Where great places start

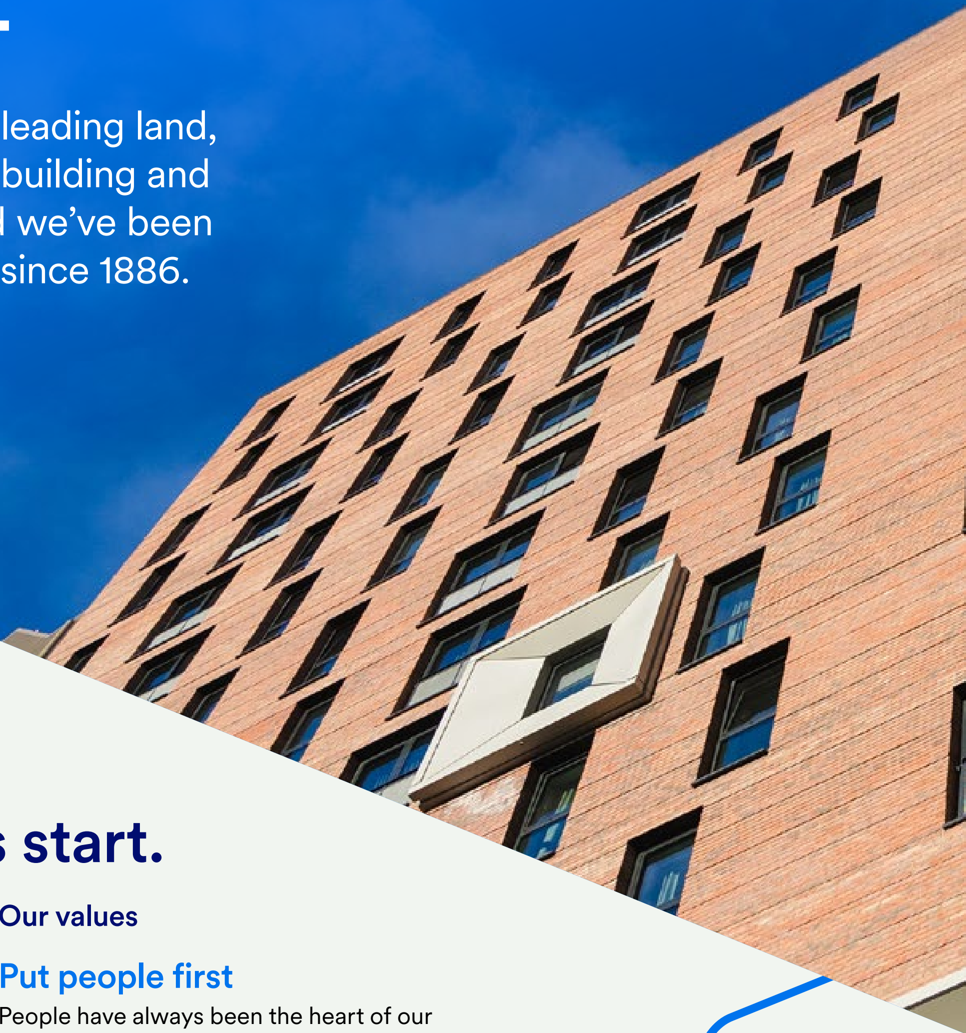
Henry Boot
Annual Report and Financial Statements for the year ended 31 December 2024

Henry Boot

henryboot.co.uk

Welcome to the Henry Boot Annual Report 2024

Henry Boot is one of the UK's leading land, property development, home building and construction businesses – and we've been transforming land and spaces since 1886.



Together, we are where great places start.

Our purpose

Creating great places today, to build a better tomorrow.

Our values

Put people first

People have always been the heart of our business. Looking after people and supporting them as they strive to be the best. Fostering connection. Truly collaborating. Fully committing to diversity and inclusion. Acting responsibly, sustainably and with compassion.

Do the right thing

We've always been true to our word. We're experts who use our knowledge to do the right thing (not just the easiest thing). Think ahead. Provide solutions. Deliver the highest standards, the best result, the fairest terms. Commit to delivering well tomorrow, not just today.

Be open to change

We've been around since 1886 because we're able to adapt to a fast-changing world. We seek out new opportunities. We evolve and we change. We set new targets. We actively listen, learning from the ground up, not just the top down. We always ask: what can we do better?

Contents

Our vision

"Our vision is to grow sustainably, creating transformational places and spaces for generations to come."

View our online Annual Report:
henryboot.co.uk

Every project we deliver today...

Since 1886, Henry Boot has been at the forefront of transforming land and spaces across the UK. Today, we continue to build on this legacy with a singular purpose: creating great places today, to build a better tomorrow.

Every action we take, every project we deliver, is driven by our unwavering commitment to this purpose. Our values form the foundation upon which we operate, guiding our decisions, shaping our culture and ensuring long-term success for all our stakeholders.

Sustainability at the core

Sustainability is embedded in everything we do. By aligning our projects with our purpose, we ensure that our developments prioritise environmental responsibility, reduce carbon impact and foster biodiversity.

Our focus on sustainable practices means that the places we create today will not only stand the test of time, but will also contribute to a healthier planet for generations to come.

We are dedicated to developing high quality spaces that enrich communities and provide long-term social, economic and environmental value.

We are a solutions-driven and customer-focused business.

Core customers

Customers
Tenants, buyers, service-users, communities

Talent
Our people, retired colleagues, current and future talent

Partners
Joint venture, development, local authority partners

Landowners
Private, institutional, public sector

Investors
Individuals, family, institutional, real estate, brokers

Other

Suppliers
Professional services, contractors, trades

Community leaders
Local authorities, community leaders and groups

Influencers
Policymakers, national and local government, trade bodies, media

...creates an impact on tomorrow

By focusing on our culture and putting people first, we sustainably improve 'the way we do things'. Better decision making and processes lead to outcomes and developments that meet and exceed the expectations of our stakeholders.

Financial performance

Creating value
"Delivering returns to our shareholders..."

Benefiting society
"Enables us to fulfil our promise to society and our customers..."

Places and planet

Partners

Enhancing operations
"Improving the way we do things..."

The culture we foster
"putting people first, investing in development, working to sustain and improve our people's working experience"

People

Creating great places today, to build a better tomorrow

The culture we foster

People

Great places start with our people, and we continue to collaborate with them to foster a culture of excellence and one in which our people can be themselves and thrive. We invest in health and wellbeing, diversity and inclusion, and team building to ensure our people are fulfilled and can thrive in their roles.

Enhancing operations

Partners

We could not fulfil our purpose without our partners. We endeavour to be the partner of choice in our key markets and invest our time and expertise in working closely with our supply chain, professional advisers, and commercial partners to showcase our responsibility and create the best value for everyone we work with.

Enables us to fulfil our promise...

Places

Working alongside, and supporting, the communities we serve is in the DNA of Henry Boot. We continue to invest time, resources, and funding to create long-lasting and genuine social value for our community partners.

...to society and our customers

Planet

We pride ourselves on creating sustainable places and we continue to invest in adapting our work and processes to reduce our environmental impact and protect the planet. Working in partnership with our customers and partners, we share knowledge, innovation and solutions to protect the environment in which we operate.

How we measure our performance

Our primary measure of success is financial performance, but if we perform well across all five measures, we'll become the purposeful, future-proof and high performing business we want to be.

People

People are 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, pay and reward, employee wellbeing, health and safety.

Highlights

- Established a network of approximately 50 mental health first aiders across our business
- Commenced a bespoke financial wellbeing partnership with industry experts Finwell
- Reduced our gender pay gap to 20%
- Leadership programme delivered to approximately 50 of our leaders across the business

Partners

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

Highlights

- Hosted a variety of roundtables with supply chain and industry partners on issues including mental health and green skills
- Adhered to the Prompt Payment Code
- Worked in collaboration with industry bodies including the CBI and BITC on industry issues including climate change and equity, diversity and inclusion (EDI)

Places

We build a better tomorrow 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

- Contributed over £300,000 of value to our community and charity partners
- Contributed over 2,800 volunteering hours to support a wide range of community and education partners
- Engaged over 2,000 learners across our areas of operation

Planet

We create an impact on tomorrow via our responsible business strategy, sustainability targets – and by adopting a sustainable mindset across the whole group. We measure success not just by short-term targets, but by the lasting legacy our sustainable approach generates.

Highlights

- Successfully trialled hydrogenated vegetable oil (HVO) fuels for use across our fleet and generator requirements
- Developed a waste management plan to embed circular economy principles across our business
- Worked with industry partners including the UK Green Building Council and Yorkshire Climate Action Coalition to share knowledge and solutions across our sector

Performance*

Strong, sustainable financial performance and commercial growth is our primary goal.

Group revenue

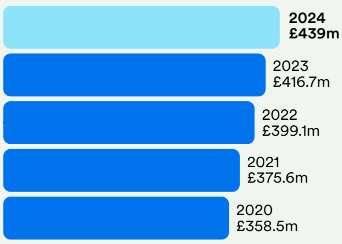
£328.4m

Profit before tax

£30.7m

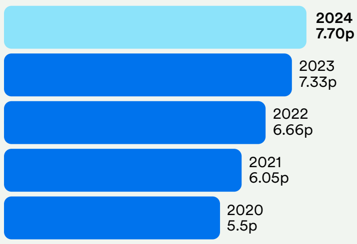
Capital employed

£439m



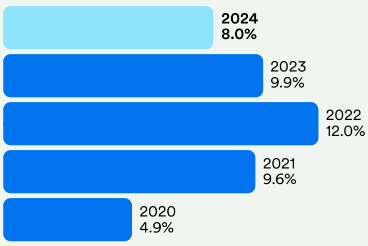
Dividends per ordinary share

7.70p



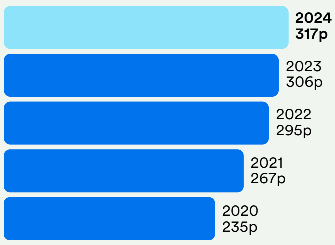
Return on capital employed (ROCE)

8.0%



Net asset value per ordinary share

317p



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 70.

Chair's introduction

> Throughout 2024, we continued to make good strategic progress towards our medium-term targets while investing in our long-term future."

Peter Mawson
Chair

Henry Boot performed well in 2024, delivering a strong performance in the second half of last year, as expected.

£30.7m
Profit before tax
(2023: £37.3m)

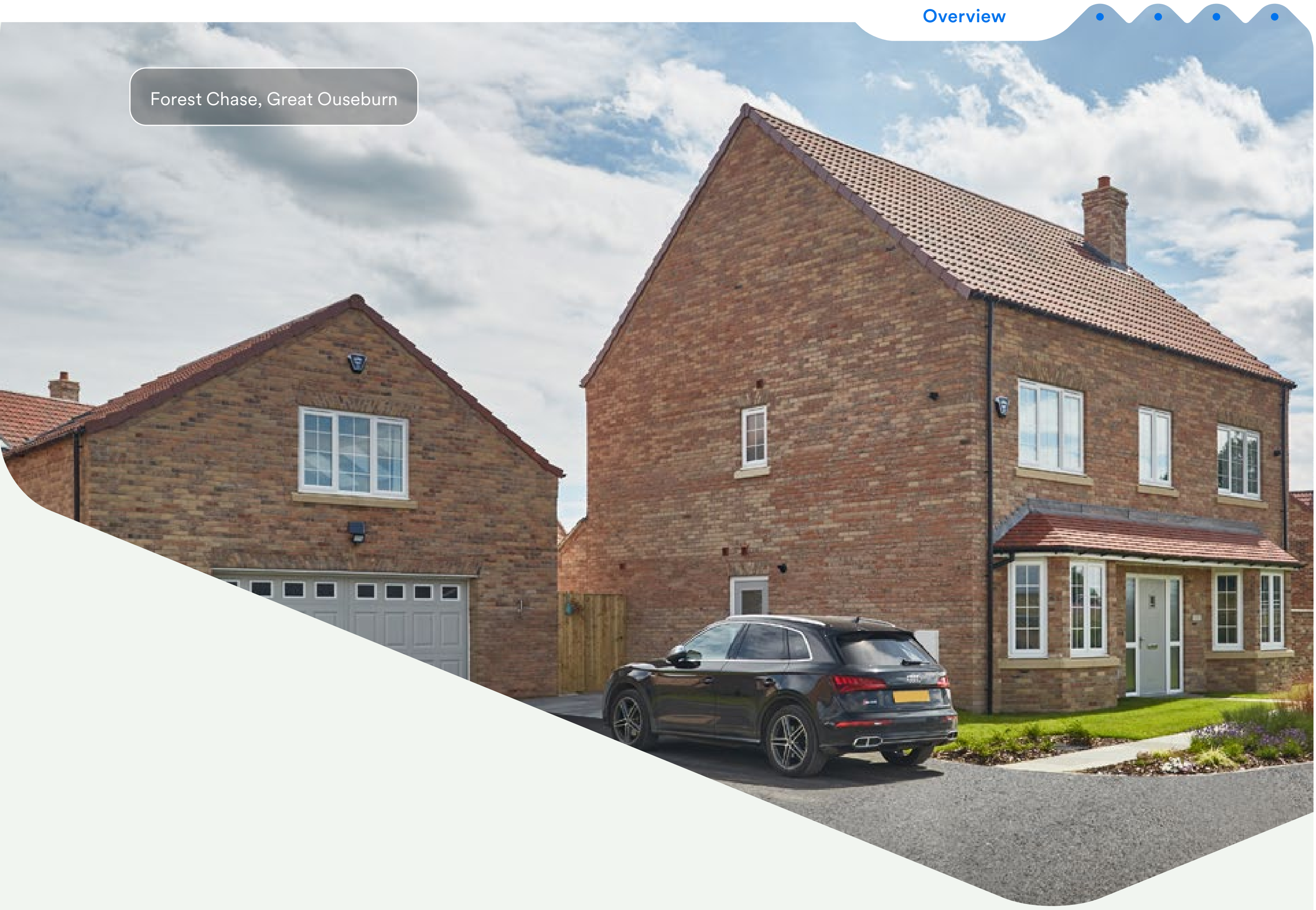
7.70p
Dividend per ordinary share
(2023: 7.33p)

Our high quality portfolio benefited from a gradual improvement in the economy, which translated into a steady increase in demand in our three key markets: industrial and logistics (I&L), residential and urban development. Against this backdrop, our focus on high quality land, prime property development and premium homes saw the group achieve a profit before tax (PBT) of £30.7m (December 2023: £37.3m), or on an underlying profit basis £29.4m (December 2023: £36.7m) excluding revaluation movements on completed investment property.

The group's NAV per share increased by 3.6% to 317p (December 2023: 306p) primarily due to retained earnings or to 312p (December 2023: 300p) excluding the defined benefit pension scheme surplus. Net debt reduced to £62.7m as at 31 December 2024 (December 2023: £77.8m) after the completion of major strategic land and property development sales. This resulted in gearing falling to 14.7%, which is comfortably within our stated optimal range of 10–20%.

Throughout 2024, we continued to make good strategic progress toward our medium-term targets while investing in our long-term future. I am pleased to update you as follows:

- The group exchanged contracts (initial completion in 2025) to take full ownership of premium regional housebuilder Stonebridge Homes through the acquisition of the 50% it does not already own, across three tranches over the next five years.
- HBD formed a joint venture (JV) with Feldberg Capital, with the intention to deliver c.£1bn of high quality I&L schemes with strong ESG credentials over the next seven years.
- Following a strategic workforce plan reviewing Hallam Land's resources, we are increasing headcount and in house specialisms to support our ambition to submit more planning applications and to grow our sales.



- We launched a refreshed group brand in June 2024 to reinforce our values, optimise customer experiences, and be clearly recognised as a modern, progressive and successful business. Simply stated, Henry Boot is 'where great places start'.
- The annual group Employee Engagement Survey, which informs our aim to continually improve Henry Boot as a place to work, achieved an employee Net Promoter Score (eNPS) of +30 (December 2023: +30), +22 ahead of our peer group average. This very good eNPS score is a testament to our people's commitment to Henry Boot.
- We entered into a new £125m, three-year credit facility with existing lenders Barclays, HSBC and NatWest, with the option to extend for a further two years to May 2029. The margin payable is 160bps above SONIA. In addition, the facility includes a £60m accordion.

Our confidence in the business means the Board proposes to pay a final dividend of 4.62p per share, which together with the 3.08p interim dividend, gives a total of 7.70p (December 2023: 7.33p), an increase of 5.0% for the year. Subject to approval at the AGM on 22 May 2025, this will be paid on 30 May 2025 to shareholders on the register at the close of business on 2 May 2025.

Finally, Joanne Lake and Gerald Jennings completed their tenures as Senior Independent Director and Non-executive Director, respectively, at the end of September 2024. I would like to express my appreciation for their significant contributions over the past nine years and wish them both success in the future. In anticipation of their departures, Talita Ferreira joined the Board in January 2024. We have also recently announced the appointment of Earl Sibley, the former COO of Vistry Group, the FTSE 250 housebuilder, as an additional Non-executive Director. Earl joined the Board in April 2025.

On behalf of the Board, I would also like to thank everyone at Henry Boot for their dedication and hard work. Their skill and expertise continues to deliver value to all our stakeholders and bring in new opportunities for the future.

Peter Mawson
Chair

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More details can be found on page 70.

Read more about the Stonebridge Homes acquisition on **page 65**

Group at a glance

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

Our group is made up of three business segments

Land Promotion
- Hallam Land

Property Investment and development
- HBD
- Stonebridge Homes

Construction
- Henry Boot Construction
- Banner Plant
- Road Link

Read the Business Review on page 60

Read more about our Growth Markets on page 24

Early mover advantage

Each segment – land promotion, property investment and development and construction – contributes to the group financially in different ways.

Selling land with planning permission or selling developed properties delivers significant value, but is deal driven with no regular pattern of return. This cyclical revenue would make it impossible to fund the land and property development through bank loans.

The construction segment is self-funded and cash generative. There is little capital employed so income is used to invest in land and development.

The property investment portfolio is valued at £107m and generates a large rental income. Borrowings can be made against this portfolio at attractive rates, and invested into the land and property development assets.

A significant amount of equity is retained in the business, to reduce borrowing. Debt is secured against investment properties and the house-building inventory. This solid financial structure lets us invest in our higher-profit activities swiftly. We maximise return, but maintain prudent gearing.

Our reputation is built on our ability to promote and deliver high quality schemes

Operating across the UK, and employing over 500 people, we focus on three long-term growth markets:

Industrial and logistics

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

- In 2024, the group completed on 540,000 sq ft of I&L development at a total combined GDV of £140m (HBD share: £44m)
- Last year, HBD formed a UK focused I&L JV with Feldberg Capital, known as Origin. It has been seeded with three sites from our pipeline with a combined GDV of c.£100m. The JV intends to deliver c.£1bn of high quality I&L schemes over the next seven years

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 agreed to take full ownership of Stonebridge Homes having exchanged contracts to acquire the 50% share it does not own from our JV partner
- Our strategic land portfolio increased to over 105,000 plots in 2024

Urban development

A market with continued belief that more people will be living in urban areas than rural by 2050, with regional centres still attractive to younger people because of the amenities and convenience they offer

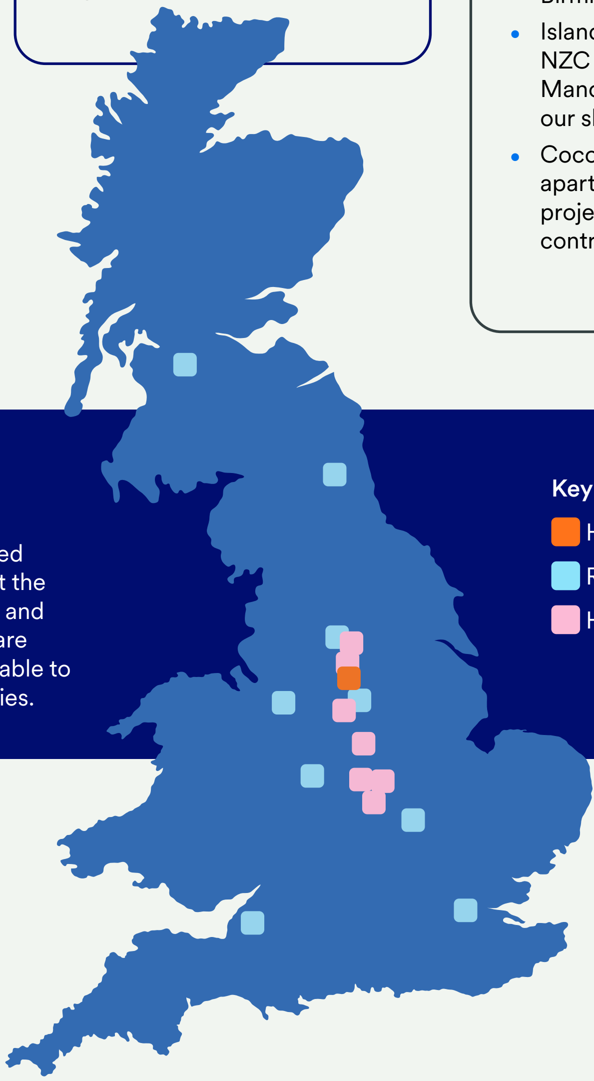
In 2024, we completed three significant city centre projects in Birmingham, Manchester and York:

- 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)
- Cocoa Works, a 279 apartment urban residential project (£57m construction contract)

Our geographical reach

National coverage and strategic sites

The head office of Henry Boot 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 Office
- Regional Office
- Hire Centre

Investment case

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%, while 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 12.2% per annum and total accounting return of 10.7% per annum.

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 and logistics, residential and urban development. While 2024 saw relatively subdued levels of activity across all three of our markets, we continue to have conviction in them over the long term. Industrial property continued to deliver the strongest rental growth of any commercial real estate sector in 2024 and while new home completions reduced on the prior year, house prices continued to rise, with further interest rate cuts expected, suggesting that 2025 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.105,000 strategic land plots (of which c.8,800 have planning permission) and a £1.2bn development pipeline (with 54% focused on industrial and logistics). Added to this, we have a growing premium housebuilder, with a land bank of c.1,700 plots.

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, while 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 environmental, social, and governance (ESG) approach into the group's commercial and strategic decision making, with the commitment of achieving net zero carbon (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.

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, while 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.

Our planning and development expertise

The group has been in business for nearly 140 years and we are valued for our expertise and forward-thinking approach.

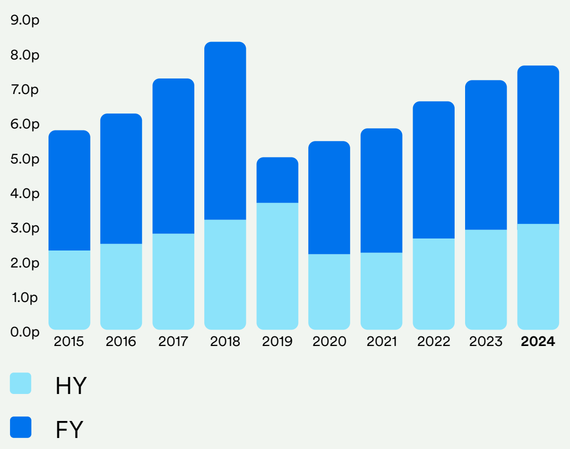
Henry Boot recognises that our people are fundamental to the success and sustainability of the group. It is their expertise across our three key markets that executes our business model successfully and delivers the value created by the business to our stakeholders.

Our relationships

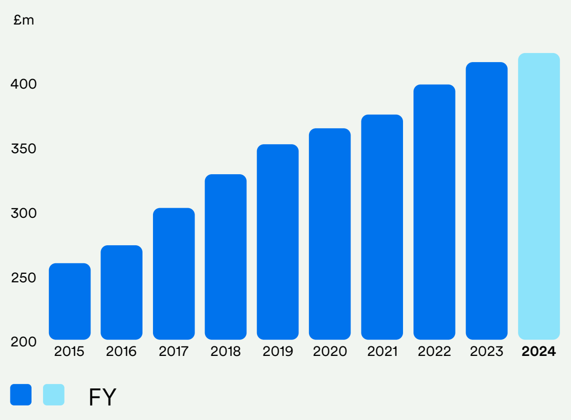
We work closely with our stakeholders, including our landowners, key property advisers (who inform us of potential opportunities), and planning consultants and legal advisers.

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.

Dividend per share



Capital employed

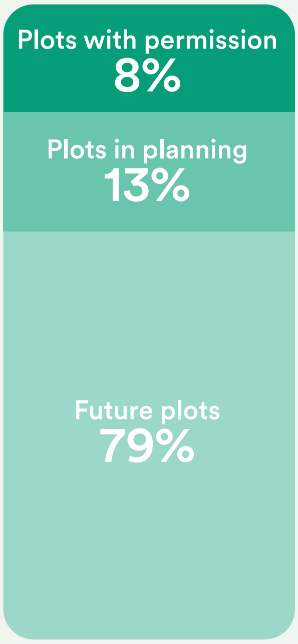


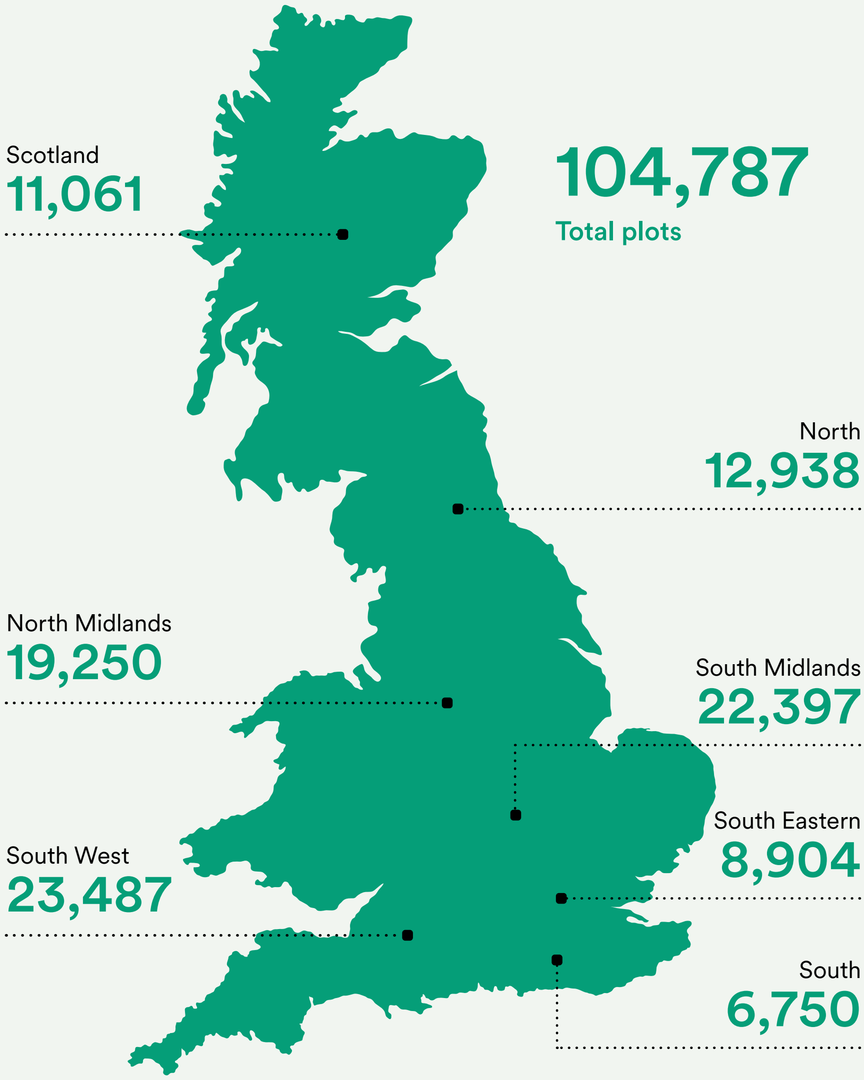
Strategic value in the business

Land Promotion

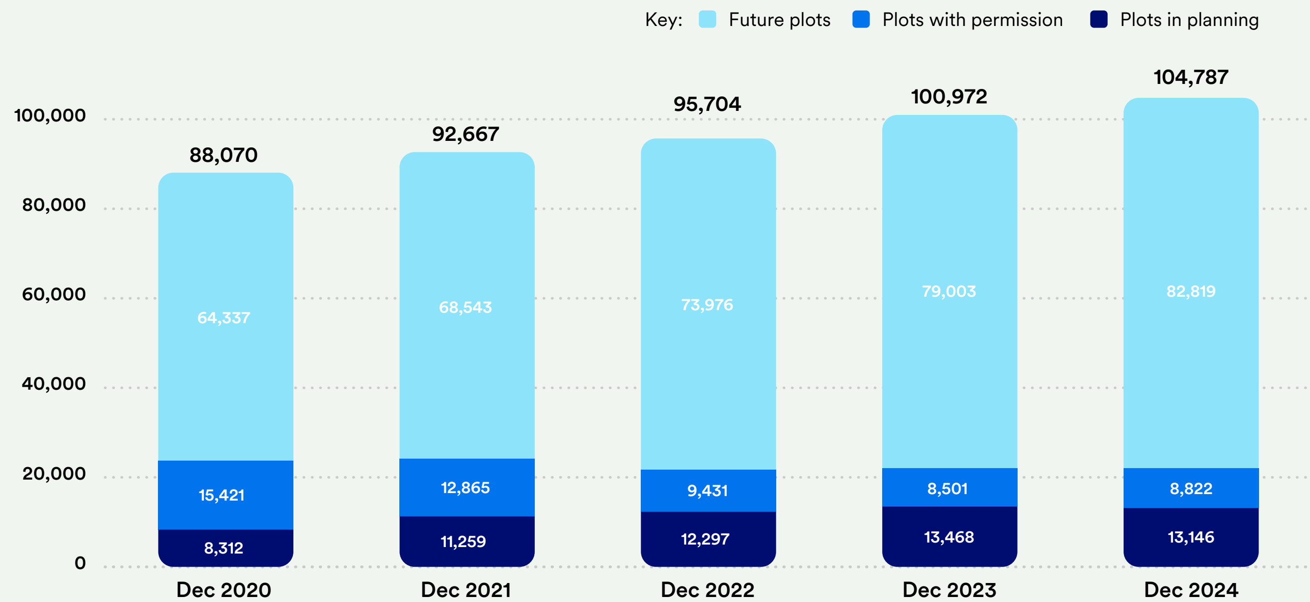
We continue to grow one of the largest strategic land banks in the country.

Regional breakdown





Residential land plots

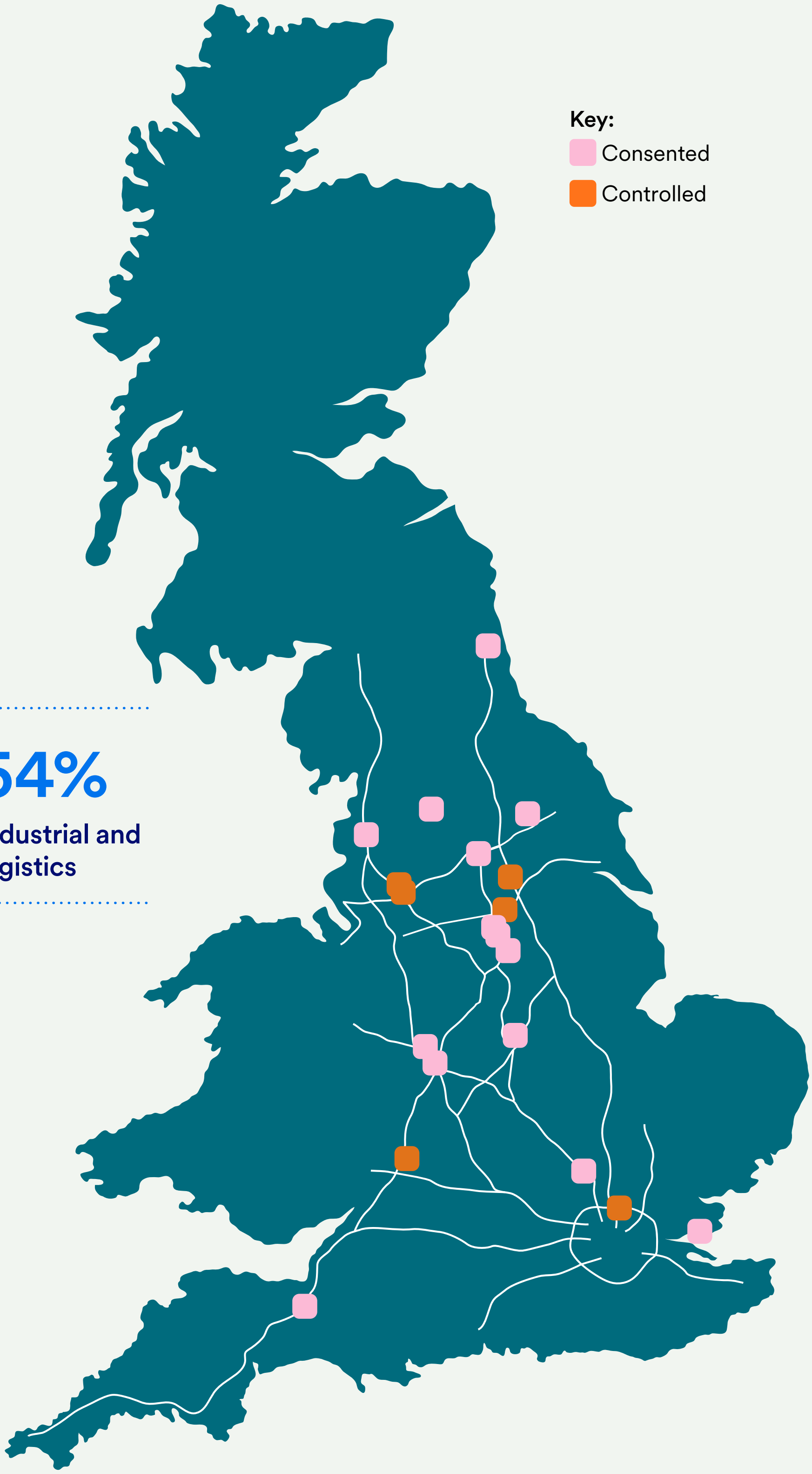


Property investment and development

Future development pipeline

The group has a total development pipeline of £1.4bn GDV (HBD share £1.2bn), with all of these opportunities sitting within the group's three key markets.

54%
Industrial and logistics



Strategic Report

The Directors present the group Strategic Report for the year ended 31 December 2024.

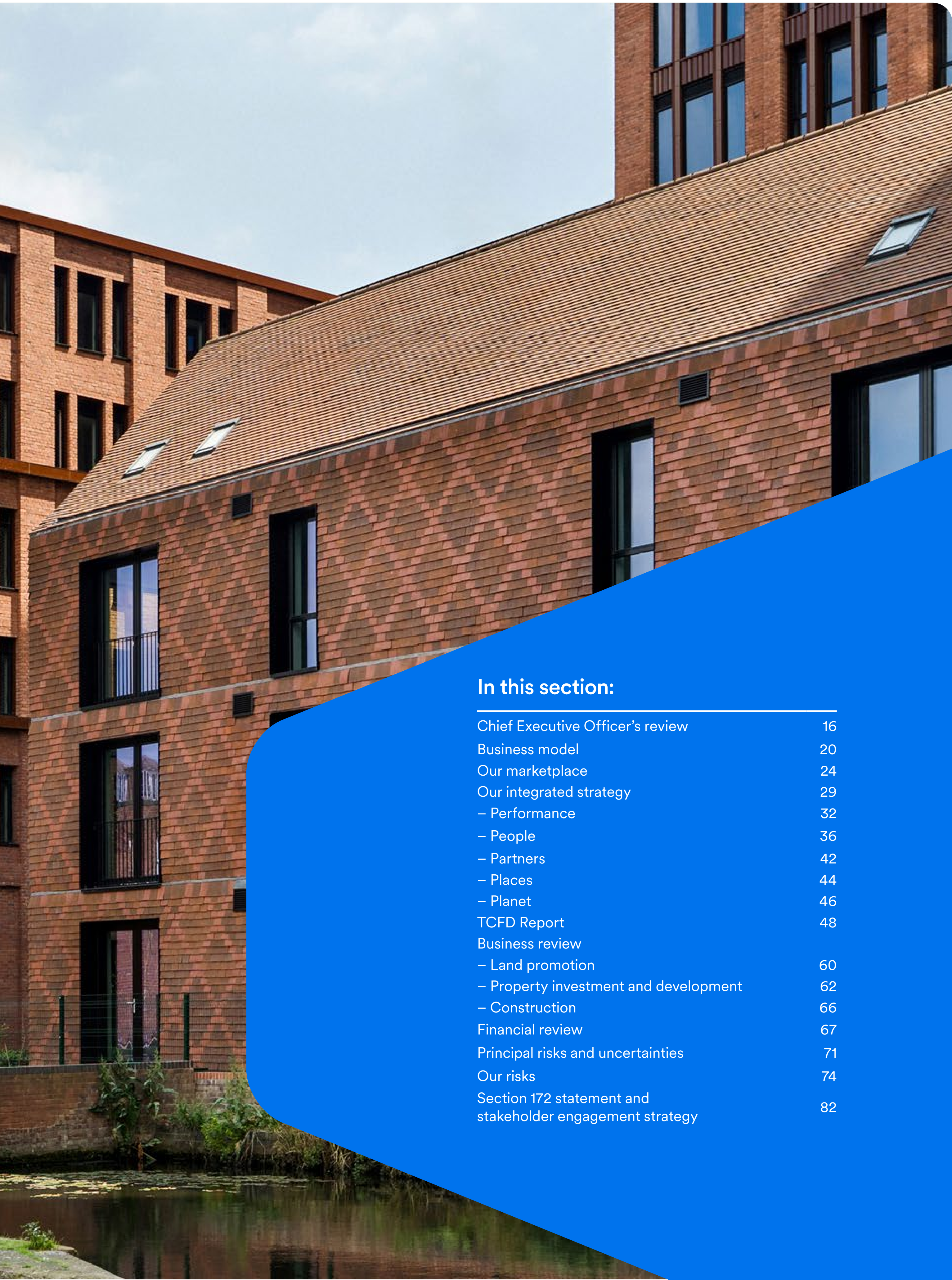
This report sets out how Henry Boot continues to create consistent value through the promotion of new land opportunities, the development of, and investment in, high quality property assets, and construction activities.

The Business Overview and Strategic Report on pages 14 to 87 have been approved by the Board and signed on its behalf by

TIM ROBERTS
CHIEF EXECUTIVE OFFICER

11 April 2025

SETL, Birmingham – a £32m GDV premium apartment development



In this section:

Chief Executive Officer's review

"

Demand for our high quality land, prime development and premium homes has remained resilient, resulting in the group successfully completing on almost £350m in land and property sales"

Tim Roberts
Chief Executive Officer

As a result of soft market conditions, a subdued economic environment for 2024 and the expected timings of key transactions, at the beginning of the year, we anticipated that the full year performance would be second half weighted.

