where individual parcels of land held for development are disposed of out of a larger overall development site, costs are apportioned based on an acreage allocation after taking into account the cost or net realisable value of any remaining residual land that may not form part of the overall development site or that may not be available for development. Where the Group retains obligations attached to the development site as a whole, provisions are made relating to these disposals on the same acreage allocation basis.

Critical judgements and other estimates in applying IAS 2 Inventories

The following are the estimates in applying accounting policies that the Directors have made in the process of applying IAS 2 Inventories and that have the most significant effect on the amounts recognised in the Consolidated Financial Statements.

Estimates in determining the carrying value of work in progress inventory – there is often estimation involved in forecasting future costs to complete and selling prices, which can be affected by market conditions and unexpected events. In determining the carrying value, the Directors consider previous experience, communications with suppliers and market trends in forming their opinion. Where necessary, third-party advice is taken.

Assets classified as held for sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered, principally, through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell, or fair value in the case of Investment Property, if their carrying amount is to be recovered, principally, through a sale transaction rather than through continuing use and a sale is considered highly probable.

Tax

The tax charge on the profit or loss for the year comprises the sum of tax currently payable and any deferred tax movements in the year.

Tax currently payable is based on taxable profit for the year adjusted for any tax payable or repayable in respect of earlier years. Taxable profit differs from net profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and items that may never be taxable or deductible.

The Group's liability for current taxation is calculated using tax rates that have been enacted, or substantively enacted, by the reporting date.

Corporation tax liabilities of wholly owned subsidiary companies are, generally, transferred to and paid by the Parent Company and credit is given by the Parent Company for loss relief surrendered.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in computing taxable profits.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits or gains will be available to allow all or part of the assets to be recovered.

The carrying value of the Group's investment property is assumed to be realised by sale and the deferred tax is then calculated based on the respective temporary differences and tax consequences arising from this assumption.

Deferred tax is calculated at tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on rates that have been enacted, or substantively enacted, at the reporting date. Deferred tax is charged or credited in the Consolidated Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and deferred tax liabilities are offset where the Group has a legally enforceable right to do so and when the deferred tax assets and liabilities relate to tax levied by the same tax authority where there is an intention to settle the balances on a net basis.

Financial instruments

The Group retains such financial instruments as are required, together with retained earnings, in order to finance the Group's operations.

Financial assets or financial liabilities are recognised by the Group in the Statement of Financial Position only when the Group becomes a party to the contractual provisions of the instrument.

The principal financial instruments are:

- Trade and other receivables are measured initially at fair value and then amortised cost — where the time value of money is material, receivables are amortised using the effective interest rate method (see Interest income and expense in notes 5 and 6). IFRS 9's simplified approach to provisioning is used to calculate the Group's lifetime expected credit loss;
- Cash and cash equivalents, which comprise cash in hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value with an original maturity of three months or less;
- Trade and other payables, which are on normal credit terms, are not interest bearing and are stated at their nominal values — where the time value of money is material, payables are carried at amortised cost using the effective interest rate method (see Interest income and expense in notes 5 and 6); and
- Borrowings — see below.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Borrowings

Borrowings are recognised, initially, at fair value, net of transaction costs incurred. Borrowings are, subsequently, carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Consolidated Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some, or all, of the facility will be drawn down. In this case, the fee is deferred and amortised until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Government grants

Government grants are recognised at their fair value in the Consolidated Statement of Financial Position, within deferred income, where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants relating to revenue items are released to the Statement of Comprehensive Income and recognised within cost of sales over the period necessary to match the grant on a systematic basis to the costs that they are intended to compensate.

Government grants relating to capital items are released against the carrying value of the grant supported assets when the completion conditions of those assets are met.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event. It is probable that the Group will be required to settle that obligation with an outflow of economic benefits and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Onerous contracts are provided for at the lower of costs or termination.

When some, or all, of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The land promotion provision represents management's best estimate of the Group's liability to provide infrastructure and services as a result of obligations that remain with the Group following the disposal of land. Where the infrastructure and services obligations relate to developments on which land is being disposed of over a number of phases, provisions are calculated based on an acreage allocation methodology, taking into account the expected timing of cash outflows to settle the obligations.

The Group regularly reviews its contract obligations and whether they are considered to be onerous. In the event that the costs of meeting the obligations exceed the economic benefits expected to be received through the life of the development, a provision would be recognised based on the lower of the cost of fulfilling the contract or terminating the contract.

The road maintenance provision represents management's best estimate of the Group's liability under a five-year rolling programme for the maintenance of the Group's PFI asset.

Other provisions include any liabilities for which the Directors anticipate that a present obligation would result in a future outflow of resources, including legal and regulatory penalties or claims, being taken into account in the Financial Statements.

Specific details of the Group's provisions relating to land promotion and road maintenance can be found in note 28.

Retirement benefit costs

Payments to the defined contribution retirement benefit scheme are charged as an expense as they fall due.

The cost of providing benefits under the defined benefit retirement scheme is determined using the Projected Unit Credit Method, with actuarial calculations being carried out at each reporting date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised within 'Other comprehensive income' within the Consolidated Statement of Comprehensive Income. The net periodic benefit cost, comprising the employer's share of the service cost and the net interest cost, is charged to the Consolidated Statement of Comprehensive Income. The Group's net obligations in respect of the scheme are calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. This is then discounted to present value and the fair value of the scheme's assets is then deducted.

Share capital

Ordinary share capital is classified as equity. Preference share capital is classified as equity as it is non-redeemable or is redeemable only at the Company's option and any dividends are discretionary. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Dividends

The Group recognises a liability to pay a final dividend when the distribution is authorised and the distribution is no longer at the discretion of the Group. Under UK company law, a distribution is authorised when it is approved by the shareholders. An interim dividend is recognised when paid. A corresponding amount is then recognised directly in equity.

Impact of accounting standards and interpretations

At the date of authorisation of these Financial Statements, the following standards, amendments and interpretations to existing standards are effective or mandatory for the first time for the accounting year ended 31 December 2023:

		Effective from
IFRS 17 (issued 2017)	Insurance Contracts	1 January 2023
IFRS 17 (amended 2020)	Implementation challenges	1 January 2023
IAS 1 and IFRS Practice Statement 2 (amended 2021)	Disclosure of accounting policies	1 January 2023
IAS 8 (amended 2021)	Definition of accounting estimates	1 January 2023
IAS 12 (amended 2021)	Deferred tax related to Assets and Liabilities arising from a single transaction	1 January 2023
IFRS 17 (amended 2021)	Initial application of IFRS 17	1 January 2023
IAS 12 (amended 2023)	International Tax Reform – Pillar Two Model Rules	Immediately effectively

The adoption of these standards and interpretations has not had a significant impact on the Group.

At the date of the authorisation of these Financial Statements, the following standards, amendments and interpretations were in issue, but not yet effective:

		Effective from
IAS 1 (amended 2020)	Classification of liabilities as current or non-current	1 January 2024
IAS 1 (amended 2022)	Non-current liabilities with covenants	1 January 2024
IFRS 16 (amended 2022)	Lease liability in a sale and leaseback	1 January 2024
IAS 7 and IFRS 7 (amended 2023)	Supplier Finance Arrangements	1 January 2024
IAS 21 (amended 2023) *	Lack of Exchangeability	1 January 2025

*Not yet endorsed by the UK Endorsement Board

A review of the impact of these standards, amendments and interpretations has been conducted and the Directors do not believe that they will give rise to any significant financial impact.

In 2023, the Group did not early adopt any new or amended standards and does not plan to early adopt any of the standards issued but not yet effective.

1. Revenue

Analysis of the Group's revenue is as follows:

Activity in the United Kingdom	2023 £'000	Timing of revenue recognition At a point in time £'000	Timing of revenue recognition Over time £'000	2022 £'000	Timing of revenue recognition At a point in time £'000	Timing of revenue recognition Over time £'000
Construction contracts:						
– Construction[1]	**70,081**	**—**	**70,081**	97,571	—	97,571
– Property Investment and Development[2]	**48,812**	**—**	**48,812**	57,177	—	57,177
Sale of land and properties:						
– Property Investment and Development[2]	**39,330**	**39,330**	**—**	34,726	34,726	—
– Housebuilder unit sales[2]	**97,182**	**97,182**	**—**	70,631	70,631	—
– Land Promotion[3]	**67,769**	**67,769**	**—**	43,672	43,672	—
PFI concession[1]	**13,676**	**13,676**	**—**	13,590	13,590	—
Revenue from contracts with customers	**336,850**	**217,957**	**118,893**	317,367	162,619	154,748
Plant and equipment hire[1]	**15,766**			17,447		
Investment property rental income[2]	**5,982**			5,757		
Other rental income – Property Investment and Development[2]	**578**			699		
Other rental income – Land Promotion[3]	**223**			149		
	359,399			341,419		

1 Construction segment.
2 Property Investment and Development segment.
3 Land Promotion segment.

Contingent rents recognised as investment property rental income during the year amount to £nil (2022: £435,000).

Other income of £4,800,000 (2022: nil) relates to a legal settlement on a property development contract completed in 2016.

2. Segment information

For the purpose of the Board making strategic decisions, the Group is currently organised into three operating segments: Property Investment and Development; Land Promotion; and Construction. Group overheads are not a reportable segment; however, information about them is considered by the Board in conjunction with the reportable segments.

Operations are carried out entirely within the United Kingdom.

Inter-segment sales are charged at prevailing market prices.

The accounting policies of the reportable segments are the same as the Group's Accounting Policies. The Group's Principal Accounting Policies are described on pages 164 to 172.

Segment profit represents the profit earned by each segment before tax and is consistent with the measure reported to the Group's Board for the purpose of resource allocation and assessment of segment performance.

Revenues from external sales are detailed in note 1.

2. Segment information continued

	2023					
	Property Investment and Development	Land Promotion	Construction	Group overheads	Eliminations	Total
Revenue	£'000	£'000	£'000	£'000	£'000	£'000
External sales	191,884	67,992	99,523	—	—	359,399
Inter-segment sales	258	—	1,050	271	(1,579)	—
Total revenue	192,142	67,992	100,573	271	(1,579)	359,399
Gross profit	31,554	29,815	15,177	238	(19)	76,765
Other income	4,800	—	—	—	—	4,800
Administrative expenses and pension	(17,172)	(8,371)	(8,682)	(10,136)	19	(44,342)
Other operating items	2,989	(7)	—	—	—	2,982
Operating profit/(loss)	22,171	21,437	6,495	(9,898)	—	40,205
Finance income	3,273	1,197	458	25,813	(27,384)	3,357
Finance costs	(11,596)	(615)	(480)	(5,437)	11,868	(6,260)
Profit before tax	13,848	22,019	6,473	10,478	(15,516)	37,302
Tax	(5,741)	(4,470)	(1,686)	3,138	—	(8,759)
Profit for the year	8,107	17,549	4,787	13,616	(15,516)	28,543
Other information						
Capital additions	8,251	—	4,276	3,061	—	15,588
Depreciation of plant, property and equipment and right-of-use assets	307	21	4,050	758	—	5,136
Impairment	105	—	203	—	—	308
Amortisation of intangible assets	—	—	551	—	—	551
Increase in fair value of investment properties	(307)	—	—	—	—	(307)
Provisions	—	1,092	1,762	—	—	2,854
Pension scheme credit	—	—	—	(4,603)	—	(4,603)

	2022					
	Property Investment and Development	Land Promotion	Construction	Group overheads	Eliminations	Total
Revenue	£'000	£'000	£'000	£'000	£'000	£'000
External sales	168,990	43,820	128,609	—	—	341,419
Inter-segment sales	290	—	4,453	386	(5,129)	—
Total revenue	169,280	43,820	133,062	386	(5,129)	341,419
Gross profit	36,488	24,320	20,720	99	(37)	81,590
Administrative expenses and pension	(16,142)	(6,971)	(8,636)	(8,743)	37	(40,455)
Other operating items	5,322	—	—	—	—	5,322
Operating profit/(loss)	25,668	17,349	12,084	(8,644)	—	46,457
Finance income	4,015	744	1,507	26,576	(31,201)	1,641
Finance costs	(2,226)	(213)	(374)	(3,373)	3,683	(2,503)
Profit before tax	27,457	17,880	13,217	14,559	(27,518)	45,595
Tax	(3,411)	(3,451)	(2,771)	1,908	—	(7,725)
Profit for the year	24,046	14,429	10,446	16,467	(27,518)	37,870
Other information						
Capital additions	9,450	—	5,884	392	—	15,726
Depreciation of plant, property and equipment and right-of-use assets	312	30	3,755	472	—	4,569
Impairment	(15)	—	203	—	—	188
Amortisation of intangible assets	—	—	580	—	—	580
Decrease in fair value of investment properties	4,921	—	—	—	—	4,921
Provisions	—	775	683	—	—	1,458
Pension scheme credit	—	—	—	(3,422)	—	(3,422)

2. Segment information continued

	2023 £'000	2022 £'000
Segment assets		
Property Investment and Development[1]	**362,737**	355,491
Land Promotion	**160,690**	149,598
Construction	**41,635**	45,766
Group overheads	**8,363**	3,612
	573,425	554,467
Unallocated assets		
Deferred tax assets	**213**	249
Retirement benefit asset	**7,725**	6,188
Cash and cash equivalents	**13,034**	17,401
Total assets	**594,397**	578,305
Segment liabilities		
Property Investment and Development	**38,101**	59,113
Land Promotion	**15,635**	13,114
Construction	**22,797**	36,994
Group overheads	**4,904**	568
	81,437	109,789
Unallocated liabilities		
Current tax liabilities	**6,677**	3,793
Deferred tax liabilities	**5,372**	4,401
Current lease liabilities	**728**	426
Current borrowings	**84,819**	65,000
Non-current lease liabilities	**3,547**	607
Non-current borrowings	**1,699**	—
Total liabilities	**184,279**	184,016
Total net assets	**410,118**	394,289

1 Includes investment in joint ventures and associates of £10,484,000 (2022: £9,990,000).

3. Operating profit

Operating profit has been arrived at after charging/(crediting):

	2023 £'000	2022 £'000
Depreciation of property, plant and equipment (note 12)	**4,357**	3,972
Depreciation of right-of-use assets (note 13)	**779**	597
Impairment of goodwill included in administrative expenses (note 11)	**203**	203
Reversal of impairment of land and buildings included in administrative expenses (note 12)	**—**	(75)
Impairment of land and buildings included in administrative expenses (note 12)	**105**	60
Amortisation of PFI asset included in cost of sales (note 11)	**551**	580
Amortisation of capitalised letting fees (note 14)	**54**	25
Impairment losses recognised on trade receivables (note 18)	**4**	432
(Increase)/decrease in fair value of investment property (note 14)	**(307)**	4,921
Cost of inventories recognised as expense	**153,965**	85,594
Employee costs	**39,912**	39,088
Amounts payable to Mazars LLP by Road Link (A69) Limited in respect of audit services	**15**	13
Gain on sale of equipment held for hire	**(1,185)**	(1,070)
Gain on sale of other property, plant and equipment	**(341)**	(176)
Loss on disposal of right-of-use assets	**—**	1

3. Operating profit continued

The remuneration paid to Ernst & Young LLP, the Company's external auditor, was as follows:

	2023 £'000	2022 £'000
Fees payable for the audit of the Company's Annual Financial Statements and Consolidated Financial Statements	**220**	200
Fees payable to the auditor and its associates for other services:		
– audit of the Company's subsidiaries pursuant to legislation	**362**	330
Total audit fees	**582**	530

4. Employee costs

	Group		Parent Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Wages and salaries	**29,422**	29,671	**6,164**	5,130
Share-based payment expense	**1,601**	1,240	**612**	496
Social security costs	**3,717**	3,821	**784**	649
Defined benefit pension costs (see note 29)	**825**	989	**745**	989
Defined contribution pension costs (see note 29)	**3,811**	3,251	**567**	449
Other pension costs	**162**	72	**112**	22
Other employee costs	**374**	44	**—**	—
	39,912	39,088	**8,984**	7,735

The average monthly number of employees during the year, including Executive Directors, was:

	2023 Number	2022 Number
Property Investment and Development	**127**	121
Land Promotion	**37**	35
Construction	**146**	149
Plant Hire	**139**	146
Parent Company	**89**	82
	538	533

5. Finance income

	2023 £'000	2022 £'000
Interest on bank deposits	**451**	146
Interest on other loans and receivables	**1,378**	1,007
Interest credit on defined benefit pension scheme	**406**	—
Unwinding of discounting: trade receivables	**1,122**	488
	3,357	1,641

6. Finance costs

	2023 £'000	2022 £'000
Interest on bank loans and overdrafts	**5,572**	2,136
Interest on other loans and payables	**242**	45
Unwinding of discounting: trade payables and borrowings	**446**	322
	6,260	2,503

7. Tax

	2023 £'000	2022 £'000
Current tax:		
UK corporation tax on profits for the year	6,745	8,690
Adjustment in respect of earlier years	(39)	(152)
Total current tax	6,706	8,538
Deferred tax (note 19):		
Origination and reversal of temporary differences	2,053	(813)
Total deferred tax	2,053	(813)
Total tax	8,759	7,725

From 1 April 2023, corporation tax was amended from 19% to 25% and as such the marginal rate of corporation tax is 23.5% (2022: 19%) of the estimated assessable profit for the year.