£347m
Total land, commercial property and house sales

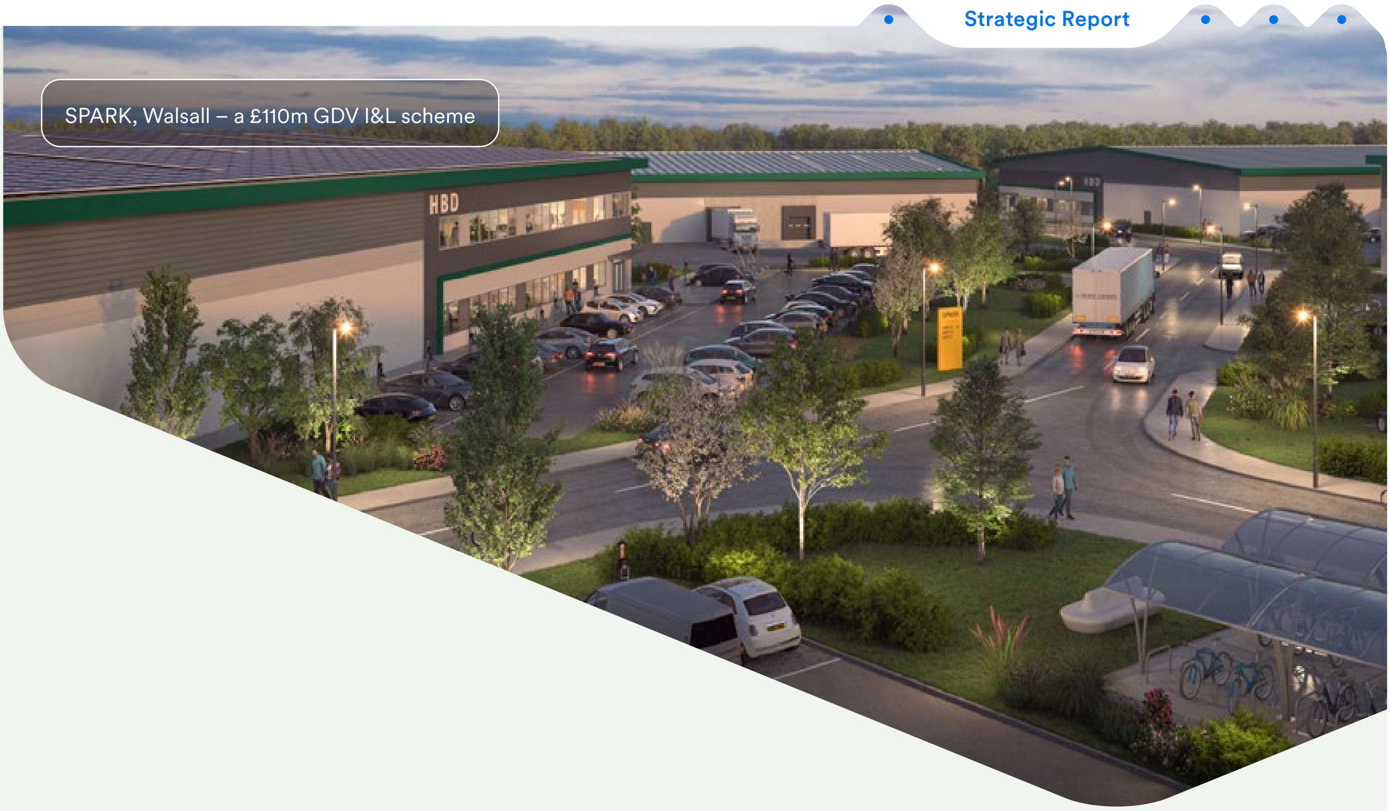
6.1%
Total accounting return (2023: 6.1%)

In line with that, we saw a strong second half performance and I am pleased to say we have delivered numbers consistent with market expectations. Demand for our high-quality land, property development and premium homes remained resilient. Total sales of land, commercial property and houses for the year were £347m, with our share at £224m (December 2023: £249m).

The significantly stronger second half was supported by gradual improvements across our three key markets, although this was not helped by the uncertainty caused by the autumn budget and the consequential rise in long-term interest rates. However, the main factor was the timing of a number of significant transactions. Notably, in the final quarter, we completed on £175m of sales (our share £101m) of strategic and development land. Against this backdrop, including the general rising cost of doing business, PBT of £30.7m, an increased NAV of £425m (December 2023: £410m) on a statutory basis, plus a TAR[6] of 6.1%, is a positive result.

Our portfolio is made up of Hallam Land's 104,787 plot land bank, and HBD's £1.2bn development pipeline, which holds considerable latent value, and is conservatively held on our balance sheet at the lower of cost or net realisable value. This, together with Stonebridge Homes landbank of 1,726 plots, positions us strongly to realise our growth ambitions. In line with our growth strategy, our capital employed has also risen to £439m (December 2023: £417m). While return on capital employed at 8.0% is outside our range, as our markets recover and we execute on our stated growth strategy, we expect it to be back within our target range of 10–15%. In terms of strategy, we have taken some big steps forward, which will contribute to the group's future growth:

- In January 2025, the group increased its ownership in Stonebridge Homes to 62.5% and will take full control of the business over the next five years. The consideration is performance linked, and the phased structure is designed to generate strong returns while maintaining gearing within



SPARK, Walsall – a £110m GDV I&L scheme

our optimum range of 10–20%. This is an opportunity to increase our investment in both a high growth business and a residential market, benefiting from supportive structural and political tailwinds.

- We formed an I&L JV with Feldberg called Origin. It has been immediately seeded with three sites from our pipeline offering a combined GDV of c.£100m. The JV will allow the group to accelerate industrial development from its £1.2bn pipeline and will also pay HBD a development manager fee and promote over agreed hurdle rates. In January 2025, the JV successfully secured a £54m development loan from BGO to help fund the development of the seeded assets.
- Having assessed the changes to the National Planning Policy Framework (NPPF) that were finalised just before the end of 2024 and concluded they should materially ease planning policy, we responded quickly by completing a strategic workforce plan within Hallam Land. This has involved drawing up and investing in new systems and processes and adding more resources. In particular, we are well underway in recruiting an extra ten heads to add to the planners and specialists we already employ. This will support Hallam Land in ramping up planning applications by a further 10,000 plots over the next 12 months with more to come in 2026, and to, ultimately, grow plot sales.

Turning to our markets, UK greenfield land values were broadly unchanged in 2024 according to Savills, and volumes over the year were around 20% below the five year average. Our customers, primarily national housebuilders, were selective in their acquisitions. Demand for our prime strategic sites remained resilient, with Hallam Land selling 2,661 plots, well above the 1,944 in 2023 and in line with the five year average of 2,696 plots. Total gross sales of £183m (Hallam Land share £78m) were ahead of our expectations, benefiting from the sale of £36m (Hallam Land share £9m) of employment land in Coventry. With the spectre of the proposed changes to the NPPF overhanging Local Planning Authorities, we also managed an increase in consents secured to 2,982 plots (December 2023: 1,014). Hallam Land is in a good position to achieve more consents and sell more sites over the next three years, putting us on track to meet our medium-term yearly target of 3,500 plots sold.

The commercial property market has stabilised, with capital values increasing by 1.8% and total returns at 7.7% (CBRE UK Monthly Index). Industrial has been the best performing commercial property sector over the last five years by some margin, having delivered a total return more than two and a half times that of all property, and remains the place in which to invest. During 2024, industrial values were up 4.5%, driven by rental growth at 5.0%. The majority of our completed, committed developments and pipeline are within the industrial sector. While commercial markets have stabilised, investment volumes and occupier take up is generally running below long-term averages. I&L take up was up 6% year on year (YOY) in 2024 and is back in line with the ten year average – albeit down by around 30% from the average during the exceptional, COVID-19-demand-led period between 2020 and 2022. Overall investment volumes were up 24% YOY in 2024 but were still 11% below the ten-year average as transactions are taking time to complete. Despite this, HBD had a very active year, completing on £331m (HBD share £188m) of development, 72% of which has been sold or let.

The key letting during the period was a 50% pre-let to Virgin Media O2, at Island in Manchester city centre, one of the few NZC office buildings to have practically completed (PC) in the North. We achieved a record office rent for Manchester, and there is strong interest in the remaining space.

Chief Executive Officer's review continued

At Setl, our 102 premium apartment building in the centre of Birmingham, which PC'd in May of last year, we have now secured sales on 69% of the units at the target selling price, achieving an average reservation rate of 1.0 unit per week. At Momentum, in Rainham, a 380,000 sq ft NZC I&L scheme held in a 20:80 JV with Barings, the contractor went into administration during the year, which delayed PC until August, although the building works completed within budget. We are currently marketing the space to occupiers, with the construction delay putting back HBD's original letting plan. Our aim is to have made significant letting progress over the year on this high quality project.

Last year was not the time to be expanding our committed development programme, so we have rightly managed it down to £124m (HBD share £33m) – nearly all of it in I&L. We are, however, encouraged by the pickup in enquiry levels and, therefore, we expect to increase our committed programme during 2025, with an emphasis on occupier led and investor funded schemes.

The group's investment portfolio (IP) has outperformed again, with a total return of 9.9%. Over the last five years, the total return has averaged 7.1% per annum, compared with the Index of 3.1% per annum Our structural weighting, which we have purposefully built up in industrial, drove this performance. While like-for-like portfolio valuations showed an increase, as a result of sales the IP ended the year at £107.4m (December 2023: £112.9m). We will, as always, be patient in growing the portfolio to the medium-term target of £150m. This approach has been key to us successfully delivering performance, notably during the market correction of 2022/23, and means that, going forward, there is plenty of opportunity for growth.

It has been a mixed year for the residential market, with the volume of new homes completed in 2024 down 7% on 2023 according to the National House Building Council (NHBC), but with house prices stabilising and, according to Nationwide, growing by 4.7%.

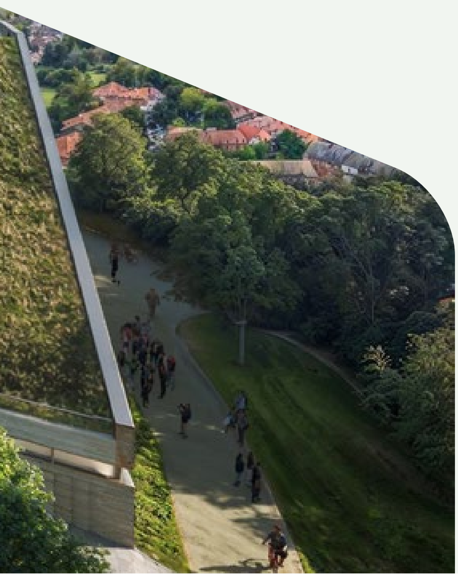
In this market, Stonebridge Homes performed well, continuing to grow with sales increasing 8% to 270 homes (December 2023: 251 homes). Despite the subdued market, we were, in fact, only marginally below our target due to a number of protracted chains, which resulted in these sales rolling over into 2025. Our aim is to continue to grow by expanding in the North East region where, this year, we will have five sites open, and then into the Midlands, where we have bought our first site in Bracebridge, Lincoln (281 plots).

As interest rates continue to fall, demand will receive a boost. While supply responds more slowly, we expect the market to improve noting that, over the medium term, Savills forecast that house prices will increase by 23% over the next five years, with the regions in the North and the Midlands where Stonebridge Homes operates, set to outperform. We recognise the subdued market has continued into 2025 but remain confident in the outlook and so expect an increase of sales in 2025 of c.10%.

Golden Valley, Cheltenham – a flagship £1bn innovation and technology project located adjacent to GCHQ

Although unsurprising, as sourcing land is a fundamental strength of Henry Boot, I am particularly pleased that we have increased the land bank to 1,726 plots (December 2023: 1,513 plots), which is key to helping us meet our medium-term target of 600 homes sold a year. We are confident that we can scale Stonebridge Homes up and, as over time, we fully integrate the business into the group, we have the opportunity to realise synergies and cost savings. In the medium term, we expect it to be accretive to group ROCE.

In a challenging market, the group's construction segment was, yet again, profitable, but was below our expectations. Henry Boot Construction (HBC) delivered a turnover of £49.7m (December 2023: £70.1m), and Banner Plant performed resiliently. Road Link traded in line with budget. Under a new management team appointed in July 2024, with a renewed focus on winning work, HBC starts the new year in a better position. At the start of 2025, 55% of its order book was contracted, and a further 16% was secured. This compares well with last year (49% secured), and also with our target of identifying 65% of our order book at the beginning of each year.



Outlook

We continue to make good strategic progress in positioning our business across our three key conviction markets for the future. These markets benefit from long-term structural trends where demand is likely to outstrip supply and where, even during this period of high rates and sluggish growth, demand for our quality projects has remained resilient.

We have a clear focus on growing the group through increasing activity within Hallam, HBD and Stonebridge Homes. Our aim is to create synergies and simplify our investment case by concentrating on these three core businesses. At Hallam, we are significantly accelerating planning applications, supported by our Workforce Plan, through which we have been strengthening the team, so we are best placed to capitalise on the favourable changes to the planning system. Encouragingly, we have seen a welcome change in the Inspectorate's and Local Planning Authorities' approach following recent amendments to the NPPF, which has already resulted in us winning planning for nearly 3,000 plots over the last six months, far exceeding our typical run rate.

HBD is looking to grow its committed development programme by drawing on our pipeline, and through the Origin JV, where we can accelerate delivery while earning fees as development manager including the potential for performance fees over agreed hurdle rates. At Stonebridge Homes, we agreed a route to taking full ownership alongside a well-defined strategy to materially grow the business. We expect the residential market to rebound, supported by the NPPF amendments and Planning Bill reforms, which will provide a positive tailwind to our growth plans. At Road Link, we are approaching the conclusion of a 30-year PFI contract and will be handing back responsibility to operate and maintain the A69 to National Highways in the next 12 months.

After recent cuts in interest rates, we have seen improved market sentiment, and with expectations of a continued downward trajectory throughout this year, we anticipate that lower rates will stimulate demand within both the residential and commercial markets, particularly in the industrial sector. While this is positive for the group, there will be a lag between increased activity and the timing of key transactions and, as a result, we expect 2025 results will, again, be heavily second half weighted.

In the meantime, we remain very active and well positioned for recovery, supported by a rock solid balance sheet and a portfolio rich with opportunity. We continue to make good progress towards hitting our medium-term growth and return 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 70.

Business model

Our group is made up of three business segments:

Land Promotion (Hallam Land), property investment and development (HBD, Stonebridge Homes) and construction (Henry Boot Construction, Banner Plant and Road Link)

Read more about strategy on pages 29

Balance of activities through the value chain

Land promotion

Gaining planning permission on land is a complex process, but adds huge value. It's a key function of our land promotion and property investment and development businesses. We work with key property advisers to seek land opportunities, with landowners, and take advice from planning consultants and legal advisers. Hallam Land is the only company in our land promotion segment. Principally, it secures interests in agricultural land, and then promotes it for its most appropriate use. Once planning permission is achieved, the site is sold, sometimes after infrastructure has been installed. The amount of capital required to gain planning permission is a fraction of the amount needed for the whole building process, from acquiring land through to completing construction. This means that Hallam Land is focused on maximising its return on working capital. By using agency and option agreements, rather than buying land outright, we reduce expenditure on each asset, maximising the number of land opportunities we are involved in.

Property investment and development

Our Property investment and development segment consists of two companies, HBD and Stonebridge. Like Hallam Land, they acquire land and obtain planning permission. But unlike Hallam Land, they develop it themselves. HBD focuses on brownfield sites for commercial development. It is able to self fund projects, or source schemes, prefunding. This means it can commit to long-term projects, such as complex regeneration schemes, without bank funding. Some developments are sold, while others are added to the investment portfolio. Stonebridge Homes is a jointly owned company that carries out residential development.

Construction

Our construction segment is formed of three businesses: Henry Boot Construction, Banner Plant and Road Link. Henry Boot Construction is a contractor, serving public and private clients in all construction and civil engineering sectors. Banner Plant offers a wide range of services, and a high quality inventory of equipment for hire and sale, such as temporary accommodation, powered access equipment, tools and non-human-operated plant. Road Link operates and maintains the A69 trunk road between Carlisle and Newcastle upon Tyne. National Highways pays Road Link a fee based on the number of vehicles using the road and the mileage travelled.

Being part of the Henry Boot group

The strength in being part of our collective continues to grow. The obvious benefits associated with being part of a PLC, such as funding, reputation, governance, people management and stewardship have always been there and, each year, we focus on continually raising standards.

There are many collaborative opportunities that the individual businesses can share and benefit from. Our 'professional planning status', meeting the latest environmental credentials such as 'future homes standards', biodiversity net gain, nutrient neutrality, using the latest technology (including AI) to automate and optimise developments to the customers' needs are all examples of skills and capabilities that can be shared and help elevate the overall capabilities of the collective. Working together can also help create opportunities to work with partners and customers to forward fund a development and derisk a scheme.

Creating value through three core markets

Industrial & logistics

Our approach to industrial and logistics development is rooted in our purpose. We create strategically located logistics hubs that meet the demands of modern cities, integrating cutting-edge technology to optimise for efficiency and sustainability. By working closely with partners and stakeholders, we ensure that these developments contribute positively to economic growth and social value.

Residential

In our residential developments, we go beyond building houses – we create communities. Our planning and design prioritise sustainability, biodiversity, and long-term viability. Through Stonebridge Homes, we are committed to delivering homes that meet the highest environmental standards, ensuring they are not only energy efficient but also desirable places to live.

Urban development

Our urban projects are guided by our commitment to creating vibrant, inclusive and sustainable city spaces. With a focus on strong ESG credentials, we ensure that our developments contribute positively to urban environments, fostering community engagement and delivering long-term value to residents and stakeholders.

Track record of generating attractive returns

The impact we're making

UN SGDs

When creating our Responsible Business Strategy, we engaged our stakeholders to understand which of the UN Sustainable Development Goals (SDGs) 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 and ambitious (while also achievable), and will create the impact we aspire to.

Our value generation

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.

Places

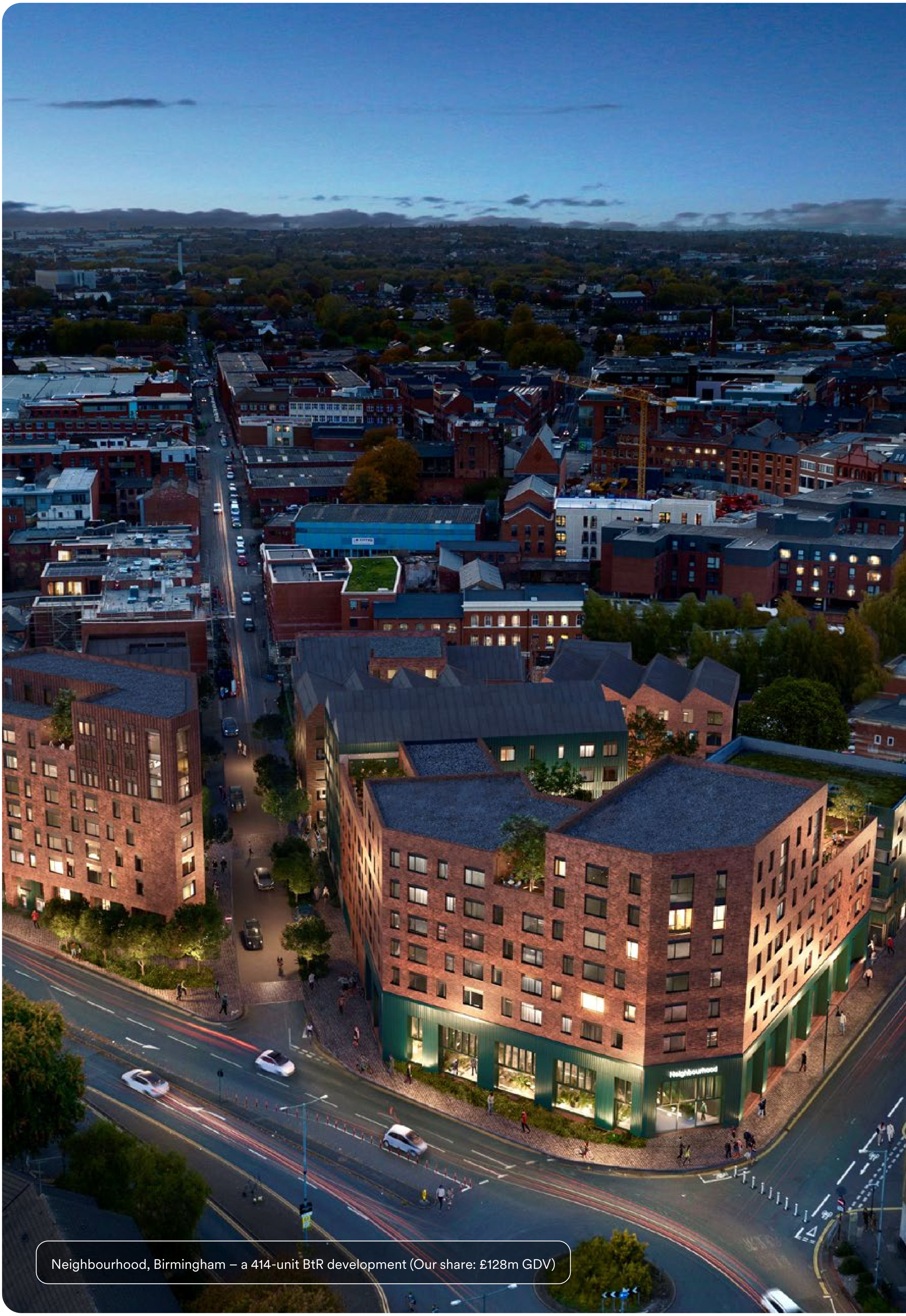
We have offices in nine locations across the UK, but we have projects that extend our community impact across the country. Wherever we operate, it is fundamental to us that we develop strong relationships and partnerships with our communities. This could be by using the local supply chain on projects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

Partners

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 create added value for our shareholders, providing updates on performance and changes to the strategic direction of the group.



Neighbourhood, Birmingham – a 414-unit BtR development (Our share: £128m GDV)

Our marketplace

Market context

Our key markets

As 2024 progressed, we saw a gradual improvement in the economy which translated into a steady increase in demand in our three key markets.

We still believe our markets are driven by long-term structural trends such as population growth, retail moving online, near shoring of supply chains, the drive for sustainability, plus the increase in household numbers, the rise in urban living (both young and old) and the success of the main cities in terms of economic growth, education and health provision.

Industrial & logistics

While occupier demand has slowed from record levels during the pandemic, take up improved during 2024 and was marginally ahead of the 2023 outturn. Overall vacancy rates are up from historic lows, but new availability remains more limited given the reduction in speculative development over the last two years.

Residential

The UK housing market remained relatively subdued during 2024 as homebuyer demand continued to be impacted by higher mortgage rates. UK house prices increased by 4.7% during 2024, with prices still just below the all-time high recorded in summer 2022. Overall housebuilding activity continued to slow with the number of new homes completed last year 7% lower than in 2023 according to the NHBC.

Urban development

Regional office demand continues to recover with total take up rising 10% on 2023 levels, but with an increasing occupier focus on high quality sustainable buildings. Regional centres remain attractive to younger people because of amenities and convenience they offer. Residential rental demand remains strong, as limited supply continues to drive Private Rental Sector (PRS) rental growth.

Key long-term structural trends affecting our business

Urbanisation

According to the Office for National Statistics, the UK population is projected to rise to approximately 76.1 million by 2045, with around 90% 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.

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 by 2029 it is projected that there will be more deaths than births despite people living longer, with net migration the only source of population growth in the UK over the next 25 years. Whilst demographic behaviour is inherently uncertain, this scenario assumes net migration declines over the next few years before averaging out at 340,000 annually. 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 12.4% and 16.2% respectively. Demographics therefore provide positive support for senior living and Build to Rent (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.

Our marketplace continued

Industrial & logistics

Market overview

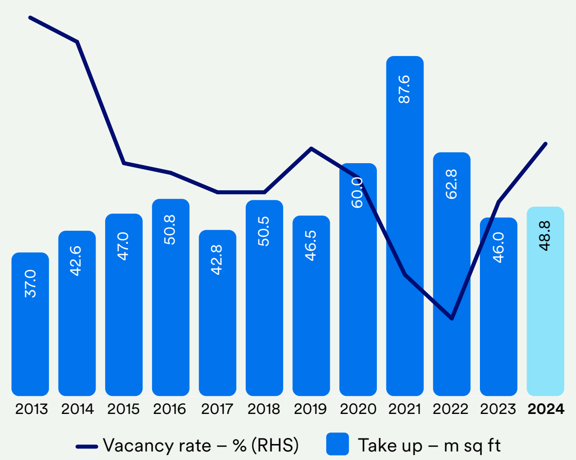
While occupier demand has slowed from record levels during the pandemic, take up improved during 2024 and was 6% ahead of the 2023 outturn. Manufacturers have driven the recent improvement in demand, with many looking to de-risk supply chains through nearshoring operations.

Despite a lower share of overall take up, 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. High street retailers are also looking to upgrade their logistics to more sustainable accommodation as well as increase their e-commerce offering.

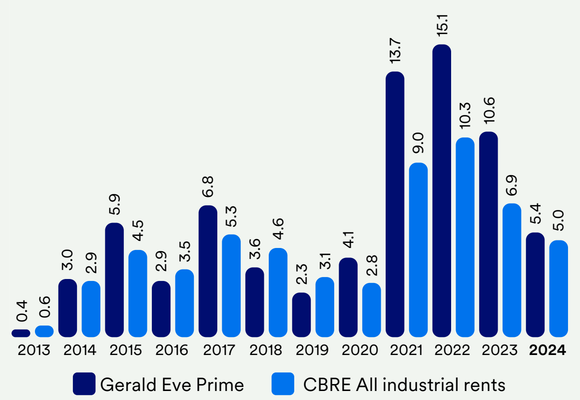
Industrial has been the best performing commercial property sector over the last five years by some margin, having delivered a total return more than two and a half times that of all property and remains the place to invest in. Industrial rental growth remained strong in 2024, with the sector delivering rental growth of 5.0% according to the CBRE UK Monthly Index, which was the highest within the commercial property sector. At the same time prime yields have stabilised over the last 12 months.

Key trends

Warehouse take up and availability



Annual rental growth



Residential

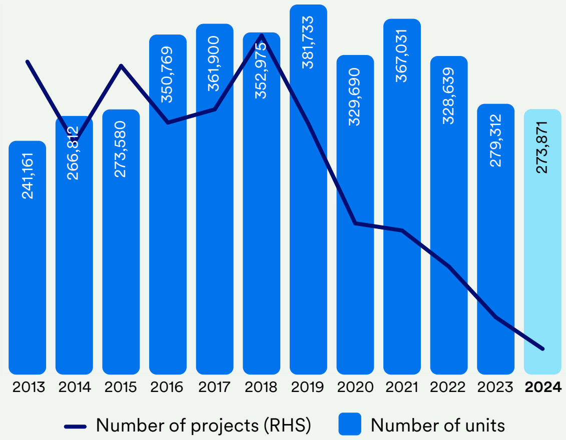
Market overview

UK greenfield land values increased by 1.2% in 2024, according to Savills Research. While there was an overall improvement in confidence and increase in activity during the year, land sales were around 20% below the five-year average in 2024, as deals continue to take longer to progress than in the post-COVID-19 bounce-back period. The announcement of changes to the NPPF will increase applications; however, this has not yet been reflected in national approvals with 25% fewer homes granted planning consent in 2024, compared with the previous peak in 2021, according to the HBF.

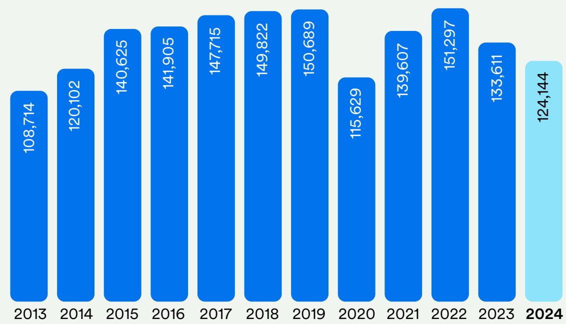
The UK housing market remained relatively subdued during 2024 as homebuyer demand continued to be impacted by higher mortgage rates. According to Nationwide, UK house prices increased by 4.7% during 2024, with prices still just below the all-time high recorded in summer 2022. Northern England continues to outperform southern England, with prices up 4.9% year-on-year. Overall housebuilding activity continued to slow, with the number of new homes completed last year at 7% lower than in 2023, and down 18% from the 2022 peak, according to the NHBC.

Key trends

Residential planning approvals in Great Britain



New home completions



Our marketplace continued

Urban development

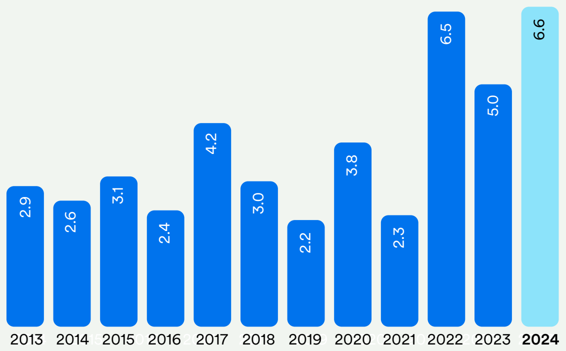
Market overview

The urban development market suffered the biggest disruption as a result of COVID-19. Cities saw a reduction in footfall as people chose to retreat from them and businesses supported homeworking, which reduces the demand for office space. Nonetheless, we are now seeing a reversal of these practices, with increasing footfall as many businesses are either encouraging people to return to offices or making it mandatory to return full time.

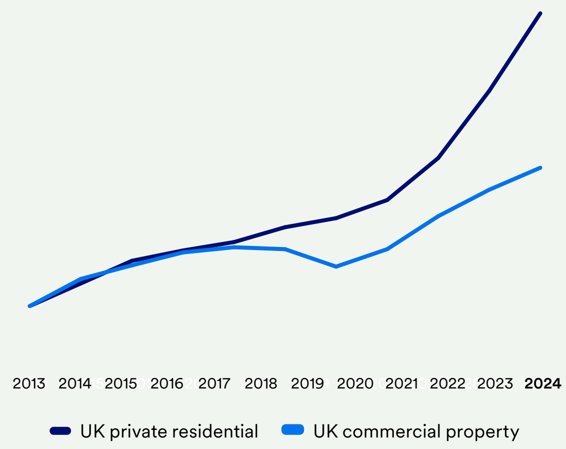
This is demonstrated as residential rents in 2024 saw a very healthy 9.0% rise, according to the Office for National Statistics, supporting continued investor demand for BtR, with investment volumes up 11% in 2024, surpassing £5bn for the first time. Demand for prime offices in regional cities with strong ESG credentials has also picked up, with prime rental growth of 6.6% in 2024.

Key trends

Annual prime regional office rental growth



Rental value growth



Our integrated 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 and logistics (I&L), residential, and urban development, while maintaining ROCE within a 10–15% range.

Our key metric of capital employed has risen to £439m (2023: £417m), and our ROCE was at 8.0%. Over the last three years we have delivered a ROCE of 10.0% per annum, which we believe to be a very credible performance given that commercial property and land values remain 20.8% and 7.9% respectively below their mid-2022 peaks. We maintain our belief that we can achieve our main medium-term target of £500m capital employed, while continuing to generate attractive returns.

Our existing Strategic Pillars:	Our New Integrated Strategy:	Our existing Responsible Business Strategy:
Safety and environment	Performance	People
People	People	Partners
Growth	Partners	Places
Delivery	Places	Planet
	Planet	

Our integrated strategy continued

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.

To find out more about our responsible business performance in 2024, please read our 2024 Responsible Business Strategy Progress Report.

Our material issues

Material issues	What are the risks?	Where do we see opportunities?
Employee health and wellbeing	We recognise the increasing pressure that our society faces and the challenges posed by poor physical and mental health. Without strategic intervention, we may 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.
Equity, 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 Working 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 place to work. 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.
Achieving our net zero carbon (NZC) target	As our business aspires to grow and increase productivity, there is a risk that our direct greenhouse gas (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.
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.
Community investment	We recognise the increasing challenges that our communities face as a result of the legacy of COVID-19, the 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.
Responsible consumption and nature stewardship	Adapting to climate change goes beyond just reducing GHG emissions and 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. 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.	We remain committed 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.

What's important to our stakeholders

01 What matters to our people

Our people want to work for a forward thinking, inclusive and collaborative business. They want us to invest in their progression and wellbeing and feel that their voice is heard in our decision making. We regularly collaborate and engage them to ensure that our direction is people-led.

02 What matters to our customers

Our customers expect nothing less than the best. They know us for putting people first and doing the right thing – whether that be developing some of the UK's finest sustainable places or working with them to address their requirements. We pride ourselves on always putting our customers first and placing them at the heart of our decision making.

03 What matters to our communities

The last few years have been incredibly challenging for communities across the UK and we have seized the opportunity to play a more involved and collaborative role in supporting them to address their challenges. The places we create are for the communities we serve and we want to address the issues we know matter to them including wellbeing, social mobility, good and inclusive economic opportunity, and protecting their environments.

04 Future generations and the environment

Our purpose is to create great places today for a better tomorrow. In fulfilling this, we recognise our responsibility to both the environment in which we build and to the future generations who will occupy and enjoy our places. We regularly engage emerging talent to hear their voices and listen to what matters to them.

05 What matters to our investors

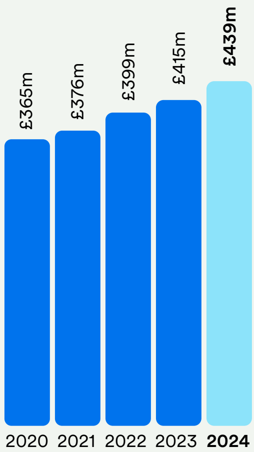
Providing clear communications is essential for the group to build and maintain strong investor relationships. We ensure we are open and transparent, giving regular updates on our strategic and commercial progress, and engage with investors throughout the year on key developments and addressing any concerns that may arise.

Read more about stakeholder engagement on page 82

Strategy: Performance

	Objective	Medium-term target
1	To grow capital employed to £500m	£500m
2	To generate a ROCE of 10–15%	10–15%
3	Grow Hallam Land's plot sales	c.3,500 p.a.
4	Grow HBD's development completions	c.£200m

Capital employed
£439m



Performance

On track to grow capital employed to over £500m

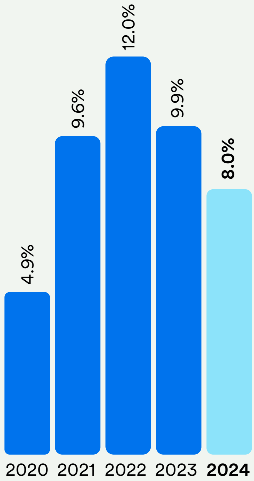
Aim for 2025

To maintain capital employed growth in line with strategic target

Link to group risk

1 3 4 5 6 9 10 12 14 15

ROCE
8.0%



Performance

Lower operating profit reduced ROCE to be marginally out of our target range

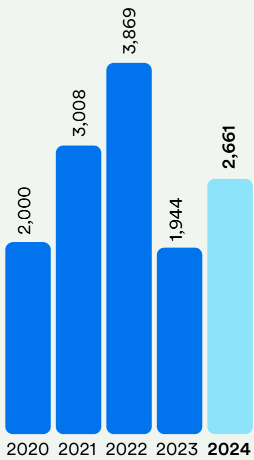
Aim for 2025

To be around the lower end of stated target range; however, we maintain our aim to be within 10–15% through the cycle

Link to group risk

1 3 4 5 6 9 10 12 14 15

Plot sales
2,661



Performance

FY-24 plot sales in line with five-year average of 2,696

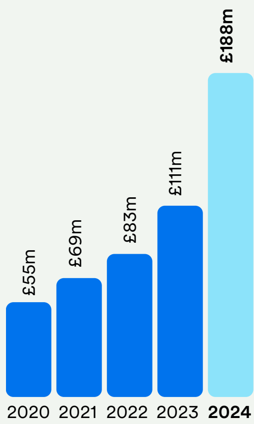
Aim for 2025

To be around strategic target

Link to group risk

1 3 4 7 8 12

Development completions
£188m



Performance

Increased development completions to £188m in FY24

Aim for 2025

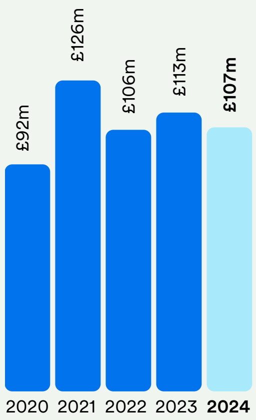
Following the completion of three significant schemes the committed programme reduced; however, we have optionality to build it back up from our future pipeline of £1.2bn

Link to group risk

1 3 4 7 8 12

Objective	Objective	Objective
Grow investment portfolio value	Grow Stonebridge Homes' house sales	Henry Boot Construction's order book secured
Medium-term target	**Medium-term target**	**Medium-term target**
£150m	c.600 units	>65%

Investment portfolio
£107m



Performance

Total value reduced after sales in the year

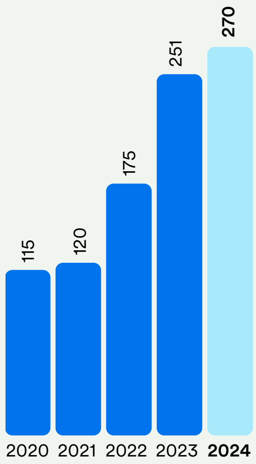
Performance

We will remain disciplined in building up towards stated target

Link to group risk

1 3 13 14

Unit completions
270



Performance

270 homes completed in FY24

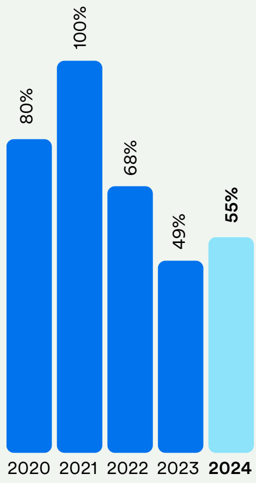
Performance

Will increase output in 2025 to 298 plots

Link to group risk

1 3 4 7 8 12

Order book secured
55%



Performance

55% secured for 2025, with 16% in legal or bidder stage

Performance

New senior team hired to grow the order book

Link to group risk

1 3 4 7 8 12

Key to group risks

1. External markets
2. Sustainability targets/communications
3. Underperformance of subsidiaries
4. Reputational incident
5. Loss of critical systems/data
6. Business continuity incident
7. Attract, retain and develop workforce
8. Loss of key personnel
9. Health, safety and environment incident
10. Execution
11. Failure to adhere to regulation/legislation
12. Adverse changes in regulation/legislation
13. Funding
14. Erosion of profit
15. Fraud

Notes:

This report contains the following alternative performance measures (APMs): 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 70.