Deferred tax balances at the year end have been measured at 25% (2022: 25%), being the rate at which timing differences are expected to reverse.

The charge for the year can be reconciled to the profit per the Consolidated Statement of Comprehensive Income as follows:

	2023 £'000	2022 £'000
Profit before tax	37,302	45,595

	2023 %	2022 %
Tax at the UK corporation tax rate	23.52	19.00
Effects of:		
Permanent differences	3.09	(0.80)
Capital gains	(0.46)	0.27
Profits made in advance of corporation tax rate increase	(2.33)	—
Corporation tax adjustment in respect of earlier years	(0.11)	(0.33)
Joint venture results reported net of tax	(0.23)	(1.20)
Effective tax rate	23.48	16.94

The tax charge in the year is lower (2022: lower) than the standard rate of corporation tax, predominantly due to the timing of profits in advance of corporation tax rate increases (2022: due to joint ventures reported net of tax).

In addition to the amount charged to profit for the year, the following amounts relating to tax have been recognised in other comprehensive income:

	2023 £'000	2022 £'000
Deferred tax:		
– property revaluations	279	(23)
– actuarial loss/(gain)	767	(3,749)
Total tax recognised in other comprehensive income/(expense)	1,046	(3,772)

8. Results of the Parent Company

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the Parent Company is not presented as part of these Financial Statements. The profit dealt with in the Financial Statements of the Parent Company, and approved by the Board on 11 April 2024, is £13,304,000 (2022: £15,987,000) and includes dividends received from subsidiaries of £25,139,000 (2022: £26,490,500).

9. Earnings per ordinary share

The calculation of the basic and diluted earnings per share is based on the following information:

	2023 £'000	2022 £'000
Profit for the year	28,543	37,870
Non-controlling interests	(2,244)	(4,551)
Preference dividend	(21)	(21)
	26,278	33,298

	2023 No.	2022 No.
Weighted average number of shares in issue	133,880,809	133,449,943
Less shares held by the ESOP on which dividends have been waived	(352,776)	(401,672)
Weighted average number for basic earnings per share	133,528,033	133,048,271
Adjustment for the effects of dilutive potential ordinary shares	2,797,685	2,290,780
Weighted average number for diluted earnings per share	136,325,718	135,339,051

	2023	2022
Basic earnings per share	19.7p	25.0p
Diluted earnings per share	19.3p	24.6p

The Group has two types of dilutive potential ordinary shares, being: those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year; and expected future vesting of shares under the 2015 Long term Incentive Plan.

10. Dividends

	2023 £'000	2022 £'000
Amounts recognised as distributions to equity holders in the year:		
Preference dividend on cumulative preference shares	21	21
Final dividend for the year ended 31 December 2022 of 4.00p per share (2021: 3.63p)	5,336	4,822
Interim dividend for the year ended 31 December 2023 of 2.93p per share (2022: 2.66p)	3,917	3,540
	9,274	8,383

The proposed final dividend for the year ended 31 December 2023 of 4.40p per share (2022: 4.00p) makes a total dividend for the year of 7.33p (2022: 6.66p).

The proposed final dividend is subject to approval by shareholders at the AGM and has not been included as a liability in these Financial Statements. The total estimated dividend to be paid is £5,900,000.

Notice has been received from Moore Street Securities Limited waiving its right as corporate trustee for the Employee Share Ownership Plan ('ESOP') to receive all dividends in respect of this and the previous financial year.

Dividends paid to non-controlling interests during the year amounted to £3,495,000 (2022: £4,030,000).

11. Intangible assets

	Goodwill £'000	PFI asset £'000	Total £'000
Cost			
At 1 January 2022	4,973	19,176	24,149
Additions at cost	—	—	—
At 31 December 2022 and 2023	**4,973**	**19,176**	**24,149**
Accumulated impairment losses and amortisation			
At 1 January 2022	3,730	17,486	21,216
Amortisation	—	580	580
Impairment losses for the year	203	—	203
At 31 December 2022	3,730	17,486	21,216
Amortisation	**—**	**551**	**551**
Impairment losses for the year	**203**	**—**	**203**
At 31 December 2023	**3,933**	**18,037**	**21,970**
Carrying amount			
At 31 December 2023	**1,040**	**1,139**	**2,179**
At 31 December 2022	1,243	1,690	2,933

The Group acquired the trade and assets of Premier Plant Tool Hire & Sales Limited on 30 March 2017. They were immediately hived up into the immediate Parent Company Banner Plant Limited, which sits in the Construction segment. The goodwill arising on the acquisition, which has a current net book value of £903,000 (2022: £903,000), represents the excess of consideration over net assets acquired and is subject to an impairment test at the reporting date. The cash-generating units assessed for impairment are the Leicester depots of Banner Plant Limited, which were formerly Premier Plant Tool Hire & Sales Limited's only operational sites. Impairment calculations use pre-tax cash flow projections, including revenue growth of 3.0% (2022: 3.0%) per annum into perpetuity, which reflects past experience and management's future expectations. Management estimates discount rates that reflect current market assessments of the time value of money and risk specific to the cash-generating unit of 5.0% (2022: 5.0%).

The Group's investment in Road Link (A69) Holdings Limited is 61.2%. The goodwill arising on the acquisition, which has a current net book value of £137,000 (2022: £340,000), represents the excess of consideration over net assets acquired and is subject to an impairment test at the reporting date. This Company's subsidiary, Road Link (A69) Limited, operates a PFI concession, which comprises managing and maintaining the A69 Carlisle to Newcastle trunk road. The Company receives payment from National Highways based on the number and type of vehicles using the road. The concession lasts for a period of 30 years and has a further two years to run, at the end of which the road reverts to National Highways. While the impairment test demonstrates significant headroom based on forecast levels of return being consistent with prior years, an impairment charge of £203,000 (2022: £203,000) has been recognised during the year. This reflects the fact that the PFI concession will revert to National Highways at the end of the 30-year period, at which point no goodwill should remain. There were no significant changes to these arrangements during the year.

Amortisation of the PFI asset is recognised within cost of sales in the Consolidated Statement of Comprehensive Income.

Although the Companies Act 2006 Section 390(5) requires a coterminous year end, the subsidiary company's accounting reference date is 31 March in order to align with National Highways financial year end and, hence, interim Financial Statements are prepared for incorporation into these Consolidated Financial Statements.

12. Property, plant and equipment

Group	Land and buildings £'000	Leasehold improvements £'000	Equipment held for hire £'000	Vehicles £'000	Office equipment £'000	Total £'000
Cost or fair value						
At 1 January 2022	7,322	—	43,388	5,332	3,608	59,650
Additions at cost	55	—	5,454	612	304	6,425
Disposals	—	—	(3,275)	(597)	—	(3,872)
Increase in fair value in year	315	—	—	—	—	315
At 31 December 2022	7,692	—	45,567	5,347	3,912	62,518
Additions at cost	**103**	**2,469**	**3,497**	**918**	**584**	**7,571**
Transfer to assets held for sale	**(2,100)**	—	**—**	**—**	**—**	**(2,100)**
Disposals	**—**	—	**(3,879)**	**(1,035)**	**(198)**	**(5,112)**
Decrease in fair value in year	**(228)**	—	**—**	**—**	**—**	**(228)**
At 31 December 2023	**5,467**	**2,469**	**45,185**	**5,230**	**4,298**	**62,649**
Being:						
Cost	**—**	**2,469**	**45,185**	**5,230**	**4,298**	**57,182**
Fair value at 31 December 2023	**5,467**	—	**—**	**—**	**—**	**5,467**
	5,467	**2,469**	**45,185**	**5,230**	**4,298**	**62,649**
Accumulated depreciation and impairment						
At 1 January 2022	712	—	26,597	2,936	3,056	33,301
Charge for year	—	—	3,059	660	253	3,972
Reversal of impairment	(75)	—	—	—	—	(75)
Impairment	60	—	—	—	—	60
Eliminated on disposals	—	—	(3,002)	(504)	—	(3,506)
At 31 December 2022	697	—	26,654	3,092	3,309	33,752
Charge for year	**—**	**77**	**3,317**	**657**	**306**	**4,357**
Impairment	**105**	—	**—**	**—**	**—**	**105**
Eliminated on disposals	**—**	—	**(3,641)**	**(950)**	**(192)**	**(4,783)**
At 31 December 2023	**802**	**77**	**26,330**	**2,799**	**3,423**	**33,431**
Carrying amount						
At 31 December 2023	**4,665**	**2,392**	**18,855**	**2,431**	**875**	**29,218**
At 31 December 2022	6,995	—	18,913	2,255	603	28,766

At 31 December 2023, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £171,000 (2022: £1,566,000).

One property was transferred to 'assets held for sale' during the year and was, subsequently, disposed of prior to the year end.

Included within equipment held for hire are assets with a book value of £3,665,000 (2022: nil) that are held under sale and leaseback financing arrangements. The original cost of these assets was £4,838,000 (2022: nil). Financial liabilities associated with the assets are disclosed in note 27.

Fair value measurements of the Group's land and buildings

Land and buildings have been revalued at 31 December 2023 by Jones Lang LaSalle Limited and Dove Haigh Phillips LLP in accordance with the Practice Statements contained in the RICS Appraisal and Valuation Standards on the basis of market value at £4,665,000 (2022: £6,995,000). Jones Lang LaSalle Limited and Dove Haigh Phillips LLP are professional valuers who hold recognised and professional qualifications and have recent experience in the location and category of the land and buildings being valued.

The valuation conforms to International Valuation Standards and was based on recent market transactions with similar characteristics and location using the yield method valuation technique. The yield method of valuation involves applying market-derived capitalisation yields, and the actual or market-derived future income streams where appropriate, with adjustments for letting voids or rent-free periods as applicable to each item of land and buildings.

On the historical cost basis, the land and buildings would have been included at a carrying amount of £3,630,000 (2022: £4,339,000).

12. Property, plant and equipment continued

The following table provides an analysis of the fair values of land and buildings by the degree to which the fair value is observable:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	**2023 £'000**	2022 £'000	**Decrease in year £'000**
Freehold land	—	—	60	**60**	60	**—**
Buildings	—	—	4,605	**4,605**	6,935	**(2,330)**
Total fair value	—	—	4,665	**4,665**	6,995	**(2,330)**

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that causes the transfer. The Directors determine the applicable hierarchy that land and buildings fall into by assessing the level of comparable evidence in the market which that asset falls into and the inherent level of activity. As at the reporting date and throughout the year, all land and buildings were determined to fall into Level 3 and so there were no transfers between hierarchies.

Explanation of the fair value hierarchy:

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – fair value measurements are those derived from the use of a model with inputs (other than quoted prices included in Level 1) that are observable from directly or indirectly observable market data

Level 3 – fair value measurements are those derived from use of a model with inputs that are not based on observable market data

Information about fair value measurements using significant unobservable inputs (Level 3):

Class		**2023 Buildings**	2022 Buildings
Valuation technique		**Yield**	Yield
Rental value per sq ft (£)	– weighted average	**6.14**	6.92
	– low	**3.31**	3.31
	– high	**13.91**	16.25
Yield %	– weighted average	**10.88**	9.56
	– low	**7.62**	7.62
	– high	**12.89**	11.83

The sensitivity analysis to significant changes in unobservable inputs relating to fair value measurements (Level 3) are set out below:

	2023 Impact on valuation £'000 Buildings	2022 Impact on valuation £'000 Buildings
Yield – improvement by 0.5%	**210**	360
Rental value per sq ft – increase of £1 average	**769**	1,000

The sensitivities have been selected by management on the basis that they consider these measures to be a reasonable expectation of likely changes to the significant unobservable inputs in the next 12 months.

12. Property, plant and equipment continued

Parent Company	Leasehold improvements £'000	Office equipment £'000	Total £'000
Cost			
At 1 January 2022	—	1,347	1,347
Additions	—	205	205
At 31 December 2022	—	1,552	1,552
Additions	**2,469**	**447**	**2,916**
Disposals	—	**(172)**	**(172)**
At 31 December 2023	**2,469**	**1,827**	**4,296**
Accumulated depreciation			
At 1 January 2022	—	1,030	1,030
Charge for year	—	142	142
At 31 December 2022	—	1,172	1,172
Charge for year	**77**	**192**	**269**
Disposals	—	**(166)**	**(166)**
At 31 December 2023	**77**	**1,198**	**1,275**
Carrying amount			
At 31 December 2023	**2,392**	**629**	**3,021**
At 31 December 2022	—	380	380

13. Leases

The Group as lessee

	Group		Parent Company	
	2023	2022	**2023**	2022
Right-of-use assets	**£'000**	£'000	**£'000**	£'000
Land and buildings	**3,478**	775	**1,590**	—
Vehicles	**—**	1	**12**	16
Office equipment	**508**	221	**420**	47
	3,986	997	**2,022**	63
Lease liabilities				
Due within one year	**728**	426	**232**	34
Due after more than one year	**3,547**	607	**1,982**	30
	4,275	1,033	**2,214**	64
Contractual maturities of lease liabilities including future interest:				
On demand or within one year	**820**	449	**286**	35
In the second year	**934**	282	**454**	14
In the third to fifth years inclusive	**2,204**	322	**1,254**	16
In more than five years	**663**	31	**400**	—
Total contractual cash flows	**4,621**	1,084	**2,394**	65
Future finance charges on lease liabilities	**(346)**	(51)	**(180)**	(1)
Present value of contractual cash flows	**4,275**	1,033	**2,214**	64

Additions to the right-of-use assets during the 2023 financial year were £3,768,100 (2022: £14,000) for the Group and £2,210,000 (2022: £32,000) for the Parent Company.

13. Leases continued

The statement of profit or loss shows the following amounts relating to leases:

	Group		Parent Company	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Depreciation charge of right-of-use assets				
Land and buildings	**616**	474	**167**	—
Vehicles	**1**	1	**9**	14
Office equipment	**162**	122	**75**	31
	779	597	**251**	45
Interest expense (included in finance cost)	**85**	40	**36**	2

The total cash outflow for leases in 2023 was £610,000 (2022: £679,000) for the Group and £96,000 (2022: £48,000) for the Parent Company.

The Group leases various offices, equipment and vehicles. Rental contracts are, typically, made for fixed periods of 4–10 years and may have extension options.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and, instead, accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at, or before, the commencement date less any lease incentives received
- Any initial direct costs and restoration costs

Right-of-use assets are, generally, depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss and amount to £nil (2022: £nil) in the period. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. Cash outflows during the period related to these leases equal the rent expense and are included within operating activities in the Statement of Cash Flows.

13. Leases continued

The Group as lessor

The Group has entered into operating leases on its investment property portfolio, which, typically, have lease terms between one and 25 years, and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Ordinarily, the lessee does not have an option to purchase the property at the expiry of the lease period and some leases contain options to break before the end of the lease term.

Future aggregate minimum rentals receivable under non-cancellable operating leases at 31 December are as follows:

	2023	2022
	£'000	£'000
Within 1 year	**6,029**	5,186
Between 1 and 2 years	**5,818**	4,672
Between 2 and 3 years	**5,782**	4,477
Between 3 and 4 years	**5,160**	4,137
Between 4 and 5 years	**4,518**	3,583
More than 5 years	**40,696**	32,989
	68,003	55,044

14. Investment properties

Fair value measurements recognised in the Statement of Financial Position

The following table provides an analysis of the fair values of investment properties recognised in the Statement of Financial Position by the degree to which the fair value is observable:

	Level 1	Level 2	Level 3	**2023**	2022	Increase/ (decrease) in year
	£'000	£'000	£'000	**£'000**	£'000	£'000
Completed investment property						
Industrial	—	—	73,820	**73,820**	52,927	20,893
Leisure	—	—	5,096	**5,096**	9,208	(4,112)
Mixed-use	—	—	—	**—**	—	—
Residential	—	—	4,359	**4,359**	4,322	37
Office	—	—	3,139	**3,139**	6,275	(3,136)
Retail	—	—	14,188	**14,188**	14,466	(278)
	—	—	100,602	**100,602**	87,198	13,404
Investment property under construction						
Industrial	—	—	—	**—**	9,918	(9,918)
	—	—	—	**—**	9,918	(9,918)
Total carrying amount	—	—	100,602	**100,602**	97,116	3,488

The Group's policy is to recognise transfers into, and out of, fair value hierarchy levels as of the date of the event or change in circumstances that causes the transfer. The Directors determine the applicable hierarchy that a property falls into by assessing the level of comparable evidence in the market which that asset falls into and the inherent level of activity. As at the reporting date and throughout the year, all property was determined to fall into Level 3 and so there were no transfers between hierarchies.

Explanation of the fair value hierarchy:

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – fair value measurements are those derived from the use of a model with inputs (other than quoted prices included in Level 1) that are observable from directly or indirectly observable market data

Level 3 – fair value measurements are those derived from use of a model with inputs that are not based on observable market data

14. Investment properties continued

Investment properties have been split into different classes to show the composition of the investment property portfolio of the Group as at the reporting date. Management has determined that aggregation of the results would be most appropriate, based on the type of use that each property falls into, which is described below:

Class	
Industrial	Includes manufacturing and warehousing, which are usually similar in dimensions and construction method
Leisure	Includes restaurants and gymnasiums or properties in which the main activity is the provision of entertainment and leisure facilities to the public
Mixed-use	Includes schemes where there are different types of uses contained within one physical asset, the most usual combination being retail, office and leisure
Residential	Includes dwellings under assured tenancies
Retail	Includes any property involved in the sale of goods
Land	Includes land held for future capital appreciation as an investment
Office	Includes buildings occupied for business activities not involving storage or processing of physical goods

Investment properties under construction are categorised based on the future anticipated highest and best use of the property.

Completed investment property

Class	Industrial	Leisure	Residential	Office	Retail	**2023**	2022
	Level 3	Level 3	Level 3	Level 3	Level 3		
Fair value hierarchy	£'000	£'000	£'000	£'000	£'000	**£'000**	£'000
Carrying value							
At 1 January	52,927	9,208	4,322	6,275	14,466	**87,198**	95,177
Subsequent expenditure on investment property	119	—	—	—	—	**119**	8
Capitalised letting fees	15	—	—	—	—	**15**	2
Amortisation of capitalised letting fees	(45)	(7)	—	—	(2)	**(54)**	(25)
Disposals	(913)	(4,452)	(17)	(1,650)	—	**(7,032)**	(7,500)
Transfer to assets held for sale	(1,041)	—	—	—	—	**(1,041)**	—
Transfer from inventory	3,290	—	—	—	—	**3,290**	6,827
Transfers from investment property under construction	17,580	—	—	—	—	**17,580**	—
Increase/(decrease) in fair value in year	1,888	347	54	(1,486)	(276)	**527**	(7,291)
At 31 December	73,820	5,096	4,359	3,139	14,188	**100,602**	87,198
Adjustment in respect of tenant incentives	1,575	144	—	611	428	**2,758**	2,234
Market value at 31 December	75,395	5,240	4,359	3,750	14,616	**103,360**	89,432

One property was transferred to 'assets held for sale' during the year and was, subsequently, disposed of prior to the year end.

Tenant incentives are included in trade receivables.

There is no actively traded market for the Group's commercial property and, as such, the adopted valuation is completed using the professional judgement of the Group's professional valuers, who use the yield method to determine fair value. The calculation of the capital value of a property under this method uses a yield to multiple against the rental income stream with due allowance for a fixed assumed purchaser's cost. The primary variables of the yield method are thus: the yield, which is based on historic yields for properties that are similar but to which there may be adjustment to take into account; factors such as geographical location and lease terms; and the contracted rent, which is based on contracted rents that exist at the balance sheet date, but may also include a provision for rents that may be achieved in the future after accounting for a period of vacancy, such rents being based on rental income terms that exist in similar properties, adjusted for geographic location and lease terms.

14. Investment properties continued

With the exception of the residential class, completed investment property has been revalued at 31 December 2023 by Jones Lang LaSalle Limited in accordance with the Practice Statements contained in the RICS Valuation – Global Standards (the 'Red Book') on the basis of market value at £99,000,000 (2022: £85,110,000). Jones Lang LaSalle Limited are professional valuers who hold recognised and professional qualifications and have recent experience in the location and category of the investment property being valued. The valuation conforms to International Valuation Standards, as incorporated within the Red Book and was based on recent market transactions with similar characteristics and location using the yield method valuation technique. The yield method of valuation involves applying market-derived capitalisation yields, and the actual or market-derived future income streams where appropriate, with adjustments for letting voids or rent-free periods as applicable to each property. For all completed investment properties, their current use equates to the highest and best use.

Residential properties are valued using recent comparable sales transactions with a significant unobservable input being the discount used, to reflect the lower value achieved where properties are held under an assured tenancy, which, typically, earn a low market level of rent. The discount applied recognises that the value is higher where the house is offered with the benefit of vacant possession at the end of the assured tenancy.

The fair value of the residential class at 31 December 2023 has been determined by the Directors of the Company at £4,359,000 (2022: £4,322,000). The fair value takes into account market evidence based on recent comparable sale transactions adjusted to take into account the tenanted nature of the properties.

Information about fair value measurements using significant unobservable inputs (Level 3):

		2023					
Class		**Industrial**	**Leisure**	**Mixed-use**	**Residential**	**Office**	**Retail**
Valuation technique		Yield	Yield	Yield	Sales comparison	Yield	Yield
Rental value per sq ft (£)	– weighted average	**6.27**	**18.86**	**–**	**–**	**25.00**	**14.06**
	– low	**0.67**	**1.82**	**–**	**–**	**25.00**	**7.33**
	– high	**14.00**	**45.05**	**–**	**–**	**25.00**	**25.38**
Yield %	– weighted average	**6.23**	**6.97**	**–**	**–**	**19.90**	**5.90**
	– low	**3.50**	**6.41**	**–**	**–**	**16.77**	**4.76**
	– high	**13.41**	**9.76**	**–**	**–**	**22.86**	**8.50**
% discount applied to houses held under assured tenancies		**–**	**–**	**–**	**25.00**	**–**	**–**

		2022					
Class		Industrial	Leisure	Mixed-use	Residential	Office	Retail
Valuation technique		Yield	Yield	Yield	Sales comparison	Yield	Yield
Rental value per sq ft (£)	– weighted average	6.40	15.55	4.95	–	27.05	14.06
	– low	0.67	1.82	2.75	–	26.60	7.33
	– high	13.00	45.05	9.00	–	28.06	25.38
Yield %	– weighted average	6.05	6.68	10.90	–	12.44	5.78
	– low	3.38	5.84	8.21	–	9.61	4.49
	– high	7.75	9.76	12.69	–	15.95	8.83
% discount applied to houses held under assured tenancies		–	–	–	25.00	–	–

There is considered to be no inter-relationship between observable and unobservable inputs.

14. Investment properties continued

The sensitivity analysis to significant changes in unobservable inputs relating to fair value measurements (Level 3) is set out below:

	Impact on valuation 2023 £'000					
	Industrial	**Leisure**	**Mixed-use**	**Residential**	**Office**	**Retail**
Yield – improvement by 0.5%	**5,766**	**350**	**—**	**—**	**89**	**1,154**
Rental value per sq ft – increase by £1 average	**12,121**	**260**	**—**	**—**	**147**	**988**
Tenancy discount – increase by 1%	**—**	**—**	**—**	**49**	**—**	**—**

	Impact on valuation 2022 £'000					
	Industrial	Leisure	Mixed-use	Residential	Office	Retail
Yield – improvement by 0.5%	3,834	662	219	—	356	1,206
Rental value per sq ft – increase by £1 average	8,243	607	1,013	—	328	1,002
Tenancy discount – increase by 1%	—	—	—	49	—	—

The sensitivities have been selected by management on the basis that it considers these measures to be a reasonable expectation of likely changes to the significant unobservable inputs in the next 12 months.

The property rental income earned by the Group from its occupied investment property, all of which is leased out under operating leases, amounted to £5,982,000 (2022: £5,757,000). Direct operating expenses arising on investment property generating rental income in the year amounted to £348,000 (2022: £1,229,000). Direct operating expenses arising on the investment property, which did not generate rental income during the year, amounted to £74,000 (2022: £122,000).

At 31 December 2024, the Group had entered into contractual commitments for the acquisition and repair of investment property amounting to £nil (2022: £nil).

Investment property under construction

Class	Industrial Level 3	**2023**	2022
Fair value hierarchy	£'000	**£'000**	£'000
Carrying value			
At 1 January	9,918	**9,918**	9,000
Initial acquisition	627	**627**	—
Subsequent expenditure on investment property	7,229	**7,229**	9,265
Capitalised letting fees	26	**26**	26
Transfer from inventory	—	**—**	391
Transfer to completed investment property	(17,580)	**(17,580)**	—
Transfers to assets held for sale	—	**—**	(11,134)
(Decrease)/increase in fair value in year	(220)	**(220)**	2,370
At 31 December	—	**—**	9,918
Adjustment in respect of tenant incentives	—	**—**	—
Market value at 31 December	—	**—**	9,918

In 2022, one property was transferred to 'assets held for sale' during the year and was, subsequently, disposed of prior to the year end.

Tenant incentives are included in trade receivables.

14. Investment properties continued

Investment property under construction

Information about fair value measurements using significant unobservable inputs (Level 3):

Class		2023 Industrial
Valuation technique		Residual
Rental value per sq ft (£)	– weighted average	–
	– low	–
	– high	–
Yield %	– weighted average	–
	– low	–
	– high	–

Class		2022 Industrial
Valuation technique		Residual
Rental value per sq ft (£)	– weighted average	10.21
	– low	10.21
	– high	10.21
Yield %	– weighted average	4.5
	– low	4.5
	– high	4.5

The sensitivity analysis to significant changes in unobservable inputs relating to fair value measurements (Level 3) is set out below:

	Impact on valuation 2023 £'000 Industrial
Yield – improvement by 0.5%	–
Rental value per sq ft – increase by £1 average	–

	Impact on valuation 2022 £'000 Industrial
Yield – improvement by 0.5%	1,025
Rental value per sq ft – increase by £1 average	1,804

Investment properties under construction are developments that have been valued at 31 December 2023 at fair value by the Directors of the Company using the residual method at £nil (2022: £9,918,000). The residual method of valuation involves estimating the gross development value of the property using market-derived capitalisation yields and market-derived future income streams. From this gross development value, the remaining gross development costs to be incurred are deducted, using market-derived data cost estimates or the actual known costs and including cost contingencies for construction risk, as appropriate. In addition, a deduction for the anticipated development profits yet to be earned is made, taking into account the progress of the development to date in line with key milestones.

15. Investments

Parent Company – shares in Group undertakings	Total £'000
Cost	
At 1 January 2022, 31 December 2022 and 31 December 2023	**37,771**
Adjustments	
At 1 January 2022, 31 December 2022 and 31 December 2023	**—**
Carrying amount	
At 31 December 2023	**37,771**
At 31 December 2022	37,771

Amounts due from, and to, subsidiary companies are listed in notes 18 and 23 and details of all subsidiary companies are listed in note 36. All trading subsidiaries operate in the United Kingdom and are wholly owned, with the exception of:

- Road Link (A69) Holdings Limited and its subsidiary Road Link (A69) Limited, which is 61.2% owned by Henry Boot Construction Limited;
- Plot 7 East Markham Vale Management Company Limited, which is 66.7% owned by, and under board control of, Henry Boot Developments Limited;
- Capitol Park Property Services Limited, which is 4.6% owned by, and under board control of, Henry Boot Developments Limited; and
- Stonebridge Homes Group Limited and its wholly owned subsidiaries (as indicated in note 37), which is 50% owned by, and under board control of (by virtue of majority voting rights), Henry Boot Land Holdings Limited.

They are all incorporated in the United Kingdom. All subsidiary companies have only one class of ordinary issued share capital.

16. Investment in joint ventures and associates

	2023			2022		
Group	**Joint ventures £'000**	**Associates £'000**	**Total £'000**	Joint ventures £'000	Associates £'000	Total £'000
Cost						
At 1 January	**8,323**	**1,667**	**9,990**	12,165	—	12,165
Share of profit/(loss) for the year	**577**	**(206)**	**371**	9,524	(445)	9,079
Dividends received	**(900)**	**—**	**(900)**	(7,160)	—	(7,160)
Additions	**—**	**1,023**	**1,023**	—	2,112	2,112
Disposals	**—**	**—**	**—**	(6,206)	—	(6,206)
At 31 December	**8,000**	**2,484**	**10,484**	8,323	1,667	9,990

During the year, the Group increased its equity investment in Rainham Holdco SARL, an associate undertaking, by a further £1.0m, which maintains our interest at 20%. This was settled by offsetting a corresponding loan.

The Group's share of its joint ventures' and associates' aggregated assets, liabilities and results are as follows:

	2023			2022		
	Joint ventures £'000	**Associates £'000**	**Total £'000**	Joint ventures £'000	Associates £'000	Total £'000
Investment property	**9,973**	**—**	**9,973**	9,311	—	9,311
Current assets	**26,329**	**16,838**	**43,167**	24,283	6,062	30,345
Non-current assets	**68**	**—**	**68**	—	—	—
Total assets	**36,370**	**16,838**	**53,208**	33,594	6,062	39,656
Current liabilities	**(17,054)**	**(1,002)**	**(18,056)**	(22,848)	(4,395)	(27,243)
Non-current liabilities	**(11,316)**	**(13,352)**	**(24,668)**	(2,423)	—	(2,423)
Net investment	**8,000**	**2,484**	**10,484**	8,323	1,667	9,990

16. Investment in joint ventures and associates continued

	2023			2022		
	Joint ventures £'000	**Associates £'000**	**Total £'000**	Joint ventures £'000	Associates £'000	Total £'000
Revenue	**11,272**	**—**	**11,272**	38,101	13	38,114
Administration and other expenses	**(10,060)**	**(148)**	**(10,208)**	(23,569)	(154)	(23,723)
Increase/(decrease) in fair value of investment properties	**110**	**—**	**110**	(3,232)	—	(3,232)
Operating profit/(loss)	**1,322**	**(148)**	**1,174**	11,300	(141)	11,159
Finance costs	**(502)**	**(53)**	**(555)**	(403)	(287)	(690)
Profit/(loss) before tax	**820**	**(201)**	**619**	10,897	(428)	10,469
Tax	**(243)**	**(5)**	**(248)**	(1,373)	(17)	(1,390)
Share of profits/(losses) after tax	**577**	**(206)**	**371**	9,524	(445)	9,079

Details of the Group's investments in joint ventures and associates are listed in note 37.

Material joint ventures and associates

The Directors do not consider there to be any material joint ventures and associates in the year. In the previous year, Directors considered Pennine Property Partnership LLP, Montagu 406 Regeneration LLP, Newmarket Lane Holdings Limited (Group) and Cognito Oak LLP to be the material joint venture or associate they hold an interest in.