Strategy: Performance continued

Objective
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

Objective
Reduce directly controlled GHG emissions

Medium-term target
20% reduction

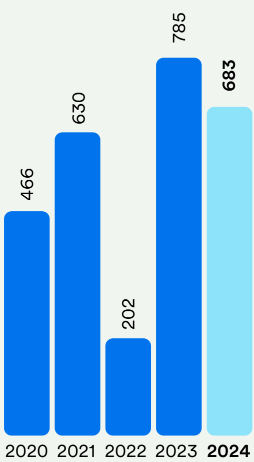
Objective
Seek high levels of employee satisfaction and engagement

Medium-term target
40 (eNPS)

Objective
Create a high performance culture led by a range of training opportunities

Medium-term target
4 days (per employee)

Accident Incident Rate
683

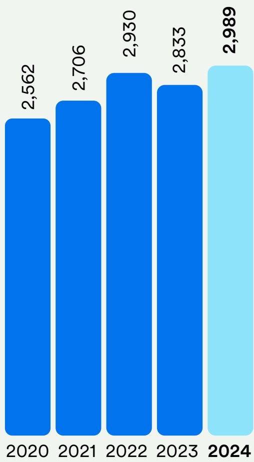


Performance
The group's AIR decreased in 2024, but Banner Plant not meeting their individual health and safety KPIs impacted the overall rate

Aim for 2025
To reaffirm our robust health and safety approach, while continuing to adjust and embed initiatives launched in the year to mitigate further incidents

Link to group risk
8 9 6

GHG Emission CO_2e
2,989 tonnes

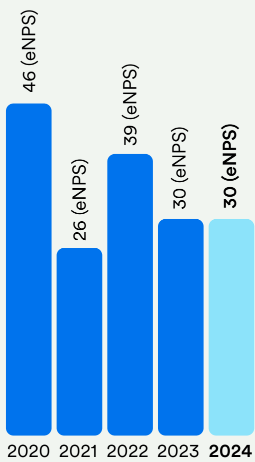


Performance
Scope 1 and 2 GHG emissions were 10% lower than our 2019 baseline

Aim for 2025
To continue implementing NZC strategy across the group

Link to group risk
2

Employee Net Promoter Score (eNPS)
30

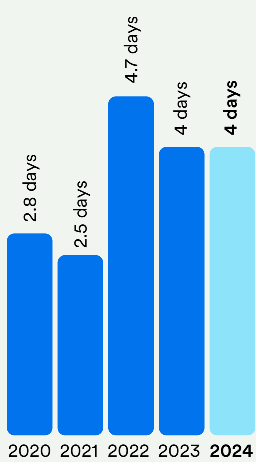


Performance
Our eNPS, remained very good, and higher than industry benchmarks

Aim for 2025
To address feedback which has arisen from the survey

Link to group risk
7 8

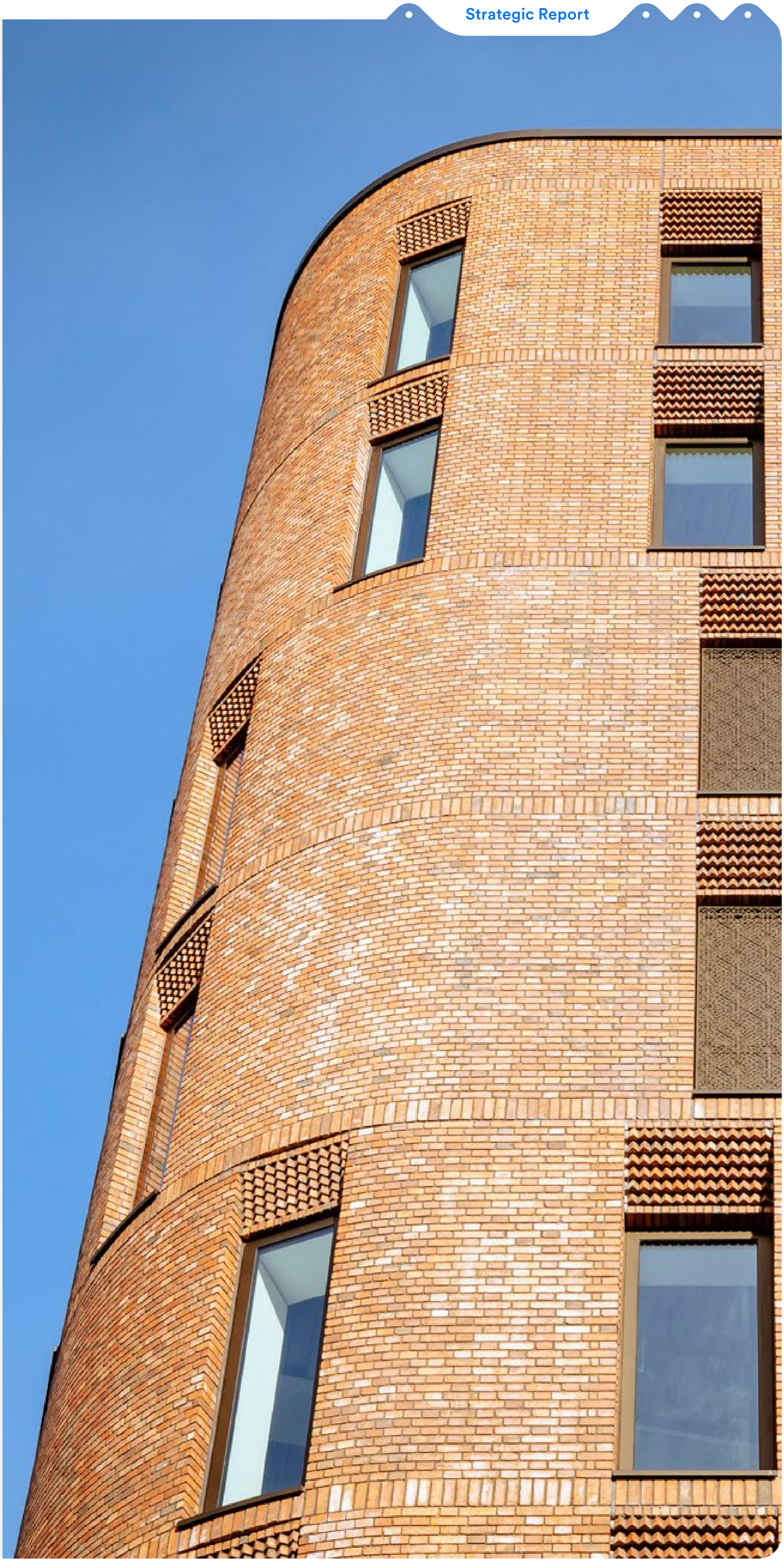
People development completions
4 days



Performance
The group number of people development interventions remained at a high level and in line with target

Aim for 2025
To continue implementing a wide range of people development opportunities to support a high performance culture

Link to group risk
7 8



Key to group risks

1. External markets
2. Sustainability targets/ communications
3. Underperformance of subsidiaries
4. Reputational incident
5. Loss of critical systems/data
6. Business continuity incident
7. Attract, retain and develop workforce
8. Loss of key personnel
9. Health, safety and environment incident
10. Execution
11. Failure to adhere to regulation/legislation
12. Adverse changes in regulation/legislation
13. Funding
14. Erosion of profit
15. Fraud

Notes:

This report contains the following alternative performance measures (APMs): 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 70.

Strategy: People

Our strategy in action – people

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

We collaborate with our people to enable them to achieve their best, putting them at the heart of everything we do. We know that, without them, our business will not thrive.

Our refreshed values are at the centre of our People Strategy and were co-created through our recent brand refresh. These values are:

- Put people first
- Do the right thing
- Be open to change

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.

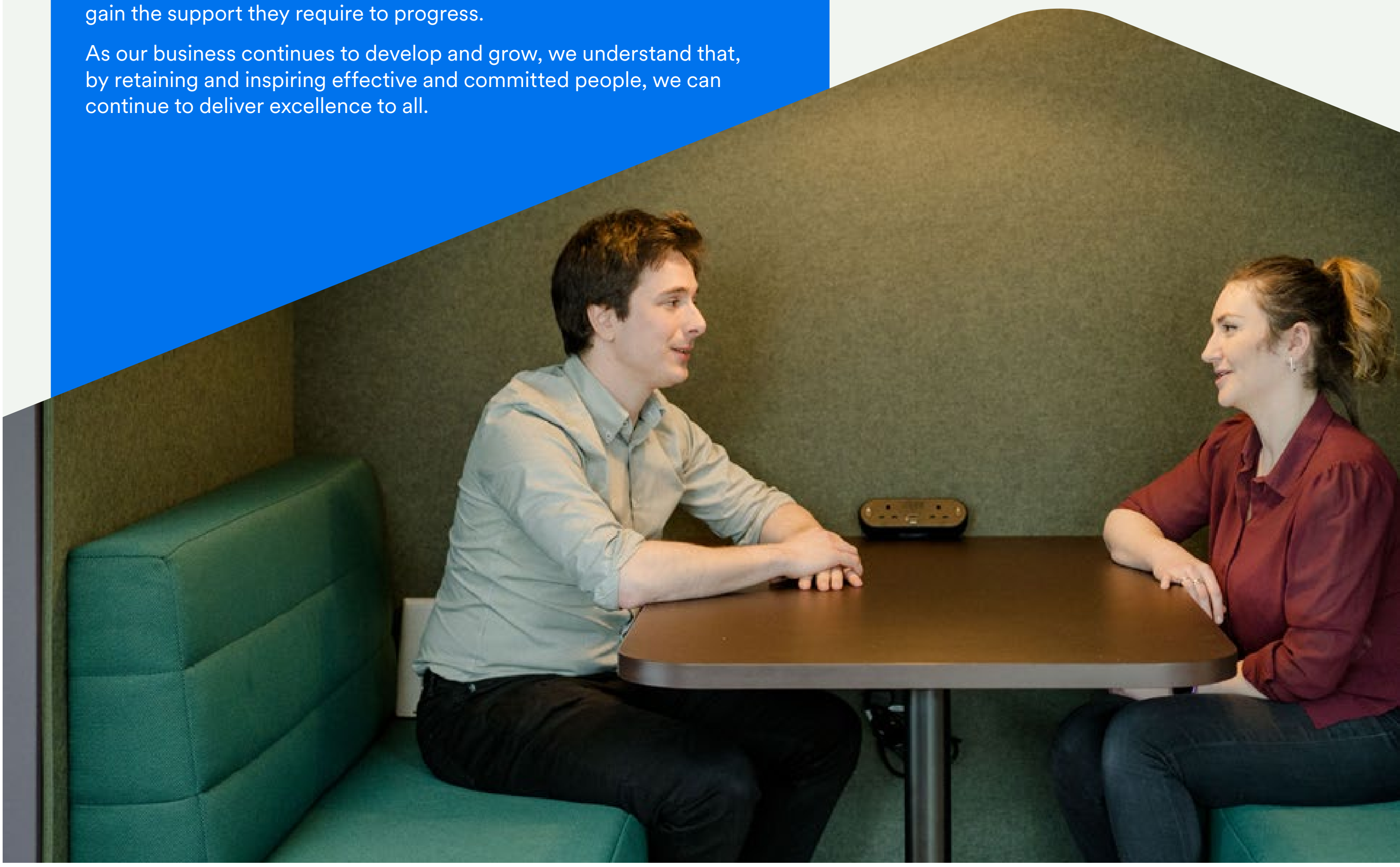
We remain committed to investing the time and resources to support, engage and motivate everyone at Henry Boot to feel valued, to be able to develop rewarding careers, and want to stay and progress with us.

Our approach is to recruit and promote from within wherever possible to provide the best possible progression opportunities. We have worked to create more defined career paths via our Career Progression frameworks to ensure our people can identify their career development routes and gain the support they require to progress.

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 and advocate for our Agile Working Framework, originally launched in 2021. We adapt our approach to ensure our people can maintain a work-life balance, which, in turn, supports our business to thrive. We recognise that not all roles will be able to achieve the same level of agility, but we strive through our framework to give managers the confidence and autonomy they need to support their teams – helping our people to find the balance between individual requirements and business need.



Employee Engagement Survey

Our objectives

The purpose of conducting our engagement survey is to gain an in-depth understanding of our people's experience while working at Henry Boot. The survey is focused on gaining feedback so we can support and nurture a culture through which our workforce can be the best version of themselves at work, in turn, supporting the business to be successful.

The survey and our findings focus on the group as a whole. While 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. These were used to measure progress when compared with the responses from surveys conducted over the last three years. Some questions were based on those posed previously to allow for statistical analysis of change; however, other questions were more focused on 2024 and specifically how we have, and continue to, adapt to develop our people's experience of working at Henry Boot.

78%

Response rate (increase of 1% from 2023)

Our findings

The survey results show that our people have remained resilient, optimistic, and focused on working as a team to maintain delivering an exceptionally high standard for our clients and partners, in what has been a challenging year in the industry and economy.

The survey results and feedback are carefully reviewed by our Board, Executive Committee, senior leaders and Group Employee Forum to identify any areas where there is scope for increased engagement with, and support for, our people.

Very good group eNPS score of

+30

We have maintained this score at the same level as 2023; this is benchmarked above industry standard and considered a very good score.

7.7

Our engagement index score, which measures pride, advocacy and loyalty was scored at 7.7, which is considered in the positive score range and indicates that our people are engaged, with high levels of pride and loyalty, recommending Henry Boot as a great place to work.

Did you know?

Each year, our Group Employee Forum works alongside each part of our business to collaborate on focus areas arising from this feedback, to ensure that any areas for improvement or continuation of good work are taken forward.

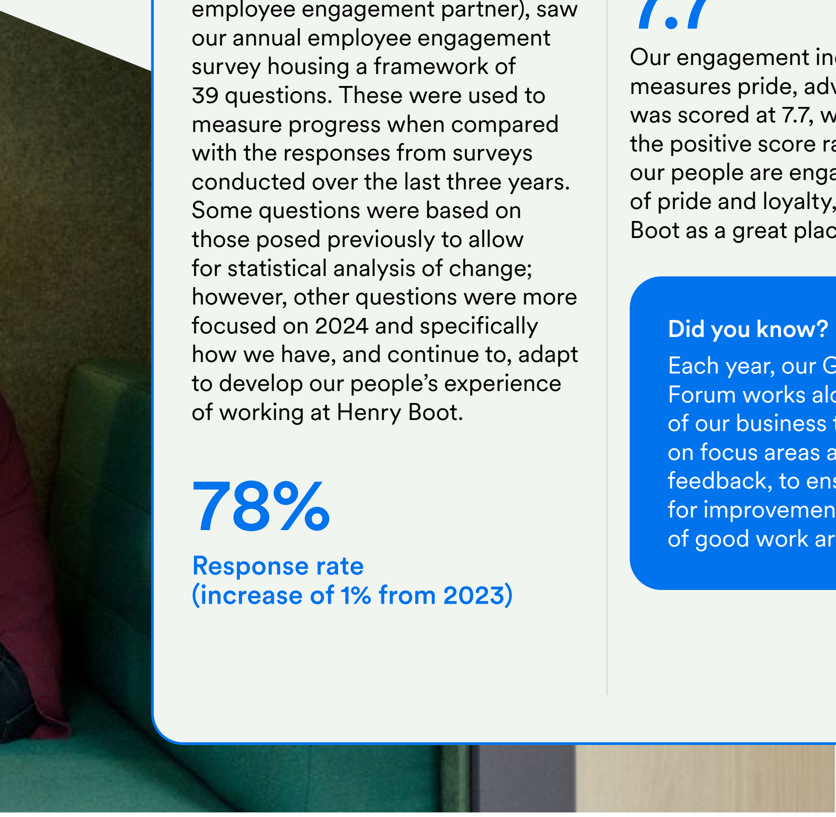
Case study

We undertook a series of engagement sessions across the business following our 2024 survey, to further explore the results and identify key areas of focus.

Our senior management teams and forums were involved and identified some focus areas as follows:

- Further embedding of our reward strategy
- Further embedding of our career development frameworks
- Work–life balance
- Communication of change

Our forums and senior management teams will work together supported by our people team, to focus on improving our people's experience in these areas.



Our people continued

Our strategy in action – people continued

Reward Strategy

We remain committed to rewarding our people fairly and transparently. We continue to embed our Reward Strategy to energise our people to perform at their best. This is essential to strengthening our offer in our ability to attract, retain and motivate our people in competitive markets where workforce expectations continue to develop.

Our strategy is strongly linked to our values and behaviours framework with a bonus scheme, which provides all our people with an opportunity to earn that is linked to three performance areas: group financial, subsidiary financial, and personal objectives.

Beyond pay, we have a strong proposition of benefits, wellbeing support, agile working possibilities, and career progression opportunities to support our people.

Our commitment and principles to reward centre on doing the right thing, putting people first, recognising people's success and supporting them to develop by:

- rewarding our people responsibly by providing a competitive total compensation package and protection through core benefits;
- making changes to our benefits offer by removing service-related conditions around life assurance and income protection insurance, which makes this accessible upon successful completion of the introductory period;
- recognising our people's success through our feedback culture, performance-related pay and share ownership opportunities; and
- maintaining a focus on growth in our ambition to go beyond pay with a focus on skills, development and our evolving wellbeing offer.

Reward is a key element of our total proposition. Our goal is to improve clarity and understanding for our people so they can achieve a better awareness of our offer.

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.

While this has long been a primary consideration, we recognised that a more strategic, interventionist, and collaborative approach was needed, which prompted the development and launch of our Health and Wellbeing Strategy in 2023. This strategy aims to ensure that we provide the best possible support to our people and, as a result, continue to be successful and enjoy commercial growth driven by a fulfilled and productive workforce.

Our Health and Wellbeing Strategy focuses on the group's support for our people across four key areas of wellbeing – physical, mental, digital and financial. Delivery of the strategy is overseen by our employee-led Health and Wellbeing Working Group in partnership with our people team and senior management.

Throughout 2024, we delivered a diverse programme of resources and activities, which provided our colleagues with information and support on a range of issues, including mental health, female health, cancer, neurodiversity and suicide prevention.

Our network of approximately 50 Mental Health First Aiders works in close partnership to provide a bottom-up source of support to our people and partners to complement our existing range of health-related benefits and support, including our Employee Assistance Programme.

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 recognise that economic uncertainty has resulted in financial pressures for many in our society and we are keen to ensure our people and partners can access support when it is needed.

In 2024, we commissioned a bespoke financial wellbeing support programme with specialist consultancy Finwell. This programme will deliver a range of resources and sessions (both digital and in-person) on a broad array of topics, including budgeting, pensions, mortgages, family and retirement planning.

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 employee's 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 our online portal and the hub.

In October 2024, 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 2024 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.

Equity, diversity and inclusion (EDI)

We aim to create a fair, accessible, diverse and inclusive working environment, while recognising the challenges our sector has traditionally experienced in relation to representation and diversity. We want to foster an inclusive culture, where everyone feels a sense of belonging. We believe our ambition will enable our people to excel, feel they can be their authentic selves at work, and drive long-term success, competitiveness and sustainability.

2024 saw the relaunch of our EDI Working Group with a clear focus on engaging our leadership, improving our communications and engagement opportunities, and reviewing opportunities for mentoring and our recruitment processes.

The reintroduction of the working group saw the creation of several networks including the LGBTQ+, Neurodiversity, and the EmbRace network, which accompany our already-established Family Matters (our parents and carers network) and SheNetworks (our female-led network) as a way of creating meaningful engagement throughout the group.

In September 2024, our Board and Executive Committee attended a bespoke EDI workshop with Business in the Community (BITC), which focused on inclusive leadership. This productive and informative session provided our leaders with a valuable learning opportunity and a safe forum in which to honestly discuss how they could better champion and role model behaviours and practices to increase diversity and enhance inclusion at Henry Boot. The outputs of the session have helped inform our EDI Action Plan for 2025.

Our EDI Working Group and people team continue to collaborate on our ambition to update and improve our people data and, in doing so, ensure that we have consistently accurate baselines that can be used to inform future pay gap reporting and target setting.

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 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 BITC.

Our Emerging Talent programme aims 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 our people.

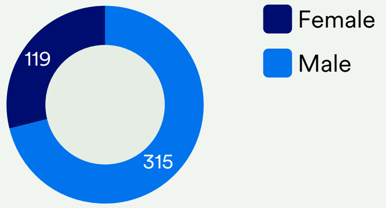
Our opportunities for learning, career development, and promotion are inclusive to all our people. We are proactively engaging with external stakeholders (including local government and special education providers) to learn about how we can best support young people not in education, employment or training (NEET), and those who are disabled or have special educational needs (SEND) into meaningful employment and to offer these students rewarding career education experiences.

The Board Diversity Policy is set out in more detail as part of our Nomination Committee Report on pages 122 to 129. Our gender pay gap (when measured as a median average) is currently 20%. This continues to reflect the current ratio of people employed rather than an issue relating to how we pay our people.

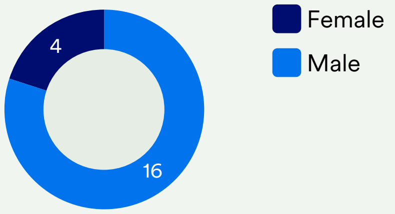
Our Responsible Business Strategy sets out ambitious targets for us to increase our workforce diversity and we recognise that further improving our gender diversity in our workforce and management teams will support us to further reduce this gap. We are also currently undertaking the necessary preparations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

The EDI Working Group is guiding 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 positive 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 moderate level of people turnover as the retention and development of our internal talent remains critical to our success. Our turnover in 2024 was 18.85%. Our 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 531 (504 FTE) at the end of 2024.

We recruited a further four apprentices in 2024, which brings our total number of current apprentices to 23 with a further four interns and one trainee. 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 people 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 2024, seven of

Our people continued

Our strategy in action – people continued

our people completed their education programmes and two of those people progressed onto the next level of their development. We have key pathways in place for our apprentices and trainees to ensure our talent pipeline continues to flourish.

Throughout 2024, we also rolled out our Leading Change development programme for senior leaders across the business. This brought a population of approximately 50 of our senior leaders together in support of development centred on leading people through change, uncertainty and complexity in an ever-evolving world and environment in which the business is operating.

We also ran a further cohort of our Management Development Programme (MDP), which aims to provide line managers in the business with enhanced people focused skills and behaviours. Of our line managers, 27 completed the MDP programme in 2024.

We delivered 1,737 people development days (an average of just over three days per person) and there was also an unquantifiable amount of ad hoc learning and development, which takes place daily at our sites, offices, depots and via remote engagement. The coming year will see a more bespoke approach to development, focused on the specific needs of our subsidiary businesses and individuals. The outputs from our skills mapping exercises, as part of the approach to workforce planning, will help us to be more targeted and directive in our design and implementation to respond to the development requirements of teams and individuals.

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 that our people know what is expected of them and have support in achieving this.

In 2024, we continued our approach to have a more open and transparent conversation about performance against SMART objectives and we continued to embed our performance ratings process, focused not only on operational tasks, but also on values and behaviours.

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

We have robust history of ensuring health and safety is central to how we operate as a responsible business. The group is diverse, and each division fosters a health and safety-driven culture, to ensure those people affected by our undertakings are protected from harm. Health and safety performance is reported at subsidiary level, in addition to group level, to routinely ensure we remain ethically and legislatively compliant throughout the group.

Our performance

In 2024, the group's Accident Incidence Rate (AIR) was 683 (2023: 785). The group's target AIR in 2024 was <530; although we failed to achieve this target in 2024, we did improve over our 2023 end of year result (2023: 785). The end of year result was directly affected by Banner Plant failing to meet its 2024 KPIs. However, the rest of the group performed exceptionally well and attained their KPIs, despite what was a challenging year.

Annual reports have been written based on each subsidiary performance and benchmarked against previous reports. Each subsidiary has performed resiliently during 2024, despite the difficult market conditions. Reporting has resulted in recommendations which have been debated by each subsidiary board and approved for investment during 2025 to ensure health and safety remains embedded in how the group operates.

We are currently working through a period of integrating Stonebridge Homes. The business operates a mature health and safety management system and processes and its health and safety performance will be monitored and reported at a group level.

We are pleased to report that the group has retained various accreditations throughout the year, which supports the group's drive to operate ethically:

- ISO 45001 – Occupational Health and Safety Management System
- ISO 9001 (Quality Management) standards
- ISO 14001 – Environmental Management
- Contractors Health and Safety Assessment Scheme
- Safe Contractor
- Hire Association Europe
- Gold ROSPA award

Our supply chain

Our partnership with our supply chain is critical to our success and we work hard to engage and collaborate with all 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
- Equity, 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 and 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 that 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.

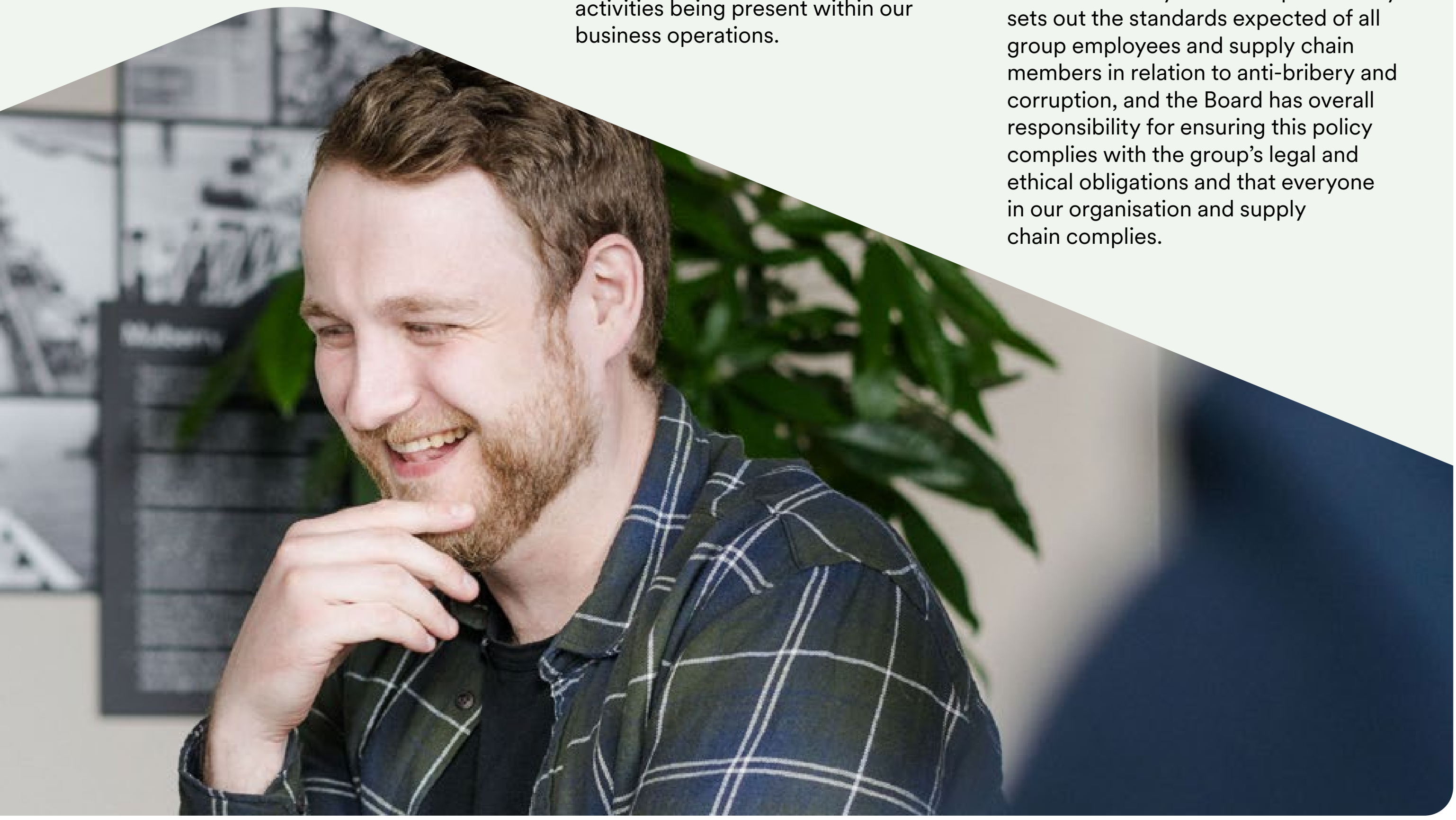
These measures include enforcing our Modern Slavery Policy, due diligence requirements and mandatory contract clauses seeking compliance by our supply chain with appropriate anti-slavery measures.

Following the completion of a Modern Slavery Assessment Tool (MSAT), we have signed up to the Gangmasters and 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.



Strategy:
Partners

Partners

What this means

Our partners are the commercial partners we work alongside. This includes our investors, customers, supply chain, advisers, agents, professional and membership bodies, regulators and other commercial stakeholders.

What we have achieved

We have continued to remain a partner of choice for our three key markets – urban regeneration, residential, and industrial and logistics.

We continue to service a diverse customer base across both the public and private sectors. Highlights in 2024 included the conception of Origin, – our new industrial and logistics partnership with leading Feldberg Capital. The partnership is seeded with three sites from our pipeline and all developments will target market-leading ESG credentials, including BREEAM 'Excellent' and an EPC 'A' rating.

Our partners

Our commercial success depends on the collaborative relationships we have with our commercial partners. It is our objective to remain a partner of choice in our key markets and to invest in high-impact partnerships.

We are proud to adhere to the prompt payment code and continue to review remuneration for our people and how we compensate our supply chain to ensure that we pay and offer support fairly. We have decided to delay membership with the Living Wage Foundation until we have integrated Stonebridge Homes into our business in order to ensure our approach is inclusive and consistent.

We continue to maintain best practice on the issue of modern slavery through our Modern Slavery Policy (which is routinely reviewed) and engagement with our supply chain.

We regularly provide resources and support to our supply chain, including toolbox talks, bespoke mental health awareness information from the Lighthouse Charity, and guidance on regulations and best practice. We offer tailored and extensive support to our sub-contractors to provide them with support during turbulent market conditions.

We have also 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.

We also work closely with membership organisations (including the Confederation of British Industry (CBI), Building Equality, and Business in the Community (BITC)) on EDI and engage other members to share knowledge and best practice. We are proud to be an engaged and contributing member of the BITC EDI Yorkshire and Humber Steering Group.

We work closely with the Yorkshire Climate Action Coalition (YCAC) through our role on the Steering Committee and engage the UK Green Building Council (UKGBC) to share knowledge and best practice, and 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.

Our strategy in action

Case study

Supply chain roundtables

We hosted two roundtables with members of our supply chain and businesses and organisations from our professional network on industry issues in 2024.

In February, in collaboration with the YCAC, we hosted a roundtable event focused on how the private and education sector could better collaborate to ensure learners develop the green skills required for the future economy. This informative session, which was chaired by our Non-executive Director and Chair of our Responsible Business Committee, Serena Lang, included leaders from the local private, public and education sector. Guests discussed the range of challenges and opportunities facing skills development for the green economy. The agreed consensus was that, in the future, all jobs will need to be considered green jobs with the training and skills development provided to meet that need.

In May, in collaboration with the Lighthouse Club (a specialist industry charity focused on mental health in the construction industry), we hosted a roundtable to discuss how our industry can best tackle the mental health crisis in construction and support our workforces and sub-contractors.

Hosted by Sarah Bolton, the CEO of the Lighthouse Club, the session was an enlightening and productive discussion with a range of practical outcomes that all guests took away methods of implementing within their businesses.

Strategy:
Places

Places

What this means

We consider our places to be the communities in which we work and the people in those communities whom we work alongside. Our community partners could include charities, community organisations, local institutions or education partners such as schools, colleges and universities.

What we have achieved

We were proud to contribute over £300,000 across 2024 to a range of our charitable and community partners, including financial donations and sponsorship, employee fundraising, and expertise, time, resources and services provided pro bono.

In early 2024, our people voted for our business to focus our charitable support in 2025–26 on the theme of supporting those experiencing, or at risk of, homelessness. We commenced a national partnership with Crisis and raised approximately £40,000 to support their work. We also signed the Crisis Covenant to showcase our broader support to offering training and employability support to those experiencing, or at risk of, homelessness.

Our places

We strive to create genuine and impactful social value for the communities we work alongside and are proud of the impact we achieve. Each year, we contribute a significant amount of both financial and non-financial value through donating our time, resources and funding to support communities. We work hard to inspire the next generation to fulfil productive and meaningful careers in our industry and those they are interested in. As importantly, we take the time to speak with, and listen to, communities and learn from what matters to them.

In addition to Crisis, we maintained our strategic support for LandAid and a diverse range of homelessness organisations across our local communities. We donated time, materials and funding to support these partners in their vital mission.

We also continued to develop existing and new strategic charity partnerships and to align all charitable donations with our Charitable Giving Pillars.

We contributed over 2,800 volunteering hours to a wide range of charitable, community, and education partners throughout the year and saw excellent collaboration and teambuilding take place for our people and partners on these opportunities.

We engaged a broad range of education partners across the UK and directly impacted, over, 2,000 learners through a wide range of careers education activity and initiatives, including work experience, site visits, career sessions and mentoring. We continued to develop our partnership with the Careers and Enterprise Company through supporting the Cornerstone groups (co-chairing the South Yorkshire group) and aligning our approach with the Employer Standards.

We offered 21 work experience placements and 12 entry level employment positions across the business and engaged many other learners with information. We engaged about entry routes (including apprenticeships) with learners who traditionally struggle to access careers education.

We continue to undertake extensive engagement with education and community partners to develop an understanding of their needs and aspirations across the areas in which we work.

We are developing and refining our emerging talent approach to ensure that the support we offer to education partners is strategic, impactful and helps us reach a more diverse community of learners.

Our strategy in action

Case study

Support for the Golddigger Trust

Henry Boot teamed up with several of our supply chain partners to deliver a pro bono office fit out for local wellbeing charity, Golddigger Trust.

Officially registered as a charity in 2007, Golddigger Trust has supported thousands of young people over the years, building positive wellbeing and empowering individuals to make affirmative, informed choices for themselves.

The Sheffield-based charity recently relocated their office from Psalter Lane to The Refinery on Ecclesall Road. Previously home to Blend Kitchen, the move has seen them inherit an impressive kitchen and restaurant space downstairs. The team has decided to transform this space into a Wellbeing Café, which will offer a range of engaging wellbeing activities for the heart, body, mind and soul.

Golddigger Trust's new office space is located on the floor above, and we have project managed the creation of a modern, comfortable and collaborative new workspace.

As well as the office space, we also co-ordinated the fit-out of Golddigger Trust's new training and session spaces, including the creation of The Refine Studio, a dedicated space where young people can explore positive physical activities to support their wellbeing – such as yoga and Pilates.

We chose to support the project to create significant social value for Sheffield's young people and to invest in the legacy of the Heart of the City project completed in 2024.

We worked closely with a host of our trusted local supply chain to deliver the social value project, with Elecomm supporting with mechanical and electrical services, Barn Oak Developments with joinery, and Global Contract Interiors with drywall and ceiling work. C+A Design provided its architectural services pro bono too.

Banner Plant, also part of Henry Boot, donated many of the required tools free of charge, and the project was directly supported by the Henry Boot Charity Committee.

Strategy: Planet

Planet

What this means

Protecting the environment and adapting to climate change is essential for our business to embed long-term resilience, meet the needs of our stakeholders, and protect the planet we share for future generations. We take a long-term approach to addressing the impacts of climate change. In delivering our commercial services, we strive to reduce our environmental impact, minimise our use of resources and reduce waste, and enhance our local environments, biodiversity and natural ecosystems.

What we have achieved

In 2024, our direct greenhouse gas (GHG) emissions were moderately higher than in 2023. This was caused by unanticipated generator requirements across construction sites.

While disappointing, we have been able to explore and understand the issues that led to this rise in emissions and embed processes and mechanisms to prevent this issue arising in the future.

We have also seen many positive developments across the business with electricity usage 54% and business mileage 23% lower than the 2019 baseline.

Our planet

We remain committed to meeting our target of achieving net zero carbon (NZC) for our direct GHG emissions by 2030. Our decarbonisation trajectory lays out the pathway we strive to achieve as we decarbonise.

Despite a rise in GHG emissions in 2024, we remain confident that we can realign with our decarbonisation trajectory in the coming months. In 2024, we trialled the use of hydrogenated vegetable oil (HVO) as an alternative fuel source for our fleet and generator requirements (see case study overleaf). While not a perfect long-term solution, the use of HVO does create significantly lower GHG emissions than diesel, and we will utilise this fuel source in the short term to address our key sources of emissions.

We have continued to invest in our property portfolio, and, through ongoing maintenance of existing infrastructure, new infrastructure and employee-led behaviour change, we have seen our energy requirements fall. We will continue to collaborate closely with our people and occupiers to ensure that our buildings are energy efficient and utilise sustainable methods of heating, cooling and lighting.

We continue to invest in the energy performance of our investment portfolio and take careful consideration of where performance can be improved through adaption or re-development. The current average EPC rating for the properties in the portfolio is C.

We have made good progress in the development of our Waste Management Programme, which aims to baseline our non-construction generated waste and evolve our reduction initiatives. We have carried out a comprehensive waste-mapping exercise in order to enable full base-lining of all non-construction waste. We are now preparing to conduct our base-lining and will be using initial data to inform ongoing initiatives to reduce our creation of waste and water usage.

Henry Boot Construction continued to perform strongly on waste management with 99% of all waste diverted from landfill through a dedicated waste management process.

We continue to adopt a forward-thinking approach to nature stewardship and comply with the legislative requirements of the Environment Act. Our people are developing their expertise in collaboration with our partners to deliver biodiversity net gain across our commercial schemes.

We continue to routinely collaborate with like-minded businesses, membership organisations and industry bodies on our approach to climate change adaptation. We are proactive members of the UK Green Building Council (UK GBC) and are on the Steering Committee of the Yorkshire Climate Action Coalition.

As we develop our Climate Transition Plan and Phase 3 of our Responsible Business Strategy, we will provide further information about the methodology used to establish our decarbonisation and associated targets and how this methodology is used to demonstrate performance progress.

Our strategy in action

Case study

Implementation of HVO fuels pilot

The utilisation of HVO as an alternative fuel to diesel was a key aspect of our decarbonisation trajectory established in our NZC Framework in 2021.

We decided, however, to pause utilisation of the fuel after some concerns were raised by the public sector in 2022. After a thorough review and a change in position on the credibility of the fuel, we have, once again, committed to utilising HVO as an alternative fuel source.

We ran a pilot, from October 2024, to use HVO for our fleet-based requirements – selecting a number of vehicles in which to trial the fuel to understand efficiency and any challenges its implementation may have. We also did the same for our construction site-based requirements, choosing one of our key sites to use the fuel for all suitable generator requirements.

We were pleased with the results, seeing both a material fall in the GHG emissions associated with usage as well as no significant side effects to productivity or output.

We are now developing a programme for implementation in 2025, to roll out the use of HVO across our fleet and site-based requirements.

We will continue to monitor the Government position on HVO and work closely with our suppliers to ensure that the fuel we procure is from credible sources and adheres to relevant accreditation.