Pennine Property Partnership LLP is a property development joint venture between the Group and Calderdale and Huddersfield NHS Foundation Trust. The LLP is incorporated in England and the Group had ownership of 50% prior to disposal in 2022. The joint venture is accounted for using the equity method of accounting. Montagu 406 Regeneration LLP is a property development joint venture between the Group and The Mayor and Burgesses of the London Borough of Enfield. The LLP is incorporated in England and the Group has ownership of 50% of the LLP. The joint venture is accounted for using the equity method of accounting. Newmarket Lane Holdings Limited (Group) (henceforth the 'NML Group') is a property development joint venture between the Group, two individual shareholders, and Hazeltime Limited. The NML Group includes three legal entities: Newmarket Lane Holdings Limited, Newmarket Lane Limited, and Newmarket Lane Management Company Limited. The NML Group is incorporated in England, and the Group has ownership of 50% of the NML Group. The joint venture is accounted for using the equity method of accounting. Cognito Oak LLP is a property development joint venture between the Group and Wraith Real Estate Limited; the LLP is incorporated in England and the Group has ownership of 50%. The joint venture is accounted for using the equity method of accounting.

The table below provides summarised financial information for Pennine Property Partnership LLP, Montagu 406 Regeneration LLP, Newmarket Lane Holdings Limited (Group) and Cognito Oak LLP. The information disclosed reflects the amounts presented in the financial statements of Pennine Property Partnership LLP, Montagu 406 Regeneration LLP, Newmarket Lane Holdings Limited (Group), and Cognito Oak LLP and not the Group's share of those amounts.

Summarised balance sheet

	Pennine Property Partnership LLP		Montagu 406 Regeneration LLP		Newmarket Lane Holdings Limited (Group)		Cognito Oak LLP	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000	**2023 £'000**	2022 £'000	**2023 £'000**	2022 £'000
Investment properties (non-current)	**—**	—	**19,944**	18,611	**—**	—	**—**	—
Inventories	**—**	—	**—**	889	**16,113**	15,336	**—**	—
Trade and other receivables	**—**	—	**1,029**	656	**726**	9,319	**—**	—
Cash and cash equivalents	**—**	—	**394**	420	**594**	1,665	**—**	—
Trade and other payables	**—**	—	**(16,821)**	(15,720)	**(3,551)**	(13,077)	**(1)**	(1)
Borrowings (non-current)	**—**	—	**—**	—	**—**	—	**—**	—
Net assets/(liabilities)	**—**	—	**4,546**	4,856	**13,882**	13,243	**(1)**	(1)
Reconciliation to carrying amount:								
Opening net assets 1 January	**—**	10,826	**4,856**	11,639	**13,243**	3,412	**(1)**	(249)
Profit/(loss) for the period	**—**	1,215	**(310)**	(6,783)	**639**	9,831	**—**	14,826
Other distribution	**—**	(12,041)	**—**	—	**—**	—	**—**	(14,578)
Closing net assets	**—**	—	**4,546**	4,856	**13,882**	13,243	**(1)**	(1)
Group's share in %	**—**	—	**50%**	50%	**50%**	50%	**50%**	50%
Group's share in £'000	**—**	—	**2,273**	2,428	**6,941**	6,622	**(1)**	(1)
Carrying amount £'000	**—**	—	**2,273**	2,428	**6,941**	6,622	**(1)**	(1)

16. Investment in joint ventures and associates continued

Summarised statement of comprehensive income

	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Revenue	**—**	1,318	**754**	564	**4,557**	36,218	**—**	17,208
Movement in fair value of investment property	**—**	300	**220**	(6,764)	**—**	—	**—**	—
Profit/(loss) for the year	**—**	1,215	**(310)**	(6,783)	**639**	9,831	**—**	14,826

The Group disposed of one joint venture investment in the prior year:

Pennine Property Partnership LLP

On 1 September 2022, the Group, through its subsidiary Henry Boot Developments Limited, disposed of its interest in Pennine Property Partnership LLP for a total consideration of £6,873,000.

	2022 £'000
Sale proceeds	**6,873**
Book value of net assets	**(6,206)**
Profit on disposal	**667**

17. Contract assets

	2023 £'000	2022 £'000
Construction contracts – Construction segment	**7,902**	4,882
Construction contracts – Property Investment and Development segment	**5,757**	14,375
	13,659	19,257
Due within one year	**13,659**	19,257
Due after more than one year	**—**	—
	13,659	19,257

Amounts relating to construction contracts are balances due from customers under construction contracts that arise when the Group receives payments from customers in line with a series of performance-related milestones. The Group will, previously, have recognised a contract asset for any work performed, but not yet invoiced, as conditional to reaching certain agreed milestone. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Contract assets have increased as the Group has provided more construction contract services in the property investment and development segment.

There were no impairment losses recognised on any contract asset in the reporting period (2022: £nil).

The Group does not recognise any assets arising from the costs incurred to obtain a contract as the related amortisation period would have been less than one year.

18. Trade and other receivables

	Group		Parent Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade receivables	**72,014**	70,245	**760**	484
Loss allowance	**(1,347)**	(1,682)	**—**	—
Prepayments	**7,264**	9,751	**2,158**	2,085
Amounts owed by joint ventures and associates	**37,746**	25,316	**—**	—
Amounts owed by Group undertakings	**—**	—	**228,196**	222,786
	115,678	103,630	**231,114**	225,355
Due within one year	**76,416**	66,601	**40,881**	40,149
Due after more than one year	**39,262**	37,029	**190,233**	185,206
	115,678	103,630	**231,114**	225,355

Amounts due after more than one year relate to deferred consideration included in trade receivables on inventory sold that are discounted to present value and are due for payment between January 2024 and July 2026, and amounts owed by joint ventures and associates that are not expected to be recovered in the next 12 months.

18. Trade and other receivables continued

Group

Movement in the trade receivables loss allowance

	2023 £'000	2022 £'000
At 1 January	**1,682**	1,269
Impairment losses recognised	**4**	417
Amounts written off as uncollectable (utilisation)	**(20)**	(4)
Amounts recovered during the year	**(118)**	—
Impairment losses reversed	**(201)**	—
At 31 December	**1,347**	1,682

The loss allowance as at 31 December 2023 and 31 December 2022 for trade receivables and contract assets was determined as follows:

2023

	Expected loss rate %	Gross carrying amount £'000	Loss allowance £'000
0–30 days	**0.3**	**76,623**	**214**
30–60 days	**0.3**	**5,909**	**16**
60–90 days	**0.8**	**558**	**4**
90–120 days	**6.2**	**199**	**12**
120+ days	**46.1**	**2,384**	**1,101**
		85,673	**1,347**

2022

	Expected loss rate %	Gross carrying amount £'000	Loss allowance £'000
0–30 days	—	63,962	25
30–60 days	1.3	1,462	19
60–90 days	1.2	520	6
90–120 days	5.9	341	20
120+ days	40.7	3,960	1,612
		70,245	1,682

The Directors consider that the carrying amount of trade and other receivables of the Group and Parent Company approximates to their fair value.

Parent Company

Amounts owed by Group undertakings include loans of £220.3m (2022: £213.4m) and are repayable on demand, unsecured and are stated net of provisions for impairment of £1,520,000 (2022: £1,498,000), of which £21,000 (2022: £nil) has been provided in the year, £nil (2022: £2,000) has been recovered in the year and £nil (2022: £nil) was written off. Expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. Where there are insufficient liquid assets, the Parent Company considers the expected manner of recovery to measure expected credit losses. This might be a 'repay over time' strategy, or a fire sale of fewer liquid assets. Interest is charged annually at 0% (2022: 0%).

The Parent Company has no impaired trade receivables (2022: nil).

Credit risk

The Group's principal financial assets are bank balances and cash, contract assets and trade and other receivables, which represent the Group's maximum exposure to credit risk in relation to financial assets. The Group's credit risk is, primarily, attributable to its trade receivables. The amounts presented in the Statement of Financial Position are net of loss allowances for doubtful receivables, estimated by the Group's management based on prior experience and forward-looking assessments of the economic environment in accordance with IFRS 9 'Financial Instruments'. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. Recovery of amounts owed by joint ventures and associates is based on delivery of the intended scheme and realisation of asset values, forecast appraisal are prepared periodically which support recoverability.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

19. Deferred tax

Deferred tax assets and deferred tax liabilities are offset where the Group has a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to tax levied by the same tax authority where there is an intention to settle the balances on a net basis. The amounts after offsetting are as follows:

Group	Accelerated capital allowances £'000	Property revaluations £'000	Retirement benefit scheme £'000	Other timing differences £'000	Total £'000
At 1 January 2022	(194)	(4,388)	3,057	332	(1,193)
Recognised in profit or loss	(593)	2,345	(856)	(83)	813
Recognised in other comprehensive income	—	(23)	(3,749)	—	(3,772)
At 31 December 2022	(787)	(2,066)	(1,548)	249	(4,152)
Deferred tax asset	–	–	–	249	249
Deferred tax liability	(787)	(2,066)	(1,548)	–	(4,401)
Recognised in profit or loss	**(597)**	**(269)**	**(1,151)**	**(36)**	**(2,053)**
Recognised in other comprehensive income	**—**	**279**	**767**	**—**	**1,046**
At 31 December 2023	**(1,384)**	**(2,056)**	**(1,932)**	**213**	**(5,159)**
Deferred tax asset	**—**	**—**	**—**	**213**	**213**
Deferred tax liability	**(1,384)**	**(2,056)**	**(1,932)**	**—**	**(5,372)**
Parent Company					
At 1 January 2022	104	—	3,057	361	3,522
Recognised in profit or loss	(76)	—	(856)	(82)	(1,014)
Recognised in other comprehensive income	—	—	(3,749)	—	(3,749)
At 31 December 2022	28	—	(1,548)	279	(1,241)
Deferred tax asset	28	—	–	279	307
Deferred tax liability	—	—	(1,548)	–	(1,548)
Recognised in profit or loss	**(258)**	**—**	**(1,151)**	**(35)**	**(1,444)**
Recognised in other comprehensive income	**—**	**—**	**767**	**—**	**767**
At 31 December 2023	**(230)**	**—**	**(1,932)**	**244**	**(1,918)**
Deferred tax asset	**—**	**—**	**—**	**244**	**244**
Deferred tax liability	**(230)**	**—**	**(1,932)**	**—**	**(2,162)**

Deferred tax assets relating to deductible temporary differences are recognised if it is probable that they can be offset against future taxable profits or existing temporary differences.

Deferred tax balances at the year end have been measured at 25% (2022: 25%), being the rate at which timing differences are expected to reverse. Management does not expect any significant reversal of deferred tax assets or liabilities in the next 12 months.

20. Inventories

	2023 £'000	2022 £'000
Property developments in progress	**77,386**	91,213
Housebuilder land and work in progress	**96,226**	80,629
Land held for development or sale	**49,442**	57,475
Options to purchase land	**11,090**	11,893
Planning promotion agreements	**63,474**	50,568
	297,618	291,778

Within property developments in progress, £1,555,000 (2022: £nil) has been written down and recognised as an expense in the year. These costs relate to development projects no longer likely to proceed. Within land held for development or sale, options to purchase land and planning promotion agreements, £1,024,000 (2022: £2,019,000) has been written down and recognised as an expense in the year. These costs relate to land, options and planning promotion agreements where planning permission for development has been refused or is deemed to be doubtful.

21. Assets classified as held for sale

Assets classified as held for sale are investment properties and land and buildings within the Property Investment and Development segment, which are individually being actively marketed for sale with expected completion dates within one year. The gain recognised after measurement at fair value to sell on the transfer of assets during the year was £1,571,000 (2022: £150,000 loss).

Assets classified as held for sale comprise the following:

	Investment property and Land and Buildings	
	2023	2022
	£'000	£'000
Fair value		
At 1 January	**–**	–
Transfer from property, plant and equipment (note 12)	**2,100**	–
Transfer from investment property (note 14)	**1,042**	11,134
Disposals	**(3,142)**	(11,134)
At 31 December	**–**	–
Adjustment in respect of tenant incentives	**–**	–
Market value at 31 December	**–**	–

Assets classified as held for sale have been valued at 31 December 2023 at fair value by the Directors of the Company at £nil (2022: £nil).

22. Contract liabilities

	2023	2022
	£'000	£'000
Construction contracts – Construction segment	**1,060**	4,006
Construction contracts – Property Investment and Development segment	**–**	–
	1,060	4,006
Due within one year	**1,060**	4,006

	2023	2022
	£'000	£'000
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Construction contracts – Construction segment	**4,006**	5,033
Construction contracts – Property Investment and Development segment	**–**	–
Revenue recognised from performance obligations satisfied in previous periods		
Construction contracts – Construction segment	**–**	–
Construction contracts – Property Investment and Development segment	**–**	–

Contract liabilities have decreased in the year as the Group invoicing remains more closely aligned with the level of construction of work undertaken on these contracts.

23. Trade and other payables

	Group		Parent Company	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Trade payables	**60,162**	80,069	**2,566**	1,492
Social security and other taxes	**6,015**	2,273	**554**	427
Accrued expenses	**6,463**	3,911	**1,750**	1,279
Deferred income	**2,959**	13,777	**–**	–
Amounts owed to joint venture and associates	**377**	365	**–**	–
Amounts owed to Group undertakings	**–**	–	**63,480**	86,110
	75,978	100,395	**68,350**	89,308
Due within one year	**73,477**	95,827	**68,350**	89,308
Due after more than one year	**2,501**	4,568	**–**	–
	75,978	100,395	**68,350**	89,308

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Amounts due after more than one year include £862,000 (2022: £1,343,000) of deferred income and £1,637,000 (2022: £3,225,000) of trade payables relating to deferred land payments. Included within deferred income is £1,343,000 relating to an advanced payment from National Highways (2022: £1,669,000). This is being released as revenue and interest within the income statement under the terms of the A69 Road Link contract. During the year, £606,000 (2022: £519,000) has been recognised as revenue and £280,000 (2022: £314,000) recognised as interest. The balance of deferred income represents advanced receipts for the construction of a pre-sold asset in the property investment and development segment, which is due to complete in 2024.

Parent Company

Amounts owed to Group undertakings (including loans of £63.5m (2022: £85.8m)) are repayable on demand, unsecured and bear interest at rates of 0%–6.95% (2022: 0%–5.20%).

24. Financial liabilities

The table below summerises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

2023	Note	**On demand £'000**	**< 1 year £'000**	**1-2 years £'000**	**3-5 years £'000**	**> 5 years £'000**	**Total £'000**
Bank loans	27	**–**	**83,500**	**–**	**–**	**–**	**83,500**
Other loans - sale and leaseback	27	**–**	**1,461**	**1,461**	**304**	**–**	**3,226**
Lease liabilities	13	**–**	**820**	**935**	**2,204**	**663**	**4,622**
Trade and other payables	23	**–**	**64,503**	**1,725**	**–**	**–**	**66,228**
		–	**150,284**	**4,121**	**2,508**	**663**	**157,576**

2022	Note	On demand £'000	< 1 year £'000	1-2 years £'000	3-5 years £'000	> 5 years £'000	Total £'000
Bank loans	27	–	65,000	–	–	–	65,000
Lease liabilities	13	–	450	282	322	31	1,085
Trade and other payables	23	–	79,777	1,725	1,725	–	83,227
		–	145,227	2,007	2,047	31	149,312

25. Government grants

Government grants have been received in prior years relating to the infrastructure of one of the Group's land promotions and one of the Group's property developments.

Grant income received relating to revenue grants are included within deferred income and released to the Consolidated Statement of Comprehensive Income on a systematic basis to match the costs it is intended to compensate. There are no unfulfilled conditions or contingencies attached to the grants that have been recognised.

Amounts credited to the Consolidated Statement of Comprehensive Income during the year were £nil (2022: £130,000).

Grant income relating to capital grants is included within deferred income until the completion conditions are met; at this point, the grant is transferred to offset the cost of the asset.

26. Capital risk management

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern and have the resources to provide returns for shareholders and benefits for other stakeholders; and
- to maximise returns to shareholders by allocating capital across our businesses based on the level of expected return and risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of net debt to equity. Net debt is total debt less cash and cash equivalents and, at 31 December 2023, this was £77.8m (2022: £48.6m). Equity comprises all components of equity and, at 31 December 2023, this was £410.1m (2022: £394.3m).

During 2023, the Group achieved its strategy, which was to maintain the debt to equity ratio below 30% (2022: 30%). This level was chosen to ensure that we can access debt relatively easily and inexpensively if required.

In January 2020, the Group concluded negotiations with three banking partners to put in place a £75m facility to replace the £72m facility we had in place at 31 December 2019. The renewed facilities commenced on 23 January 2020, with a renewal date of 23 January 2023 and an option to extend the facilities by one year, each year, for the next two years occurring on the anniversary of the facility. The renewed facilities, on improved terms, maintain covenants on the same basis as the previous facilities. On 19 January 2022, the banks agreed to the Group's second request to extend the facility to 23 January 2025 and, on 9 October 2022, to call on the facility accordion increasing the total commitments by £30m to £105m. The Group had drawn £83.5m of the facility at 31 December 2023 (2022: £65m).

The Group's secured bank facilities are subject to covenants over the loan-to-market value of investment properties, interest cover, EBIT cover, gearings and minimum consolidated tangible assets value. The Group operated comfortably within all of its requirements throughout the year and continues to do so over forecast periods.

On 20 December 2021, the Group entered into a Receivables Purchase Agreement with HSBC Invoice Finance (UK) Limited. The Receivables Purchase Agreement allows the Group to sell eligible deferred receivables generated through its land sale activities to HSBC Invoice Finance (UK) Limited. Under the terms of the agreement, the Group irrevocably assigns all rights to HSBC Invoice Finance (UK) Limited and all tangible risks and rewards of ownership of the financial asset are transferred. Upon transfer of contractual rights, the deferred receivable asset is derecognised in the financial statements of the Group. There is a maximum agreement limit of £25m of which receivables due from eligible housebuilders can be sold. Amounts of £14.7m (2022: £7.6m) were sold under the agreement at the year end.

The Group's capital risk management disclosures are consistent with the Parent Company.

27. Borrowings

	Group		Parent Company	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Bank overdrafts	**–**	–	**602**	9
Bank loans	**83,500**	65,000	**83,500**	65,000
Other loans – sale and leaseback	**3,018**	–	**–**	–
	86,518	65,000	**84,102**	65,009
Due within one year	**84,819**	65,000	**84,102**	65,009
Due after one year	**1,699**	–	**–**	–
	86,518	65,000	**84,102**	65,009

The weighted average interest rates paid were as follows:

	2023	2022
	%	%
Bank overdrafts	**6.17**	2.72
Bank loans – floating rate	**6.09**	4.59
Other loans – sale and leaseback	**5.85**	–

Bank overdrafts are repayable on demand and bank loans are drawn for periods of between one and six months.

Other loans relate to sale and leaseback arrangement entered into by the Group. The original loan draw downs in 2023 amounted to £4,029,000 (2022: nil) and are all repayable over 36 months.

Borrowings are recognised at amortised cost. The fair value of the Group's borrowings is not considered to be materially different from the carrying amounts.

Liquidity risk

The Company's objectives when managing liquidity are:

- to safeguard the Group's ability to meet expected and unexpected payment obligations at all times; and
- to maximise the Group's profitability.

At 31 December 2023, the Group had available £21,500,000 (2022: £40,000,000) undrawn committed borrowing facilities.

Interest rate risk

Interest on floating rate borrowings is arranged for periods from one to six months. These borrowings are secured by a fixed and floating charge over the assets of the Group, excluding those of Road Link (A69) Limited.

The bank overdraft is at floating rates, thus exposing the Group to cash flow interest rate risk.

Based on approximate average borrowings during 2023, a 1.0% (2022: 1.0%) change in interest rates, which the Directors consider to be a reasonably possible change, would affect profitability before tax by £810,000 (2022: £618,000).

Other loans – sales and leaseback – are arranged at fixed rates, thus not exposing the Group to cash flow interest rate risk.

28. Provisions

	Land promotion £'000	Road maintenance £'000	Total £'000
At 1 January 2022	4,417	1,865	6,282
Additional provisions in year	775	683	1,458
Utilisation of provisions	(1,637)	(715)	(2,352)
At 31 December 2022	3,555	1,833	5,388
Included in current liabilities	2,170	1,833	4,003
Included in non-current liabilities	1,385	—	1,385
	3,555	1,833	5,388
Additional provisions in year	**1,092**	**1,762**	**2,854**
Utilisation of provisions	**(1,516)**	**(2,327)**	**(3,843)**
At 31 December 2023	**3,131**	**1,268**	**4,399**
Included in current liabilities	**1,953**	**1,268**	**3,221**
Included in non-current liabilities	**1,178**	**—**	**1,178**
	3,131	**1,268**	**4,399**

The land promotion provision represents management's best estimate of the Group's liability to provide infrastructure and service obligations, which remain with the Group following the disposal of land. The provision is calculated using the present value of the estimated cash flows required to settle the present obligations, pro rata on an acreage allocation basis where disposals occur over a number of phases, such that provisions are only made in relation to the land that has been disposed of. Based on a 1.0% change in the discount rate and a 5.0% change in the estimated cash outflows, both of which the Directors consider to be a reasonably possible change, land promotion provisions would change and affect profitability before tax by £24,000 and £123,000, respectively (2022: £32,000 and £182,000).

The Group maintains rigorous forecasting and budgeting for the infrastructure and services contracts to which our provisions relate. The Group's outstanding obligations are not considered to be 'onerous' contracts, as the costs of meeting the obligations are not anticipated to exceed the economic benefits expected to be received throughout the life of the developments.

The road maintenance provision represents management's best estimate of the Group's liability under a five-year rolling programme for the maintenance of the Group's PFI asset. Based on a 5.0% change in the estimated cash outflows, which the Directors consider to be a reasonably possible change, the road maintenance provision would change and affect profitability before tax by £204,000 (2022: £129,000).

Off balance sheet arrangements

The Group is currently undertaking the infrastructure of land promotions at Bridgwater and Cranbrook, spanning 122 and 53 acres, respectively (2022: 122 and 53). The Group is liable for various planning and infrastructure obligations required to be met under section agreements imposed by the local Councils. The Group shares its planning and infrastructure obligations relating to the Cranbrook site with two other parties, the Group's share being 30%. These shared obligations are secured by performance bonds and legal charges. The Group deems the possibility of default by the other parties as highly remote. The infrastructure of these developments is anticipated to continue until 2023 and 2025, respectively, with costs being incurred throughout these periods.

The Group has cumulatively disposed of 121 and 50 acres, respectively (2022: 117 and 50), and has, subsequently, recognised provisions to the value of £2,459,000 (2022: £3,451,000), being the Group's best estimate of the consideration required to settle the present obligations at the reporting date. Subsequent disposals are expected to occur over a number of phases; provisions are made in relation to the land which has been disposed of. The present value of the estimated cash flows relating to future disposals, amounting to £99,000 (2022: £185,000), has, therefore, not been recognised in these Financial Statements.

Contingent liabilities

Contingent liabilities may arise in respect of subcontractor and other third-party claims made against the Group, in the normal course of trading. These claims can include those relating to cladding/legacy fire safety matters, and defects. A provision for such claims is only recognised to the extent that the Directors believe that the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation. However, such claims are predominantly covered by the Group's insurance arrangements.

29. Retirement benefit obligations

Defined contribution pension plan

The Group operates a defined contribution pension plan for all qualifying employees. The plan is administered and managed by Aviva and the Group matches member contributions, providing a minimum of 5% (2022: 5%) of salary is paid by the employee, on a pound-for-pound basis up to a maximum of 8% (2022: 8%).

The total cost charged to income of £3,811,000 (2022: £3,251,000) represents contributions payable to the plan by the Group.

Defined benefit pension scheme

The Group sponsors a funded defined benefit pension scheme in the UK. The scheme is administered within a Trust, which is legally separate from the Group. Trustees are appointed by both the Group and the scheme's membership and act in the interest of the scheme and all relevant stakeholders, including the members and the Group employers. The Trustees are also responsible for the investment policy for the scheme's assets.

Existing scheme members accrued benefits up until 19 March 2021, at which point the scheme closed to future accrual. To 19 March 2021, members accrued an annual pension of either 1/45th or 1/60th of final pensionable salary for each year of pensionable service. Increases in pensionable salary were limited to 1% per annum. Once in payment, pensions increase in line with inflation. The scheme also provides a two-thirds spouse's pension on the death of a member.

Up to the date of closure, active members of the scheme paid contributions at the rate of either 5% or 7% of pensionable salary and the Group employers paid the balance of the cost as determined by regular actuarial valuations. The Trustees are required to use prudent assumptions to value the liabilities and costs of the scheme, whereas the accounting assumptions must be best estimates.

The Group has not recognised any obligation under a minimum funding requirement as it is entitled to a refund of any residual assets once all members have left the scheme.

The scheme poses a number of risks to the Group. These include:

Investment risk

The present value of obligations is calculated using a discount rate determined by reference to high-quality corporate bond yields. If the return on the scheme's assets is below this rate, the scheme deficit will increase.

Interest rate risk

A decrease in the yield on high-quality corporate bonds will reduce the discount rate and, thus, increase the value placed on the scheme's liabilities. However, this would be partially offset by an increase in the value of the scheme's bond investments.

Inflation risk

The present value of the liabilities is calculated by reference to a best estimate of future inflation. If inflation turns out to be higher than this estimate, then the deficit will increase.

Longevity risk

The present value of the liabilities is calculated using a best estimate of the life expectancy of scheme members. An increase in life expectancies will increase the scheme's liabilities.

A formal actuarial valuation was carried out as at 31 December 2021. The results of that valuation have been projected to 31 December 2023 by a qualified independent actuary and the next formal valuation will be 31 December 2024. The figures in the following disclosure were measured using the projected unit method. The main financial assumptions used in the valuation of the liabilities of the scheme under IAS 19 are:

	2023 %	2022 %
Retail Prices Index (RPI)	**3.15**	3.20
Consumer Prices Index (CPI)	**2.55**	2.60
Rate in increase to pensions in payment liable for Limited Price Indexation (LPI)	**2.55**	2.60
Revaluation of deferred pensions	**2.55**	2.60
Liabilities discount rate	**4.60**	4.90

Mortality assumptions	2023 Years	2022 Years
Retiring today (aged 65)		
Male	**21.2**	21.7
Female	**23.4**	23.8
Retiring in 20 years (currently aged 45)		
Male	**22.1**	22.7
Female	**24.5**	25.0

The mortality assumptions adopted are the Self Administered Pension Schemes (SAPS) tables with allowance for future improvements in line with Continuous Mortality Investigation (CMI) 2022 with an annual improvement of 1% per annum.

29. Retirement benefit obligations continued

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	Impact on scheme liabilities		
	Change in assumption	Increase in assumption	Decrease in assumption
Rate of inflation	0.25%	Increase by 2.3%	Decrease by 2.4%
Liabilities discount rate	0.25%	Decrease by 2.9%	Increase by 3.0%
Rate of mortality	1 year	Increase by 4.1%	Decrease by 4.1%

Amounts recognised in the Consolidated Statement of Comprehensive Income in respect of the scheme are as follows:

	2023 £'000	2022 £'000
Service cost:		
Ongoing scheme expenses	745	644
Net interest expense	(406)	209
Pension protection fund	81	136
Pension expenses recognised in profit or loss	420	989
Remeasurement on the net-defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	(1,044)	50,365
Actuarial gain arising from changes in demographic assumptions	(1,675)	(1,070)
Actuarial loss/(gain) arising from changes in financial assumptions	4,710	(63,568)
Actuarial loss/(gain) arising from experience assumptions	1,075	(721)
Actuarial loss/(gain) recognised in other comprehensive income	3,066	(14,994)
Total	3,486	(14,005)

The amount included in the Statement of Financial Position arising from the Group's obligations in respect of the scheme is as follows:

	2023 £'000	2022 £'000
Present value of scheme obligations	(155,264)	(152,576)
Fair value of scheme assets	162,989	158,764
	7,725	6,188

This amount is presented in the Statement of Financial Position as follows:

	2023 £'000	2022 £'000
Non-current assets	7,725	6,188

Movements in the present value of scheme obligations in the year were as follows:

	2023 £'000	2022 £'000
At 1 January	152,576	221,660
Interest on obligation	7,263	4,353
Actuarial losses	4,110	(65,359)
Benefits paid	(8,685)	(8,078)
At 31 December	155,264	152,576

Movements in the fair value of scheme assets in the year were as follows:

	2023 £'000	2022 £'000
At 1 January	158,764	209,432
Interest income	7,669	4,144
Actuarial (losses)/gains on scheme assets	1,044	(50,365)
Employer contributions	4,942	4,275
Benefits paid	(8,685)	(8,078)
Ongoing scheme expenses	(745)	(644)
At 31 December	162,990	158,764

29. Retirement benefit obligations continued

The categories of plan assets are as follows:

	2023 £'000	2022 £'000
Quoted investments, including pooled diversified growth funds:		
Equity	**16,511**	14,381
Diversified credit funds	**36,407**	46,483
Cash and net current assets	**5,231**	2,979
Unquoted investments:		
Direct lending	**16,277**	18,969
Liability-driven investment	**46,757**	33,283
Infrastructure	**22,267**	21,319
Special situations	**19,540**	21,350
At 31 December	**162,990**	158,764

The weighted average duration of the defined benefit obligation is 12 years (2022: 12 years).

The current estimated amount of total contributions expected to be paid to the scheme during the 2024 financial year is £1,200,000, being £1,200,000 payable by the Group and £nil payable by scheme members.

The Company's level of recovery plan funding to the scheme is £100,000 per month from March 2023 to December 2024 with a provision to suspend contributions if in surplus over £3m for two quarters or increase contributions to £300,000 if in deficit over £3m for two quarters. In addition to this, the Company contributes a further £260,000 per annum towards the administration expenses of the scheme.

On 16 June 2023, the High Court handed down a judgement in the case Virgin Media v NTL Trustees II Limited. The case centred on changes to the rules of pension schemes that were contracted out of SERPS. The law required that, before amending a scheme's rules, the trustees needed to obtain written confirmation from the scheme actuary that the amended benefits would still meet the minimum level. The actuary's written confirmation is commonly known as a Section 37 certificate.

The judgement handed down in the Virgin Media case confirmed the position under the law and held that any rule amendments made without the actuarial confirmation having been obtained would be void. That judgement is currently being appealed and there remains a possibility that the government will act in this area following the conclusion of the appeal.

The Group's scheme was contracted out over the relevant period and several rule amendments that affected members' benefits were made in that time. The Trustees have conducted a preliminary search of their records and have located most, but not all, of the Section 37 certificates. An exhaustive search has not yet been completed. The Trustee is currently awaiting the outcome of the appeal and any intervention by the Government, before taking further action.

Until the outcome of the appeal is known, the Government has given its position and a more exhaustive search of records has been completed, it is not possible to determine whether, or to what extent, this judgement affects the Scheme and the position disclosed.

30. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are disclosed below:

Parent Company	2023 £'000	2022 £'000
Management charges receivable	**5,629**	4,670
Interest payable	**(275)**	(1,447)
Rents payable	**(104)**	(159)
Recharge of expenses	**(17)**	(25)

Transactions between the Company and its remaining related parties are as follows:

Purchases of goods and services	2023 £'000	2022 £'000
Related companies of key management personnel (amounts paid for Non-executive Director services)	**54**	51

Amounts owing by related parties (note 18) or to related parties (note 23) are unsecured, repayable on demand and will be settled in cash. The Group is committed to the ongoing funding of some joint ventures and associates where the entity has made commitments to deliver specific schemes. No guarantees have been given or received. No significant provisions have been made for impaired receivables in respect of the amounts owed by related parties. Other than as disclosed above and in note 16, there are no further related party transactions with joint ventures and associates.

30. Related party transactions continued

Remuneration of key management personnel

The key management personnel of the Group are the Board of Directors and members of the Executive Committee, as presented on pages 80 to 83. They are responsible for making all of the strategic decisions of the Group and its subsidiaries, as detailed on pages 26 and 29. The remuneration of the Board of Directors is set out in the Remuneration Report on pages 119 to 141. The remuneration of the relevant six (2022: six) members of the Senior Management team is set out below, in aggregate, for each of the categories specified in IAS 24 'Related Party Disclosures'.