Our responsible business

Report on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Compliance Statement

Over the course of 2024, Henry Boot has continued to implement the recommendations of the 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. We are pleased to have advanced sufficiently in our approach to TCFD so that all provisions are now fully or partially compliant, with plans in place to progress further in the short term. 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 2025, 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 2025 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.	• Further 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 2025. • Internal subject matter experts to routinely report to the Board to ensure their understanding of operational delivery is consistent and up to date.	• Page 52 below • Responsible Business Committee Report, pages 130 • Governance Structure, page 100 • Directors' Remuneration Report (page 136) • Risk Report (page 71)

Key:

F Fully consistent P Partially consistent, progress made

Provision	Consistency level	Achieved to date	Future developments	More information
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 2025. • Further training and upskilling sessions to be held with Responsible Business Committee, ExCo and other senior leaders within the business during 2025.	• Page 52 below • Responsible Business Committee Report, governance arrangements page 135 • Responsible Business Committee Report, management roles on committee and groups page 134
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 (page 71)
Impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning	F	• The overarching objective of the Responsible Business Strategy is to embed ESG into the group's commercial decision-making processes. • In 2024, 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 2024 Strategy Days 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).	• Further work to be carried out to implement the best approach to scenario modelling. • Scoping of the remaining scenario modelling work will take place during 2025 to determine whether this can be concluded in time for the 2025 Strategy Days or whether it will be concluded in 2026.	• Pages 53

TCFD Report

Provision	Consistency level	Achieved to date	Future developments	More information
Resilience of the strategy, taking into consideration different climate-related scenarios	F	• Scenario modelling work to date is captured within the scenario modelling section of this report. • The 2024 Strategy Days incorporated assessment of climate-related risks and opportunities into strategies presented to provide resilience, and reflected on progress achieved in delivery of the Responsible Business Strategy.	• 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 2025 to determine whether this can be concluded in time for the 2025 Strategy Days or whether it will be concluded in 2026.	• Risk Report (page 71) • Page 53
Risk				
Processes for identifying and assessing climate-related risks	P	• As set out in the accompanying notes to the table within this report. • Risks are assessed, once identified, against a risk matrix which reviews the likelihood and severity against a number of factors.	• 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 2025 and beyond.	• Page 53
Processes for managing climate-related risks	F	• As set out in the table within this report. • Risks are managed through ESG Steering Group (at group level) and subsidiary strategy implementation (at subsidiary level).	• 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.	• Page 54
How processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	F	• The group undertakes an annual review of its principal risks as documented in page 71 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 2025 and beyond.	• Risk Report (page 71)

Key:

F Fully consistent   P Partially consistent, progress made

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	F	• Metrics relating to GHG emissions have been adopted as part of overall Responsible Business Strategy – see page 46 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 targets on GHG emissions have been incorporated into the bonus objectives for the Executive Committee and were also incorporated into LTIP objectives for 2024 and 2025.	• Scoping of the remaining scenario modelling work will take place during 2025 to determine whether this can be concluded in time for the 2025 Strategy Days or whether it will be concluded in 2026. 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.	• Our integrated Strategy (page 29) • Directors' Remuneration Report (page 136) • 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 GHG 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 2025 to determine whether this can be concluded in time for the 2025 Strategy Days or whether it will be concluded in 2026.	• Page 57 • Our integrated Strategy (page 29)
Targets used by the organisation to manage climate-related risks and opportunities and performance against targets	F	• Targets relating to a number of environmental factors have been adopted as part of overall Responsible Business Strategy – see page 46 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 2025 to determine whether this can be concluded in time for the 2025 Strategy Days or whether it will be concluded in 2026.	• Our integrated Strategy (page 29)

Governance

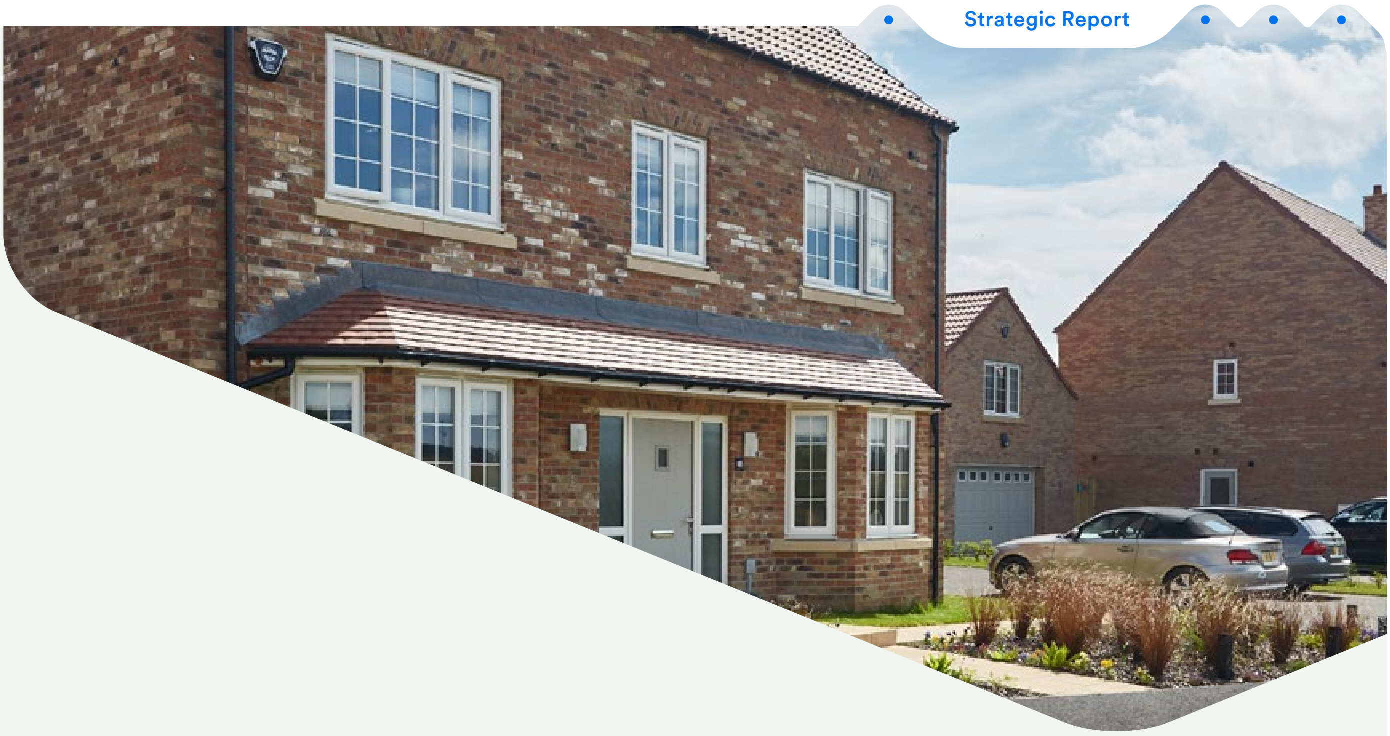
The group has set up a comprehensive governance structure incorporating a Responsible Business Committee of the Board, plus a number of special interest groups, committees, steering groups and working groups, which is set out in further detail on page 135 within the Responsible Business Committee Report. 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 134 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:

- 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 1.8 degree and a 3.6 degree scenario, with detail about how the strategies would respond in these scenarios (details of which are set out on pages 54 to 55). These two scenarios align to scenarios 2 and 4 as described by the IPCC in their most recent assessment report. All strategies include wider ESG-related objectives, and achievement against previous ESG metrics and targets.
- The 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 54 to 55 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.
- The budgeting process accounts for all ESG-related expenditure required for the achievement of Responsible Business Strategy.

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

- 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, People 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 brings 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 assesses 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 GHG 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 in which environmental improvement activities can be made and innovative measures initiated.



- The appointment of a Climate Change Research Assistant in late 2023 into 2024 has provided additional climate change focus to the activities planned by management, and facilitated 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 the risk management process

A risk and opportunity assessment has been refreshed and repeated 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 against a matrix that scores the risks based on factors such as financial, reputational, legal/regulatory and operational. 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 2024, we have carried out further work with the various subsidiary businesses to rereview 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 2024. A summary of the results of this strategic review is set out under 'Strategy' below on page 56.

In relation to the time frames 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, property and land schemes can often be in the development or 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, while 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.

Risks

Low emissions scenario: 1.8°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 to specifications and increases costs of schemes impacting viability. Subsidiaries affected – HL, 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 – HL			

High emissions scenario: 3.6°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 – HL, SBH and HBD			

Unmitigated Risk:

- Significant risk
- Elevated risk
- Low risk

Subsidiary:

HBC	Henry Boot Construction	**BP**	Banner Plant
HL	Hallam Land	**SBH**	Stonebridge Homes
HBD	Henry Boot Developments	**RL**	Road Link (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 has 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 and using sustainable alternative fuels such as HVO and biofuel. Investments in hydrogen or electric HGV 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 the application stage to assist in the maintenance of profit per plot. Emerging policies are 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 and 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. While 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, and 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 the 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.

TCFD Report 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
- an 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.
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

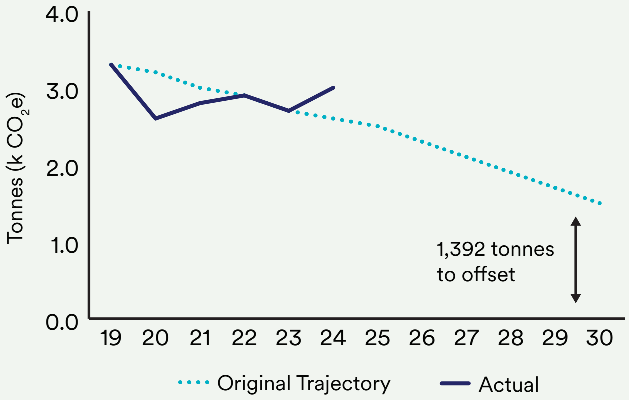
For the Strategy Days held in November 2024, a Climate Adaptation Strategy was presented to the attendees, containing a refreshed review from each of the main subsidiary businesses within the group of their own climate-related risks and opportunities, based on a 1.8 degree and a 3.6 degree scenario. This included details about how their particular strategies had responded in these scenarios to ensure resilience within the strategies, both in terms of mitigation and 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 1.8 degree and 3.6 degree scenarios have been selected as being the most appropriate in the absence of our quantitative 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. The group now considers each of these strategies to have incorporated the necessary resilience to the two different climate scenarios. 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 quantitative 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 NZC for all direct (Scope 1 and 2) GHG emissions by 2030. In achieving this target, we are aiming to 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	2,989		
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	3,983		
Total energy consumed – Scopes 1, 2 and 3 (MWh)	n/a	11,551	12,600	13,647	13,636	14,586		

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, among 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 anticipates meeting the reduction targets, and, 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.



Despite many positive achievements, we saw a marginal increase in our direct GHG emissions in 2024. This rise in emissions was caused by the nature of construction activity and operations undertaken across key construction sites. While disappointing, we have reviewed the issues in place that led to this rise and remain confident that our planned mitigation measures, internal processes and collaboration with our partners will lead to a future reduction in direct GHG emissions.

Our electricity usage (not including Stonebridge Homes) was 54% lower when compared with our 2019 baseline. Business travel in the year was 23% lower than our 2019 baseline. We trialled the use of HVO for our fleet and site-based requirements. We are currently reviewing the outcomes of this trial and, subject to success, are confident that this will be a key measure to decarbonise operations in the short term although we will continue to monitor the Government position and work with suppliers to ensure fuel is sourced credibly and is compliant with relevant accreditation..

In addition to our direct emissions, we are committed to reducing our indirect GHG emissions (Scope 3). In 2024, 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 2025. 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 our Responsible Business Strategy 2024 Progress Report for further information) 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.

Henry Boot group CO_2 footprint by source

Henry Boot group CO_2e emissions	2024 Tonnes	2023 Tonnes	Trend
Scope 1: Combustion of fuel and operation of facilities (Location based)	**2,564**	2,300	▲
Combustion of fuel and operation of facilities (Market based)	**2,564**	2,300	
Scope 2: Electricity, heat, steam and cooling purchased for own use (Location based)	**425**	533	▼
Electricity, heat, steam and cooling purchased for own use (Market based)	**131**	107	
Total direct emissions	**2,989**	2,833	▲
Total direct emissions per employee[1]	**5.6 tonnes CO_2e**	5.1 tonnes CO_2e	▲
Scope 3: Upstream and downstream indirect emissions (Location based)[2]	**994**	1,064	
Upstream and downstream indirect emissions (Market based)	**931**	970	▼
Total emissions (Location based)	**3,983**	3,897	▲
Total emissions per employee[1,3]	**7.4 tonnes CO_2e**	7.0 tonnes CO_2e	▲

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.
4 Out of scope emissions in relation to HVO used in the year amounts to 52 tCO_2e (2023:0 tCO_2e).

Carbon emissions by segment

Henry Boot group energy usage	2024 mwh	2023 mwh	Trend
Total energy consumed (Scopes 1, 2 and 3)	**14,586**	13,636	▲

Henry Boot group CO_2e emissions	2024 tonnes of CO_2	2024 intensity ratio tonnes of CO_2e	2023 tonnes of CO_2e	2023 intensity ratio tonnes of CO_2e	Intensity basis	Trend of intensity
Property investment and development	**1,225**	**13.40**	1,003	3.20	per 1,000 sq ft of investment property with communal areas	▲
Land development	**33**	**0.83**	54	1.39	per employee	▼
Construction	**2,687**	**33.42**	2,709	27.22	per £1m of turnover	▼
Group overheads	**38**	**0.40**	131	1.39	per employee	▼
Total gross controlled emissions	**3,983**		3,897			

Our carbon emissions for the year ended 31 December 2024 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. When compared to 2019 pre-COVID-19 levels the group has reduced direct GHG emissions by 10%; this equates to a decrease of 0.25 tonnes per employee.

Our current evaluation (conducted in conjunction with the Carbon Trust) is that our material Scope 3 emission categories will be categories 1a (purchased goods and services (product)), 11a (use of sold products (direct)) and 13 (downstream leased assets). Further development of our understanding of our material Scope 3 emission categories will be undertaken as part of the development of Phase 3 of our Responsible Business Strategy, in which we anticipate setting our Scope 3 baselines and reduction targets. We plan to report on our Scope 3 reduction target and pathway, as well as report on material emissions categories, in alignment with the forthcoming UK legislation encompassing the IFRS SSB1 and SSB2 standards.

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(s)
Business model		Business Model	20 – 22
Principal risks and impact of business activity		Risks and Uncertainties	71 – 80
		Audit and Risk Committee Report	114 – 118
Non-financial KPIs		Strategy	29 – 47
		Key Performance Indicators	32 – 35
Employee information	Board Diversity Policy	Nomination Committee Report	122 – 129
	Board Stakeholder Policy	Our People	36 – 41
		Section 172 statement	82 – 87
		Employee engagement	104 – 107
Human rights	Modern Slavery Statement and Policy	Our People	36 – 41
	Rights to Work Policy		
	Whistleblowing Policy		
Social matters	Board Stakeholder Policy	Section 172 statement	82 – 87
Anti-bribery and corruption	Anti-bribery and Corruption Policy	Our People	36 – 41
Environmental matters	Board Stakeholder Policy	Our Planet	46 – 47
	Climate Change Framework	TCFD	48 – 59
		Section 172 statement	82 – 87
Climate-related Financial Disclosures	Climate-related Financial Disclosures	TCFD	48 – 59

Business review
Land Promotion

> We saw improved demand from housebuilders for our prime deliverable sites last year, resulting in Hallam Land exceeding our full-year financial target."

Nick Duckworth
Hallam Land Management Limited

Hallam performed well in 2024, achieving an operating profit of £24.3m (December 2023: £21.4m) from selling 2,661 plots (December 2023: 1,944 plots).

2,661
plot sales (2023: 1,944)

104,787
plots in strategic land portfolio (2023: 100,972 plots)

Although this was below the target of 3,000 plots for the year, Hallam exceeded its full year financial target following the employment land sale in Coventry. The average gross profit per plot was £10,155 (December 2023: £15,480), which is ahead of the five year average of £9,200.

UK greenfield land values increased by 1.2% in 2024, according to Savills Research. While there was an overall improvement in confidence and increase in activity during the year, land sales were around 20% below the five-year average in 2024, as deals continue to take longer to progress than in the post COVID-19 bounce back period. The announcement of changes to the NPPF will increase applications; though this has not yet been reflected in national approvals, with 25% fewer homes granted planning consent in 2024, compared with the previous peak in 2021, according to the Home Builder's Federation (HBF). Demand for prime deliverable sites has therefore remained robust.

Against this backdrop, Hallam saw improved demand from housebuilders for our prime deliverable sites last year, including completing sales on:

- 1,123 residential plots (491 plots to Barratt and 632 plots to Vistry) at Pickford Gate Coventry and an additional 52 acres of employment land to Royal London, resulting in total sales at the scheme of £102m (Hallam share: £36m). Hallam secured a planning promotion agreement (PPA) in 2015 before submitting a planning application in 2018. An outline consent was secured in 2021 for a total of 2,400 homes, of which 25% are affordable. The project also involved delivering a new junction on the A45 dual carriageway, for which Hallam secured funding through the Homes England Housing Infrastructure Fund (HIF) process. Works on the junction were successfully completed in April 2024. Hallam retains 1,027 plots for future sale.

- 393 residential plots (phase one) in Swindon to Vistry. Hallam secured an option to purchase the site over 20 years ago and since then it has been promoting the land through the planning process. In August 2021, in collaboration with adjoining landowners, outline planning consent was secured for a total of 2,380 residential plots across a 400 acre site, of which 1,063 plots relate to Hallam's site. The scheme will also bring several additional community benefits, including a new primary school, community and sport buildings, significant woodland planting and green infrastructure. The sale of the first phase completed (393 plots) in July 2024, and the second phase (366 plots), which exchanged simultaneously, will complete either later in 2025 or in early 2026. Hallam retains 304 plots for future sale.
- 500 residential plots in Chatteris, Cambridgeshire, to Barratt. Hallam secured a PPA to promote the site on behalf of British Steel Pension Fund in 2005. Hallam successfully secured outline planning consent for 1,000 residential plots in 2020 (including c.160 affordable homes). Hallam retains 500 plots for future sale.

Residential land plots

	With permission						
	b/f	granted	sold	c/f	In planning	Future	Total
2024	**8,501**	**2,982**	**(2,661)**	**8,822**	**13,146**	**82,819**	**104,787**
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

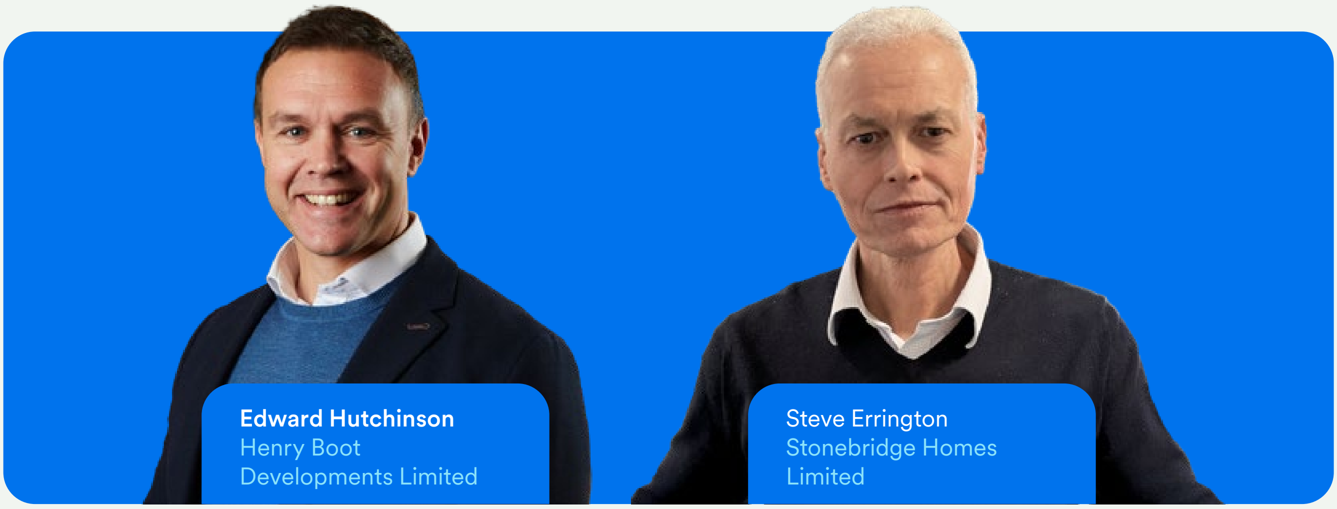
Hallam grew its total land bank by 4% during the year to 104,787 plots as at 31 December 2024 (December 2023: 100,972 plots), securing 10 new sites which have the potential to deliver c.6,500 plots. The Government's revisions to the NPPF have shown early signs of improvement to the planning system, and it is believed this momentum will continue to unlock the delivery of new homes. In total, Hallam secured consents on 2,982 plots (December 2023: 1,014 plots), of which 2,186 were achieved between September and December 2024. Last year, plots with planning permission (or a Resolution to Grant, subject to S106) increased to 8,822 (December 2023: 8,501). A further 13,146 plots are currently in the planning system awaiting determination, and as a result of the changes to the NPPF, Hallam has identified an additional 10,000 plots (2024: 2,660 plots) for expected submission over the next 12 months.

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 8,822 plots with planning, and any gain will only be recognised on disposal.

Hallam has begun the year completing on 665 plots and exchanging on a further 612 plots for completion during 2025, as well as having an additional 748 plots under offer. Planning permission has also been achieved for a further 867 plots across four sites.

Pickford Gate, Coventry – a 350-acre site at which Hallam sold a total of 1,123 residential plots and 52 acres of employment land in 2024.

Property investment and development



Property investment and development, which includes HBD and Stonebridge Homes, delivered a combined operating profit of £16.7m (December 2023: £22.2m).

£188m
GDV development completions (2023: £126m)

270
homes completed (2023: 251 homes)

According to the CBRE UK Monthly Index, commercial property values increased by 1.8% in 2024. Industrial property delivered the strongest capital growth with values up 4.5% during the year ahead of retail up 3.9%, while office values declined by 2.9%. This, however, reflects the polarisation between old office stock and the in demand newly developed space with strong environmental credentials. Rental value growth also remains strongest for the industrial sector with growth of 5.0% in 2024, with yields broadly unchanged over the period. While I&L take up has slowed from record levels during the pandemic, occupier demand improved during 2024, with take up marginally ahead of the 2023 outturn. Manufacturers have driven the recent improvement in demand, with many looking to derisk supply chains through nearshoring operations.

In 2024, HBD completed schemes with a total GDV of £331m (HBD share: £188m GDV), a significant increase from £126m last year (December 2023: HBD share: £112m GDV), of which 72% have been pre-let or pre-sold. This includes the following:

- Island, (HBD Share: £33m GDV), a net zero carbon (NZC) office building in Manchester city centre in a JV with Greater Manchester Pension Fund, was completed in November, on time and on budget. In October, a pre-let was secured for 50% of the space across the top five floors on a 10 year lease to Virgin Media O2, achieving a record office rent in Manchester. The remaining space is attracting strong occupier interest.
- Setl, (HBD share: £32m GDV), a 102 unit premium apartment building in Birmingham, was completed at the end of May last year. As of 3 March 2025, 69% of the units have been sold/reserved at target selling prices, achieving an average reservation rate of 1.0 unit per week. This includes c.£17m of sales that have either been completed or unconditionally exchanged.

- With regard to the I&L sector, HBD completed a total of c.540,000 sq ft, including Rainham, (HBD share: £24m GDV), a four unit NZC development serving Greater London in a JV with Barings and two units (HBD share: £20m GDV) at Airport Business Park, Southend. At SPARK Walsall, specialist remediation works (HBD share: £37m GDV) also completed, allowing the first phase of this 620,000 sq ft prime development to begin.
- HBD also completed the sale of seven development sites (HBD share: £32m GDV), which included 8 acres to NewCold and 6 acres to Aeroservices at Wakefield Hub as well as 4 acres at Skipton. In addition, a 29,000 sq ft TMS car dealership at Melton Road, Leicester (HBD share: £10m GDV), was completed.

2024 completed schemes

Scheme	GDV (£m)	HBD share of GDV (£m)	Commercial ('000 sq ft)	Residential size (Units)	Status
Industrial & logistics					
Rainham, Momentum	120	24	380	–	Speculative
Southend, Ipeco2 and Cama	20	20	156	–	Pre-sold
Walsall, SPARK Remediation	37	37	–	–	Forward funded
	177	**81**	**536**	**–**	
Urban residential & commercial					
Birmingham, Setl	32	32	–	102	Speculative – 69% reserved
Manchester, Island	66	33	91	–	Speculative – 50% let
	98	**65**	**91**	**102**	
Land & other					
Aberdeen, Cloverhill	2	2	–	–	Pre-sold and DM fee
Leicester, TMS	10	10	29	–	Pre-sold
Sunderland IAMP	1	1	–	–	Pre-sold
Manchester, St Ann's	3	3	19	–	Pre-sold
Pool, South Crofty	2	2	45	–	Pre-sold
Skipton	10	10	25	–	Pre-sold
Wakefield Hub, 4C & 7C	28	14	50	–	Pre-sold
	56	**42**	**168**	**–**	
Total for the year	**331**	**188**	**795**	**102**	

In December 2024, HBD formed an I&L JV with Feldberg Capital, known as Origin. The venture is seeded with an initial portfolio of three sites from HBD's pipeline with a combined GDV of c.£100m (HBD share: £25m). Work has now commenced at all three sites for delivery from H2 2025 and comprise:

- Spark, Walsall (phase one), a 13 acre development site just off the M6, which has full planning consent for two units totalling 270,000 sq ft (Total GDV: £52m).
- Inter, Welwyn Garden City, a three acre development site on Tewin Road near Junction 4 of the A1(M). The site has detailed planning consent for a 71,000 sq ft I&L scheme (Total GDV: £28m).
- Ark, Markham Vale, a six acre development site with planning for four units totalling 107,000 sq ft (Total GDV: £20m). This marks the next phase of HBD's 200 acre flagship I&L scheme at Markham Vale.

Going forward, the intention, subject to market conditions, is to deliver c.£1bn of high quality and sustainable I&L schemes across the UK over the next seven years. In January 2025, the JV secured a £54m development loan from BGO to fund the acquisition and development of the seed assets.

The group's committed development programme now totals a GDV of £124m (HBD share: £33m GDV) and is currently 25% pre-let, pre-sold or under offer, with 98% of development costs fixed.

Business review
Property investment and development

2025 committed programme

Scheme	GDV (£m)	HBD share of GDV (£m)	Commercial ('000 sq ft)	Residential size (Units)	Status	Completion
Industrial						
Origin, Markham, Ark	20	5	107	–	Speculative	Q4 25
Origin, Welwyn, Inter	28	7	71	–	Speculative	Q3 25
Origin, Walsall SPARK	52	13	271	–	Speculative	Q4 25
Preston, Roman Way	10	5	150	–	Pre-sold	Q4 25
	110	**30**	**599**	**–**		
Urban Residential						
Aberdeen, Bridge of Don	12	1	–	420	Pre-sold	Q3 25
Land and other						
Leicester, Melton Road	2	2	20	–	Pre-sold	Q2 25
Total for the year	**124**	**33**	**619**	**420**		
% sold or pre-let	**19%**	**25%**				

Following the completion of three significant schemes during 2024, combined with a more prudent approach to commencing new projects, the committed development programme has been reduced. Notwithstanding this, HBD also has optionality on a significant near-term pipeline, which includes:

- The flagship £1bn innovation and technology project known as Golden Valley (HBD share of phase one: £117m GDV), which is located adjacent to GCHQ in Cheltenham, HBD is working towards receiving two outline planning consents in H1 25. The consents relate to c.1m sq ft of commercial space and c.1,000 residential units. Construction is planned to commence in late 2025.
- Neighbourhood, Birmingham (HBD share: £128m GDV) – after securing planning in March 2023 for a 414-unit BtR development, HBD is seeking forward funding for the scheme.
- Humber Goole Freeport South, (HBD share: £130m GDV), in partnership with St John's College Cambridge, an outline planning application has been submitted to develop a 5.5m sq ft high-quality, sustainable industrial and manufacturing park, with buildings ranging from 40,000 sq ft to 1m sq ft. HBD is working towards receiving an outline planning consent in H1 25.
- Within the future development pipeline, there are several I&L projects, which benefit from planning permissions totalling c.3.8m sq ft at various flagship schemes, including Walsall, Southend, Luton and Preston.

HBD's future total development pipeline stands at £1.4bn GDV (HBD share: £1.2bn GDV). All these opportunities sit within the company's three key markets of I&L (54%), Urban Commercial (23%) and Urban Residential (23%).

Investment portfolio – key stats

	Dec 2024	Dec 2023
Market values – inc. share of JV's	**£107.4m**	£112.9m
Total area – '000 sq ft	**767**	795
'Topped-up' net initial yield	**5.5%**	5.8%
Reversionary yield	**6.7%**	6.5%
WAULT to expiry[1]	**9.7 years**	10.8 years
Occupancy[2]	**94%**	93%

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

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

As a result of the successful sales undertaken during the year, the total value of the IP (including the share of properties held in JVs and assets held for sale) ended the year at £107.4m (December 2023: £112.9m). On a like-for-like basis, capital values increased by 4.7%, with rental value growth of 8.4% for the I&L assets, which represent 73% of the total portfolio by value. The total property return of 9.9% was ahead of the total return from the CBRE UK Monthly Index (7.7%). During the period, occupancy marginally increased to 94% (December 2023: 93%) with the weighted average unexpired lease term now 9.7 years (7.8 years to first break).

Currently, 72% of the IP (based on floor area) has an EPC rating of 'C' or higher, with 42% being rated 'A' or 'B'. The 28% of the portfolio, which does not have an EPC within the target range, is allocated for either redevelopment or sale in the short to medium term.

Stonebridge Homes

The UK housing market remained relatively subdued during 2024 as homebuyer demand continued to be impacted by higher mortgage rates. According to Nationwide, UK house prices increased by 4.7% during 2024, with prices still just below the all-time high recorded in summer 2022. Northern England continues to outperform southern England, with prices up 4.9% year on year. According to NHBC statistics, which covers 70%+ of all new homes built in the UK, the number of new homes completed last year was 7% lower than in 2023, with a decline of 18% from the 2022 peak.

Stonebridge Homes completed 270 homes (195 private/75 affordable) (December 2023: 251 homes), increasing its output by 8% in a relatively subdued market. Despite completions for the year being marginally below our target of 275 homes, due to protracted chains, five homes have continued to progress and have now been transferred to the sales target for 2025.

The average selling price (ASP) for private units was £402,000 (December 2023: £461,000) as the business expanded its sales outlets into the North East. Net private reservations per active outlet per week averaged 0.45 (December 2023: 0.45).

Supply chain availability and cost pressures continued to improve, with build cost inflation moderating at 3% (December 2023: 4%). Stonebridge Homes completed a detailed specification and house type review that has identified further improvements, which will help to mitigate any future build cost pressures, while maintaining our premium standard of home.

Stonebridge Homes total owned and controlled land bank has increased to 1,726 plots (December 2023: 1,513 plots). Last year, Stonebridge Homes added a total of 499 plots to its land bank, including Simpson Park, Nottinghamshire (218 plots) and in line with its ambitious growth plans, our first site in the Midlands at Bracebridge Heath, Lincoln (281 plots). After a number of successful planning applications, the plots with detailed or outline planning now stand at 1,220 plots (December 2023: 923 plots). Land supply, defined as total owned and controlled land bank plots divided by completions over the last 12 months, now equates to a healthy 6.4 years.

Stonebridge Homes' annual sales target for this year will increase to 298 homes, in line with the strategic objective of growing the business to achieve 600 completions per annum over the medium term, which remains on track.

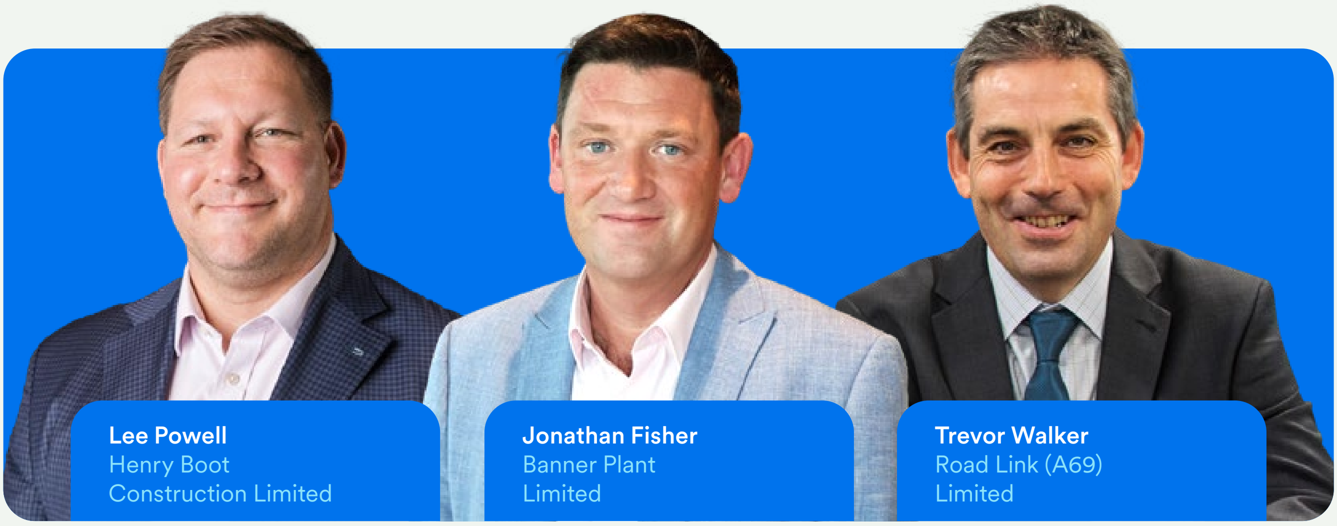
The group exchanged contracts (initial completion in 2025) to take full ownership of premium regional housebuilder Stonebridge Homes through the acquisition of the 50% it does not already own, across three tranches over the next five years. The total purchase price is linked to the performance of Stonebridge Homes over this period and is in line with the group's strategy to focus on high-quality land, prime property development and premium homes.

The transaction is expected to create significant shareholder value for the following reasons:

1. Opportunity to increase exposure in the UK residential market, which benefits from strong structural trends
2. Compelling opportunity to increase ownership of what is a high-growth business
3. Accretive financial returns, with full benefit of operational gearing as the business grows

The first tranche of the transaction completed in January 2025, resulting in Henry Boot becoming the majority shareholder with 62.5%.

Armthorpe, Doncaster – a 223-unit site (28% affordable)



The group's Construction segment, which includes HBC, BP and Road Link (A69), achieved an operating profit of £4.9m (December 2023: £6.5m).

The businesses within the construction segment have the lowest capital employed of any subsidiaries of the group, limiting the risk on Henry Boot's broader strategic growth plans.

The UK construction market remained challenging during 2024 with the volume of new work contracting since mid-2023 according to ONS data. Monthly construction output for new work, on a seasonally adjusted basis, in December 2024, was estimated to be 8.6% below the February 2020 pre-COVID-19 level.

HBC was behind schedule for winning work, which resulted in the business trading below expectations, delivering a turnover of £49.7m (December 2023: £70.1m). Two significant contracts were completed last year: in Sheffield, Heart of the City Block H, a £44m urban mixed use scheme; and the Cocoa Works in York, a £56m urban residential project. HBC secured a £38m contract to redevelop Rotherham Markets and an adjacent new library. Work is scheduled for completion in 2027.

A new management team has been recruited, including a new Managing Director, Lee Powell, who has joined from GMI Construction. The team's immediate focus will be on growing and diversifying the order book by developing a balanced portfolio of private sector projects to complement the existing public sector work.

HBC has started 2025 in a better position, with 55% of its order book contracted and a further 16% secured at the time of the group trading update on 28 January. This includes the company being awarded a £16m contract in Sheffield with the National Centre for Child Health Technology to deliver a new world-class research and technology centre for children and young people. The 2025 order book has continued to progress, with 70% secured as at 3 March.

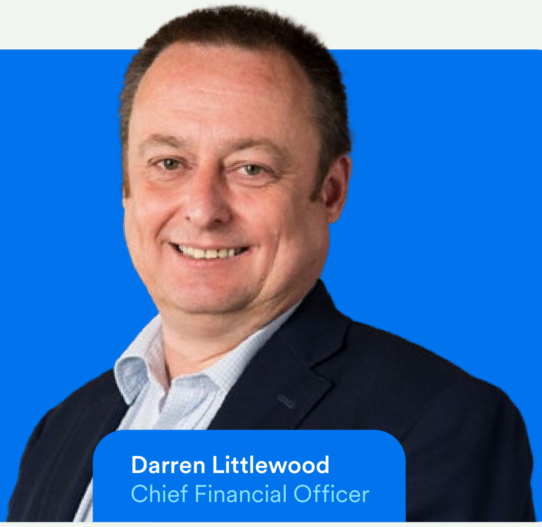
BP traded below budget, in line with a challenging market for plant hire businesses, and, in response, has adjusted its strategy by focusing on costs and efficiencies.

As HBC and BP 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 both businesses. While this is regrettable, it is being carried out to protect the long-term future of HBC and BP.

Road Link (A69) has traded in line with expectations as it enters the final 12 months of the PFI contract.

Financial review

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



Darren Littlewood
Chief Financial Officer

Summary of financial performance

	2024 £m	2023 £m	Change %
Total revenue			
Property investment and development	**169.9**	191.9	-11
Land promotion	**78.0**	68.0	+15
Construction	**80.5**	99.5	-19
	328.4	359.4	-9
Operating profit/(loss)			
Property investment and development	**16.7**	22.2	-5
Land promotion	**24.3**	21.4	3
Construction	**4.9**	6.5	-2
Group overheads	**(11.7)**	(9.9)	-2
	34.2	40.2	-5
Net finance cost and other	**(3.5)**	(2.9)	-1
Profit before tax	**30.7**	37.3	-7

The group performed as expected in 2024 with gradual improvements in the economy translating to a stronger second-half performance. Group profit before tax of £30.7m (2023: £37.3m) or £29.4m on an underlying profit basis[1] (2023: £36.7m) remains a credible result in the current economic environment. 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 2,661 residential plots (2023: 1,944) at an average gross profit per plot of £10.2k (2023: £15.5k), ahead of the five-year average of £9.2k, generating an operating profit of £24.3m (2023: £21.4m) as demand for well-located premium sites continued.

Property investment and development performed well in the year despite challenging market conditions. HBD completed schemes with a total GDV of £331m (HBD share: £188m GDV) and, in December, formed an I&L JV with Feldberg Capital, known as Origin, which generated £5.5m initial profit in the year in HBD. Meanwhile, Stonebridge Homes increased its output by 8%, completing 270 homes (2023: 251) in line with its medium-term growth target of delivering 600 units per annum. Together, this resulted in an operating profit of £16.7m (2023: £22.2m) from the property investment and development segment.

The construction segment achieved turnover of £80.4m (2023: £99.5m) and continued to make a positive contribution to the overall group operating profit.

Consolidated Statement of Comprehensive Income

Revenue decreased 9% to £328.4m (2023: £359.4m), as the land promotion business completed large transactions at Swindon and Coventry, increasing the segment's revenue 15% to £78.0m (2023: £68.0m), and the ongoing growth of Stonebridge Homes (8% increase in output) resulted in a 4% increase in revenue to £100.7m (2023: £97.2m), offset by reduced construction contract revenue in construction and property development of £51.4m (2023: £35.9m) as we experienced delays in securing new work in challenging markets.

Gross profit of the group was broadly consistent with the prior year at £74.5m (2023: £76.8m), a gross profit margin of 23% (2023: 21%), and reflects healthy returns across all our operating segments. Administrative expenses increased by £2.5m (2023: £3.9m) as we continued to invest in our people and processes to support future growth.

Property revaluation gains amounted to £4.6m (2023: £0.4m), incorporating £4.5m revaluation gains (2023: £0.3m) on wholly owned investment property and £0.1m revaluation gains (2023: £0.1m) on our share of investment property held in joint ventures.

Financial review continued

Property revaluation gains/(losses)	2024 £m	2023 £m
Wholly owned investment property:		
• Completed investment property	**1.2**	0.5
• Investment property in the course of construction	**3.3**	(0.2)
	4.5	0.3
Joint ventures and associates:		
• Completed investment property	**0.1**	0.1
• Investment property in the course of construction	**–**	–
	0.1	0.1
	4.6	0.4

Profit on sale of investment properties of £0.1m (2023: £0.7m), relates to the disposal of legacy housing stock and ground rents.

Share of profit of joint ventures and associates of £2.4m (2023: £0.4m) includes the sale of two industrial units in Wakefield 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.