	2023 £'000	2022 £'000
Short-term employee benefits	**1,723**	1,629
Post-employment benefits	**100**	81
Share-based payments	**21**	19
	1,844	1,729

31. Share capital

	Authorised, allotted, issued and fully paid	
	2023 £'000	2022 £'000
400,000 5.25% cumulative preference shares of £1 each (2022: 400,000)	**400**	400
133,985,763 ordinary shares of 10p each (2022: 133,627,922)	**13,399**	13,363
	13,799	13,763

The Company has one class of ordinary share, which carries no rights to fixed income, but which entitles the holder thereof to receive notice of and attend and vote at general meetings or appoint a proxy to attend on their behalf. During the year, 357,841 ordinary shares (2022: 303,955) were issued in satisfaction of share option exercises.

Subject to Board approval, the preference shares carry the right to a cumulative preferential dividend payable half yearly at the rate of 5.25% per annum. They also carry a right, in priority to the ordinary equity, on a return of assets on a winding-up or reduction of capital, to repayment of capital, together with the arrears of any preferential dividend. With the exception of any resolution proposed to directly affect the rights or privileges of the holders of the preference shares, the holders thereof are not entitled to receive notice of, be present or vote at any general meeting of the Company.

Share-based payments

The Company operates the following share-based payment arrangements:

(i) The Henry Boot 2010 Sharesave Plan

This savings-related share option plan was approved by shareholders in 2010 and is HMRC approved. Grants of options to participating employees were made on 4 October 2018 at a price of 262.0p at a discount of 5.8%, on 3 October 2019 at a price of 224.0p at a discount of 9.7%, on 5 October 2020 at a price of 237.0p at a discount of 6.0%, on 15 October 2021 at a price of 225.0p at a discount of 20.5%, on 21 October 2022 at a price of 198.0p at a discount of 15.7% and on 20 October 2023 at a price of 155.0p at a discount of 15.3%. These become exercisable for a six-month period from 1 December 2021, 1 December 2022, 1 December 2023, 1 December 2024, 1 December 2025 and 1 December 2025, respectively. There are no performance criteria attached to the exercise of these options, which are normally capable of exercise up to six months after the third anniversary of the Sharesave contract commencement date. The right to exercise options terminates if a participating employee leaves the Group, subject to certain exceptions.

2022

	Options outstanding at 1 January 2022	**Options granted**	**Options lapsed**	**Options exercised**	**Options outstanding at 31 December 2022**
October 2018 grant	55,643	—	(5,153)	(50,490)	—
October 2019 grant	624,340	—	(45,243)	(168,879)	410,218
October 2020 grant	209,214	—	(52,617)	—	156,597
October 2021 grant	440,640	—	(167,227)	(933)	272,480
October 2022 grant	—	1,007,374	(15,270)	—	992,104
Weighted average exercise price	228p	198p	226p	233p	211p

31. Share capital continued

2023

	Options outstanding at 1 January 2023	Options granted	Options lapsed	Options exercised	Options outstanding at 31 December 2023
October 2019 grant	410,218	—	(52,426)	(356,185)	1,607
October 2020 grant	156,597	—	(75,773)	—	80,824
October 2021 grant	272,480	—	(172,900)	(444)	99,136
October 2022 grant	992,104	—	(756,176)	(1,212)	234,716
October 2023 grant	—	1,600,466	(13,163)	—	1,587,303
Weighted average exercise price	211p	155p	206p	224p	167p

The weighted average share price at the date of exercise for share options exercised during the year was 238.01p (2022: 257.07p).

(ii) The Henry Boot 2015 Long term Incentive Plan

This plan was approved by shareholders at an AGM held on 21 May 2015. Details of the plan and the vesting requirements are also set out in the Directors' Remuneration Policy, which is also available to view on the website.

In respect of (ii) above, the aggregate total of movements in share options granted and awards of shares is as follows:

	2023 Number	2022 Number
Share options granted at 1 January	1,595,815	1,365,397
Lapses of share options in year	(389,804)	(385,427)
Awards of shares in year	(71,870)	(31,486)
Share options granted in year	1,067,967	647,331
Share options granted at 31 December	2,202,108	1,595,815

The weighted average share price at the date of exercise for share options exercised during the year was 211.00p (2022: 323.00p). The weighted average exercise price of all share options issued in the scheme is nil. Additional shares have been awarded in the year based at a dividend equivalent value over the vesting period.

(iii) The Henry Boot PLC 2010 Approved Company Share Option Plan

This plan, more commonly known as a CSOP, was approved by shareholders in 2010 and is HMRC approved. Any full-time Director or employee (full-time or part-time) is eligible to participate at the discretion of the Remuneration Committee of the Board. Options are granted by deed with no consideration payable by the participant. The aggregate subscription price at the date of grant of all outstanding options granted to any one participant under the plan and any other HMRC approved plan operated by the Company (but excluding options granted under any savings-related share option plan) must not exceed £60,000. The aggregate market value at the date of grant of ordinary share options, which may be granted to any one participant in any one financial year of the Company, shall not normally exceed two times the amount of a participant's remuneration for that financial year. The Remuneration Committee may impose objective conditions as to the performance of the Group, which must normally be satisfied before options can be exercised. Options are normally exercisable only within the period of 3–10 years after the date of grant. The right to exercise options, generally, terminates if a participant leaves the Group, subject to certain exceptions. The second grant of options under the plan was made to certain senior employees (none of whom at the time were Directors of Group companies) on 1 October 2014 at an option price of 191.0p. The third grant of options under the plan was made to certain senior employees (none of whom at the time were Directors of Group companies) on 6 October 2017 at an option price of 298.9p. The fourth grant of options under the plan was made to certain employees (two of whom at the time were Directors of Group companies) on 14 September 2018 at an option price of 291.0p. The fifth grant of options under the plan was made to certain employees (two of whom at the time were Directors of Group companies) on 3 October 2019 at an option price of 249.0p. The sixth grant of options under the plan was made to certain employees (none of whom at the time were Directors of Group companies) on 5 October 2020 at an option price of 263.0p. The seventh grant of options under the plan was made to certain employees (none of whom at the time were Directors of Group companies) on 29 September 2021 at an option price of 281.0p. The eighth grant of options under the plan was made to certain employees (none of whom at the time were Directors of Group companies) on 5 October 2022 at an option price of 247.0p. The ninth grant of options under the plan was made to certain employees (none of whom at the time were Directors of Group companies) on 4 October 2023 at an option price of 194.0p. There were no performance conditions imposed on either of these grants.

31. Share capital continued

2022

	Options outstanding at 1 January 2022	Options granted	Options lapsed	Options exercised	Options outstanding at 31 December 2022
October 2014 grant	10,000	—	—	—	10,000
October 2017 grant	96,209	—	(13,386)	(25,936)	56,887
September 2018 grant	220,169	—	(19,500)	(54,294)	146,375
October 2019 grant	340,207	—	(36,306)	(5,277)	298,624
October 2020 grant	349,903	—	(37,213)	(2,093)	310,597
September 2021 grant	404,340	—	(42,132)	(792)	361,416
October 2022 grant	—	605,010	(7,450)	—	597,560
Weighted average exercise price	271p	247p	270p	290p	262p

2023

	Options outstanding at 1 January 2023	Options granted	Options lapsed	Options exercised	Options outstanding at 31 December 2023
October 2014 grant	10,000	—	—	—	**10,000**
October 2017 grant	56,887	—	**(5,020)**	—	**51,867**
September 2018 grant	146,375	—	**(10,827)**	—	**135,548**
October 2019 grant	298,624	—	**(30,126)**	—	**268,498**
October 2020 grant	310,597	—	**(32,315)**	—	**278,282**
September 2021 grant	361,416	—	**(31,579)**	—	**329,837**
September 2022 grant	597,560	—	**(55,668)**	—	**541,892**
October 2023 grant	—	**716,877**	**(5,410)**	—	**711,467**
Weighted average exercise price	262p	**194p**	**259p**	—	**241p**

The weighted average share price at the date of exercise for share options exercised during the year was nil (2022: 323.36p).

Fair value

Fair value is measured by a Monte Carlo pricing model using the following assumptions:

	Weighted average exercise price	Weighted average share price	Expected volatility	Expected life	Risk-free rate	Expected dividend yield
LTIP	**Nil**	**241.0p to 324.0p**	**29.37% to 38.73%**	**3 years**	**0.00% to 3.75%**	**1.95% to 3.24%**
CSOP 2011	121.5p	121.5p	41.47%	3 years	1.67%	5.02%
CSOP 2014	191.0p	191.0p	31.17%	3 years	1.23%	3.16%
CSOP 2017	298.9p	309.0p	30.37%	3 years	0.51%	3.02%
CSOP 2018	291.0p	291.0p	29.28%	3 years	0.91%	2.90%
CSOP 2019	249.0p	249.0p	29.25%	3 years	0.28%	3.24%
CSOP 2020	263.0p	263.0p	38.07%	3 years	0.00%	2.61%
CSOP 2021	281.0p	281.0p	38.60%	3 years	0.41%	2.49%
CSOP 2022	247.0p	250.0p	38.25%	3 years	4.15%	1.95%
CSOP 2023	**194.0p**	**192.0p**	**30.05%**	**3 years**	**4.54%**	**2.37%**
Sharesave 2017	270.0p	300.0p	30.30%	3 years	0.51%	3.02%
Sharesave 2018	262.0p	278.0p	29.53%	3 years	0.99%	2.90%
Sharesave 2019	224.0p	248.0p	29.25%	3 years	0.28%	3.24%
Sharesave 2020	237.0p	263.0p	38.07%	3 years	0.00%	2.61%
Sharesave 2021	225.0p	2.83.0p	38.60%	3 years	0.58%	2.49%
Sharesave 2022	198.0p	235.0p	38.25%	3 years	3.89%	1.95%
Sharesave 2023	**155.0p**	**183.0p**	**30.05%**	**3 years**	**4.53%**	**2.37%**

31. Share capital continued

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last three years.

The weighted average fair value of share options granted during the year was 68.71p (2022: 96.78p).

Expense recognised in the Consolidated Statement of Comprehensive Income

	2023 **£'000**	2022 £'000
The total expense recognised in the Consolidated Statement of Comprehensive Income arising from share-based payment transactions	**1,601**	1,241

The total expense recognised in the Consolidated Statement of Comprehensive Income arose solely from equity-settled share-based payment transactions.

32. Reserves

			Other			
Group	Property revaluation £'000	Retained earnings £'000	Capital redemption £'000	Share premium £'000	Capital £'000	Total other £'000
At 1 January 2022	2,060	328,348	271	6,264	209	6,744
Profit for the year	—	33,319	—	—	—	—
Dividends paid	—	(8,383)	—	—	—	—
Proceeds from shares issued	—	—	—	738	—	738
Arising on employee share schemes	—	1,163	—	—	—	—
Increase in fair value in year	315	—	—	—	—	—
Deferred tax on revaluation surplus	(23)	—	—	—	—	—
Actuarial gain on defined benefit pension scheme	—	14,994	—	—	—	—
Deferred tax on actuarial gain	—	(3,749)	—	—	—	—
At 31 December 2022	2,352	365,692	271	7,002	209	7,482
Profit for the year	**—**	**26,299**	**—**	**—**	**—**	**—**
Dividends paid	**—**	**(9,274)**	**—**	**—**	**—**	**—**
Proceeds from shares issued	**—**	**—**	**—**	**766**	**—**	**766**
Arising on employee share schemes	**—**	**1,409**	**—**	**—**	**—**	**—**
Realised gain on disposal of investment property	**(1,392)**	**1,392**	**—**	**—**	**—**	**—**
Decrease in fair value in year	**(228)**	**—**	**—**	**—**	**—**	**—**
Deferred tax on revaluation surplus	**279**	**—**	**—**	**—**	**—**	**—**
Actuarial loss on defined benefit pension scheme	**—**	**(3,066)**	**—**	**—**	**—**	**—**
Deferred tax on actuarial loss	**—**	**767**	**—**	**—**	**—**	**—**
At 31 December 2023	**1,011**	**383,219**	**271**	**7,768**	**209**	**8,248**

32. Reserves continued

		Other				
	Retained earnings	Investment revaluation	Capital redemption	Share premium	Capital	Total other
Parent Company	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2022	81,414	1,135	271	6,264	211	7,881
Profit for the year	15,987	—	—	—	—	—
Dividends paid	(8,383)	—	—	—	—	—
Premium arising from shares issued	—	—	—	738	—	738
Arising on employee share schemes	417	—	—	—	—	—
Unrecognised actuarial gain	14,994	—	—	—	—	—
Deferred tax on actuarial gain	(3,749)	—	—	—	—	—
At 31 December 2022	100,680	1,135	271	7,002	211	8,619
Profit for the year	**13,304**	**—**	**—**	**—**	**—**	**—**
Dividends paid	**(9,274)**	**—**	**—**	**—**	**—**	**—**
Premium arising from shares issued	**—**	**—**	**—**	**766**	**—**	**766**
Arising on employee share schemes	**422**	**—**	**—**	**—**	**—**	**—**
Unrecognised actuarial loss	**(3,066)**	**—**	**—**	**—**	**—**	**—**
Deferred tax on actuarial loss	**767**	**—**	**—**	**—**	**—**	**—**
At 31 December 2023	**102,833**	**1,135**	**271**	**7,768**	**211**	**9,385**

Property revaluation reserve

The property revaluation reserve represents the unrealised surpluses arising on revaluation of the Group occupied land and buildings and is not available for distribution until realised on disposal.

Retained earnings

Retained earnings represent the accumulated profits and losses of the Group. This reserve is distributable to the extent it does not arise from revaluation gains.

Capital redemption reserve

The capital redemption reserve represents the purchase and cancellation by the Company of its own shares and comprises the aggregate nominal value of all the ordinary shares repurchased and cancelled. This reserve in not distributable.

Share premium reserve

The share premium reserve represents the difference between the sums received from the issue of shares and their nominal value net of share issue expenses. This reserve is not distributable.

Capital reserve

The capital reserve represents realised profits arising on the disposal of investments and is available for distribution.

Investment revaluation reserve

This reserve was carried forward from previous accounting framework, and represents accumulated unrealised revaluation gains. This is distributable only when the related investment in subsidiaries are sold or impaired.

33. Cost of shares held by the ESOP trust

	2023	2022
	£'000	£'000
At 1 January	**967**	1,044
Additions	**98**	—
Disposals	**(190)**	(77)
At 31 December	**875**	967

Quoted investments represent own shares held by the Henry Boot PLC Employee Trust as an ESOP to provide an incentive to greater ownership of shares in the Company by its employees.

At 31 December 2023, the Trustee held 362,860 shares (2022: 391,003 shares) with a cost of £874,849 (2022: £966,483) and a market value of £754,750 (2022: £918,858). All of these shares were committed to satisfy existing grants by the Company under the Henry Boot PLC 2015 Long term Incentive Plan. In accordance with IAS 32, these shares are deducted from shareholders' funds. Under the terms of the Trust, the Trustee has waived all dividends on the shares it holds.