Overall, operating profits decreased by 14.9% to £34.2m (2023: £40.2m) and, after adjusting for net finance costs, we delivered a profit before tax of £30.7m (2023: £37.3m).

The segmental results analysis shows that:

- property investment and development operating profit decreased to £16.7m (2023: £22.2m) as development activity slowed, offset by an increase in Stonebridge housing unit disposals to 270 (2023: 251), and a valuation gain on wholly owned investment property of £4.5m (2023: £0.3m);
- Land promotion operating profit increased to £24.3m (2023: £21.4m) as we completed on disposals at eleven sites (2023: seven), average gross profit per plot in the year normalised to £10.2k (2023: £15.5k) having disposed of a high margin site in Tonbridge during the prior year; and
- Construction segment operating profits decreased to £4.9m (2023: £6.5m) as our construction business experienced delays in securing new work. Plant hire and our PFI concession continued to generate healthy contributions to the segment.

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 £7.0m (effective rate of tax: 22.9%) (2023: £8.8m; effective tax rate: 23.5%) and is lower than (2023: in line with) the standard rate of tax due to prior year adjustments in respect of capital taxes and allowances and profits from joint ventures and associates reported net of tax. Current taxation on profit for the year was £5.4m (2023: £6.7m), deferred tax was a charge of £1.6m (2023: £2.1m).

Earnings per share and dividends

Basic earnings per share decreased 11.7% to 17.4p (2023: 19.7p) in line with the fall in profits attributable to owners of the parent company. Total dividend for the year increased 5% to 7.70p (2023: 7.33p), with the proposed final dividend increasing to 4.62p (2023: 4.40p), payable on 30 May 2025 to shareholders on the register as at 2 May 2025. The ex-dividend date is 1 May 2025.

Return on capital employed[2] (ROCE)

ROCE[2] decreased in the year to 8.0% (2023: 9.9%). Given the current challenges in our markets, this is expectedly below the group's target range of 10–15%, which we believe remains appropriate for our current operating model and the markets in which we operate.

Finance and gearing

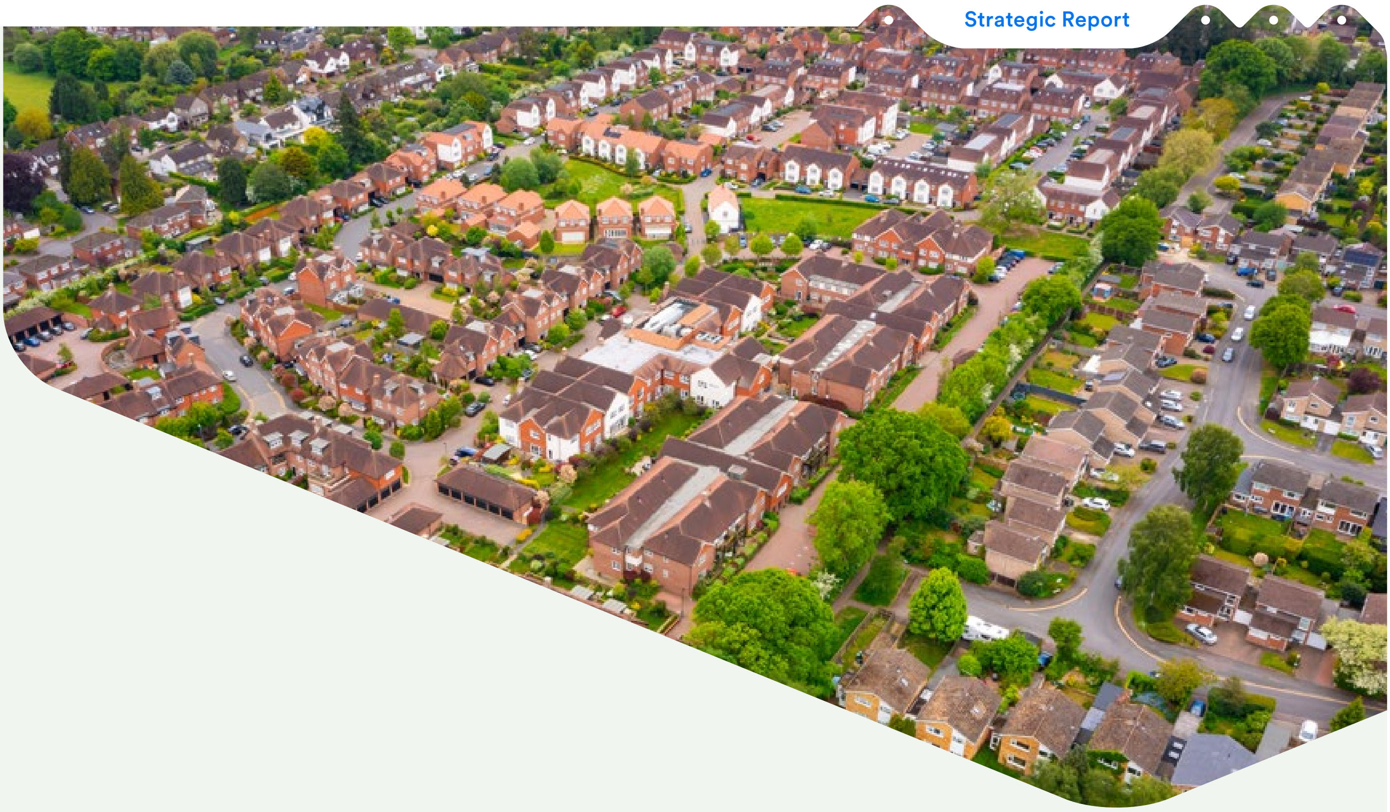
Net finance costs increased to £3.5m (2023: £2.9m) reflecting the increase in UK interest rates and higher levels of borrowing during the year.

Interest cover, expressed as the ratio of operating profit (excluding the valuation movement on investment properties, disposal of investment properties and joint venture profits) to net interest (excluding interest received on other loans and receivables), was 4 times (2023: 9 times). No interest incurred in either year has been capitalised into the cost of assets.

The group's banking facilities were renewed on 21 May 2024 at £125.0m. 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. The facility includes an accordion to increase the facility by up to £60.0m, increasing the overall facility to £185m of which £15m was called and agreed with lenders on 21 March 2025. The group had drawn £72.5m of the facility at 31 December 2024 (2023: £83.5m).

On 27 June 2024, the group extended a £25.0m receivables purchase agreement with HSBC Invoice Finance UK Limited (HSBC), which 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 £15.9m of receivables under the agreement at 31 December 2024 (2023: £14.7m).

The 2024 year-end net debt[4] was £62.7m (2023: £77.8m) resulting in gearing of 14.7% (2023: 19.0%) and within our targeted range of 10–20%. Despite challenging market conditions, we continue to invest 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

	2024 £m	2023 £m
Operating profit	**34.2**	40.2
Depreciation and other non-cash items	**0.4**	(1.1)
Net movement on equipment held for hire	**(2.6)**	(2.1)
Movement in working capital	**10.5**	(31.2)
Cash generated from operations	**42.5**	5.8
Net capital investments	**(4.9)**	(16.4)
Net interest and tax	**(13.3)**	(7.4)
Dividends paid	**(12.1)**	(12.8)
Dividends received from joint ventures	**2.9**	0.9
Other	**–**	0.7
Change in net debt	**15.1**	(29.2)
Net debt brought forward	**(77.8)**	(48.6)
Net debt carried forward	**(62.7)**	(77.8)

During 2024, the cash inflow from operations amounted to £42.5m (2023: £5.8m) after net investment in equipment held for hire of £2.6m (2023: £2.1m), and cash inflows from a net decrease in working capital of £10.5m (2023: £31.2m outflow). Working capital increased significantly in 2023 from additional investment in housebuilder inventories and strategic land sales on deferred terms, which has now partially reversed in 2024.

Net capital investment of £4.9m (2023: £16.4m) arose primarily from advances to joint ventures and associates of £4.0m (2023: £13.5m) and the purchase of property, plant and equipment of £1.4m (2023: £4.1m).

Net dividends totalled £9.2m (2023: £11.9m), with those paid to equity shareholders increasing by 7.5% to £10.0m (2023: £9.3m) and dividends to non-controlling interests of £2.1m (2023: £3.5m), offset by dividends received from joint ventures during the year of £2.9m (2023: £0.9m).

After net interest and tax of £13.3m (2023: £7.4m), there was an overall inflow in net cash of £15.1m (2023: £29.2m outflow), resulting in net debt of £62.7m (2023: £77.8m).

Statement of financial position summary

	2024 £m	2023 £m
Investment properties and assets classified as held for sale	**105.6**	100.6
Intangible assets	**0.6**	2.2
Property, plant and equipment, including right-of-use assets	**32.8**	33.2
Investment in joint ventures and associates	**13.3**	10.5
	152.3	146.5
Inventories	**332.9**	297.6
Receivables	**111.6**	129.3
Payables	**(111.5)**	(88.1)
Other	**(7.3)**	(5.2)
Net operating assets	**478.0**	480.2
Net debt	**(62.7)**	(77.8)
Retirement benefit asset	**9.9**	7.7
Net assets	**425.2**	410.1
Less: Non-current liabilities and pension asset	**13.9**	6.6
Capital employed	**439.1**	416.7

Financial review continued

Wholly owned investment properties, of which over 70% are industrial and logistic assets, increased to £105.6m (2023: £100.6m) driven by property valuation gains of £4.5m (2023: £0.3m). At the year end, two properties are held for sale with a book value of £9.3m.

Intangible assets reflect the group's investment in Road Link (A69) of £0.6m (2023: £1.2m). 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. Goodwill in the prior year relating to Road Link (A69) of £0.1m and Banner Plant depots £0.9m have now been fully written down.

Property, plant and equipment comprises group occupied buildings valued at £3.6m (2023: £4.7m), leasehold improvements of £2.1m (2023: £2.4m), and plant, equipment and vehicles with a net book value of £27.1m (2023: £26.1m), including £4.0m (2023: £1.0m) of right-of-use assets under IFRS 16. Property, plant and equipment, along with right-of-use assets, have remained broadly consistent as new additions of £5.9m (2023: £8.7m), largely related to the groups plant hire fleet, are offset by disposals and the depreciation charge for the year.

Investments in joint ventures and associates increased £2.8m to £13.3m (2023: £10.5m). This comprised the group's share of profits of £2.4m (2023: £0.4m) (including fair value increases of £0.1m), additional investment of £3.0m (2023: £1.0m), less distributions of £2.9m (2023: £0.9m) and other movements of £0.3m (2023: £nil). We continue to undertake property development projects with other parties where mutually beneficial.

Inventories were £332.9m (2023: £297.6m). We increased our housebuilder land and work in progress to £111.6m (2023: £96.2m) as we expand regionally into the North East and increase annual plot disposals. In our strategic land business, we continue to invest in owned land and land interests under promotion agreements at a lower capital cost with total additions amounting to £97.3m (2023: £42.2m). This was offset by our property and development inventory, which decreased to £66.6m (2023: £77.4m) as the group recycled cash from our build-to-sell scheme Setl in Birmingham, and transferred two developments into our newly formed JV, Origin, with Feldberg. 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, decreased £11.3m to £111.6m (2023: £122.9m) due to the timing of completions and level of deferred payments. 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 increased to £111.5m (2023: £88.1m) with trade and other payables increasing to £101.9m (2023: £75.9m) due to two individually significant deferred land payments, provisions decreasing to £1.9m (2023: £4.4m) as strategic land provisions unwind and we near the end of our PFI concession arrangement. Contract liabilities increased to £4.9m (2023: £1.1m), due to the timing of invoicing on large construction schemes and current tax liabilities reduced to £2.9m (2023: £6.7m).

Net debt included cash and cash equivalents of £16.8m (2023: £13.0m), borrowings of £75.5m (2023: £86.5m), including £3.0m other loans (2023: £3.0m) arising from sale and lease back, and lease liabilities of £3.9m (2023: £4.3m). In total, net debt was £62.7m (2023: £77.8m).

At 31 December 2024, the IAS 19 pension valuation was a surplus of £9.9m (2023: £7.7m surplus), as a result of interest on the existing surplus and rise in corporate bond yields, which has increased the discount rate assumption and placed a lower value on liabilities. 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 3.7% to £425.1m (2023: £410.1m), arising from retained profits less distributions to shareholders with NAV per share[3] increasing 3.6% to 317p (2023: 306p).

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 £1.2m (2023: £0.5m) on wholly owned completed investment property and gain of £0.1m (2023: £0.1m) 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 controls 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 33.

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 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 advisers, 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.

The Responsible Business and Audit and Risk Committees of the Board, assess the possible impact on short and long term value arising from ESG matters and mitigation measures in place to manage these risks.

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 and aligned with the group's strategic intent.

Risk management framework

The principal components of the group's risk management framework comprise the risk strategy, risk appetite and tolerance statement, risk registers (including internal controls) 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 and then to document mitigations to give the net (or residual) risk. Both risks are assessed on a likelihood and impact (or severity) basis and are scored on a rating of one to five, using a detailed scoring matrix. Primary focus is place on the net (or residual) risk which highlights the remaining risk exposure after mitigations and internal controls have been applied.

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.

Henry Boot continue to engage KPMG as internal auditor of the group and, in cooperation with the Audit and Risk Committee, prepare an annual audit plan based on the group's assurance map.

Review of risk management process

During the year, the group has worked with advisers to perform a detailed review of the Henry Boot's risk management process and principal risks. This has resulted in revised principal risks, categorised by strategic, operational, legal/regulatory and financial. The new principal risks do not reflect a material shift in the group's risk profile but a recategorisation of existing risks. Further detail of this review can be found in the Audit and Risk Committee section of the Annual Report.

As a result of the review, additional prominence is now given to net (or residual) risk, after mitigations and internal controls have been applied. The benefit of this is that stakeholders have improved visibility over the remaining risk exposure in the group, which is in the process of enhancing internal controls and establishing a testing regime so they can be fully relied upon.

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.

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 53 to 55.

The financial impact of the above is considered in the going concern and viability section on pages 79 to 80.

Principal risks and uncertainties continued

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, who:

- 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 procedures and plans for management of continuity events.

Subsidiary boards and PLC

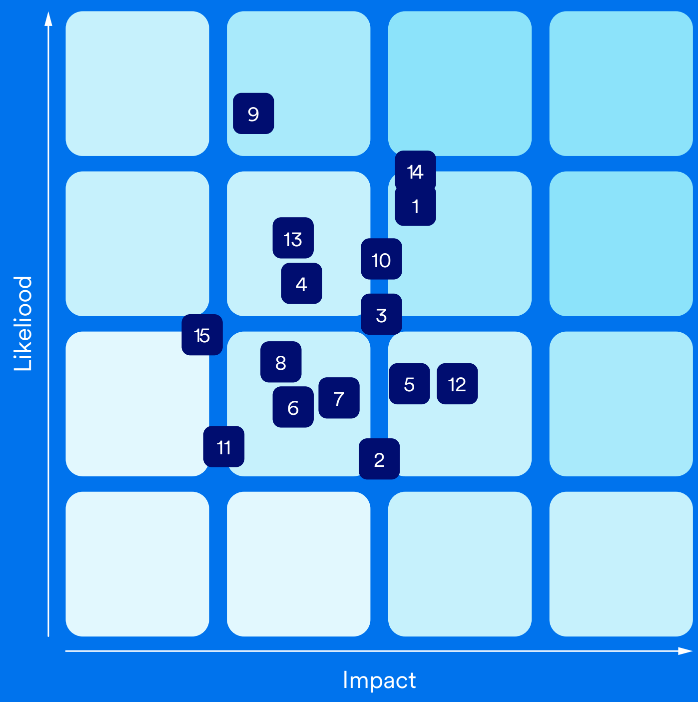
Each subsidiary and PLC department has a nominated individual responsible for maintaining the risks within that subsidiary/department. In general, this will be the Managing Directors (for subsidiaries) and the heads of department (for the PLC), with input from other relevant designated team members as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

Risk heat map

The risk heat map illustrates the 15 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 Henry Boot. The risks are presented net (after taking account of mitigating actions and internal controls).

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



			Risk (short title)
▲	1	(S)	External markets
▼	2	(S)	Sustainability targets/communications
▲	3	(S)	Underperformance of subsidiaries
▲	4	(S)	Reputational incident
▲	5	(O)	Loss of critical systems/data
▼	6	(O)	Business continuity incident
▼	7	(O)	Attract, retain and develop workforce
▼	8	(O)	Loss of key personnel
▲	9	(O)	Health, safety and environment incident
▲	10	(O)	Execution
▲	11	(R)	Failure to adhere to regulation/legislation
-	12	(R)	Adverse changes in regulation/legislation
▼	13	(F)	Funding
-	14	(F)	Erosion of profit
-	15	(F)	Fraud

(S) – Strategic **(O)** – Operational **(R)** – Regulatory **(F)** – Financial

Our risks

Risk	Risk description	Mitigation	Changes during the year	Link to strategic priorities
1 **External markets** (Strategic)	Adverse external challenges within the markets in which Henry Boot operates	• Strong relationships with key supply partners. • Financial stability of Henry Boot is underpinned by diversity of portfolio. • Measures in place to ensure financial resilience such as low gearing ratio, high credit rating, and strong relationship with lenders. • Inflation clause in contracts to pass on inflation-induced costs. • Going concern and viability assessments completed annually. • ExCo regularly review market intelligence, market conditions, inflation reports and intelligence reports on potential regulatory changes to inform decision making.	▲ Economic uncertainty	
2 **Sustainability targets/ communications** (Strategic)	Failure (or perceived failure) to achieve sustainability targets/ communications	• Responsible Business Committee formed in 2021 to provide oversight of the development and delivery of the Responsible Business Strategy. • ESG Steering Group considers progress against the Responsible Business Strategy including cross-cutting issues such as property environmental performance. • All members of ExCo have ESG-related targets. • Recent re-branding centred around impact on 5Ps (People, Planet, Partners, Places and Performance) and incorporated into Responsible Business Strategy and brand proposition. • Responsible business plans developed annually and linked to responsible business strategy, supported by quarterly reporting.	▼ Lesser focus in current market environment	
3 **Underperformance of subsidiaries** (Strategic)	Material underperformance of one or more of the group's subsidiaries	• Clearly defined and communicated group strategy and business plans for subsidiaries. • Strict legal procedures and protocols regarding authority to sign contracts and accept risks. • Reserve matters process in place, which requires projects over a certain limit at subsidiary level to be approved by the Board. • Thorough assessments conducted of client financial standing (including credit checks and payment guarantees). • Project risk registers/assessments completed, reviewed and considered in budgets. • Diverse nature of subsidiaries and locations spread the risk. • Regular reviews of pipeline and current opportunities. • Delivery risk passed to contractors where possible.	▲ Capital constraints and delayed exit from schemes	

Key

Change during the year

Increased | Decreased | - No change

Group strategic priorities

People | Partners | Places | Planet | Performance

Risk	Risk description	Mitigation	Changes during the year	Link to strategic priorities
4 **Reputational incident** **(Strategic)**	Ineffective response to or management of a significant reputational incident	• Recent rebranding centred around impact on 5Ps (People, Planet, Partners, Places and Performance) and incorporated into Responsible Business Strategy and brand proposition. • Increased awareness of the importance of ExCo/senior stakeholders speaking with 'one voice'. • Crisis response arrangements included as part of overall business continuity planning.	Increased Brand and social media exposure	Performance, People, Partners
5 **Loss of critical systems/data** **(Operational)**	Loss of critical systems and/or data (malicious or non-malicious	• Key systems backed up regularly. • Preventative approach to risk in IT team. • IT helpdesk system aligned to KPIs. • Dynamics 365 implemented to digitise processes within Henry Boot, store information and support group collaboration. • VPN security is used for connectivity out-of-office. • Henry Boot is accredited by cybersecurity essentials. • Controls in place to see where data is being shared externally. • Project underway to develop an ITDR plan (future state). • Cyber insurance in place.	Increased Additional exposure and reliance on systems as group continues to digitise	Performance, People, Partners
6 **Business continuity incident** **(Operational)**	Major disruptive event/business continuity incident (internal or external) impacting Henry Boot or subsidiary operations	• Business Continuity Plans (BCPs) in place throughout the business (plans are regularly tested and reviewed).	Decreased Further developed protocols and procedures	Performance, People, Partners, Places, Planet

Our risks continued

Risk	Risk description	Mitigation	Changes during the year	Link to strategic priorities
7 **Attract, retain and develop workforce** (Operational)	Failure to attract, retain and develop an appropriately diverse, skilled and experienced workforce to meet current and future business needs	• Opportunities to move across subsidiaries. • Group employee engagement survey conducted annually to measure morale/staff engagement. • Development/formalisation of People strategy includes initiatives on pay and reward, career progression, agile working, equity, diversity and inclusion, health and wellbeing. • Recent benchmarking and review of remuneration and benefits package. • Work done to address any single points of failure and skills shortages. • Increased internal training (growing our own colleagues) within the operational side of the business. • Emerging talent workstream focusing on strategic engagement with education partners to attract and retain diverse talent • Relocated head office November 2023 (enhanced working environment to encourage greater collaboration).	▼ Additional workforce planning and career development	
8 **Loss of key personnel** (Operational)	Loss of key personnel within Henry Boot subsidiaries/loss of multiple senior employees in short succession	• Formal review of succession planning and plans in place for potential successors for certain senior roles. • Recent benchmarking and review of remuneration. • Contractual protections and retentions in employment contracts of senior management and other key employees. • Introduction of Dynamics 365 to encourage information sharing and storage.	▼ Additional workforce planning	

Key

Change during the year

Increased | Decreased | - No change

Group strategic priorities

People | Partners | Places | Planet | Performance

Risk	Risk description	Mitigation	Changes during the year	Link to strategic priorities
9 **Health, safety and environment incident** (Operational)	Occurrence of a significant health, safety or environmental incident across any of the group's subsidiaries	• Regular testing of health and safety scenarios through business continuity work. • Emergency response protocol in place with risks grouped into three tiers and linked to BCP. • Strong team compliance and safety culture with group impact measured on 5Ps (People, Planet, Partners, Places and Performance). • Staff appropriately trained and report near misses. • KPIs associated with reporting of near misses. • Sub-contractors need to obtain approved status and evidence that they meet required standards. • Health and Wellbeing Strategy launched Feb 2023 with a project team established to oversee implementation and delivery of a range of activities. • Annual health and safety reports (which include targeted recommendations) completed for all subsidiaries. • Regular internal audits and accreditations obtained.	Increased AFR increase in recent years	People, Partners
10 **Execution** (Operational)	Failure to deliver strategic plans in the intended manner	• Annual review of five-year strategy and business plan undertaken with Board and ExCo. • Project teams establish to plan and deliver key initiatives. • Objectives and KPIs aligned with delivery of strategic plans.	Increased Additional activity	Performance, People, Partners
11 **Failure to adhere to regulation/ legislation** (Legal/ regulatory)	Breach or failure to adhere to key regulation/ legislation	• Group legal department have oversight of key risk areas and develop guidance and systems to ensure requirements are fulfilled (i.e. for BSA and DPA). • Detailed review conducted of exposures under BSA and DPA (i.e. for legacy projects). • Project-level risks discussed in regular meetings. • Risks discussed in meetings with ExCo. • Internal control environment regularly reviewed and updated.	Increased Additional legislation and compliance requirements	Performance, People, Partners, Places, Planet

Our risks continued

Risk	Risk description	Mitigation	Changes during the year	Link to strategic priorities
12 **Adverse changes in regulation/ legislation** (Legal/ regulatory)	Breach or failure to adhere to key regulation/ legislation	• Advanced notice associated with any upcoming regulatory changes (ongoing monitoring undertaken). • Actively engage with Government (directly and via trade associations). • External legal advisers provide updates and trackers. • Membership and subscription to groups and industry publications such as IOSH, Constructing Excellence and the National Federation of Builders. • Horizon scanning exercise.	-	Performance, People, Partners, Places, Planet
13 **Funding** (Financial)	Failure to secure funding at favourable terms	• Look to ensure balanced leverage/gearing (operate within optimal framework). • Good relationships with banking partners. • Internal audit function in place. • External legal contacts. • Hire purchase agreements with Lombard bank. • Significant amount of equity is retained in the group to lessen the need for external borrowing.	▼ Refinance complete in 2024	Performance, Partners
14 **Erosion of profit** (Financial)	Significant and/or sustained erosion of profit and operating margin on the viability of transactions and schemes	• Use of joint ventures to share capital requirements and risk. • Cost-benefit analysis completed for new projects. • Preference for pre-funded and pre-let opportunities. • Viability assessment completed annually	-	Performance, People, Partners
15 **Fraud** (Financial)	Occurrence of fraud, bribery or corruption	• Anti-Bribery and Corruption Policy in place which sets standards for the group and supply chain members. • Policy regularly reviewed and updated with further guidance issued as required. • Regular anti-bribery training provided. • Fraud and Corruption notices completed across the business on a monthly basis.	-	Performance, People, Partners

Key

Change during the year

▲ Increased ▼ Decreased - No change

Group strategic priorities

People Partners Places Planet Performance

Going concern

In undertaking their going concern review, which covers the period to December 2026, 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.

The downside assumes that, for 2025:

- construction and development activity only takes place where contracted;
- Hallam Land has no sales unless well progressed or already contracted;
- Stonebridge Homes has a 10% decline in house prices along with a 25% reduction in the number of plots sold; and
- Banner Plant revenue declines by 19%.

The downside assumes that 2026 results will recover.

This downside model assumes that acquisition and development spend is restricted other than that already committed. This is consistent with previous experience in recessionary environments, allowing the group to retain and even improve the cash position in the event of a severe downside scenario, the impact on the profit and loss account would, however, be unavoidable.

The group meets its day-to-day working capital requirements through a secured loan facility. 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. The facility of £125m in place at 31 December 2024 includes an accordion to increase the facility by up to £60m, increasing the overall facility to £185m. The group has extended the facility on 21 March 2025 to £140m, which increases the headroom over the going concern period.

None of the modelling undertaken by the Directors gives rise to any breach of bank facility covenants. 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. Our downside modelling, which reflects a 26% reduction in revenue and a 63% reduction in operating profit from our base case for 2025, demonstrates headroom over this covenant throughout the forecast period to the end of December 2026.

The Directors have also performed a break-case scenario, which sees the EBIT cover covenant breached. This scenario is considered to be remote.

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 can be found on pages 20 to 47 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 139-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 £39.1m per annum, added over £205m to net assets (an increase of some 92%) and paid 68.3p 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 the COVID-19 outbreak, between 2020 and 2021, 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. While our strategic land promotion business commenced 2025 with 8,822 plots with planning permission, which, at a five-year average disposal rate of 2,700 plots would imply that we have 3.2 years of sales already in hand, a property development pipeline of over £1.2bn Gross Development Value (GDV) to be delivered over a period extending beyond five years and 1,220 plots with some form of planning in Stonebridge equating to a land supply of 6.4 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 2026, 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.£33m as at 28 February 2025 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 consider 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.

Our risks continued

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, which, 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 can cause 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

Our Board and its Committees strive at all times to give proper consideration to stakeholder interests when taking decisions, and, while recognising that not all stakeholder interests will be equally aligned, 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 2024, 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, and this has constantly been kept under review. The latest substantive refresh of our purpose, vision and values in 2024 also included a lengthy stakeholder engagement exercise, reviewing the stakeholder groups to ensure they remained appropriate and considering any new potential group. However, it was agreed that the stakeholder groups already captured within the Board Stakeholder Policy remain the most relevant.

Board information

- Our Board and senior leaders regularly engage with stakeholders as described on page 83
- Board papers on Reserved Matters include consideration of stakeholder interests and views
- Peter Mawson's role as designated Board 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, and how culture is embedded within our activities – see more on page 106
- Actions directly brought about as a result of Board engagement – some examples are set out in the Employee Engagement section on page 104
- Where appropriate, outcomes of decisions are reassessed, and further engagement and dialogue is 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. 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 2024	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.	• Structured engagement session held with major shareholder to discuss matters of interest with a sub-group of the Board • Annual Investor Roadshows and structured feedback sessions with institutional investors and major family and other shareholders • Focused 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	• Continued structured dialogue and feedback to shareholders on points raised in discussions • Ongoing and consistent communications on results • Communication of key initiatives such as strategy and ESG objectives
Employees	Our people are the biggest asset 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 104 to 105, 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 the 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	• 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

Section 172 statement and stakeholder engagement strategy continued

Stakeholder	Why is it important for the Board to engage with this stakeholder group	How the Board engaged in 2024	How the Board responded
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, including review of any matters raised to be brought to the Board's attention for decision
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.	• Tim Roberts chairs the Sheffield Pride of Place Board established by BITC with the aim of focusing efforts on Sheffield's community priorities • Matters Reserved for the Board reports from group subsidiary companies contains sections on stakeholder engagement including communities • 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 page 44	• Community partnership targets included within our places – see page 44

Stakeholder	Why is it important for the Board to engage with this stakeholder group	How the Board engaged in 2024	How the Board responded
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 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 our planet section – see pages 46 to 47 • Responsible Business Committee approved adoption of Climate Change Framework – more detail on this within the Responsible Business Committee Report on page 132
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	• The Board will continue to monitor interactions at a group level with the relevant media outlets and the split between financial and non-financial reporting, to determine any requirements for direct engagement
Regulators	To build a two-way dialogue and influence potential decisions that may affect the group.	• Engagements to date have been conducted through the subsidiaries themselves, with no direct interactions being necessary during the year	• The Board will continue to monitor interactions at a group level with the relevant regulators, to determine any requirements for direct engagement
Professional Associations	To liaise with these groups to understand best practice, industry updates and build relationships.	• Engagements with BITC on Inclusive Leadership, attended by the Board and ExCo	• The Board will continue to monitor interactions at a group level with professional associations, to determine any requirements for direct engagement

Section 172 statement and stakeholder engagement strategy continued

Case study

Acquisition of Stonebridge Homes

As referenced on page 65, the company announced a deal towards the end of 2024 to gradually acquire the remaining 50% shareholding in Stonebridge Homes, its jointly owned housebuilder.

This acquisition was considered on a number of occasions by the Board over the course of 2024, representing as it did an opportunity to increase ownership in a growth business, at a time when residential markets are expected to grow, structured within a deal that is financially accretive over the medium term. In addition, the eventual full ownership of Stonebridge Homes simplifies the equity story for the group and is a compelling strategic fit as we increasingly narrow our focus to prime property in the residential and industrial markets, which have long been the backbone of our strategic approach.

Having in mind the link to Code Principle 1:

"A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society".

The Board has been cognisant of these factors when taking the decision to proceed with this transaction – securing a long-term sustainable growth business, and re-establishing the group firmly within the residential market, which, in turn, generates return for shareholders.

The discussions throughout the year leading up to the eventual decision to complete the acquisition in late 2024 presented the Board with an assessment of a number of different stakeholder interests, with the most notable being shareholders, employees, and customers and suppliers, with a more detailed breakdown of the most relevant considerations being provided below.

Consideration of s.172 factors

Likely consequences of decisions in the long term

As a business with over 139 years of history, the Board recognises the need to have clarity on its long-term vision with investors, provide additional revenue streams and ensure the development of income streams aligned with its core strategy. This strategy – in which the 'residential' pillar has long formed an integral part – continues to see the group investing in providing premium residential schemes as part of its overall portfolio.

In order to support its decision making on this acquisition, and due to it comprising a material-related party transaction under the provisions of the new UK Listing Rules, Peel Hunt were appointed to provide a fair and reasonable assessment, reviewing the transaction terms, valuation (and comparison to the overall market) and broader circumstances of the deal.

Peel Hunt advised that the terms of the transaction were fair and reasonable as far as Henry Boot shareholders are concerned, taking into account the Board's commercial assessment of the transaction.

Armthorpe, Doncaster

These factors included a detailed evaluation of the case for shareholders, considering:

1. the acquisition of a high growth business, which has demonstrated over successive previous years its ability to increase output year on year;
2. an improving market outlook, at a point in time at which structural and political tailwinds are in favour of the housebuilding market;
3. the financially accretive nature of the deal structure, which will improve ROCE over the medium term and enable growth within Stonebridge and of the overall group of companies; and
4. a thorough appraisal of any potential risks, such as the increased exposure to the fortunes of the residential sector, impacting on execution risk.

The insight was a key part within the final decision made by the Board to conclude that transaction, agreeing that the deal promoted interests of the company, and its shareholders, in the long term.

Interests of the company's workforce

The Board has also been alive to the wider implications of the deal relating to the implementation of a significant change within the group, with the potential effects that this has not only on Stonebridge employees but those of the wider group. As such, the communication of this transaction, as well as ongoing engagement activity has been heavily monitored by the Board, to ensure that the wider change management aspects of the eventual integrations of the businesses is closely considered through a wider programme of considered. This will look at all aspects of the transition and integration activity.

In addition, as stated on page 106, the Board has clearly established and refreshed the group's purpose, vision and values – with this evolution of our group structure particularly aligning to our value of being 'open to change'. As part of continuing to embody this cultural strand, but also recognising that the culture of the business itself should be 'open to change', this programme of change management work very carefully considers the cultural issues within the businesses alongside the more operational or transactional ones, ensuring that there is a meeting of companies, not the imposition of one business' culture upon another.

High standards of business conduct

As previously indicated, the decision to proceed with the transaction followed a number of conversations throughout 2024 as the shape of the deal progressed – keeping the Board up to date on the developing terms, the structure of the deal, and associated considerations such as the link to strategy, the shareholder case and the evolving picture around engagement. Given that this represented information which was considered 'inside information' under the Market Abuse Regulation, naturally the amount of engagement and socialisation that could take place had to be carefully considered, and was managed to ensure crucial input from those within and outside the group, such as advisers and consultants. However, a sufficient breadth of input and views enabled the Board to ensure that this decision had the broadest amount of advice and input necessary to enable it to responsibly make the decision to proceed.

Governance

In this section:

Board of Directors

Peter Mawson

Chair

N B

Date of appointment
October 2015

Independent
No

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. Tim was previously a director of The British Land Co PLC where he was responsible for running the London real estate business.

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 while protecting assets in the group

Darren joined the group in 1999 prior to his appointment as Chief Financial Officer 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.

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, 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.

Additional roles held
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.

Key: Committee membership

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

Talita Ferreira
Non-executive Director

N A R B

Serena Lang
Senior Independent Director

N A R B

Earl Sibley
Non-executive Director

N A R B

Amy Stanbridge
General Counsel and Company Secretary

Talita Ferreira

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, 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.

Serena Lang

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

Serena was Chair of Eleco plc until 2023, and previously held executive roles as CEO North West Europe & Africa and 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.

Earl Sibley

Date of appointment
April 2025

Independent
Yes

Brings to the Board

Key strengths:
- Extensive leadership experience in the UK-listed housebuilding
- Experience of strategic transformation, change management and M&A activity

Earl spent the last ten years with Vistry Group PLC as Chief Financial Officer, Interim Chief Executive and more recently Chief Operating Officer. Before that, he held roles with Barratt Developments PLC and Ernst & Young. In addition to his housebuilding and strategic land capabilities, he brings an understanding of operating in a UK listed environment.

Additional roles held
n/a

Amy Stanbridge

Date of appointment
October 2018

Independent
N/A

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 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.

Executive Committee

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 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.

Steve Errington

Stonebridge Homes Limited

Date of appointment

Managing Director in 2018

Brings to the Executive Committee

Steve Errington is a chartered accountant with almost 20 years' experience in the housebuilding sector, working for both a major PLC and privately owned businesses. He has a proven track record of leading businesses that deliver strong sustainable growth and premium quality new build homes.

Lee Powell

Henry Boot Construction Limited

Date of appointment

Managing Director in 2025

Brings to the Executive Committee

Lee is the Managing Director at Henry Boot Construction, taking up his position in January 2025. He previously served as CEO of GMI Construction, as well as senior roles at Wates Construction and Caddick Construction across a 28-year career in the construction industry. Lee has a focus on delivering exceptional outcomes for clients, driving sustainable growth and creating a balanced portfolio by diversifying our scope.

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 the facilities management sector. At the Algeco Group, Jonathan served as an Account Director and was later promoted to Regional Director, where he oversaw commercials, operations and strategy. He also held the position of UK Sales Director before becoming the Managing Director at Banner Plant. In addition to his professional achievements, Jonathan is Chair of Governors at his local high school and works as a mentor in the charity sector.

Rachel White
Henry Boot PLC

Date of appointment
People 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 People 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

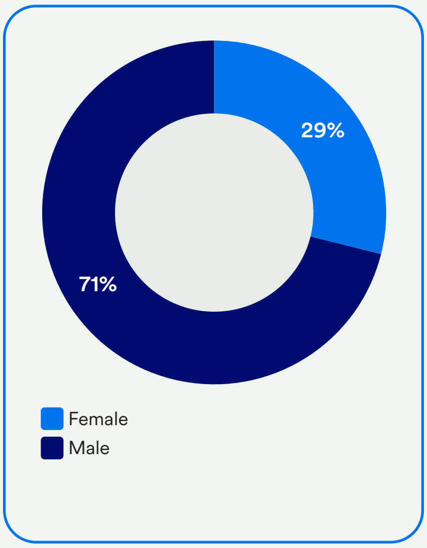
Darren Littlewood
Chief Financial Officer

Amy Stanbridge
General Counsel and Company Secretary

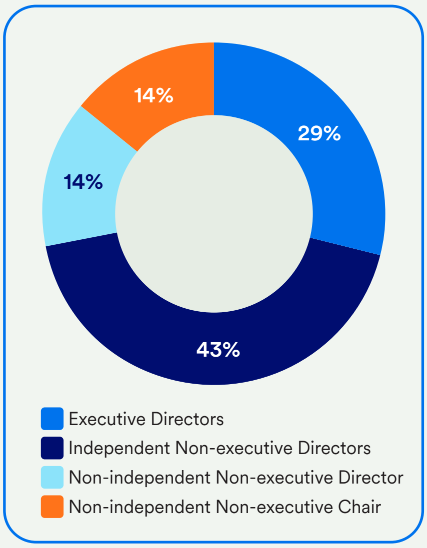
Governance at a glance

Board composition statistics

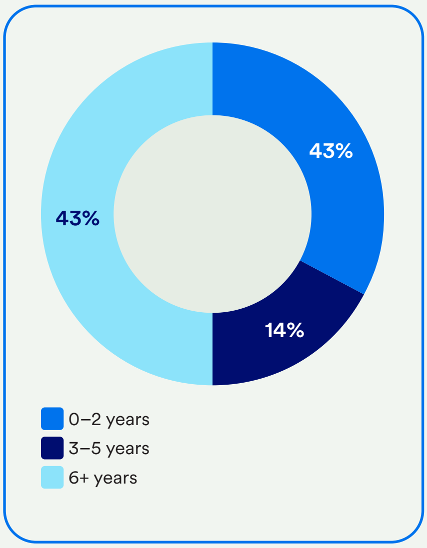
Gender diversity



Independence



Board tenure



Performance

The Board oversees the performance of the key subsidiary businesses. Each MD meets with the Board annually to deliver an in-person update, as well as attend the Strategy Days to deliberate their medium-term strategy. During the last few months, the Board has welcomed the new management team for Henry Boot Construction and met with them to understand their plans to grow the business and diversify the order book and manage internal costs.

Board activities in 2024

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 while ensuring responsible governance, strategy implementation and oversight of operations is set out within this report. The Board has oversight of the five strategic pillars: People, Places, Planet, Partners and Performance with some examples set out in this page.

People

With the investment in Stonebridge Homes, the introduction of new systems and a new head office, the internal focus has been on change management. The Board has worked with internal and external specialists to ensure that our people are capable of remaining agile and having a growth mindset. The 'Leading Change' programme for our grades 2 and 3 (those directly below the ExCo) has targeted the cultural shift our leaders will need to thrive in a business environment that is constantly evolving.

Places

In 2024, the Board debated strategic investment decisions such as the acquisition of land at Wynyard for Stonebridge Homes and approved schemes such as Rotherham Markets for Henry Boot Construction. Alongside the financial and strategic rationale, the Board consider social value matters such as the provision of new community infrastructure and facilities, creation of local jobs and the impact on biodiversity before coming to a decision.

Planet

Operating in a environmentally friendly manner is increasingly a priority for our businesses. The Board has supported the trial of using HVO fuel for some of the fleet in Banner Plant, which is significantly reducing the CO_2 emissions on heavy goods vehicles despite a modest increase in cost. There has also been investment in sustainable vehicles to deliver on the group's commitment to enhance the fleet with more efficient vehicles.

Partners

The Board oversees the relationships with all our key partners, which is explained on page 82. Alongside management, the Board reviewed the customer insight strategy to understand where engagement levels could be improved. Recognising that each of our businesses has a different customer base and approach to gathering feedback, the Board discussed methods for driving interactions and sharing best practice. Customer feedback and scores were explored and recommendations set for 2025.

Key to strategic pillars

Performance | People | Places | Planet | Partners

Chair’s introduction

“During a period of continuous change, both within and outside of the business, I am proud that we have the great foundations as a Board to respond, evolve and provide the right governance needed to flourish.”

Peter Mawson
Chair

During 2024, we have had a number of Board changes, welcoming Talita Ferreira in January 2024, and bidding a farewell with our deepest thanks to Joanne Lake and Gerald Jennings, who stepped down at the end of September 2024, having completed nine years' tenure each. Serena Lang has assumed the role of Chair of the Remuneration Committee, alongside acting as Chair of the Responsible Business Committee, and Talita has assumed the Audit and Risk Committee Chair role, both with effect from September 2024. These changes are outlined further in the Nomination Committee Report on page 122.

It has continued to be a year of change and development for the group, including some changes within the management of our construction business, Henry Boot Construction, the launch of our new brand and culminated in our decision in late 2024 to acquire the remaining half of the Stonebridge business, which is discussed further in our section 172 statement on pages 86 to 87. Leading on these significant changes, the Board has been supporting the business with strategic developments throughout the year, also championing the Leading Change programme for managers (see more on page 125) to help support our leadership cohort in encouraging a growth mindset culture and coming into the Strategy Days in November, with quite a significant agenda for further change in 2025. While we acknowledge that these developments in our strategy are exciting and support our long-term goals, we also know that we need to bring our people along with us and maintain the great culture of our group, which has been a key focus for the year and reflected throughout this report, especially on pages 106 to 107.

Succession planning and diversity

During 2024, we have continued the work that was outlined in our prior years’ reports 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. We are sad to lose the wealth of knowledge and experience that Gerald and Joanne brought and will certainly miss their input to our Board discussions. However, within any period of change, we recognise the benefits of welcoming fresh perspectives to our collective. In light of the changing focus areas of the group, and in the knowledge of the impact that the Stonebridge acquisition will bring about, we have been keen to supplement our Board with a Non-executive Director who can bring expertise in the volume housebuilding sector, which has shaped our search during 2024 and into 2025, culminating in our appointment of Earl Sibley, who brings extensive housebuilding experience to the Board from his previous roles, with effect from 1 April 2025.

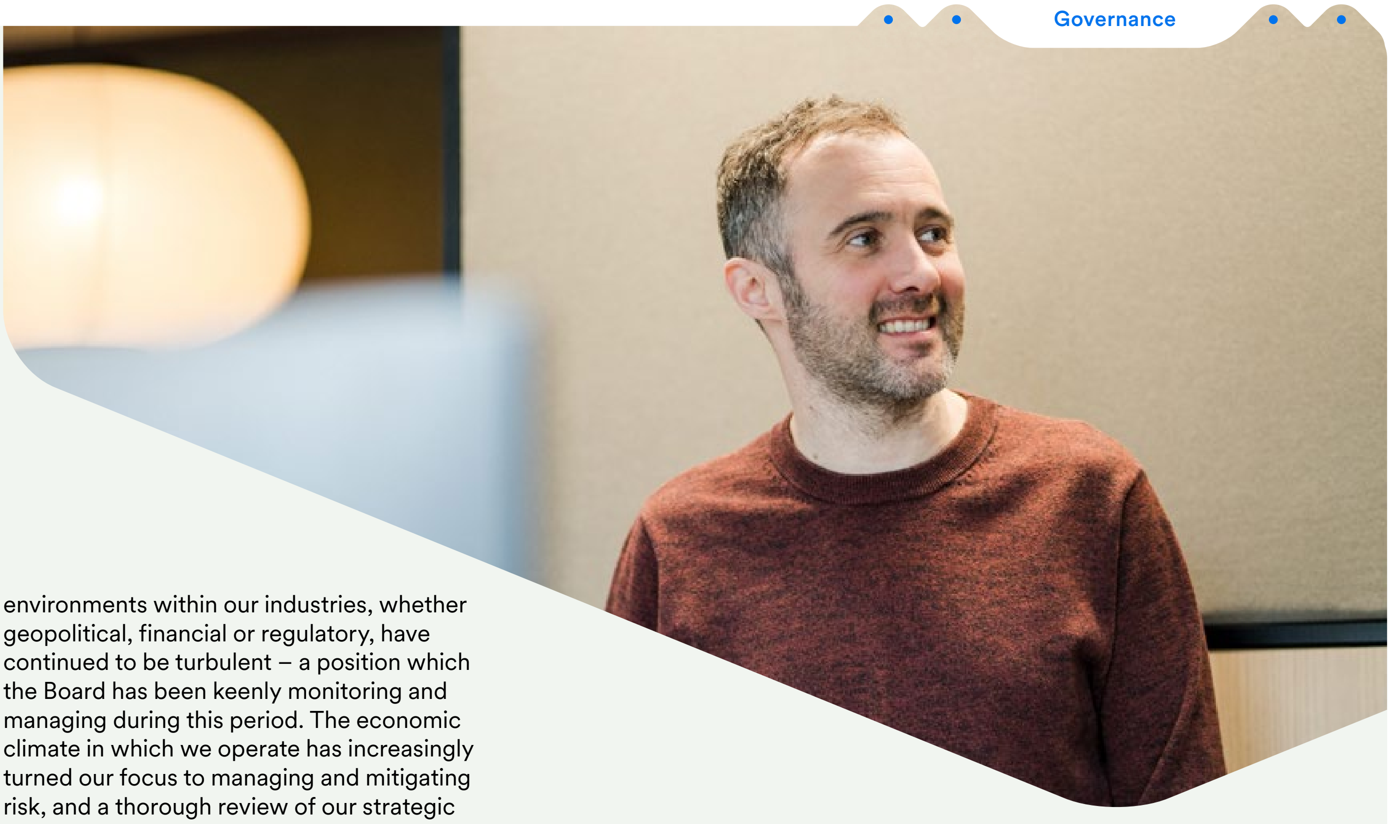
I am looking forward to embedding our Board members further during 2025 and look ahead to the evolution of our strategy, planning the support that will help and guide us to form the best possible working relationships through Board dynamics sessions and external performance reviews, amongst other measures.

Group evolution

As mentioned above, given the strategic acquisition of Stonebridge Homes, which has been a topic much discussed during the year, the Board has been considering and monitoring the wider impacts of this on the group and ensuring that the implementation of the change is being well supported. Alongside this, understanding the impacts of various IT system developments, and the ways that this will support the group to evolve its practices, as well as thinking about best use of technology such as AI, has led the Board into numerous conversations about the change management initiatives that can be put into place to best support our people at a time when factors external to the group have also led to a number of changes and challenges. This has also impacted on our Non-executive Director recruitment focus, as referred to above, as well as our management and leadership development focus for the year.

Economic environment

2024 has continued the trend of prior years in which the wider economic



environments within our industries, whether geopolitical, financial or regulatory, have continued to be turbulent – a position which the Board has been keenly monitoring and managing 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. During this year in particular, there has been an increased focus on risk review and management, helping to refresh our approach to principal risks and capture more effectively the issues we have considered, which you can read more about on pages 71 to 73. 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.

Brand relaunch

As we reported on last year, a great amount of work was carried out during 2023 to consult on and develop a refreshed brand strategy, which was launched in 2024. Having agreed the corporate identity structure early in the year, this was then followed by an internal launch in May 2024 and external launch in June 2024, with subsidiary launches also being carried out in subsequent months. This refreshed corporate identity represents what the Board believes to be a significant positive shift in demonstrating the values and culture behind our group of companies and the ways that we work, and we are very proud to have achieved this during the year.

The following report sets out our structure, governance processes and key activities undertaken by the Board and its Committees during 2024. We welcome feedback from our stakeholders, and I would encourage you to get in touch with us on any governance matters.

Code compliance

During 2024, the Board and its Committees have had a detailed review of the UK Corporate Governance Code published in January 2024, identifying any gaps and reviewing areas of development, continuing to maintain focus on Code compliance wherever possible, to improve 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 119 to 120 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, while remaining consistent with the spirit of the Code.

- **Division and responsibilities**
- **Board leadership and company purpose**
- **Composition, success and evaluation**
- **Audit, risk and internal control**
- **Remuneration**

I hope to see many of you at our AGM on 22 May 2025 (see pages 236 to 243 for full details). Please be aware that the venue for this has changed, and will be held at the **DoubleTree by Hilton Sheffield City, Bramall Lane, Sheffield S2 4SU.**

Peter Mawson
Chair

11 April 2025

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 (the 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, 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 119 to 120. The company is also prepared for the 2024 UK Corporate Governance Code and will report on the updated principles and provisions in next year's report.

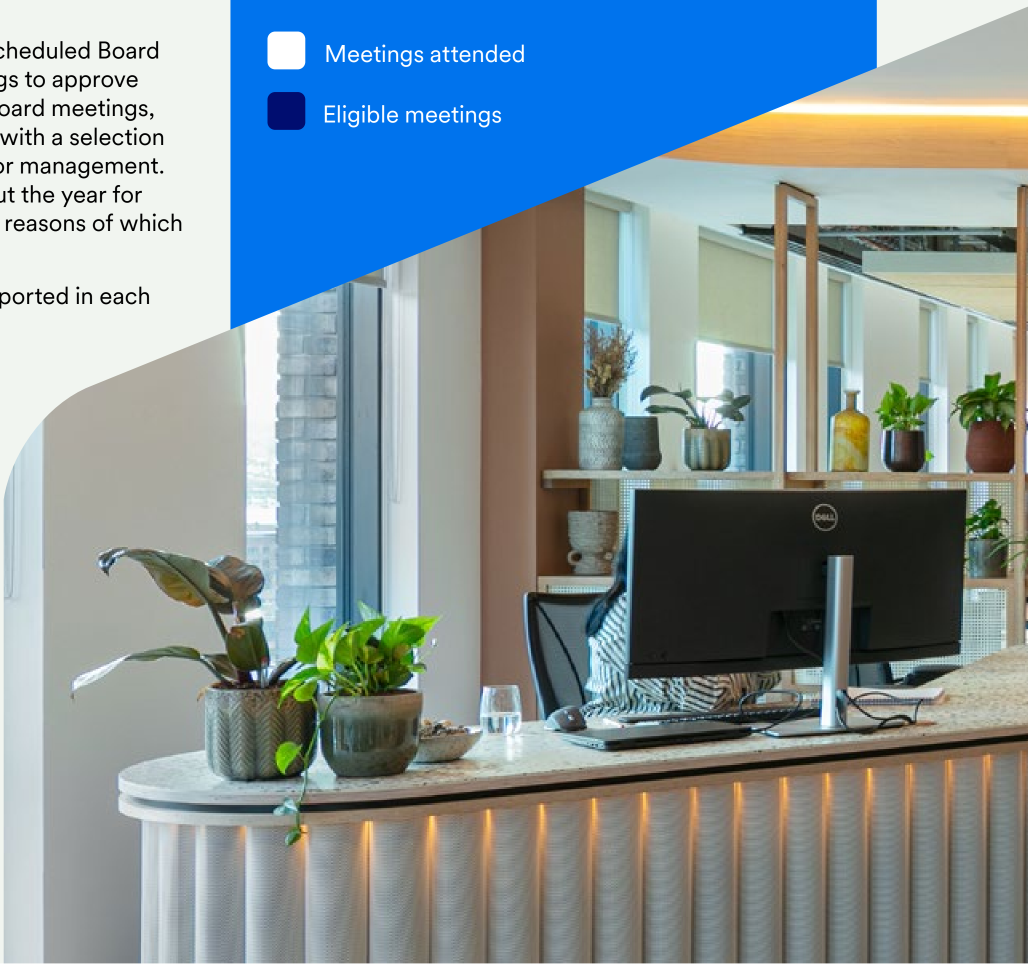
The Board

The names, responsibilities and other details of each of the Directors of the Board are set out on pages 90 and 91. Talita Ferreira and Earl Sibley joined the Board as Non-executive Directors on 1 January 2024 and 1 April 2025 respectively. Gerald Jennings and Joanne Lake stepped down at the end of their nine-year tenures on 30 September 2024. The division of responsibilities for the Chair, Chief Executive Officer and Senior Independent Director can be viewed on the website.

Throughout the year, there have been six scheduled Board meetings and three separate Board meetings to approve one-off matters. In addition to the formal Board meetings, two Strategy Days were held in November with a selection of sessions attended by the ExCo and senior management. There have been some absences throughout the year for Serena Lang and James Sykes for personal reasons of which the company was fully supportive.

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

Director	Meetings attended	Eligible meetings
Peter Mawson Non-executive Director	9	9
Tim Roberts Chief Executive Officer	9	9
Darren Littlewood Chief Financial Officer	9	9
Serena Lang Senior Independent Director (from 1 October 2024)	8	9
Joanne Lake Senior Independent Director (until 30 September 2024)	6	6
Talita Ferreira Non-executive Director	9	9
Gerald Jennings Non-executive Director (until 30 September 2024)	6	6
James Sykes Non-executive Director	8	9



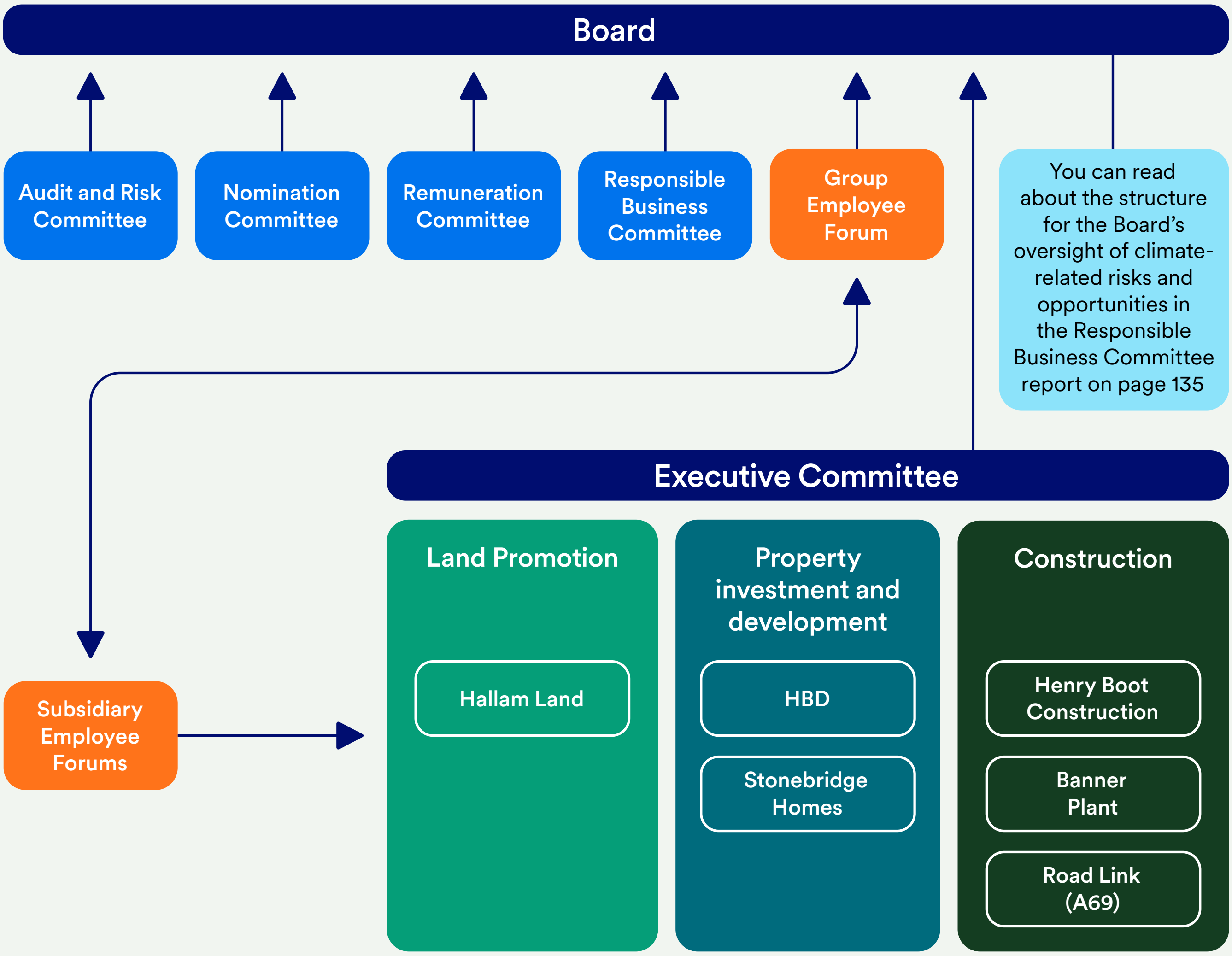
Board composition and independence

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 158). Peter Mawson is also now classed as non-independent having served more than nine years on the Board; you can read more about our Chair succession plans on page 124.

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 their 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.

Division of responsibilities continued

Governance framework



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, and reviewing the effectiveness of the internal controls framework • When matters require Board approval, management is required to present a detailed paper that 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 each Committee report for more detail on their work during the year
Executive Committee	• Members are set out on pages 92 to 93 • 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 ExCo are overseen by the Nomination Committee and the Board. Members of the ExCo attend the Board meetings regularly and are part of the 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

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 and 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 2024.

Area	Stakeholders considered	Link to strategy	What was reviewed and considered?
Overseeing and reinforcing health and safety practices	E S En Co Cu		The safety of our people, particularly given the industries in which we operate, is our number one priority. We monitor performance against industry standard and business specific KPIs, and routine health and safety reporting is at the forefront of every Board agenda. In 2024, although there have been a number of areas of outstanding practice, there were some areas in which we missed our group KPIs (see pages 32 to 35), particularly due to some incidents within Banner Plant and Stonebridge Homes. 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, carrying out independent visits to depots and sites, as well as 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.
Site visits and Board attendances	E S Cu Co		A site visit carried out in 2024 to Island in Manchester 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 Business in the Community, who provided a session to the Board in September around 'Inclusive Leadership'. This was also attended by ExCo members and representatives from the EDI Working Group, and provided a great opportunity to discuss the issues in the round with a broader set of perspectives from across the business.
Planning and legislative changes	E S Cu Co En		Given the substantial political changes occurring during the year, and the wider legislative and policy changes that also took place during the period, the Board has been keen to understand the impacts of these on our markets and wider business operations. Noting that the planning environment is in the process of being overhauled by the Labour government, including through the new approach to the NPPF, the Board has been alive to the impacts on certain elements of the business, in particular Hallam Land, and has been supervising the resourcing of the business in order to ensure that it is responsive to the opportunities afforded by these changes. On the opposite side, numerous regulatory changes that increase the organisation's potential liabilities has also been the subject of ongoing review.

Group strategic priorities

People | Partners | Places | Planet | Performance

Stakeholders

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

Area	Stakeholders considered	Link to strategy	What was reviewed and considered?
Systems implementation	E, Cu, S	People, Partners, Places, Planet, Performance	During 2024, a major change to the organisation's ways of working has been under development, with a Microsoft Dynamics 365 solution being tailored to capture and automate various activities within the group. The Board has been monitoring this evolution of the group's approach to data and, in particular, the ways in which the broader change management programme is being implemented. This is particularly merited given that other recent systems implementations have lessons to be learned as to the best method of engaging with our people and ensuring the changes are embraced to promote the best performance of the group, with modern ways of working.
Reviewing and managing risk	E, Cu, Sh	Partners, Performance, Planet	Given the evolving picture in relation to the UK Corporate Governance Code and associated legislation during 2024, 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 71 to 73 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 2024. These benefits have been maximised through the appointment of a new insurance broker, Lockton, in early 2024, who have assisted the Board and the Audit and Risk Committee in reviewing all risk management protocols during the course of 2024.
Managing the investment portfolio, budget, gearing and financing	Sh, En, E, P	Partners, Performance, Planet	The Board has been maintaining a keen oversight of the group's budget and gearing during 2024, noting the risk environment as referred to in the section above and the wider macroeconomic climate in which we are operating. The group's refinancing activities concluded in H1 2024, which maintained our existing relationships with financial institutions and provided security over the financing of the business for an initial period of three years (with options to extend for two further years) – an achievement given the financial climate of the year. See note 25 to the Financial Statements for more information. Alongside this, ensuring the appropriate balance and value of the investment portfolio, which supports the group's borrowing has been continued by the Board, as well as oversight of achievement against budgets, noting that the pattern of income for the year was more weighted to H2.

Corporate governance report continued

Employee engagement

We measure performance against our five strategic pillars, with one of those pillars being 'People'. People are the heart of our business and one of our core three values is 'Put people first'. As such, it's a key focus for the Board to ensure that employee views are heard and taken into account when making decisions. The Board has established two key methods of direct Board employee engagement, which demonstrate compliance with Provision 5 of the Code:

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

You can read more about our people strategy and employee engagement on pages 36 to 41 and 104 to 105 respectively. In this section, we outline the ways in which the Board, in particular, engages with our people.

Employee forum

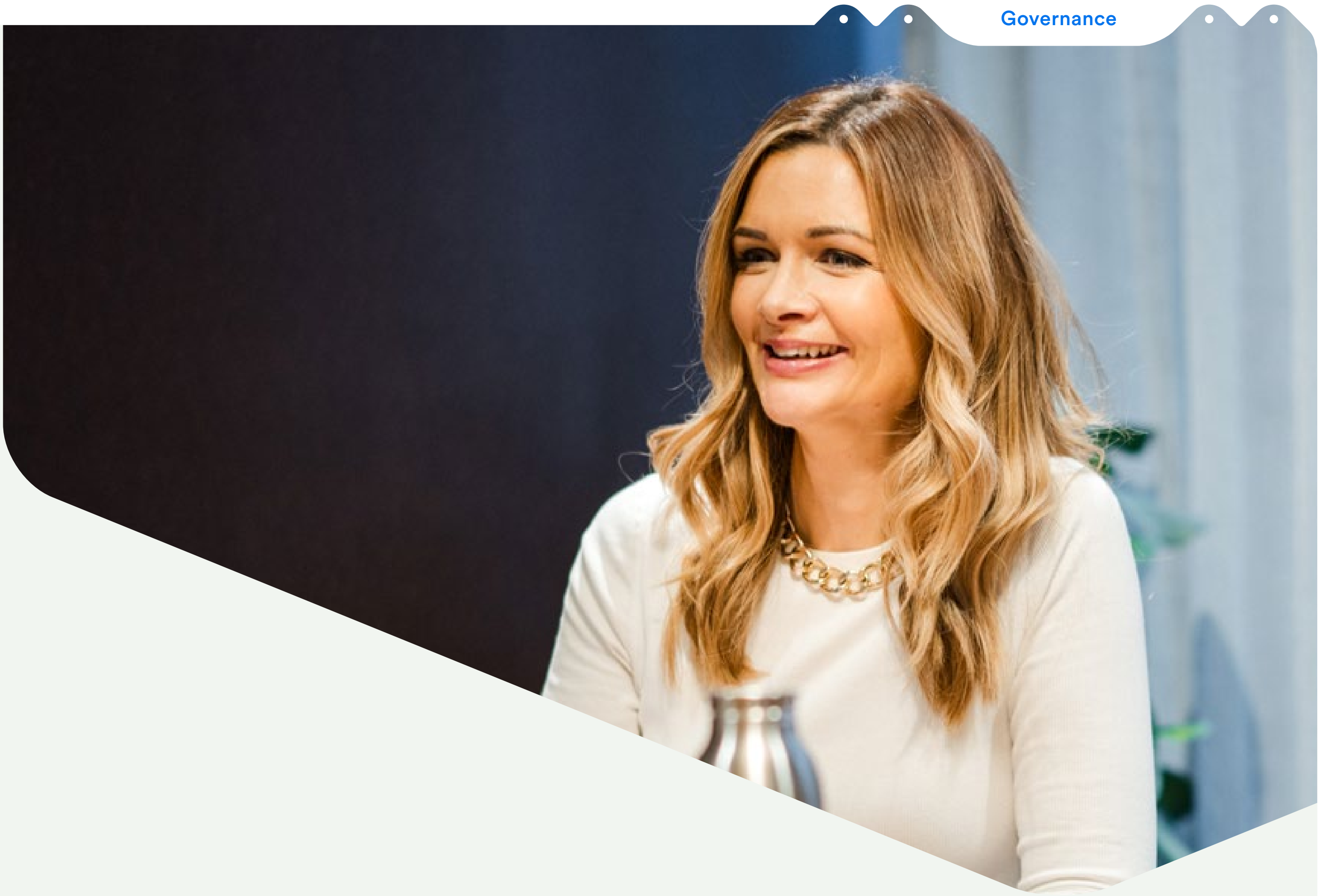
Our group and subsidiary employee forums, launched in 2019, have continued to meet to discuss a range of key group issues during 2024. Each main wholly owned subsidiary (and Henry Boot PLC) have their own Subsidiary Employee Forum (SEF); the Chair of each meets to form the Group Employee Forum (GEF).

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 GEF and SEFs have refreshed their memberships throughout the year, including a new chair for the GEF, to renew their commitment to ensuring representation from across the group and to add new voices to the teams. The Chair and the Chief Executive Officer have also worked with the designated Non-executive Director to structure a series of attendances at the GEF by them and senior leaders within the businesses to present on key initiatives such as the brand relaunch, a revamped intranet and the introduction of key systems and policies. The GEF has worked with the marketing and communications team to ensure that the outcomes of their work and engagements are communicated more widely to the workforce.

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 and outcomes
GEF Projects	The GEF meets with the Board formally twice a year, as well more informally on other occasions. In March, the results of the employee engagement survey were discussed and, in September, the GEF presented their revised mission and guidelines. You can read more about the employee engagement survey on page 37.	The sessions gave both the Board and the GEF the opportunity to reflect together on the progress that has been made since the GEF's inception, including influencing and co-creating policies such as the Agile Working Strategy, the launch of the Health and Wellbeing Policy, improved parental leave policies and increased collaboration between different businesses. The GEF's proposed mission and guidelines were debated and agreed with the Board, highlighting how the forum has evolved and matured since it was formed.
Site and workplace visits	In addition to the Board group site visits described on page 102, the Chair and CEO undertake regular visits to sites, offices and depot locations to engage more informally with employees and gauge sentiment and culture. The Non-executive Directors periodically attend other subsidiary board meetings to further their knowledge of operations and meet talent from all levels of the business.	Peter Mawson and Tim Roberts have undertaken a series of visits to the majority of the group's locations during 2024 to talk to colleagues they do not see on a regular basis to understand their successes and challenges. During the restructuring of Henry Boot Construction, town halls were held with senior colleagues, and the business as a whole, with two-way engagement from the workforce and some members of the Board. Engagements such as these are important and help Directors to fully consider the effects on stakeholders when making difficult decisions.



Consultation activities	Method and outline of engagement	How the Board responded and outcomes
NED sponsor engagements	In 2024, the Responsible Business Committee members were allocated sponsorship roles aligned to the pillars of the integrated strategic framework. In fulfilling these positions, the sponsors liaised with employee working groups and external subject matter specialists to discuss key issues and reviewed how they could champion and support their respective focus area.	Key highlights of this engagement included: • Serena Lang engaged with the Group Climate Forum to discuss leadership on climate change adaptation. She also delivered the keynote speech at the Yorkshire Climate Action Coalition Green Skills event and chaired a roundtable with business and education leaders discussing the need for collaboration to deliver green skills for the growing sustainable economy. • Talita Ferreira and Joanne Lake each attended the EDI Working Group as sponsors and provided the group with an overview on how the Board approach diversity while also hearing their feedback on how leadership could champion diversity and accessibility initiatives and programmes.
PDR system implementation	Following feedback from the GEF, the designated NED shared that the some of the workforce were having difficulties with a newly implemented system being used to carry out end of year performance reviews. The Board also observed that there were varying levels of appetites towards change management and embracing new systems throughout the businesses.	The feedback was shared with management and additional training sessions were held with the workforce and managers. The Board has subsequently considered how best to manage any cultural change required for upcoming, group-wide system implementations.

Our culture

At Henry Boot, people are at the heart of our company. Our culture is shaped by our three core values: put people first; do the right thing; and be open to change. The Board has an important role to play in recognising the company's rich heritage but also driving our people to adapt and grow to continue delivering a positive impact for all our internal and external stakeholders. We are guided by our purpose in 'Creating great places today, to build a better tomorrow'.

Following Board approval, we launched the company's new purpose, vision and values in 2024. The Board has also undertaken and overseen various initiatives to assess and monitor the company's culture during the year, and also reviewed how the culture is embedded throughout the business, taking action where standards are not met.

The Board's role in culture

	Action	Link to culture and effectiveness	Board's role in culture	Outcomes and addressing cultural issues
Employee Engagement Survey	We carried out our annual engagement survey across all our businesses to understand how our people feel about all aspects of life at Henry Boot. You can read more about the survey on page 37.	The results provide quality insight into how people view working for the group. The questions cover a range of topics such as the integrity of leadership, company communications, relationships with managers and collaboration with peers. The survey is anonymous, which helps to facilitate honest feedback and uses a mixture of 1–10 scoring and open text answers, giving a rounded assessment into the culture. The engagement survey provides an important check-in for the Board to reflect on important issues affecting our people.	**Assess** **Monitor** **Embed**	The Board reviewed the survey results and the positive outcome for the 2024 survey (an eNPS score of +30, which is classed as 'very good'). Most of the questions in the survey are repeated year-on-year, so that the Board can monitor trends. Our external partners help to digest the data, highlighting groups of people who score particularly low for certain topics so that the Board can explore solutions alongside the GEF and/or SEFs. The actions coming out of the 2024 survey focus on areas for development for each business but also highlight areas to celebrate and maintain so as not to lose the things we do that our people tell us they value.
Purpose, Vision, Values and Behaviour	The updated purpose, vision and values, approved by the Board, was launched to the business during 2024. Both Peter Mawson and Tim Roberts spoke at the internal launch event to set the tone and future direction for the group.	The Board oversaw the rebranding journey, which involved seeking input from a large proportion of our people who helped to shape the final purpose, vision and values. This project also included establishing a behaviours framework, linked to our values, which clearly articulates how everyone should behave when at work or representing the company.	**Set**	The company purpose and vision allows each individual to understand how their role fits into the organisation and how they can contribute to the strategy. Alongside this, the behaviours framework guides conversations around performance and encourages managers to consider not only what people do, but how they do it when assessing performance.
Leading Change	The Board has overseen the introduction and roll out of the Leading Change programme. This initiative takes the learning from the ExCo's development journey and shares it with those in Grades 2 and 3 below, to ensure a cohesive and aligned approach to leadership.	The Board and ExCo are keen to instil a growth mindset into our senior leaders, which encourages a learning and collaboration culture. In a world of constant change, we want to empower leaders to have the skills they need to tackle adversity and uncertainty, with a no-blame culture.	**Embed**	Feedback shared with the Board has been that the programmes have been well received and resulted in enhanced positive and collegiate working. The development will now be supported by a management programme for those in more junior roles.

	Action	Link to culture and effectiveness	Board's role in culture	Outcomes and addressing cultural issues
Whistleblowing	The Board reviewed a whistleblowing incident in one of the businesses during the year, which ties into company culture.	The Board monitors any matters reported to the whistleblowing helpline and is provided with updates at each stage of the investigation. Calls can be raised anonymously and, therefore, our people can be confident that any issues are reported without fear of consequences.	**Assess** **Monitor** **Embed**	Fortunately, we do not receive many whistleblowing calls, but we take the ones we do have very seriously. Following substantiated claims, actions are put in place to address the issues, which have included training programmes for affected parts of the workforce on appropriate conduct and behaviours, as well as disciplinary procedures where necessary. Regular follows ups are provided to the Board so it can determine whether any more action needs to be taken.
Health and safety	The Board receives progress on all health and safety KPIs at every Board meeting and updates are given on major and minor accidents.	Due to the industries we work in, attitudes to health and safety are particularly critical to ensure that our people and suppliers are kept safe. The Board retains an oversight of all trends and issues, and intervenes where necessary. Banner Plant missed some of its KPI targets the previous year and the Board focused on what could be done to improve the health and safety culture in the business and keep driving high standards.	**Monitor** **Embed**	The Banner Plant MD attended Board meetings regularly to give updates on the health and safety journey and the additional measures that had been implemented to improve performance. Both the Chair and CEO have visited all plant depots during the year, in addition to ad hoc visits from other Non-executive Directors. The site visits emphasise the importance of health and safety to our colleagues and encourage good behaviours. A safety checklist has been compiled so Directors feel confident they know what is expected at the sites.
People Strategy	The group's People Strategy, alongside the wider group and subsidiary strategies, was discussed at the Strategy Days with the Board and ExCo.	The culture of the business, and how this can be influenced by the Board and ExCo, 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 the employee value proposition.	**Set**	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 ExCo are giving to the People Strategy as a key lever of change, and a shared priority will be more meaningful to our wider internal stakeholders.

Composition, succession and evaluation

Board performance review

Noting the changes to provision 22 of the UK Corporate Governance Code, the Nomination Committee seriously considered whether to commission an external provider for 2024 but concluded that it was not the right time due to the Board changes. The Committee is planning to conduct an external Board dynamics review during 2026 and then a performance review in the years following that once the new directors have settled and established themselves.

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 also 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 review process.

The process and results are set out below.

Process

Step 1

In March 2024, 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 2024.

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 review was conducted by Serena Lang 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 2025. Progress against the 2024 actions was also discussed.

Step 6

Mid-year reviews will be carried out in summer 2025 to discuss performance against the agreed actions before a full review at the year-end.

Areas where the Board scored strongly:

- Collective responsibility for decision-making.
- Consideration is given to the macro-economic landscape when setting the company's strategy.
- Board attendees feel comfortable and welcomed to the meeting, with an open and collaborative environment.

Board focus areas:

- Ensure papers facilitate more direct discussion.
- Provide enhanced challenge to attendees for their agenda items.
- Provide attendees with timely feedback and actions.
- Uphold agenda time slots for attendees more firmly.

Board

2024 action areas	Progress during 2024
Brand launch Monitor the roll out of the internal and external branding project.	• The Communication and Marketing Director attended the February meeting to provide an update on the project and seek Board feedback. • Updates were given as part of the CEO Report in March and May. • Peter Mawson and Tim Roberts spoke at the Brand Launch event in June.
Innovation and opportunities Hold a productive session to focus on innovation, idea generation, and opportunity identification.	• A session was scheduled for September but this had to be postponed due to urgent approvals and pre-arranged training sessions.
Training Create a dynamic training schedule that incorporated softer skills and ensured the successful induction of new directors and handover of roles.	• A Business in the Community Inclusive Leadership Session was held in September. • A session on risk management and internal controls took place in February 2025. • Talita Ferreira's induction schedule was completed in 2024. • An induction for Earl Sibley will commence from April 2025.
IT strategy Oversee the delivery of the new system implementations and IT strategy.	• Regular updates on the new systems were given by management or as part of the CEO Report. • The IT Director attended the July meeting to give an update on Microsoft Dynamics 365 and the IT Strategy. • The IT Strategy was debated again at the Strategy Days in November. • The management team attended Board meetings to present an update on the cultural change that would be required with the implementation of the Microsoft Dynamics 365 system.

Action areas for 2025

Meeting experience	Board dynamics	Strategy innovation
Enhance the Board meeting experience for the Directors and attendees, by reviewing the agenda, upskilling presenters to maximise their time in the boardroom, and scheduling time to reflect on performance after every meeting.	Undertake a Board dynamics exercise following the new NED arrival to understand how best to work together.	Explore ways in which the strategy development process could be innovated, both at the Strategy Days and in regular board meetings.

Composition, succession and evaluation continued

Audit and Risk

2024 action areas	Progress during 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.	• Regular updates were provided to the Committee and Board to prepare for compliance with the Code. • The training session that had been scheduled for December 2024 took place in February 2025. • Further preparations will take place in 2025.
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.	• With advisors, work has been underway to identify the material controls ahead of the attestation. • Management met with Talita Ferreira to discuss further in October. • A dedicated session was held with the Committee in February.
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).	• An update was provided at the July meeting. • Our insurance brokers, Lockton, carried out a review of the risk management framework, including a workshop with the Executive Committee. • Further updates were discussed at the February session.
Internal audit Review internal audit approach to determine optimal number and mixture of internal audit activities to be carried out annually.	• The Committee debated and agreed an annual approach using our internal auditors, KPMG.
Chair succession Ensure that the new Chair is successfully transitioned into the role.	• Handover with Joanne Lake completed in 2024. • Pre-Committee meetings were scheduled for Talita Ferreira with the Chief Financial Officer and Finance Director. • Meetings with EY and KPMG took place in 2024. • The first meeting with Talita Ferreira as Chair was held in September.

Action areas for 2025

Internal control framework	Risk management	Internal audit
Continue to review and define the internal control framework so that the Directors are comfortable attesting to the material controls' effectiveness.	Continue to embed a refreshed risk management approach and ensure appropriate visibility of outcomes.	Consider the best division of resources between internal and external in relation to the carrying out of internal audit activities, within the next 18 months.

Nomination

2024 action areas	Progress during 2024
Equity, Diversity and Inclusion (EDI) initiatives Work with management and the EDI Working Group to develop two meaningful medium-term initiatives to increase the number of diverse recruits into the group.	• EDI Working Group members came to the September Committee meeting to provide an update on the initiatives that were underway.
Recruitment barriers Hold a session with the EDI Working Group to gain insight into barriers to recruitment/ progression and understand how this could be improved.	• EDI Working Group members attended the September meeting to provide an update on the initiatives that were underway, which included initiatives around diverse recruitment. This will be progressed in 2025.
Reverse mentoring Oversee a reverse mentoring programme with a diverse employee and one of the ExCo members, plus one of the Board members.	• This was discussed at the September Committee meeting; the work is ongoing to develop the programme authentically with the EDI Working Group. Therefore, it was agreed that this would continue into 2025.
Non-executive recruitment Carry out further successful recruitment exercise for a Non-executive Director and ensure a thorough and effective induction and embedding process.	• NED recruitment was carried into 2025 with the appointment of Earl Sibley announced.
Chair succession Discuss Chair succession plan with a view to agreeing timescales and procedures.	• An approach was discussed in March 2025. You can read more about Chair succession on page 124.