34. Cash generated from operations

		Group		Parent Company	
		2023	2022	**2023**	2022
		£'000	£'000	**£'000**	£'000
Profit before tax		**37,302**	45,595	**10,199**	14,001
Adjustments for:					
Amortisation of PFI asset	11	**551**	579	**—**	—
Goodwill impairment	11	**203**	203	**—**	—
Depreciation and impairment of property, plant and equipment	12	**4,462**	3,957	**269**	142
Depreciation of right-of-use assets	13	**779**	597	**251**	45
Revaluation (increase)/decrease in investment properties	14	**(307)**	4,921	**—**	—
Amortisation of capitalised letting fees	3	**54**	25	**—**	—
Share-based payment expense	4	**1,601**	1,241	**612**	495
Pension scheme credit		**(4,197)**	(3,422)	**(4,197)**	(3,422)
Movements on provision against loans to subsidiaries		**—**	—	**21**	(1)
Profit on disposal of property, plant and equipment	3	**(341)**	(176)	**6**	—
Profit on disposal of equipment held for hire	3	**(1,185)**	(1,070)	**—**	—
Profit on disposal of investment properties		**(733)**	(646)	**—**	—
(Profit)/loss on disposal of assets held for sale		**(1,571)**	150	**—**	—
Gain on disposal of joint ventures		**—**	(667)	**—**	—
Finance income	5	**(3,357)**	(1,641)	**(675)**	(85)
Dividends received from subsidiaries		**—**	—	**(25,139)**	(26,491)
Finance costs	6	**6,260**	2,503	**5,437**	3,372
Share of profit of joint ventures and associates	16	**(371)**	(9,079)	**—**	—
Operating cash flows before movements in equipment held for hire		**39,150**	43,070	**(13,216)**	(11,944)
Purchase of equipment held for hire	12	**(3,497)**	(5,454)	**—**	—
Proceeds on disposal of equipment held for hire		**1,423**	1,343	**—**	—
Operating cash flows before movements in working capital		**37,076**	38,959	**(13,216)**	(11,944)
Increase in inventories		**(9,129)**	(63,701)	**—**	—
Decrease/(increase) in receivables		**1,503**	(3,763)	**9,021**	(1,183)
Decrease/(increase) in contract assets		**5,598**	(11,701)	**—**	—
(Decrease)/increase in payables and provisions		**(26,231)**	24,684	**3,021**	2,654
Decrease in contract liabilities		**(2,946)**	(1,027)	**—**	—
Cash generated from operations		**5,871**	(16,549)	**(1,174)**	(10,473)

Net debt is an alternative performance measure used by the Group and comprises the following:

Analysis of net debt:					
Cash and cash equivalents		**13,034**	17,401	**5,572**	10,316
Bank overdrafts	27	**—**	—	**(602)**	(9)
Net cash and cash equivalents		**13,034**	17,401	**4,970**	10,307
Bank loans	27	**(83,500)**	(65,000)	**(83,500)**	(65,000)
Other loans		**(3,018)**	—	**—**	—
Lease liabilities	13	**(4,275)**	(1,033)	**(2,214)**	(64)
Net debt		**(77,759)**	(48,632)	**(80,744)**	(54,757)

Reconciliation of liabilities from financing activities	1 Jan	Cashflows	New leases	31 Dec
Advances from joint ventures and associates	365	12	—	377
Bank loans	65,000	18,500	—	83,500
Other loans – sale and leaseback	–	3,018	—	3,018
Lease liabilities	1,033	(526)	3,768	4,275
Total liabilities from financing activities	66,398	21,004	3,768	91,170

35. Guarantees and contingencies

The Parent Company has guaranteed the performance of certain contracts entered into by Group undertakings in the ordinary course of business. These guarantees are impracticable to quantify.

The Parent Company has given cross guarantees to certain of the Group's bankers and bondsmen in respect of facilities available to Group undertakings in the normal course of business. At the year end, amounts guaranteed against these facilities were £83,500,000 and £20,800,000, respectively.

In the opinion of the Directors, no loss is expected to arise in connection with these matters.

36. Events after the balance sheet date

Since the balance sheet date, the Group has proposed a final dividend for 2023; further information can be found in note 10.

There were no other significant events since the balance sheet date that may have a material effect on the financial position or performance of the Group.

37. Additional information – subsidiaries, joint ventures and associates

Details of the Company's subsidiaries, joint ventures and associates, all of which are incorporated in England (unless otherwise stated) and are either consolidated or equity accounted in the Group Financial Statements at 31 December 2023, are as follows:

Subsidiary name	Registered Number	Proportion of ownership	Direct or indirect	Activity
Airport Business Park Southend Management Limited[2]	11441062	8.9%	Indirect	Management company
Airport Business Park (Quad) Management Limited	14229315	54.2%	Indirect	Management company
Banner Plant Limited	00607575	100%	Direct	Plant Hire
Butterfield Quad Management Company Limited[2]	12091892	12.5%	Indirect	Management company
Butterfield Quad 2 Management Company Limited[2]	13247306	33.3%	Indirect	Management company
Capitol Park Property Services Limited[2]	08795137	4.6%	Indirect	Inactive
Chocolate Works York Management Company Limited	09889108	83.3%	Indirect	Management company
Clock Tower (York) Management Company Limited	13857768	100%	Indirect	Management company
Comstock (Kilmarnock) Ltd.	SC166157	100%	Indirect	Land promotion
First National Housing Trust Limited	00276288	100%	Direct	Property investment
Glasgowend Limited	01576203	100%	Direct	Inactive
Hallam Land Management Limited	02456711	100%	Direct	Land promotion
HB Island Limited	11641820	100%	Direct	Holding company
HBGP Limited	11641976	100%	Direct	Holding company
HBD City Court Limited	13351580	100%	Indirect	Property investment and development
HBD Summerhill Limited	13285696	100%	Indirect	Property investment and development
HBD Dev Co 1 Limited	14128256	100%	Indirect	Property investment and development
HBD Golden Valley Limited	13966492	85%	Indirect	Property development
Henry Boot Biddenham Limited	05901324	100%	Direct	Land promotion
Henry Boot Construction Limited	02880202	100%	Direct	Construction
Henry Boot Contracting Limited	07399102	100%	Direct	Inactive
Henry Boot Deansgate Limited	15269405	100%	Indirect	Property investment and development
Henry Boot Developments Limited	01390361	100%	Direct	Property investment and development
Henry Boot Cornwall House Limited	11176009	100%	Indirect	Property development
Henry Boot Estates Limited	00276603	100%	Direct	Property investment
Henry Boot Investments 1 Limited	03125802	100%	Indirect	Holding Company
Henry Boot Inner City Limited	02145413	100%	Direct	Inactive
Henry Boot 'K' Limited	06386834	100%	Indirect	Property investment and development
Henry Boot Land Holdings Limited	04570294	100%	Direct	Holding company
Henry Boot (Launceston) Limited	09276678	100%	Direct	Land promotion
Henry Boot Leasing Limited	03248776	100%	Direct	Motor vehicle leasing to Group
Henry Boot (Manchester) Limited	06051156	100%	Direct	Property development
Henry Boot Nottingham Limited	08682793	100%	Indirect	Inactive
Henry Boot Projects Limited	01679963	100%	Direct	Inactive
Henry Boot Swindon Limited	06051131	100%	Direct	Inactive
Henry Boot Tamworth Limited	05901334	100%	Indirect	Inactive
Henry Boot Wentworth Limited	01670475	100%	Direct	Property development

Subsidiary name	Registered Number	Proportion of ownership	Direct or indirect	Activity
IAMP Management Company Limited	11735214	100%	Indirect	Management company
Investments (North West) Limited	06956932	100%	Indirect	Property development
Marboot Centregate Ltd	09662598	100%	Indirect	Property development
Marboot Centregate 2 Limited	10129169	100%	Indirect	Property development
Moore Street Securities Limited	02493145	100%	Direct	Employee benefit trust
Plot 7 East Markham Vale Management Company Limited	08281170	33.3%	Indirect	Inactive
Road Link (A69) Holdings Limited	03125851	61.2%	Indirect	Holding company
Road Link (A69) Limited	03125840	61.2%	Indirect	PFI road maintenance
St John's Manchester Limited	12276168	100%	Indirect	Property development
Saltwoodend Limited	05075297	100%	Indirect	Inactive
SJ Manchester Limited Partnership	LP022152	100%	Indirect	Inactive
SJM GP Limited	13665805	100%	Indirect	Holding company
SJM (Nominee) Limited	13666505	100%	Indirect	Holding company
Stonebridge Homes Group Limited[1]	12065057	50%	Indirect	Holding company
Stonebridge Homes Limited[1]	07279118	50%	Indirect	Property development
Stonebridge Offices Limited[1]	07728107	50%	Indirect	Property investment
Winter Ground Limited	04572581	100%	Indirect	Inactive
Wyvern Park Skipton Management Company Limited	13844054	100%	Indirect	Management company

1 Stonebridge-related entities are included as subsidiaries due to the Group's additional voting rights, having two of the three Director appointments.
2 Subsidiary by virtue of management control.

Joint ventures and associates	Proportion of ownership	Direct or indirect	Activity
Aytoun Street Developments Limited	50%	Indirect	Property development
Bigmouth Manchester Limited	50%	Indirect	Property development
Crimea Land Mansfield LLP	50%	Indirect	Land promotion
HBB Preston East Ltd	50%	Indirect	Property development
HBB Roman Way Limited	50%	Indirect	Property development
Henry Boot Barnfield Limited	50%	Indirect	Property development
Island Site Limited Partnership	50%	Indirect	Property development
Island Site (General Partner) Limited	50%	Indirect	Holding company
Island Site (Nominee) Limited	50%	Indirect	Property development
Kirklees Henry Boot Partnership Limited	50%	Indirect	Inactive
Montagu 406 Regeneration LLP	50%	Indirect	Property investment
MVNE LLP	50%	Indirect	Property development
Newmarket Lane Holding Limited	50%	Indirect	Holding company
Newmarket Lane Limited	50%	Indirect	Management company
Newmarket Lane Management Company Limited	50%	Indirect	Management company
Rainham HoldCo S.a.r.l.	20%	Indirect	Property investment and development
Road Link Limited	37.6%	Indirect	Inactive

The address of the registered office of all subsidiaries, joint venture and associates is the same as the Parent Company, with the exception of:

Road Link Limited, Road Link (A69) Limited and Road Link (A69) Holdings Limited, whose registered office is Stocksfield Hall, Stocksfield, Northumberland NE43 7TN; Comstock (Kilmarnock) Ltd., whose registered office is 48 St. Vincent Street, Glasgow G2 5HS; Henry Boot Barnfield Limited, HBB Roman Way Limited and HBB Preston East Limited, whose registered office is 8 Kenyon Road, Lomeshaye Industrial Estate, Nelson, Lancashire, England, BB9 5SP; Kirklees Henry Boot Partnership Limited, whose registered office is Legal Services, 2nd Floor Civic Centre 3, Huddersfield, West Yorkshire, HD1 2WZ; Cognito Oak LLP, whose registered office is Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, Scotland, AB10 1DQ; Island Site Limited Partnership, whose registered office is Guardsman Tony Downes House, 5 Manchester Road, Droylsden, Tameside, M43 6SF; Crimea Land Mansfield LLP; whose registered office is C/O Harworth Group, Advantage House Poplar Way, Catcliffe, Rotherham, S60 5TR, United Kingdom; and Rainham HoldCo S.a.r.l., whose registered office is 1 Rue Isaac Newton, L-2242, Luxembourg.

37. Additional information – subsidiaries, joint ventures and associates continued

Residents Management Companies

The companies listed below are Residents Management Companies (RMCs). All RMCs are companies limited by guarantee without share capital (unless otherwise stated) and incorporated in the UK. The capital, reserves and profit or loss for the year has not been stated for these RMCs as beneficial interest in any assets or liabilities of these companies is held by the residents. These companies have not been included in the consolidated accounts, are temporary members of the Group and will be handed over to residents in due course. The registered office of each RMC is 1 Featherbank Court, Horsforth, Leeds LS18 4QF.

RMCs controlled by the Group:

Woodside Park Newlay Estate Management Company Limited, Fox Valley Management Company Limited[1], Moorlands Cleckheaton Management Company Limited, Brookfield Garth Hampsthwaite Management Company Limited, Kingsley Road Harrogate Management Company Limited, Weyland Road Management Company Limited, Willow Crest Cawood Management Company Limited, The Willows Whinney Lane Management Company Limited, Victoria Gardens (Headingley) Management Company Ltd[1], Derry Hill Menston Management Company Limited and Hawbank Field Skipton Management Company Limited.

1 Company limited by share capital.

38. Partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Name	Country of incorporation	**2023 £'000**	2022 £'000
Stonebridge Homes Limited	England	**50%**	50%
Road Link (A69) Limited	England	**61.2%**	61.2%

Name	**2023 £'000**	2022 £'000
Accumulated balances of material non-controlling interest:		
Stonebridge Homes Limited	**2,852**	3,687
Road Link (A69) Limited	**1,858**	2,280
Profit allocated to material non-controlling interest:		
Stonebridge Homes Limited	**242**	2,182
Road Link (A69) Limited	**2,002**	2,369

38. Partly-owned subsidiaries continued

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

	Stonebridge Homes Limited		Road Link (A69) Limited	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Summarised statement of profit or loss				
Revenue	**97,186**	70,643	**13,676**	13,590
Cost of sales	**(84,994)**	(56,613)	**(6,146)**	(5,106)
Administrative and other expenses	**(6,256)**	(6,572)	**(718)**	(691)
Net finance costs	**(5,250)**	(2,039)	**(96)**	(254)
Profit before tax	**686**	5,419	**6,715**	7,539
Tax	**(201)**	(1,054)	**(1,557)**	(1,432)
Profit for the year	**485**	4,365	**5,159**	6,107
Total comprehensive income	**485**	4,365	**5,159**	6,107
Attributable to non-controlling interests	**242**	2,182	**2,002**	2,369
Dividends paid to non-controlling interests	**1,070**	1,121	**2,425**	2,910
Summarised balance sheet				
Non-current assets	**1,533**	1,110	**1,141**	1,690
Inventories	**96,227**	80,629	**–**	–
Trade and other receivables	**6,063**	6,703	**3,221**	4,710
Cash and cash equivalents	**89**	550	**5,106**	4,080
Current liabilities	**(98,208)**	(81,150)	**(3,819)**	(3,260)
Non-current liabilities	**–**	(468)	**(862)**	(1,343)
Net assets	**5,704**	7,374	**4,788**	5,877
Equity holders of Parent	**2,852**	3,687	**2,930**	3,597
Non-controlling interest	**2,852**	3,687	**1,859**	2,280
Summarised cash flow				
Operating	**2,955**	1,951	**7,093**	4,742
Investing	**(31)**	(33)	**183**	60
Financing	**(3,386)**	(2,351)	**(6,250)**	(7,500)
Net increase/(decrease) in cash and cash equivalents	**(462)**	(433)	**1,026**	(2,698)

NOTICE OF ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT and requires your immediate attention. If you are in any doubt about the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in Henry Boot PLC, please forward this document and the accompanying Form of Proxy to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

The Board of Henry Boot PLC considers all of the proposed resolutions to be in the best interests of shareholders as a whole and, accordingly, recommends that shareholders vote in favour of all the resolutions proposed.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (AGM) of Henry Boot PLC (Company) will be held at DoubleTree by Hilton Hotel Sheffield Park, Chesterfield Road South, Sheffield S8 8BW on Thursday 23 May 2024 at 12.30pm, for the following purposes:

To consider and, if thought fit, pass the following resolutions, which will be proposed as ordinary resolutions of the Company.

Resolution 1

To receive the Directors' Report, Auditors' Report, Strategic Report and the Financial Statements for the year ended 31 December 2023

Resolution 2

To declare a final dividend of 4.40p per ordinary share

Resolution 3

To approve the Directors' Remuneration Report (other than the part containing the Directors' Remuneration Policy) for the year ended 31 December 2023

Resolution 4

To approve the Directors' Remuneration Policy contained in the Directors' Remuneration Report for the year ended 31 December 2023

Resolution 5

To reappoint Timothy Roberts as a Director of the Company

Resolution 6

To reappoint Darren Littlewood as a Director of the Company

Resolution 7

To reappoint Joanne Lake as a Director of the Company

Resolution 8

To reappoint James Sykes as a Director of the Company

Resolution 9

To reappoint Peter Mawson as a Director of the Company

Resolution 10

To reappoint Gerald Jennings as a Director of the Company

Resolution 11

To reappoint Serena Lang as a Director of the Company

Resolution 12

To reappoint Talita Ferreira as a Director of the Company

Resolution 13

To reappoint Ernst & Young LLP as auditors of the Company

Resolution 14

To authorise the Audit and Risk Committee to fix the auditors' remuneration

Resolution 15

THAT pursuant to Section 551 of the Companies Act 2006, the Directors be and are, generally and unconditionally, authorised to allot shares in the Company or to grant rights to subscribe for, or to convert, any security into shares in the Company up to an aggregate nominal amount of £4,466,207, provided that (unless previously revoked, varied or renewed) this authority shall expire on 23 August 2025 or at the conclusion of the next AGM of the Company after the passing of this resolution, whichever is the earlier, save that the Company may make an offer or agreement before this authority expires, which would, or might, require shares to be allotted or rights to subscribe for, or to convert, any security into shares to be granted after this authority expires and the Directors may allot shares or grant such rights pursuant to any such offer or agreement as if this authority had not expired. This authority is in substitution for all existing authorities under Section 551 of the Companies Act 2006 (which, to the extent unused at the date of this resolution, are revoked with immediate effect).

To consider and if thought fit, pass the following resolutions, which will be proposed as special resolutions of the Company.