Action areas for 2025

ExCo succession Develop the succession plans and protocols for their broader dissemination and usage for ExCo and below.	**Skills matrix** Assess the skills needed for the future success of the group and review the current position of the Board and ExCo against them.	**Inclusive behaviours** Create a framework for defining what inclusive behaviours are.

Composition, succession and evaluation continued

Remuneration

2024 action areas	Progress during 2024
PDR processes Oversee the PDR process implementation during the year and the integration with the PeopleXD software, gaining insight from the Group Employee Forum.	• Verbal updates from the People Director were provided at most meetings. • Feedback from Gerald Jennings and Peter Mawson was provided follow Group Employee Forum meetings. • Enhanced Board oversight has been provided regarding other initiatives and systems being launched across the group.
Chair transition Ensure that the new Chair is successfully transitioned into the role.	• Handover meetings between Gerald Jennings and Serena Lang were completed in 2024. • The September meeting was chaired by Serena Lang. • Pre-agenda calls were arranged with Korn Ferry, the People Director, and the company secretarial department.
Committee awareness 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.	• Gerald Jennings and Tim Roberts met with the Group Employee Forum to discuss the Executive Directors' objectives and the role of the Committee in Q1. • Videos explaining the role and decisions with the Board and Committees were added to the Intranet Hub.
Annual bonus framework Review the annual bonus framework across the group to ensure it remains appropriate.	• A review on the workforce bonus was undertaken to ensure affordability and a new mechanism was agreed. • The Committee agreed to continue to use discretion, where appropriate, for the Executive Committee and Executive Directors bonus.

Action areas for 2025

Reward strategy	Workforce benchmarking	Board and ExCo benchmarking
Review the reward strategy and principles set in 2022 to ensure they remain appropriate.	Oversee the benchmarking exercise across the workforce grades during 2025.	Undertake a benchmarking review of salaries/fees for all ExCo members, the Chair and Non-executive Directors during 2025 to apply from 1 January 2026.

Responsible Business

2024 action areas	Progress during 2024
Training Continue engagement with specialists to inform the Committee on the ESG regulatory and legislative framework.	• The Responsible Business Manager and Company Secretary continue to share relevant reports, market updates, and examples of best practice with the Committee. • A Diversity Leadership workshop with Business in the Community was carried out in September.
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.	• Committee sponsors engaged with a respective working group, supported by ExCo sponsors in 2024.
Benchmarking Identify peers that are performing well on ESG and continually work to benchmark Henry Boot's performance, support knowledge transfer and industry collaboration.	• The Committee reviewed performance from competitors on climate reporting and Scope 3 targets. Further ESG benchmarking commenced in late 2024 to inform the next phase of the Responsible Business Strategy.
Paper preparation Implement a collaborative process to ensure that Committee papers are concise, informative and easy to understand.	• A timetable was implemented prior to all Committee meetings to ensure feedback from the ESG Steering Group and Chair is incorporated. • Use of the additional reading shelf reduced the size of meeting packs to make them simpler and easier to digest.

Action areas for 2025

Responsible Business Strategy	Data assurance	Profile awareness
Support the development of the Responsible Business Strategy, including providing advice on benchmarking against peers, best market practice, and oversight of the development of the climate transition plan and climate scenario analysis.	Embed an assurance process for responsible business data in alignment with the Audit and Risk Committee.	Support the business to raise profile around responsible business practice and non-financial performance.

Audit and Risk Committee Report

Joanne Lake
Chair of the Audit and Risk Committee (until 1 September 2024) 4 4

Talita Ferreira
Chair of the Audit and Risk Committee (from 1 September 2024) 4 4

Other members:

- Gerald Jennings
  Committee member 4 4
- Serena Lang
  Committee member 4 4

Meetings held:

●●●●

Meetings attended

Eligible meetings

“I am pleased to be presenting this report, having assumed the role as Audit and Risk Committee Chair, with a number of important initiatives underway, which give greater oversight of and focus on our risk and internal controls environment.”

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 2024. This report is my first as Chair, as I assumed the role on 1 September 2024, taking over from Joanne Lake, who steps down with the Committee's gratitude and best wishes.

This year, one of the Audit and Risk Committee's principal areas of focus, in common with many such committees, has been in considering and preparing for the implementation of the changes brought about by the UK Corporate Governance Code 2024 (the Code). This report outlines in detail the progress made on our review of the effectiveness of the risk management and internal controls framework, and the next steps to take place during 2025 and 2026, to ensure that we will be able to fully comply with the requirements of the Code.

We have continued to strengthen our relationship with Ernst & Young (EY), our external auditor, in overseeing our full-year results and assessing the group as a going concern, as well as that with KPMG as our internal auditor to ensure that areas of internal focus are aligning with the principal risks of the group. 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. The level of risk appetite and risk tolerances were also debated and agreed for various risks.

Those serving as members of the Committee were myself (Committee Chair), Gerald Jennings, Serena Lang and Joanne Lake. Gerald and Joanne both stepped down formally from the Committee with effect from 30 September 2024.

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 2024, internal audit reviews carried out by KPMG included:

Topic	Outline
HBD contracting	This internal audit was specific to Henry Boot Developments (HBD), given the nature and risk involved in their contracting arrangements. The aim of this internal audit was to identify ways to standardise the contracting processes across regions, as well as to provide early insights into areas needing improvement that management can consider as part of the upcoming Microsoft Dynamics 365 system design and roll out, which is due to take place in 2025.
Hallam Land contracting	Similar to the HBD contracting internal audit, this audit was carried out to gain comfort over the operational and commercial aspects of how contracts are set up with third parties, focusing specifically on supplier contracting at Hallam Land (Hallam) and supporting a wider piece of work to streamline contracting processes across the group. Given the nature of work undertaken at Hallam, the sample of suppliers selected for testing focused predominantly on third-party consultants engaged by Hallam (e.g. land surveyors and planning consultancies). The scope covered review of the key controls and processes relating to: contract management (including review and authorisation, and monitoring of supplier performance against the contract); supplier payments (specifically tracking against contractual obligations); and regulatory and safety considerations (specifically procedures to ensure appropriate regulations are captured during the contracting phase). Also, similarly to HBD, this audit was conducted with a view to identifying any areas within the contracting process for consideration by management during the design and build phases of the Microsoft Dynamics 365 system.
Cash flow forecasting	A cash flow forecasting internal audit had been requested by management, given the implementation of a new cash flow forecasting tool, welcoming assurance about the revised approach. The internal audit focused on the key controls in place in relation to cash flow forecasting, both in the short and long term, as well as the tools in place and any appropriate learnings for the business, aligning to industry best practice.
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.

Corporate governance report continued

Audit and Risk Committee Report continued

UK Corporate Governance Code 2024

The Committee is very conscious of the changes brought about by the Code, and specifically:

Area of code change	Points for implementation	Developments to date and next steps
Principle O	Ensuring that the Board can demonstrate that it is responsible for maintaining the risk management and internal controls framework within the organisation.	Achievement of compliance with this Principle is as demonstrated through the more specific activities set out within this report.
Provision 26	The description of the work of the Committee has been altered to align with the FRC's Audit Committees and the External Audit: Minimum Standard.	While noting that this document is specifically tailored to apply to the FTSE350, any changes proposed have been evaluated as against current practice and incorporated into the Committee's refreshed Terms of Reference.
Provision 29	Inclusion of the following requirements within the report: • a description of how the Board has monitored and reviewed the effectiveness of the framework; • a declaration of effectiveness of the material controls as at the balance sheet date; and • a description of any material controls that have not operated effectively as at the balance sheet date, the action taken, or proposed, to improve them and any action taken to address previously reported issues.	1. Providing greater visibility to the Board on the risk management framework to be comfortable as to its effectiveness. 2. As a result of this visibility, enabling reporting by the Board on how it has reviewed the risk management framework. 3. Providing an internal controls assurance map demonstrating the material controls that are to be monitored for effectiveness, agreeing with the Board the approach to determining these controls and how they are to be monitored and reported on.

Risk assessment and risk management reporting has been the subject of some substantial developments throughout 2024, alongside greater focus on the group's business continuity practices and procedures. With assistance from external advisers, including Lockton, the group's insurance brokers, a thorough review of business continuity and risk review/risk management culminated in a one-day session with the ExCo and other senior risk owners within the business, to calibrate views on principal risks and business continuity responses. More about the outcomes of this can be seen on pages 71 to 73, along with details of the key risks that 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.

This was followed by a session with the Board to outline the revised processes and outcomes, explaining impacts on principal risks and also subject risk register processes, and the ways in which the risk review process has been used to gather bottom-up information about internal controls in place, and the Board confirmed that it considered this risk review process to be effective. This has then been calibrated alongside a top-down internal controls review, to assist the business in settling on its material controls. During 2025, once finalised with the Board's agreement, these material controls will be conclusively determined, and a full assurance map of all material controls, and an associated reporting and testing framework to be implemented throughout 2026 will be approved. In 2026, this testing regime will be implemented in order to provide a description of any material controls that have not operated effectively as at the balance sheet date, the action taken, or proposed, to improve them, and any action taken to address previously reported issues, to enable the relevant attestation to be given at the conclusion of that year. The Committee, and ultimately the Board, is responsible for these processes, and reviews the risk reporting and principal and emerging risks on an ongoing basis.

Cybersecurity

Cybersecurity is one of the company's key risks (see loss of critical systems/data risk on page 75) 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 annual provision of detailed security e-learning, supplemented by quarterly 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.

National Cyber Security Centre (NCSC) and Centre for Internet Security (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 of our people and cloud systems; procurement of new back-up technologies; and data migrated from on premise to cloud storage to help visibility and cleansing exercises.

The Committee is also keenly monitoring the group's approach to the adoption of AI, noting the cross overs between this and data hygiene, as well as data security and cybersecurity issues. The group has taken steps to withhold the use of any unauthorised AI programs while carrying out limited testing of approved programs, which are being investigated alongside its other programs around data loss prevention and data hygiene, and the Committee is confident that these building blocks will provide the appropriate and secure implementation of specific AI solutions at an appropriate juncture.

Internal audit effectiveness review

The Committee undertook a performance review of the internal auditor's effectiveness, conducted and presented at the July 2024 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, 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 auditor and feedback taken on board. The Committee was satisfied that the internal auditor is performing their duties to a high standard and adds value to the business.

External audit effectiveness review

The Committee oversaw a full review of the effectiveness of the external auditor in July 2024, which collated feedback from the Committee, finance teams, ExCo members and other key stakeholders within the group on the 2023 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. Our External Auditor Independence Policy was developed to supplement our approach on external auditor independence, and approved in early 2023, with a refreshed version having been approved in early 2025, ensuring compliance with all up-to-date FRC and Code best practice and associated guidance.

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 auditor 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 2024.

In accordance with best practice, the company will require its external audit partner to rotate every five years, this being the fifth year in which the statutory auditor signing the Audit Report will be Victoria Venning. The selection process for the statutory auditor who will be signing the Audit Report for 2025 onwards has concluded, and the relevant EY partner has been identified as Paul Copland. EY have been the group's auditor for four previous financial years, having been appointed in February 2020 after a competitive tendering exercise, and the first full financial year of their audit services being 2020.

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 that does not compromise the overall quality and rigour of the work undertaken.

Audit and Risk Committee Report continued

Extent to which external auditor challenged management

The external auditor has provided robust challenge, particularly around areas of complexity or judgement, including contract, 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 166 to 173 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 reviewed overall site performance and have instigated a programme to improve controls needed as the business grows. 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 181, 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.

The group has prepared the consolidated Financial Statements 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 Committee is satisfied that this basis of preparation is appropriate given the nature of the group and its activities.

Engagement with the FRC

During the year, we received a communication from the FRC's Corporate Reporting Review team in relation to the 2023 annual report and accounts. Encouragingly, the FRC had no questions or queries that they wanted to raise, and shared some guidance on how to further improve our disclosures which we have taken on board for this year.

Terms of Reference

In early 2025, 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 and, in particular, that they complied with the requirements of the FRC's Audit Committees and the External Audit: Minimum Standard. The updated Terms of Reference are available on the company's website.

Approved by the Board and signed on its behalf by

Talita Ferreira
Chair of the Audit and Risk Committee

11 April 2025

Corporate governance statement

Compliance statement

During 2024, the Board and its Committees continued to monitor their compliance with the requirements of the UK Corporate Governance Code, as well as the amendments to the same as published in early 2024. The company has complied with all the principles of the UK Corporate Governance Code 2024 for the year ended 31 December 2024 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 2024 UK Corporate Governance Code, and have carried out a full gap analysis against any areas requiring development. The areas that were identified in which additional work was required fell chiefly into four categories:

- Risk management and internal controls – discussed below under Provision 29;
- Culture – additional measures have been implemented to monitor the embedding of the culture, as seen on page 106;
- Chair succession – though not an area in which the Code had altered, we have been conscious of a need to provide increased transparency around the same, as discussed below and in the Nomination Committee Report on page 124;
- External Board performance review – discussed below under Provision 21.

Given our 139-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 while remaining consistent with the spirit of the Code, or as set out below, has comprised a number of minor and temporary deviations from the Code during an unexpectedly long period of recruitment for a new independent Non-executive Director.

Provisions 9, 10 and 19

Peter Mawson, a Non-executive Director of the company, was appointed as the Chair in 2022, and the company was compliant with Provisions 9 and 19 until the end of September 2024 when he reached nine years' tenure. However, following this time, there is and will continue to be a period of non-compliance with Provision 19 from 1 October 2024 as Peter Mawson remains as Chair, despite being classed as non-independent under Provision 10. The Board determined that Peter Mawson continues to be an excellent Chair who demonstrates objective judgement and encourages views from all. This extended period of time allows 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; or, alternatively, for a recruitment process to take place during the intervening period to appoint a Chair or Chair designate. As referred to in the Nomination Committee Report on page 124, it is anticipated that Peter will remain in his role for a period of time to enable the preferred approach for selection of the next Chair to be confirmed and to provide consistency during the transitional arrangements over which the Stonebridge Homes acquisition will take place.

Provision 11

As is outlined elsewhere in this report, particularly within the Nomination Committee Report on pages 122 to 125, while the Board's intention was to recruit a new independent Non-executive Director in summer 2024, this had not been achieved by the end of September 2024, when Joanne Lake and Gerald Jennings stepped down from the Board, having each spent nine years on the Board. As reported in the Nomination Committee Report on page 123, a new independent Non-executive Director, Earl Sibley, joined the Board from 1 April 2025. This means that, from 1 October 2024 to 31 March 2025, excluding the Chair, there were three non-independent Board members and two independent. As such, the Board was temporarily non-compliant with Provision 11 for this period but is now compliant once again.

Provision 20

During the previous 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; at which point, the Nomination Committee will determine whether the process to be followed will again enable all Non-executive Directors in post at that time to apply for the role as Chair, or whether an external recruitment activity to appoint a Chair or Chair designate will be undertaken. An external recruitment agency was appointed to carry out the search for Earl Sibley, as reported on page 123.

Corporate governance statement continued

Provision 21

Due to the extended period of recruitment for our latest Non-executive Director, the Board has agreed that, while it would be beneficial to carry out an externally facilitated Board performance review, it would like to ensure that this is done at the most appropriate time. The intention is for the Board to participate in Board dynamics sessions during the early part of 2026, and for this to be followed by an external performance review in early 2027.

Provision 24

Between 1 October 2024 and 31 March 2025, there were only two independent Non-executive Directors as members of the Audit and Risk Committee until Earl Sibley joined the Board and Committee as a third. Whilst the Code allows only two members for smaller companies, during this period the Committee was technically non-compliant with its own Terms of Reference which stipulated a minimum of three members. The Terms of Reference have been updated to cater for such eventualities in the future.

Principle O and Provisions 26 and 29

As described on page 116, the Audit and Risk Committee, and the Board as a whole, has been developing its approach in relation to risk management and internal controls frameworks, to ensure that compliance can be achieved in accordance with the relevant timescales.

Provision 32

Between 1 October 2024 and 31 March 2025, there were only two independent Non-executive Directors as members of the Remuneration Committee until Earl Sibley joined the Board and Committee as a third. Peter Mawson remained as a member of the Committee until 1 April 2025, as permitted by the Code, due to him being independent upon appointment. At the meeting of the Committee in December 2024, due to the inability of the Chair of the Remuneration Committee to attend, Peter Mawson stepped into the role to chair the meeting, with an acknowledgement that, as this was non-compliant with both the Code and the Committee's own Terms of Reference, decisions would be subsequently ratified in the meeting held in February 2025. At that Remuneration Committee meeting in December, in which only two out of three members of the Committee were able to attend, the number of members was also technically non-compliant with its own Terms of Reference (again, for a temporary period) and the Terms of Reference have been updated to cater for this eventuality.

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 125 to 127.

20% vote against – AGM

At the AGM in 2024, no resolution proposed received more than 20% of the vote against it.

Approved by the Board and signed on its behalf by

Amy Stanbridge
Company Secretary

11 April 2025


PINEWOOD
STUDIOS

Nomination Committee Report

Peter Mawson — 5 | 5
Chair of the Nomination Committee

Other members:

- James Sykes — 3 | 5
  Committee member
- Gerald Jennings — 4* | 4
  Committee member
- Serena Lang — 5 | 5
  Committee member
- Talita Ferreira — 5 | 5
  Committee member

Meetings held:

●●●●●

Meetings attended
Eligible meetings

* Gerald Jennings stepped down from the Committee prior to its last meeting of the year.

“This year, we have progressed our approach on succession planning at the Board and below, within our leadership team, which stands us in good stead for how we progress as a business.”

Review of the year

The Nomination Committee (the Committee) met five times during 2024 to monitor progress on the recruitment of a new Non-executive Director, and discuss matters such as succession planning, diversity and inclusion, skills and leadership development. An in-depth review of the approach we have taken to the recruitment journey, and how we have taken steps during this process to support greater diversity and inclusion within our Board, is set out in this report. 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 ExCo overseeing the Leading Change programme, which is intended to be used to cascade the ExCo learnings around fostering a greater growth mindset within the business, starting with its senior leaders. 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 2024’s activity can be found below. Those serving as members of the Committee for 2024 were myself, Gerald Jennings, James Sykes, Serena Lang and Talita Ferreira, with Gerald having stepped down from the Committee with effect from 30 September 2024.

On behalf of the Board and the Committee, I am pleased to present the Directors’ Nomination Committee Report for the year ended 31 December 2024.

Board succession planning

The Committee continued the work commenced in previous years regarding succession planning for the Board, reviewing its proposed activity for 2024/2025 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.

Recruitment activity in 2024/2025

Further recruitment activity commenced in H1 2024; however, during this initial search, in light of the developing discussions around the acquisition of Stonebridge Homes, the Committee took the decision to pivot its recruitment focus during the latter half of 2024 to focus more on volume housebuilder expertise, in an acknowledgement that this experience would be important in ensuring an effective integration and commercial oversight of the new area of business. We, again, utilised the resources of an external recruitment partner, Warren Partners, to review the skills and experience that we had highlighted and provide their expertise around the search process. This recruitment exercise has then continued into the early part of 2025, and we were pleased to report in March 2025 that we had successfully appointed Earl Sibley, former COO at Vistry Group PLC, to the Board, with effect from 1 April 2025.

The Committee fully recognises the commitments within its Board Diversity Policy (See page 126) to achieving greater diversity and inclusion within its members, and will be seeking to meet these objectives within its recruitment activities, while acknowledging that it will take time to be able to put these objectives fully into action through this succession approach.

Nomination Committee Report continued

Future Board Chair succession

The Committee is fully supportive of utilising the flexibility permitted by Provision 19 of the Code to allow me to remain in my role as Chair past my nine-year period of tenure, which I reached in October 2024.

While it has not yet been determined precisely how long this period of flexibility will be utilised for, it is anticipated that, due to the five-year period during which the Stonebridge Homes acquisition will be completed, I will remain in post until that has concluded before I step down from my role. This is to ensure consistency of approach in relation to the acquisition and transitional activity required to amalgamate the Stonebridge business into the wider group portfolio of businesses. The precise method of any additional recruitment activity required will be the subject of further discussion by the Committee over the forthcoming years in order to agree the appropriate route, to determine the method via which my successor as the Chair will be selected, as follows:

- If it is determined that an existing Non-executive Director will be chosen, through an appropriate process, to assume the role as Board Chair, a period of time will ensure that all Non-executive Directors have had the opportunity to develop detailed knowledge of the business, before becoming eligible to be considered for the Chair role;
- Alternatively, if the Committee determines that a separate recruitment exercise will be carried out to select a Chair or a Chair designate, the timing of any such recruitment exercise will need to be agreed upon by the Committee.

Review of roles and responsibilities

As there have been a number of Board changes within the year, including Gerald Jennings and Joanne Lake stepping down from the Board with effect from 30 September 2024, the following changes were made during the period to Board member roles and responsibilities.

Role	Previous appointee	Appointment change
Audit and Risk Committee Chair	Joanne Lake	Talita Ferreira (1 September 2024)
Remuneration Committee Chair	Gerald Jennings	Serena Lang (1 September 2024)
Nomination Committee Chair	Peter Mawson	No change
Responsible Business Committee Chair	Serena Lang	No change
Senior Independent Director	Joanne Lake	Serena Lang (1 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, particularly in light of Earl Sibley joining in 2025.

Leadership succession planning and development

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 ExCo, the Committee regularly reviews the talent grids, which are overseen by our People 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 can take on senior roles within the group in the future and to ensure that we nurture and address any identified development needs to support success. These will continue to evolve and span a greater variety of roles, as well as delving deeper into specific succession plans for individual executives.

In the past, our Senior Leadership Development Programme (SLDP) and Leadership Development Programme (LDP) were a predominant element of the development of our leaders – an approach that has now captured the majority of our leadership population and so has evolved to focus more on our Management Development Programme (MDP). This is a scheme that 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 2024, we had 27 colleagues participate or conclude their participation in the course, and we have a strong demand for delivery in 2025. In addition, the next iteration of our leadership development has taken place during 2024, with the introduction of a scheme that captures all of our leadership cohort (those within our Grades 2 and 3), bringing them together to cascade learnings that have been developed and applied by the ExCo in prior years of their own development. During 2024, this programme was named 'Leading Change', and aimed to create a united leadership approach, with common understanding and language across the group, while creating a state of readiness for change, promoting a 'growth mindset' culture. In 2025, it is anticipated that this cascade will further continue, as well as taking forward key actions that had been formulated by volunteer groups that were established within the leadership cohort.

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

- '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, while 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.

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 2024; the process and results is detailed on pages 108 to 113.

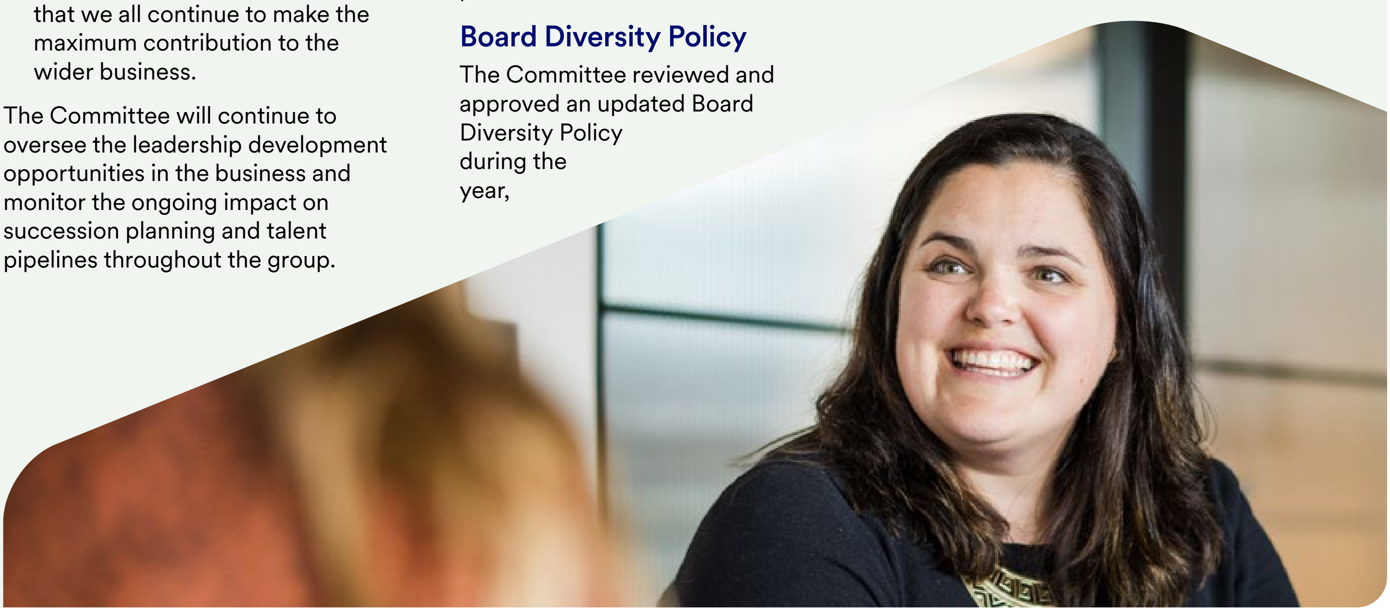
In addition to the performance reviews outlined above, the Committee has continued to assess the Board's key skills and experience. We have previously streamlined the skills evaluation activity to align more with the core expertise required, to ensure strong links between the skills evaluated and the 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 ExCo in relation to a number of key strategic areas, the assessment of skills was extended to all ExCo members.

The skills matrix was referred to when determining the role profile for recruiting new Board members as it aims to address any areas in which skills could be usefully supplemented, and as outlined within this report, emphasised the need for volume housebuilding experience specifically when refining the Board's assessment of its needs for future Board members. It will be refreshed and reassessed later in 2025 as all changes to the Board and ExCo have concluded, to gain a full and up-to-date understanding of the current picture.

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 UK 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 2024/2025 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, while recognising that broad diversity of thought is also paramount in achieving our ambitions.

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.



Nomination Committee Report continued

	Objective
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.
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.
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 UK Listing Rules objective.
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).
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.
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.
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 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.*
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.
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 that promote gender and other forms of diversity.

* The gender balance of those in senior management positions is shown on page 39.

Key:

- 🟩 Objective achieved
- 🟨 Objective achieved in part
- 🟧 Objective remains a work in progress

Progress against objective	Status
Detailed review of effectiveness undertaken confirming that the Board is adequately resourced and performing well. As detailed elsewhere in this report, the Board identified the need for a Non-executive Director with housebuilding experience to provide experience and insights in relation to the Stonebridge Homes acquisition, which has had a significant influence on the candidate search during 2024 and into 2025.	Objective achieved
At the commencement of 2025, our proportion of female Board members is 33.3% (and shifted to 29% on 1 April 2025 when Earl Sibley joined the Board). 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.	Objective achieved in part
The role of Senior Independent Director is held by Serena Lang.	Objective achieved
We currently have no members on the Board from an ethnic minority background. We will continue monitoring the extent to which this can be addressed over future rounds of recruitment and by progressing internal EDI initiatives.	Objective remains a work in progress
We have consciously worked with our recruitment partners to ensure that our briefs for Non-executive Director appointments encouraged diverse candidates, in particular those without previous FTSE Board experience, which has been represented in our candidate pool. We will continue to ensure that previous FTSE experience is not a specified requirement in future recruitment rounds in order to attract a broad number of applicants.	Objective achieved
We have continued to appoint external recruitment partners to work with us on our recruitment exercises throughout 2024 and into 2025. This has ensured that the longlist for the candidates for both recruitment exercises provided a wealth of individuals from diverse backgrounds. As previously disclosed, 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.	Objective achieved
Through a series of peer sharing forums and information exchanges, led by our People 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. While 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.	Objective achieved in part
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.	Objective achieved
We have improved disclosure of progress against our targets for this year. Activities may include 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.	Objective achieved

You can read more about our EDI strategy and workforce diversity initiatives on pages 38 to 39.

Nomination Committee Report continued

Board diversity disclosures

In accordance with the UK Listing Rules, the disclosures relating to gender identity and ethnic background are set out in the table below as at 31 December 2024. The company has not met the targets relating to having 40% of women on the Board and at least one director from a minority ethnic background. Commentary on why these targets have not been met is included in the Board Diversity Policy table on pages 126 to 127. Since the reference date, the Board's composition has changed to comprise five male and two female members, meanings that the percentages as at 1 April 2025 stand at 71% male and 29% female.

The information below was collected by members of the Board and ExCo selecting which of the categories they identified as. We did not specify the chosen reference date in last year's annual report and accounts but can confirm that the information was correct as at 1 January 2024. We have chosen 31 December as the reference date for this and future years to ensure that the date falls within the relevant accounting period.

	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	4	67%	3	7	79%
Women	2	33%	1	2	21%
Not specified/prefer not to say	–	–	–	–	–

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. We will continue to consider Non-executive Director succession planning to address any gaps needed to achieve out strategic objectives.

The Committee discussed the skills, independence, length of tenure and time commitments of all the Directors and reviewed the results of the 2024 performance reviews (see pages 108 to 113 for more information), as well as the Board skills approach, with no issues having been highlighted as a result of this review.

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 90 to 91 – and a further summary of Board roles and responsibilities can be found on our website at henryboot.co.uk.

Terms of Reference

In December 2024, 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.

Peter Mawson
Chair of the Nomination Committee

11 April 2025

Responsible Business Committee Report

Serena Lang 1 3
Chair of the Responsible Business Committee

Other members:

- James Sykes 2 3
  Committee member
- Joanne Lake 2* 2
  Committee member
- Peter Mawson 3 3
  Committee member
- Darren Littlewood 2 3
  Committee member
- Tim Roberts 3 3
  Committee member

Meetings held:

●●●

Meetings attended

Eligible meetings

* Joanne Lake stepped down from the Committee prior to its last meeting of the year.

“Henry Boot continues to authentically champion many areas of responsible business, recognising that these are issues that are important for its own success, regardless of the external and political environmental pressures.”

Review of the year

In 2024, 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. 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 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 refresh of the EDI Working Group and carried out a number of interactions with its chair and other members, supported actions to support the group's Climate Change Framework, advised on the planning for the next iterations of the group's Responsible Business Strategy, as well as championing community interventions through Tim Roberts' involvement as chair of the Business in the Community (BITC)'s 'Pride of Place' Board for Sheffield. Further details of areas of focus for 2024 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). Committee members also attended an engagement session with BITC to participate in a session around 'Inclusive Leadership', illuminating some areas of best practice and knowledge.

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 2024. Talita Ferreira joined the Committee on 1 January 2024, and Joanne Lake stepped down from the Committee with effect from 30 September 2024. Due to unfortunate circumstances, I was unable to attend two of the three scheduled meetings, and thanks to Peter Mawson for stepping in to chair these meetings.

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 2024.

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;
- Reviewing all sustainability and ESG reporting, including implementation of the recommendations of the Task Force on Climate-related Financial Disclosures and all associated governance arrangements (see more on pages 48 to 59);
- 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;
- Supervising and supporting the development of employee diversity and inclusion across the company and its leadership; and
- Monitoring and sustaining 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. Each Plan details the progress that needs to be made each year to ensure successful delivery of the 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, highlighting key annual initiatives, and seeks to embed a consistent approach to responsible business practice, creating a shared responsibility for delivery across the group.

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 ExCo, 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 134. However, in addition to this executive oversight and that of the Committee, the Board and ExCo members have assumed sponsorship roles for individual Responsible Business pillars.

Responsible Business Committee Report continued

Other significant issues considered

Focus	Matters considered	Committee outcome
Working group governance and employee networks	In order to support the delivery of the group's responsible business aims, and to ensure engagement with a wide cross section of representatives, a number of working groups and employee networks have evolved. At a higher level, these are as set out on pages 100 to 101; however, beneath these structures, a number of other special interest groups and networks are in operation, and the Committee considered the most effective method of ensuring decision making and authorisations within these structures.	The Committee recognised the dedication and input of the employees chairing and participating in these groups, and were very supportive of the development of employee networks providing opportunities to discuss matters such as race, LGBTQ+ and parents and carers' issues. Noting that simplification of the structures should also be achieved, it was proposed that additional levels of supervision should not be created between these groups and the ExCo/Committee.
Climate Change Framework (CCF)	The Climate Change Framework is an internal strategic framework that aligns all existing and prospective workstreams associated with the group's climate change adaptation. These include the net zero carbon (NZC) greenhouse gas emissions, the project to reduce scope 3 (indirect) emissions, climate reporting, nature stewardship, and people engagement and culture change. The Committee considered the four measures being undertaken in 2024 to achieve NZC targets, including: • fleet transition; • introduction of alternative fuel sources (predominantly HVO); • property investment and infrastructure; and • construction site decarbonisation.	The Committee agreed the following outcomes: 1. ESG Steering Committee to issue regular reports to the Committee and ExCo, detailing issues discussed and steps to be taken. 2. The Board and ExCo sponsor of the Planet pillar should undertake further specialist climate leadership training, and share knowledge and skills with their peers. 3. Quantitative scenario analysis would assess the impact of ranging climate scenarios on the group's physical assets and strategic aspirations. 4. Based on the findings of the scenario analysis and the ongoing engagement with ExCo, the group's commercial and climate adaptation strategies should be stress-tested annually to assess their resilience. 5. The next phase of the Responsible Business Strategy should evolve the existing NZC framework to create a detailed and modelled transition plan and roadmap to detail the course to NZC for direct emissions.

Focus	Matters considered	Committee outcome
Outcomes of research project	During the latter part of 2023 and first half of 2024, the group has benefited from engaging with a PhD student within a local Sheffield university, who carried out a project to research and present on the topics of *'How can Henry Boot most effectively communicate with an internal and external audience about its approach to adapting to climate change and the measures it is undertaking to achieve NZC'.* The findings related to the variety of categories of engagement of employees within the group, and recommended a variety of different methods for ensuring effective dissemination of messages to the relevant groups.	The Committee welcomed the outcomes of the research project, noting the suggestions made and agreeing to make reference to these as part of any wider change management initiatives to come.
Engagement session	The Committee welcomed representatives from BitC who presented a seminar on Inclusive Leadership – recognising that, for EDI to be successfully delivered and embedded within the business, this requires leadership from the top. This session provided knowledge, skills and oversight of how our leadership can truly champion EDI and support our people as our business evolves.	Sessions such as these 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, as well as providing the opportunity to engage with others within the group to encourage input and debate. The Committee, in conjunction with the Board and Nomination Committee, will continue to identify further areas for development through these engagement sessions.
Development of the next Responsible Business Strategy	The proposed Responsible Business Strategy development timetable was discussed, including engagement with the Board, ExCo and other leaders within the business, proposing a series of surveys, workshops and one-to-one engagement.	The Committee considered their engagement and considered the key stakeholders to be consulted. It was agreed to complete a benchmarking report to provide the Committee with comparable information for competitors and peers, to support and guide the development of the next iteration of the Responsible Business Strategy.

Oversight of climate-related ESG disclosures and governance

Set out on the following pages 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.

Responsible Business Committee Report continued

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 Working 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 ensuring that working groups such as those discussing EDI, health and wellbeing, climate change and charitable giving are functioning and operating with good governance; and • assists with preparation of the group's TCFD report.
Finance Director	Responsible Business Committee (attendee) ESG Steering Group Climate Change Forum	The 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; and • assists with preparation of the group's TCFD report.
General Counsel and Company Secretary	Responsible Business Committee (attendee) ESG Steering Group Executive Committee EDI Working 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 report.
People Director	Executive Committee EDI Working Group ESG Steering Group Responsible Business Committee (attendee)	The People Director is an Executive Sponsor for the People pillar of the Responsible Business Strategy, assumes responsibility for overseeing the alignment of the Responsible Business Strategy with the group People Strategy, and leads on emerging talent 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. Each MD also has a role as an Executive Sponsor of one of the pillars of the Responsible Business Strategy.

Terms of Reference

During 2024, 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 reapproved, and are available on the company's website.

Serena Lang
Chair of the Responsible Business Committee

11 April 2025

Remuneration

Directors' Remuneration Report

Member	Meetings attended	Eligible meetings
Serena Lang Committee Chair (from 1 September 2024)	4	5
Gerald Jennings Committee Chair (until 1 September 2024)	4*	4
Other members:		
• Peter Mawson Committee member (until 1 April 2025)	5	5
• Talita Ferreira Committee member	5	5
• Joanne Lake Committee member (until 30 September 2024)	3*	4

Meetings held:

●●●●●

Meetings attended

Eligible meetings

* Joanne Lake and Gerald Jennings stepped down from the Committee prior to its last meeting of the year.

"The Committee is comfortable that the 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."

Annual Statement from the Chair of the Remuneration Committee

I am pleased to present the Directors' Remuneration Report (the Report) for the year ended 31 December 2024, having taken over as Committee Chair from Gerald Jennings on 1 September as he retired from the Board later that month. We are grateful to Gerald for his dedication and commitment to the role and for the progress he made under his tenure.

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 section, which provides a summary of the Policy approved at the 2024 AGM. The full Remuneration Policy can be found on pages 123 to 130 of the 2023 Annual Report.
- The Annual Report on Remuneration, which sets out the remuneration outcomes for the financial year ended 31 December 2024 and the proposed implementation of the Remuneration Policy for the upcoming year.

Remuneration outcomes

Annual Bonus

The 2024 annual bonus was based on underlying profit before tax (66.7%) and individual strategic objectives (33.3%).

Our strategic focus on high quality land, commercial property development and housebuilding in prime locations saw us deliver a stronger performance in the second half of 2024 with our high-quality portfolio benefiting from a gradual improvement in the economy, translating into a steady increase in demand in our three key markets. We have continued to make good strategic progress towards our medium-term targets whilst investing in our longer-term future. This includes the agreement of terms to take full ownership and control of Stonebridge Homes over the next five years, the formation our I&L JV with Feldberg allowing the group to accelerate our industrial development pipeline and aligned to the changes to the NPPF which we anticipate will materially ease planning policy. In addition, we have devised a strategic workforce plan with Hallam to invest in new systems, ways of working and resource, allowing Hallam to make planning applications for c.10,000 plots in 2025 and beyond. As a result, the underlying PBT achieved was £29.42m, leading to a formulaic outcome of 42.27% of the maximum under the profit element.

The personal objectives considered investment in people, IT infrastructure, advancements in our internal strategies as well as key health and safety and ESG objectives. These objectives have driven progress towards our long-term ambitions and contributed to a successful year operationally. Based on performance during the course of the year, the Executive Directors achieved

80% of maximum under the personal objectives. Therefore, the formulaic outcome under the bonus was 54.8% of maximum for both the CEO and the CFO.

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, and the market environment. After careful consideration, the Committee felt that despite strong performance from executives and employees, it would be appropriate to use discretion to reduce the formulaic bonus outcome to 48.18% of maximum for the CEO and 48.96% for the CFO. As a result, the CEO will receive a bonus of £280,000 and the CFO will receive £187,000. One third of the bonus is deferred into shares and held for three years.

LTIP award for performance period FY22–24

The three-year performance period for the 2022 LTIP award ended on 31 December 2024. Performance was based on EPS (33.3%), ROCE (33.3%) and TSR (33.4%).

Based on performance over the period, the LTIP will lapse. 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.

Application of the Directors' Remuneration Policy for 2025

The key decisions for 2025 are set out below.

Salary and fees

The Executive Directors received a salary increase of 3% in line with the standard increase for the wider workforce.