Resolution 16

THAT subject to the passing of Resolution 15, and pursuant to Section 570 of the Companies Act 2006, the Directors be, and are generally, empowered to allot equity securities (within the meaning of Section 560 of the Companies Act 2006) for cash pursuant to the authority granted by Resolution 15 as if Section 561(1) of the Companies Act 2006 did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

a. in connection with an offer of equity securities (whether by way of a rights issue, open offer or otherwise):

   i. to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them; and

   ii. to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and

b. otherwise than pursuant to paragraph a. of this resolution, up to an aggregate nominal amount of £669,931,

and (unless previously revoked, varied or renewed) this power shall expire on 23 August 2025 or at the conclusion of the next AGM of the Company after the passing of this resolution, whichever is the earlier, save that the Company may make an offer or agreement before this power expires, which would, or might, require equity securities to be allotted for cash after this power expires and the Directors may allot equity securities for cash pursuant to any such offer or agreement as if this power had not expired. This power is in substitution for all existing powers under Section 570 of the Companies Act 2006 (which, to the extent unused at the date of this resolution, are revoked with immediate effect).

Resolution 17

THAT pursuant to Section 701 of the Companies Act 2006, the Company be and is, hereby, generally and unconditionally, authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of ordinary shares of 10p each in the capital of the Company (ordinary shares), provided that:

a. the maximum aggregate number of ordinary shares hereby authorised to be purchased is 13,398,621;

b. the minimum price (excluding expenses), which may be paid for an ordinary share is 10p;

c. the maximum price (excluding expenses), which may be paid for an ordinary share is not more than the higher of:

   i. an amount equal to 105% of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made; and

   ii. an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out;

d. the authority hereby conferred shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, on 23 August 2025; and

e. the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority, which will, or may be, completed or executed wholly or partly after the expiry of such authority.

By order of the Board

AMY STANBRIDGE
COMPANY SECRETARY
11 April 2024

HENRY BOOT PLC
Registered Office:
Isaacs Building
4 Charles Street
Sheffield
United Kingdom
S1 2HS
Registered in England and Wales No. 160996

NOTICE OF ANNUAL GENERAL MEETING

Notes

1. The holders of preference shares in the Company are not entitled to attend and vote at the AGM.
2. The right to vote at the meeting is determined by reference to the register of members. Only those ordinary shareholders registered in the register of members of the Company as at the close of business on 21 May 2024 (or, if the meeting is adjourned, at the close of business on the date which is two working days before the date of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the meeting.
3. Voting on each resolution will be conducted by way of a poll. The Company believes that a poll is more representative of shareholders' voting intentions because shareholder votes are counted according to the number of votes held and all votes tendered are taken into account. The results of the poll will be announced to the London Stock Exchange and will be made available on the Company's website at www.henryboot.co.uk as soon as practicable following the conclusion of the AGM.
4. An ordinary shareholder is entitled to appoint any other person as his or her proxy to exercise all or any of his or her rights to attend and to speak and vote at the meeting. A proxy need not be a shareholder of the Company. An ordinary shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that ordinary shareholder. Failure to specify the number of ordinary shares each proxy appointment relates to or specifying a number, which when taken together with the numbers of ordinary shares set out in the other proxy appointments is in excess of the number of ordinary shares held by the ordinary shareholder, may result in the proxy appointment being invalid.
5. APPOINTMENT OF PROXY BY JOINT HOLDERS: In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holders (the first-named being the most senior).
6. A proxy may only be appointed in accordance with the procedures set out in notes 7 to 9 below and the notes to the form of proxy. The appointment of a proxy will not preclude an ordinary shareholder from attending and voting in person at the meeting.
7. A form of proxy is enclosed with the notice issued to holders of ordinary shares. When appointing more than one proxy, complete a separate proxy form in relation to each appointment. Additional proxy forms may be obtained by contacting the Company's registrar or the proxy form may be photocopied. State clearly on each proxy form the number of shares in relation to which the proxy is appointed. To be valid, a form of proxy must be received by post (during normal business hours only) at the offices of the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, no later than 12.30pm on 21 May 2024 (or, if the meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the time of any adjourned meeting).
8. As an alternative to completing the hard copy form of proxy, an ordinary shareholder may appoint the Chair as his or her proxy electronically using the online service at www.investorcentre.co.uk/eproxy. For an electronic proxy appointment to be valid, the appointment must be received by Computershare Investor Services PLC no later than 12.30pm on 21 May 2024 (or, if the meeting is adjourned, no later than 48 hours (excluding any part of a day that is not a working day) before the time of any adjourned meeting).

   Proxymity Voting – if you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process that has been agreed by the Company and approved by the Company's registrar. For further information regarding Proxymity, please go to proxymity.io. Your proxy must be lodged by 12.30pm on 21 May 2024 (or, if the meeting is adjourned, no later than 48 hours (excluding any part of a day that is not a working day) before the time of any adjourned meeting) in order to be considered valid. Before you can appoint a proxy via this process, you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.
9. CREST members who wish to appoint a proxy or proxies for the AGM (or any adjournment of it), through the CREST electronic proxy appointment service, may do so by using the procedures described in the CREST Manual, which is available at euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Computershare Investor Services PLC (ID: 3RA50) no later than 12.30pm on 21 May 2024 (or, if the meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the time of any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Computershare Investor Services PLC is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

10. An ordinary shareholder that is a corporation may authorise one or more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder, provided that where there is more than one representative and the vote is otherwise than on a show of hands, they do not do so in relation to the same shares.

11. Where a copy of this notice is being received by a person who has been nominated to enjoy information rights under Section 146 of the Companies Act 2006 (Nominated Person):

    a. the Nominated Person may have a right under an agreement between him/her and the shareholder by whom he/she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting; or

    b. if the Nominated Person has no such right or does not wish to exercise such right, he/she may have a right under such an agreement to give instructions to the shareholder as to the exercise of voting rights.

    The statement of the rights of ordinary shareholders in relation to the appointment of proxies in notes 5 to 9 above does not apply to a Nominated Person. The rights described in such notes can only be exercised by ordinary shareholders of the Company.

12. A shareholder or shareholders having a right to vote at the meeting and holding at least 5% of the total voting rights of the Company (see note 17 below), or at least 100 shareholders having a right to vote at the meeting and holding, on average, at least £100 of paid up share capital, may require the Company to publish on its website a statement setting out any matter that such shareholders propose to raise at the meeting relating to either the audit of the Company's Financial Statements (including the auditor's report and the conduct of the audit) that are to be laid before the meeting or any circumstances connected with auditors of the Company ceasing to hold office since the last AGM of the Company in accordance with Section 527 of the Companies Act 2006.

    Any such request must:

    a. identify the statement to which it relates, by either setting out the statement in full or, if supporting a statement requested by another shareholder, clearly identifying the statement that is being supported;

    b. comply with the requirements set out in note 13 below; and

    c. be received by the Company at least one week before the meeting.

    Where the Company is required to publish such a statement on its website:

    i. it may not require the shareholders making the request to pay any expenses incurred by the Company in complying with the request;

    ii. it must forward the statement to the Company's auditors no later than the time when it makes the statement available on the website; and

    iii. the statement may be dealt with as part of the business of the meeting.

13. Any request by a shareholder or shareholders to require the Company to publish audit concerns as set out in note 12:

    a. may be made either:

        i. in hard copy, by sending it to the Company Secretary, Henry Boot PLC, Isaacs Building, 4 Charles Street, Sheffield, United Kingdom, S1 2HS; or

        ii. in electronic form, by sending it by email to investors@henryboot.co.uk. Please state 'Henry Boot PLC: AGM' in the subject line of the email;

    b. must state the full name(s) and address(es) of the shareholder(s); and

    c. where the request is made in hard copy form, it must be signed by the shareholder(s).

14. Shareholders have the right to ask questions at the meeting relating to the business being dealt with at the meeting in accordance with Section 319A of the Companies Act 2006. The Company must answer any such question unless:

    a. to do so would interfere unduly with the preparation for the meeting or would involve the disclosure of confidential information;

    b. the answer has already been given on a website in the form of an answer to a question; or

    c. it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

15. The information required by Section 311A of the Companies Act 2006 to be published in advance of the meeting, which includes the matters set out in this notice and information relating to the voting rights of shareholders, is available at henryboot.co.uk

16. Except as expressly provided above, shareholders who wish to communicate with the Company in relation to the meeting should do so using the following means:

    a. telephone 0114 255 5444; or

    b. email investors@henryboot.co.uk

    No other methods of communication will be accepted.

17. As at 05 April 2024 (being the last practicable date before publication of this notice), the Company's issued ordinary share capital was 133,986,217 ordinary shares, carrying one vote each and representing the total number of voting rights in the Company.

18. The following documents will be available for inspection during normal business hours at the registered office of the Company from the date of this notice until the time of the meeting. They will also be available for inspection at the place of the meeting from at least 15 minutes before the meeting until it ends.

    a. Copies of the service contracts of the Executive Directors.

    b. Copies of the letters of appointment of the Non-executive Directors.

19. Biographies for each of the Directors are shown on pages 80 to 81 of the Annual Report for the year ended 31 December 2023.

FINANCIAL CALENDAR

London Stock Exchange announcements

Annual Results 2023:
25 March 2024

Interim Results 2024:
17 September 2024

Pre-close Trading Statement 2024:
end January 2025

Annual Report and Financial Statements

Annual Report and Financial Statements 2023 (available and online):
by 22 April 2024

Annual General Meeting

23 May 2024

Dividends paid on ordinary shares

2023 Final dividend date (subject to approval at AGM):
31 May 2024

2024 Interim dividend date (subject to approval):
11 October 2024

ADVISERS

Chartered Accountants and Statutory Auditors

Ernst & Young LLP
1 Bridgewater Place
Water Lane
Leeds LS11 5QR

Bankers

Barclays Bank PLC
1 St Paul's Place
121 Norfolk Street
Sheffield S1 2JW

HSBC UK Bank Plc
City Point
29 Kings Street
Leeds LS1 2HL

National Westminster Bank PLC
2 Whitehall Quay
Leeds LS1 4HR

Corporate Finance

KPMG Corporate Finance
1 Sovereign Square
Sovereign Street
Leeds LS1 4DA

Financial PR

FTI Consulting
200 Aldersgate
Aldersgate Street
London EC1A 4HD

Registrars

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE

Solicitors – Corporate

DLA Piper UK LLP
1 St Paul's Place
Sheffield S1 2JX

Solicitors – Operational

Irwin Mitchell LLP
Riverside East House
2 Millsands
Sheffield S3 8DT

Stockbrokers

Deutsche Numis Securities Limited
Joint Corporate Broker
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Peel Hunt LLP
Joint Corporate Broker
Moor House
120 London Wall
EC2Y 5ET

GROUP CONTACT INFORMATION

Land Promotion

Hallam Land Management Limited

Registered office and Head office
Isaacs Building, 4 Charles Street, Sheffield
S1 2HS United Kingdom

t: 0114 255 5444
e: info@hallamland.co.uk
w: hallamland.co.uk

Regional offices
Bristol, Glasgow, Leeds, London and Northampton

Property Investment and Development

Henry Boot Developments Limited

Registered office and Head office
Isaacs Building, 4 Charles Street, Sheffield
S1 2HS United Kingdom

t: 0114 350 4477
e: hello@hbd.co.uk
w: hbd.co.uk

Regional offices
Birmingham, Bristol, Glasgow, Leeds, London and Manchester

Stonebridge Homes Limited

Registered office
Isaacs Building, 4 Charles Street, Sheffield
S1 2HS United Kingdom

Head office
1 Featherbank Court, Horsforth, Leeds
LS18 4QF

t: 0113 357 1100
e: sales@stonebridgehomes.co.uk
w: stonebridgehomes.co.uk

Construction

Henry Boot Construction Limited

Registered office
Isaacs Building, 4 Charles Street, Sheffield
S1 2HS United Kingdom

Head office
Callywhite Lane, Dronfield, Derbyshire
S18 2XN

t: 01246 410111
e: hbc@henryboot.co.uk
w: henrybootconstruction.co.uk

Banner Plant Limited

Registered office
Isaacs Building, 4 Charles Street, Sheffield,
S1 2HS United Kingdom

Head office
Callywhite Lane, Dronfield, Derbyshire,
S18 2XS

t: 01246 299400
e: dronfield@bannerplant.co.uk
w: bannerplant.co.uk

Hire centres
Chesterfield, Derby, Dronfield, Leicester, Leeds, Rotherham and Wakefield

Road Link (A69) Limited

Registered office and Head office
Stocksfield Hall, Stocksfield,
Northumberland NE43 7TN

t: 01661 842842
e: enquiries@roadlinka69.co.uk

GLOSSARY

We have used some terms in this report to explain how we run our business that might be unfamiliar to you. The following list gives a definition for some of the more frequently used terms:

Commercial property
This refers to buildings or land intended to generate a profit, either from capital gain or rental income, such as office building, industrial property, retail stores, etc.

Disclosure and Transparency Rules (DTR)
Issued by the United Kingdom Listing Authority.

Dividend
A distribution of a portion of a company's earnings, decided by the board of directors, to a class of its shareholders.

Earnings per share (EPS)
Profit for the period attributable to equity shareholders divided by the average number of shares in issue during the period.

ESG
Environmental, Social and Governance.

Gearing
Net debt expressed as a percentage of equity shareholders' funds.

IAS
International Accounting Standard.

IFRS
UK-adopted International Financial Reporting Standard.

SONIA
The effective overnight interest rate paid by banks for unsecured transactions in the British sterling market.

Net asset value per share (NAV)

Equity shareholders' funds divided by the number of shares in issue at the balance sheet date.

Operating profit
Profit earned from a company's core activities.

Option agreement
A legal agreement between a landowner and another party for the right to buy land within a set time scale at the conclusion of a satisfactory planning permission.

Ordinary share
Any shares that are not preferred shares and do not have any predetermined dividend amounts. An ordinary share represents equity ownership in a company and entitles the owner to a vote in matters put before shareholders in proportion to their percentage ownership in the company.

PFI contract
A Private Finance Initiative contract is a contract between a public body and a private company and involves the private sector making capital investment in the assets required to deliver improved services.
They are typified by long contract lengths, often 30 years or more.

Planning Promotion Agreement (PPA)
A legal agreement between a landowner and another party for a set time scale and financial consideration to promote land through the UK planning system.

Pre-let
A lease signed with a tenant prior to completion of a development.

Retail Prices Index (RPI)/ Consumer Prices Index (CPI)
Monthly inflation indicators based on different 'baskets' of products issued by the Office of National Statistics.

Return on average capital employed (ROCE)
Operating profit/capital employed where capital employed is the average of total assets less current liabilities and pension asset/obligation at the opening and closing balance sheet dates.

S106
Section 106 agreements (S106) are private agreements made between local authorities and developers. They can be attached to a planning permission to make acceptable development which would otherwise be unacceptable in planning terms.

Subsidiary company
A company whose voting stock is more than 50% controlled by another company, usually referred to as the parent company or holding company.

A subsidiary is a company that is partly or completely owned by another company that holds a controlling interest in the subsidiary company.

TCFD
Task Force on Climate-related Financial Disclosures (https://www.fsb-tcfd.org/)

Total shareholder return (TSR)
Dividends and capital growth in the share price, expressed as a percentage of the share price at the beginning of the year.

Total accounting return (TAR)
The growth in NAV per share plus dividends paid, expressed as a percentage of NAV per share at the beginning of the period.

UK planning system
This system consists of the process of managing the development of land and buildings. The purposes of this process are to save what is best of our heritage and improve the infrastructure upon which we depend for a civilised existence.

22039900788
Printed on Carbon Captured paper

The production of this report supports the work of the Woodland Trust, the UK's leading woodland conservation charity. Each tree planted will grow into a vital carbon store, helping to reduce environmental impact as well as creating natural havens for wildlife and people.

Consultancy, design and production by:
jonesandpalmer.co.uk

OUR FUTURE
OUR LEGACY

Henry Boot PLC

Registered office:
Isaacs Building, 4 Charles Street
Sheffield, S1 2HS United Kingdom

Registered in England and Wales no. 160996

Tel: 0114 2555444
Email: cosec-ir@henryboot.co.uk

Stock Code: BOOT.L