Additionally, the Committee reviewed the Board Chair fee. As part of this review, the Committee considered Chair fees at similarly sized companies and the role's time commitment. Market data indicated that the current Chair fee was below the lower quartile compared against companies of a similar size. Furthermore, since being appointed Chair in May 2022, Peter Mawson has taken on additional responsibilities not carried out by the previous Chair, including chairing the Nomination Committee, which has further increased the role's time commitment. As a result, the Committee determined that the Chair fee should be increased from £112,476 to £140,000.

The Board reviewed the fees for the Non-executive Directors and determined that the fees should be increased by 3% in line with the increase in Executive Director base salaries.

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 into shares and held for three years.

LTIP

The 2025 LTIP awards will be granted at 150% of salary for the CEO and 125% of salary for the CFO. The Committee reviewed the performance measures and concluded that the approach to the gender balance metric should be refined. Having increased workforce gender diversity from a ratio of 22 female : 78 male in 2020 to 30 : 70 at the end of 2024, the focus has now also turned to initiatives that enhance female representation at senior levels. As a result, the gender balance measure for the 2025 award will be based on improving senior female representation.

The stretching targets that have been set are considered by the Committee 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.

Peter Mawson, who is the new designated Non-executive Director for workforce engagement and also joins the Committee meetings as an attendee, meets regularly with the Group Employee Forum (GEF) and discusses remuneration and reward matters. Tim Roberts also met the GEF in early 2024 to discuss his corporate objectives, how they linked to his annual bonus and how they cascaded down the business to all employees. During all discussions, executive remuneration was not raised as an issue.

Shareholder engagement

The Committee consults with the company's larger shareholders on executive pay matters, where considered appropriate. As the operation of the policy is broadly in line with previous years, it was not necessary to consult with investors during the year. On behalf of the Committee, I am always happy to make myself available to shareholders to discuss any concerns or feedback they may have.

Closing remarks

As the new Committee Chair, I look forward to engaging with you on remuneration matters. 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 the Directors' Remuneration Report at this year's AGM.

Serena Lang
Chair of the Remuneration Committee

11 April 2025

Remuneration at a glance

Performance snapshot

2024 Annual bonus performance

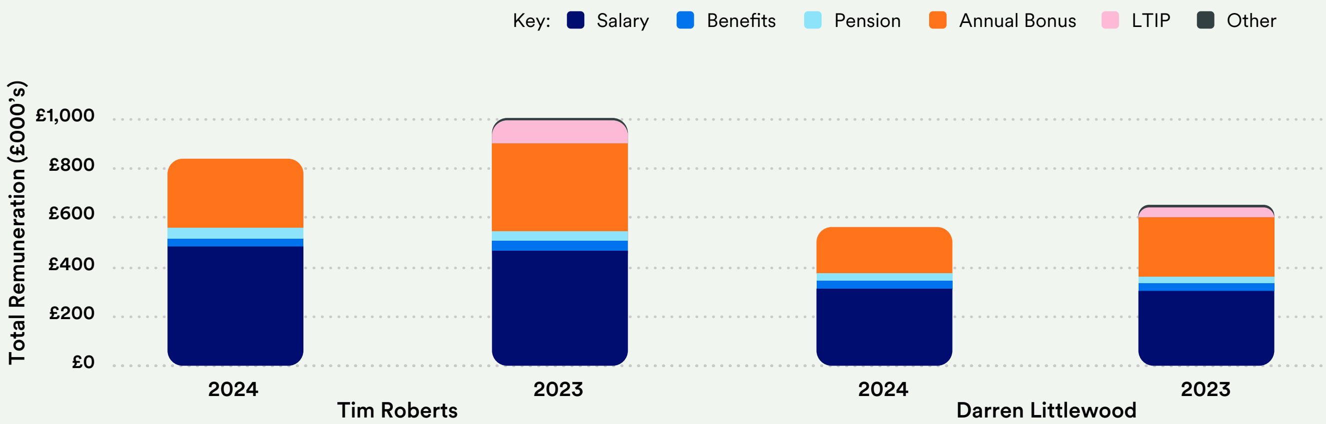
Measure	Performance	Achievement (% of max for each element)
Underlying PBT (66.7%)	£29.42m	CEO and CFO: 42.27%
Individual Strategic objectives (33.3%)	See pages 145 to 146	CEO and CFO: 80%
Total formulaic outcome		CEO and CFO: 54.8%
Total outcome following Committee discretion		CEO: 48.18%, CFO: 48.96%

LTIP performance for 2022 award based on performance over three years to 31 December 2024

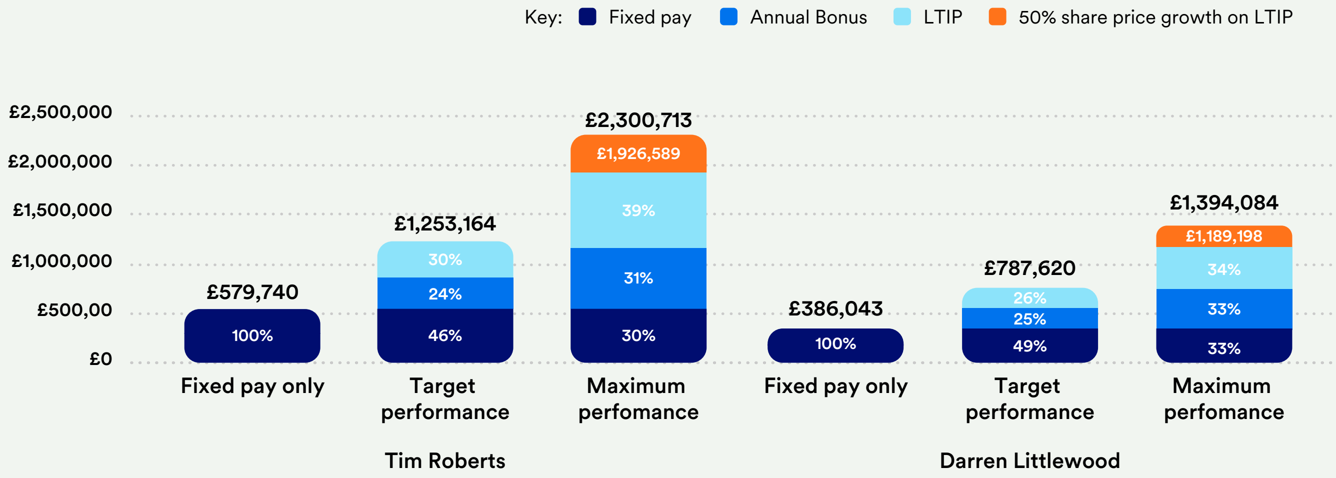
Measure	Performance	Achievement (% of max for each element)
Relative TSR vs FTSE Small Cap	Below median	0%
EPS in 2024	17.4p	0%
ROCE average across 2022-24	9.29%	0%

Executive pay in 2024 and compared to prior year

Total remuneration (£'000)



Scenario charts



Implementation of Policy for 2025

Base salary	3% increase for all Executive Directors • CEO – £498,833 • CFO – £327,818
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, ROACE, 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 continued

Summary of the Remuneration Policy

The Remuneration Policy was approved by shareholders at the AGM held on 23 May 2024. Set out below is a summary of the Remuneration Policy. The full Policy is set out in the 2023 Annual Report on pages 123 to 130.

Element	Purpose and link to strategy	Key elements
Salary	Core element of fixed remuneration reflecting the role, experience market rates and internal relativities.	• The Committee reviews base salaries annually. • Salary increases will normally be in line with the workforce average.
Benefits	These are provided on a market competitive basis to assist in recruiting and retaining Executive Directors.	• Benefits include (but are not limited to): a car allowance, private health insurance, permanent health insurance, death in service cover and the offer of participation in the SAYE Scheme.
Pension	To provide a contribution towards retirement income.	• Executive Directors will receive a pension contribution in line with the rate applying to the majority of the workforce, currently 8% of salary.
Annual bonus	To incentivise the delivery of financial performance, operational targets and individual objectives over the financial year.	• 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. • The Committee has the discretion to adjust the formulaic outcome of the bonus. • 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.
Long-term incentive plan	Provides a clear and strong link between the remuneration of Executive Directors and the creation of value for shareholders.	• Maximum opportunity of 150% of salary. • 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. • No more than 25% of the award will vest for threshold performance where practicable. • The Committee has the discretion to adjust the formulaic outcome. • 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 provisions apply.
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. • 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.

Element	Purpose and link to strategy	Key elements
Non-executive Director fees	Fee levels are set in order to recruit and retain high calibre Non-executive Directors.	• 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). • The company may pay any reasonable expenses. • 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.

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 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]	1 October 2015	30 July 2015	3 months	3 months
Gerald Jennings[1]	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
Earl Sibley	1 April 2025	18 March 2025	3 months	3 months

1 Joanne Lake and Gerald Jennings stepped down from the Board in September 2024.

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

The policy on remuneration when recruiting new Executive Directors is included in full in the 2023 Remuneration Policy.

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 136. 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 implementation of the 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 £33,075.

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 2024 AGM, shareholders were asked to approve the 2023 Annual Report on Remuneration and the Directors' Remuneration Policy. The votes received are set out below:

2024 AGM (23 May 2024)	Nature of vote	Votes for	%	Votes against	%	Votes total	Votes withheld
Approve the 2023 Directors' Remuneration Report	Advisory	84,439,135	97.45	2,207,708	2.55	86,646,843	25,891
Approve the Directors' Remuneration Policy	Binding	84,106,729	97.06	2,544,271	2.94	86,651,000	26,734

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 2024	Salary and fees[1] £'000	Taxable benefits[2] £'000	Pension-related benefits £'000	Other £'000	Total fixed £'000	Annual bonus £'000	Long-term incentives £'000	Total variable £'000	Total remuneration £'000
Tim Roberts	484	41	39	0	564	280	0	280	844
Darren Littlewood	318	32	25	0	376	187	0	187	563
James Sykes	54	0	0	0	54	0	0	0	54
Joanne Lake	48	0	0	0	48	0	0	0	48
Gerald Jennings	47	0	0	0	47	0	0	0	47
Peter Mawson	113	0	0	0	113	0	0	0	113
Serena Lang	60	0	0	0	60	0	0	0	60
Talita Ferreira	56	0	0	0	56	0	0	0	56

Year ended 31 December 2023	Salary and fees[1] £'000	Taxable benefits[2] £'000	Pension-related benefits £'000	Other £'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	85	448	1,001
Darren Littlewood	309	32	25	5	371	236	43	279	650
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

1 Salary includes the value subject to salary sacrifice.

2 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.

3 The 2021 LTIP award vested on 23 June 2024, 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 (208p).

Annual Report on Remuneration continued

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 144 to 147.
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.

In applying the Remuneration Policy in 2024, the Committee considered the following factors set out in Provision 40 of the 2018 UK Corporate Governance Code:

- **Clarity** – the Committee believes the implementation of the Policy is clear and includes a simple annual bonus structure.
- **Simplicity** – all structures are as simple as possible whilst providing a strong link between reward and performance and avoiding reward for failure.
- **Risk** – the way that the Remuneration Policy is implemented discourages inappropriate risk-taking. 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 remuneration are subject to caps with the Remuneration Policy and dilution limits. 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 and long-term incentives, reflecting the importance of short 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.

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.

2024 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.

		Threshold	Target	Stretch		Outcome (% of Maximum)	
Measure	Weighting (% of salary)	10% of maximum	50% of maximum	100% of maximum	Actual result	Tim Roberts	Darren Littlewood
Financial							
Underlying PBT	80%	£27m	£30m	£ 33m	£29.42m	42.27%	42.27%
Non-financial							
Personal objectives	40%		See below			80%	80%
Formulaic outcome			See below			54.8%	54.8%
Outcome following Committee discretion						48.18%	48.96%

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

2024 personal objectives – Tim Roberts

Objective	Details	Weighting (% of salary)	Performance against objective	Outcome (% of max)
1	Implement group strategy, grow capital employed up to £431m, extract synergies and efficiencies, identify and demonstrate business process improvements, progress strategic projects.	15%	**Excellent:** Capital employed grown to £439m and good progress made on strategic projects. Agreement reached to acquire the remaining 50% of Stonebridge Homes in line with group strategy. Business process improvements have been identified and are being standardised or digitalised where possible.	90%
2	Enhance internal communications of our people strategy, vision and values. Launch brand and employee proposition.	5%	**Excellent:** The refreshed brand was launched internally and externally including a complete redesign of the website and intranet. The updated employee brand proposition and values were launched, receiving positive feedback in the employee engagement survey results.	90%
3	Oversee and drive a culture of high performance through enhancing leadership capabilities and developing strategic capability.	3%	**Strong:** Successful development sessions undertaken with ExCo focussing on change management. Alongside this, a development programme for grades 2 and 3 (those directly below ExCo) has been rolled out.	83%
4	Oversee and direct group wide Health and Safety practices to avoid any major Health and Safety Incidents.	6%	**Reasonable:** High safety targets set in line with this being a key risk for the group. Targets achieved or narrowly missed for most businesses (see page 40). All recommendations from the 2023 KPMG internal audit review have been implemented including standardisation of safety incident reporting, subcontractor performance measurement and group level succession planning for key individuals in Health and Safety roles.	50%
5	Create a compelling narrative to engage with our shareholders and customers.	3%	**Excellent:** Continued focus on investor relations including more disclosure on the group's biggest growth areas. The acquisition of Stonebridge Homes has been well received and helps to simplify the group's equity story. Work on gathering customer feedback has been improved and standardised.	100%
6	Direct and oversee the implementation of the 2024 Responsible Business priorities, oversee and contribute towards the achievement of our net zero carbon targets, and improve business diversity.	8%	**Reasonable:** We achieved our gender diversity target to improve the gender split to 71% male : 29% female and reduced our gender pay gap to 20%. We are on track to achieve the majority of the other Responsible Business targets. Despite some success stories on our net zero carbon journey, the group did not hit its 18% reduction target against the 2019 baseline.	63%
Total		**40%**		**80%**

2024 personal objectives – Darren Littlewood

Objective	Details	Weighting (% of salary)	Performance against objective	Outcome (% of max)
1	Employ throughout 2024 capital in line with the 2024 corporate objectives, identify and demonstrate operational efficiencies and synergies, update and communicate group strategy and progress key strategic projects.	10%	**Excellent:** progressed strategic projects, growing capital employed to £439m and maintaining gearing in the middle of our optimum range. Agreement reached to acquire the remaining 50% of Stonebridge Homes in line with group strategy. Business process improvements have been identified and are being standardised or digitalised where possible.	90%
2	Oversee implementation of IT strategy to encourage business improvement and efficiencies.	10%	**Strong:** An AI strategy has been developed and IT business continuity policies updated. D365 operational system implementation has progressed well and is on track for launch in spring 2025. People and payroll system phase 2 deferred until 2025.	70%
3	Encourage strategic development of senior leadership, increase profile within the wider industry through investor relations and professional bodies.	4%	**Strong:** Successful development sessions undertaken with ExCo and grades 2 and 3 (those directly below ExCo). Increasing profile through regional external appointments and relationships.	88%
4	Support brand and employee value proposition launch, support evolving development of the IT department, complete refinancing of the group banking facility.	4%	**Excellent:** Refinance completed with increased facility secured. Overseen evolution of the IT department into a more sophisticated business partner and supported the successful brand launch externally and internally.	100%
5	Oversee and develop financial reporting, develop compelling equity narrative to encourage development of the shareholder register.	4%	**Excellent:** Internal budgeting and reporting process with all key budget holders improved. Taking on feedback from investors, we have evolved the equity story and focus more on the growth areas. The shares have outperformed the FTSE All Share over 2024.	100%
6	Achieve our Responsible Business targets including our net zero carbon target, improve business diversity, support and launch the reverse mentoring scheme and our early careers strategy, secure accreditation with the Living Wage Foundation.	8%	**Reasonable:** We achieved our gender diversity target to improve the gender split to 71% male : 29% female and reduced our gender pay gap to 20%. We are on track to achieve the majority of the other Responsible Business targets. Despite some success stories on our net zero carbon journey, the group did not hit its 18% reduction target against the 2019 baseline. Living wage accreditation and reverse mentoring scheme deferred to 2025.	56%
Total		**40%**		**80%**

As detailed in the Chair's letter, after careful consideration, the Committee felt that, despite strong performance from executives and employees, it would be appropriate to use discretion to reduce the formulaic bonus outcome. As a result, the bonus outcome was reduced to 48.18% of maximum for the CEO and 48.96% for the CFO. The adjusted annual bonus outcomes for Executive Directors are shown below.

	Annual bonus outcome		
Executive	% of maximum	% of salary	Bonus outcome (£)
Tim Roberts	48.18%	57.81%	£280,000
Darren Littlewood	48.96%	58.76%	£187,000

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 29 April 2022. 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 2024	33.3%	28p	35p	17.4p	0%
ROCE (averaged over three year)	33.3%	11%	14%	9.29%	0%
TSR vs FTSE Small Cap (excluding investment trusts)	33.4%	Median	Upper quartile	Below median	0%
Total vesting (out of 100%)					**0%**

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 awards will lapse.

LTIP awards granted in the year (audited)

LTIP awards were granted during the year to Tim Roberts and Darren Littlewood on 25 April 2024.

	Type of award	% of salary	Number of shares	Face value of grant at 181.33p per share[1]	% of award vesting at threshold
Tim Roberts	LTIP – nil cost options	150%	400,618	£726,440	25%
Darren Littlewood	LTIP – nil cost options	125%	219,395	£397,828	25%

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

Annual Report on Remuneration continued

The awards are subject to the following performance conditions which will be measured over the three-year period ending 31 December 2026:

Measure	Weighting	Threshold (25% of max)	Maximum (100% of max)
TSR relative to the FTSE Small Cap Index (excluding investment trusts)	40%	Median performance	Upper quartile
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[1]	

1 Individuals identifying as male or female.

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 2024. 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 2024					
Director	Beneficially Owned at 1 January 2024	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	383,838	440,367	825,953	11,967	–	1,278,287	203
Darren Littlewood	265,958	299,562	443,009	11,967	–	754,538	210
Peter Mawson	13,200	13,200	–	–	–	13,200	21
Talita Ferreira	–	–	–	–	–	–	0
Serena Lang	–	–	–	–	–	–	0
James Sykes	20,000	20,000	–	–	–	20,000	82
Joanne Lake[4]	10,710	10,710	–	–	–	10,710	39
Gerald Jennings[4]	19,900	19,900	–	–	–	19,900	74

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 2024 (230p). The salary/ fee used for this calculation is that which commences on 1 January 2025.

4 Joanne Lake and Gerald Jennings stepped down from the Board on 30 September 2024. The shareholdings included in the table above are based on shares beneficially owned and their annual fee on the date they stepped down from the Board.

There have been no other transactions between 31 December 2024 and 31 March 2025.

LTIP

	Date of grant	Market price at date of grant	At 1 January 2024	Granted during the year	Exercised during the year[1,2]	Lapsed during the year	At 31 December 2024	Actual exercise date/earliest vesting date
Tim Roberts	23/06/2021	262.67p	206,899	–	41,104	165,795	–	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
	25/04/2024	181.33p	–	400,618	–	–	400,618	25/04/2027
			632,234	400,618	41,104	165,795	825,953	
Darren Littlewood	23/06/2021	262.67p	104,695	–	20,800	83,895	–	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
	25/04/2024	181.33p	–	219,395	–	–	219,395	25/04/2027
			328,309	219,395	20,800	83,895	443,009	

1 Nil-cost options exercised under the LTIP includes 3,555 and 1,799 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 £85,496 for Tim Roberts and £43,264 for Darren Littlewood based on a share price on the date of exercise of 208p.

Annual Report on Remuneration continued

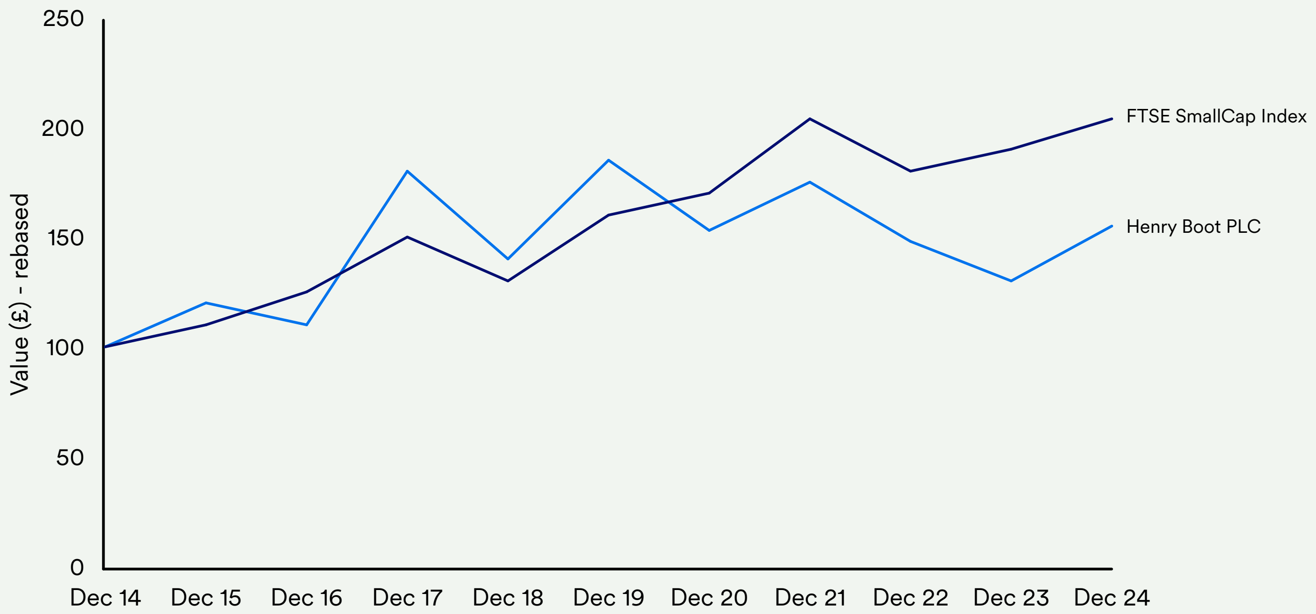
Sharesave plan

	Date of grant	At 1 January 2024	Granted during the year	Exercised during the year	Lapsed during the year	At 31 December 2024	Exercise price	Date from which exercisable	Expiry date
Tim Roberts	20/10/2023	11,967	–	–	–	11,967	155p	01/12/2026	01/06/2027
Darren Littlewood	20/10/2023	11,967	–	–	–	11,967	155p	01/12/2026	01/06/2027

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.

Source: Datastream (Thomson Reuters)



CEO remuneration for the previous ten years

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Name	Jamie Boot	Jamie Boot	John Sutcliffe	John Sutcliffe	John Sutcliffe	John Sutcliffe	Tim Roberts	Tim Roberts	Tim Roberts	Tim Roberts	Tim Roberts
Total Remuneration (£'000)	1,000	981	1,118	1,277	1,250	912	715	982	929	1,001	844
Annual bonus (% of max)	94.5	87.8	91.1	99.2	76.8	64.8	50.0	83.3	61.6	64.3	48.2
LTIP (% of max)	25	25	67	100	87	65	nil	nil	15.1	18.15	nil

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 2023/24			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	Salary /fees	Taxable Benefits	Annual Bonus
Chief Executive Officer	3%	2%	-23%	3%	8%	7%	-5%	6%	-22%	5%	0%	68%	0%	0%	n/a
Chief Financial Officer	3%	1%	-21%	3%	3%	5%	0%	11%	-19%	9%	0%	87%	11%	0%	-51%
James Sykes	3%	n/a	n/a	4%	n/a	n/a	6%	n/a	n/a	5%	n/a	n/a	3%	n/a	n/a
Joanne Lake[1]	n/a	n/a	n/a	5%	n/a	n/a	21%	n/a	n/a	15%	n/a	n/a	3%	n/a	n/a
Gerald Jennings[1]	n/a	n/a	n/a	3%	n/a	n/a	21%	n/a	n/a	21%	n/a	n/a	3%	n/a	n/a
Peter Mawson	4%	n/a	n/a	22%	n/a	n/a	85%	n/a	n/a	28%	n/a	n/a	3%	n/a	n/a
Serena Lang[2]	8%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Talita Ferreira[3]	n/a	n/a	n/a	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%	0%	-5%	3%	0%	-9%	6%	0%	55%	10%	0%	0%	4%	0%	-41%

1 Joanne Lake and Gerald Jennings stepped down from the Board on 30 September 2024. They received a pro-rated fee for the year. Therefore, the percentage change is not representative and so it has not been included in the table above.

2 Serena Lang assumed responsibility for Chair of the Remuneration Committee on 1 September 2024 and became the Senior Independent Director on 1 October 2024

3 Talita Ferreira was appointed to the Board on 1 January 2024 and so the percentage change cannot be calculated.

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
2024	Option A	23:1	16:1	11:1
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 2024) 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. No components of pay have been omitted.

Annual Report on Remuneration continued

	25th Percentile	50th Percentile	75th Percentile
Salary/wages	27,784	43,243	64,450
Total remuneration	36,393	53,040	79,900

The pay ratio decreased in 2024, predominantly due to no LTIP award vesting. 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:

	2024 £'000	2023 £'000	Change %
Ordinary dividends	10,298	9,796[1]	5.2
Overall expenditure on pay	43,105	39,912	8.0

1 Figure reinstated with the 2023 actual dividends over the period

Implementation of Remuneration Policy in 2025

There are no material changes to the implementation of the Remuneration Policy in 2025. The following section sets out the implementation of the Remuneration Policy in 2025.

Executive Directors

Base salary

The Executive Directors received an increase of 3%, in line with the standard increase for the wider workforce. The base salaries for 2025 are set below:

	Salaries effective from		
	1 January 2025 £	1 January 2024 £	Change %
Tim Roberts	£498,833	£484,304	3%
Darren Littlewood	£327,818	£318,270	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.

2025 bonus

The maximum bonus opportunity for Executive Directors is 120% of salary. The 2025 bonus will be based two-thirds on financial measures and one-third on strategic personal objectives of which some are related to ESG targets. 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 achievement of the company's medium-term strategy.

2025 strategic personal objectives – Tim Roberts

	Objective	Weighting (% of salary)
1	Evaluate and oversee implementation of group strategy	18%
2	Support modernisation agenda and key internal changes across group support functions to achieve a more aligned business partner model	6%
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 Health and Safety incidents	5%
5	Oversee implementation of ESG Policy and embracing new ways of working	8%

2025 strategic personal objectives – Darren Littlewood

	Objective	Weighting (% of salary)
1	With CEO, support the implementation of the group strategy	18%
2	Lead on key initiatives for the group's digital transformation, security and AI integration, with a focus on culture and change management	7%
3	Support modernisation agenda and key internal changes across group support functions to achieve a more aligned business partner model	7%
4	Support the delivery of our Responsible Business priorities, refreshing out strategy and ensuring we maintain and effective risk and compliance framework	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.

2025 LTIP awards

The 2025 LTIP awards will be granted at 150% of salary for the CEO and 125% of salary for the CFO.

The 2025 LTIP awards will be subject to relative TSR, EPS, ROACE, and ESG related targets, based on a reduction in Scope 1 & 2 emissions and senior management gender balance.

The detailed performance metrics, which will be measured over the three-year period to 31 December 2027, 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)	Our ambition is 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) **Senior Management 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. With regards to diversity, our focus for this award is on senior management and the differing life experiences and strategic perspectives our female colleagues can bring.

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 2027	25%	20p	27p
Return on Average Capital Employed (average over 3 years)	25%	8.0%	10.0%
Scope 1 and 2 Greenhouse Gas Emissions in 2027	5%	2,456 tonnes	
Senior management gender balance in 2027	5%	72 male : 28 female[1]	

[1] Individuals identifying as male or female. Senior management for this purpose is defined as those in grades 1-4 and anyone in grades 5-9 with line management responsibilities.

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.

Awards will be subject to a two-year holding period post vesting.

Non-executive Directors

The Committee reviewed the Board Chair fee taking into account market data and the time commitment. As a result of the review the Chair fee was increased from £112,476 to £140,000.

The Board reviewed the fees for the Non-Executive Directors. This resulted in an increase of 3%, in line with the increase in base salary for the Executive Directors.

	Fees effective from		
	1 January 2025 £	1 January 2024 £	Change %
Chair fee[1]	140,000	112,476	24%
Base Non-executive Director fee	55,861	54,234	3%
Remuneration and Audit and Risk Committee Chair fee	5,517	5,356	3%
Responsible Business Committee Chair fee	2,758	2,678	3%
Non-executive Director designated to workforce engagement fee	2,758	2,678	3%
Senior Independent Director fee	3,862	3,729	3%

1 Fee includes role as Chair of Nomination Committee.

Approved by the Board and signed on its behalf by

Serena Lang
Chair of the Remuneration Committee

11 April 2025

Directors' report

The Directors' Report for the financial year ended 31 December 2024 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 2024 is set out on pages 16 to 87.

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 92 to 162, and also within this Directors' Report.

Results for the year and dividends

The results are set out in the Consolidated Statement of Comprehensive Income on page 174. The companies affecting the profit or net assets of the group in the year are listed in note 36 to the Financial Statements.

The Directors recommend that a final dividend of 4.62p per ordinary share be paid on 30 May 2025, subject to shareholder approval at the 2025 AGM to be held on 22 May 2025, to ordinary shareholders on the register at the close of business on 2 May 2025. If approved, this, together with the interim dividend of 3.08p per ordinary share paid on 11 October 2024, will make a total dividend of 7.70p per ordinary share for the year ended 31 December 2024. Further details are disclosed in note 10 to the Financial Statements on page 195.

Financial instruments

The group's policy in respect of financial instruments is set out within the Accounting Policies on page 185 and details of credit risk, capital risk management, liquidity risk and interest rate risk are given respectively in notes 18, 25 and 26 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 79 to 80.

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 162.

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 2024 and as at the date of this Annual Report and Financial Statements can be found on pages 90 and 91. 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 2024, are disclosed in the Directors' Remuneration Report on page 148. Between 31 December 2024 and 31 March 2025, 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 136 to 155.

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 22 May 2025 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 2024 Directors' Remuneration Policy can be viewed on pages 123 to 130 of the 2023 Annual Report.

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 performance review 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 business, and throughout the year they have attended subsidiary board meetings and other management meetings. You can read more about engagement with employees and other stakeholders on pages 104 to 105 and 82 to 87 respectively.

Specific training requirements were considered as part of the Board's performance review, details of which can be found on pages 108 to 109. 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 our people section on pages 36 to 41, the employee engagement report on pages 104 to 105 and Nomination Committee Report on pages 122 to 129. Our policy on equal opportunities for all employees, including disabled employees, can be found under our Equity and Diversity Policy at henryboot.co.uk.

Employee engagement

Details of our employee engagement activities can be found on pages 104 to 105.

People engagement and internal communications

Our strategic approach to people engagement continued in 2024. With the appointment of an Internal Communications Manager and an Events and Engagement Manager in 2023, more dedicated resource was in place to deliver a targeted plan of internal communications and a broad programme of engaging events. Areas of focus for the year included a heightened awareness of the physical and mental health support we offer our people, access to learning and skills development tools, supporting existing and new staff networks, the communication of our reward strategy, and the embedding of a refreshed PDR process.

Regular monthly cross-departmental collaboration meetings encouraged a joined-up approach between all group service functions, ensuring a consistent and timely year-round plan of internal communications. Our internal newsletter 'The lowdown' hit its annual targets for engagement and as part of our company-wide rebrand, we also redeveloped our intranet to ensure it delivered a more engaging, informative and user-friendly experience.

Our move to the new head office, Isaacs Building, meant that a range of new spaces were now available to host in-person events, both for the benefit of Henry Boot people and for our network of external corporate partners and wider stakeholders. The installation of digital screens in communal spaces also provided more channels to promote internal messaging and news.

The Henry Boot rebrand process was informed by multiple internal brand workshops, facilitated in multiple regions, with representatives from all subsidiary businesses. This interaction was important to foster a sense of collaboration, inclusion and togetherness, which culminated in a live hybrid launch event in Sheffield, securing more than 220 of our people in attendance. The rebrand received positive feedback in our annual employee engagement survey, recognised as an example of successful collaborative working, that delivered real value for the business.

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 30 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.

Directors' report continued

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 40.

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, including our suppliers, customers and other stakeholders, can be found on pages 82 to 87.

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. 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 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.

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 58. 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 2025, 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 UK 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]	20,382,155	15.21
David John Gladman	14,760,550	11.02
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 148.

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 30 to the Financial Statements. The Trustee of the Trust, a subsidiary of the company of which the Directors throughout 2024 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 2024, 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 2024, the Trust did not purchase any ordinary shares in the company, although it does from time to time in order to satisfy upcoming grants. Further details are provided in note 32 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 16 to 87 and in note 35 to the Financial Statements.

Statement of disclosure of information to auditor

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 auditor

The external auditors, Ernst & Young LLP, have carried out the audit of the 2024 financial results. Resolutions re-appointing Ernst & Young LLP as auditors (Resolution 11) and authorising the Audit and Risk Committee to fix their remuneration (Resolution 12) will be proposed at the AGM.

Accountability and audit

Details of the Directors' responsibilities and the Statement of Directors' Responsibilities are contained on page 162. The Independent Auditors' Report is given on pages 166 to 173.

Annual General Meeting (AGM)

The Notice of the AGM can be found on pages 236 to 243, 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. The company is proposing to amend its Articles with the principal changes primarily to reflect best market practice and changes in the light of the UK Corporate Governance Code. A resolution to adopt the amended articles of association in substitution for and to the exclusion of the current Articles is to be proposed at the forthcoming AGM. An explanatory note of the proposed changes can be found at Appendix 2 of the Notice of the AGM.

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 30 to the Financial Statements. As at 3 April 2025, 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 Notice of the AGM on pages 236 to 243 includes the following resolutions:

- An ordinary resolution (Resolution 13) to renew the authority of the Directors to allot shares up to a maximum nominal amount of £4,467,253 representing approximately one-third (33.33%) of the company's issued ordinary share capital at 3 April 2025. The authority will expire on 22 August 2026 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 15) 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 £670,088 (approximately 5% of the company's issued ordinary share capital at 3 April 2025). The authority will expire on 22 August 2026 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 16) to renew the authority of the company to make market purchases of up to 13,401,760 of its own issued ordinary shares (10% of the company's issued ordinary share capital at 3 April 2025). 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.

Directors’ report continued

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 2025, 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 www.henryboot.co.uk 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.

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 22 May 2025 are set out in the Notice of AGM on pages 236 to 243.

Documents available for inspection at and prior to the AGM

Copies of contracts of service and letters of appointment of the Directors with the company and the Articles are available for inspection at the company’s registered office on any weekday (Saturdays, Sundays and Bank Holidays excepted) during normal business hours. The rules of the LTIP and a draft of the new articles of association of the company will be available for inspection at the place of the general meeting from at least 15 minutes before and during the meeting.

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.

Conflicts of interest

Directors are asked to declare any conflicts of interests at the start of any board and committee meeting if they relate to any agenda items, and a register of standing conflicts of interests is also maintained.

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 2025

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, 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

Darren Littlewood
Director

11 April 2025

The Cocoa Works, York – a £56m urban residential project

Financials

Cambridge Street Collective, Sheffield – a £42m urban development scheme

In this section:

Independent Auditor's Report

to the members of Henry Boot

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 2024 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 (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise:

Group	Parent Company
Group statement of financial position as at 31 December 2024	Parent Company statement of financial position as at 31 December 2024
Consolidated statement of comprehensive income for the year ended 31 December 2024	Parent Company statement of changes in equity for the year ended 31 December 2024
Group statement of changes in equity for the year ended 31 December 2024	Parent Company statement of cash flows for the year ended 31 December 2024
Group statement of cash flows for the year ended 31 December 2024	Related notes 1 to 37 to the financial statements, including material accounting policy information
Related notes 1 to 37 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 2026. The group has modelled a base scenario and a severe but plausible downside scenario. This downside scenario models a significant curtailment of activity in 2025 followed by a return to 2023 levels in 2026. The 2025 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 £140m;
- assessing management's break case which arises from a breach in the EBIT cover covenant;

- performing an independent reverse stress test to consider other factors which could lead to the group utilising all liquidity or breaching the financial covenants during the going concern period and assessing how likely these are to materialise; 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 2026.

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 thirteen components and central procedures on intercompany and cash.
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 £1.5m which represents 5% of profit before tax.

An overview of the scope of the parent company and group audits

In the current year our audit scoping has been updated to reflect the new requirements of ISA (UK) 600 (Revised). We have followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion. We performed risk assessment procedures, with input from our component auditors, to identify and assess risks of material misstatement of the group financial statements and identified significant accounts and disclosures. When identifying components at which audit work needed to be performed to respond to the identified risks of material misstatement of the group financial statements, we considered our understanding of the group and its business environment, the potential impact of climate change, the applicable financial framework, the group's system of internal control at the entity level, the existence of centralised processes, applications and any relevant internal audit results.

We then identified five components as individually relevant to the group due to relevant events and conditions underlying the identified risks of material misstatement of the group financial statements being associated with the reporting components.

For those individually relevant components, we identified the significant accounts where audit work needed to be performed at these components by applying professional judgement, having considered the group significant accounts on which centralised procedures will be performed, the reasons for identifying the financial reporting component as an individually relevant component and the size of the component's account balance relative to the group significant financial statement account balance.

We then considered whether the remaining group significant account balances not yet subject to audit procedures, in aggregate, could give rise to a risk of material misstatement of the group financial statements. We selected fourteen components of the group to include in our audit scope to address these risks.

Having identified the components for which work will be performed, we determined the scope to assign to each component.

Of the fourteen components selected, we designed and performed audit procedures on the entire financial information of one components ("full scope components"). For thirteen components, we designed and performed audit procedures on specific significant financial statement account balances or disclosures of the financial information of the component ("specific scope components").

Across these nineteen components we performed centralised audit procedures on intercompany and cash.

Our scoping to address the risk of material misstatement for each key audit matter covered 100% of each key audit matter.

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 48 to 59 in the required Task Force on Climate related Financial Disclosures and on page 74 in the principal risks and uncertainties. They have also explained their climate commitments on page 46. 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.

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.

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 judgement, 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

Valuation of contract balances and associated revenue and profit recognition
 	
Refer to the Audit and Risk Committee Report (page 118); Accounting policies (page 180); and Notes 1,17 and 22 of the Consolidated Financial Statements (pages 188, 209 and 214)
 	
The group has reported revenues from construction and development contracts for the year of £67.5m (2023 - £118.9m). The group has reported contract assets of £12.7m (2023- £13.6m) and contract liabilities of £4.8m (2023 - £1m).
 	
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 the following procedures over this risk area:
	
	• We performed a walkthrough to understand the key processes and identify key controls;
	• 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 (based on tender) to the final actual margins on contracts completed in the year;
	• 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 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; and
	• We obtained vendor data from the QS and analysed the resilience of the involved subcontractors.

Key observations communicated to the Audit Committee Based on our audit procedures we have concluded that the valuation of contract balances and associated revenue and profit recognition recognised in the year are not materially misstated.	

Risk	Our response to the risk

Valuation of house building inventories and profit recognition
 	
Refer to the Audit and Risk Committee Report (page 118); Accounting policies (page 184); and Note 20 of the Consolidated Financial Statements (page 213)
 	
The group holds house building inventories of £101m (2023- £93m).
 	
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 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 the following procedures over this risk area:
	
	• Performed a walkthrough to understand the key process and identify key controls;
	• For completed sites, we compared the budgeted and actual costs and margin to assess the historical accuracy of management's forecasting;
	• Tested a sample of costs incurred in the period by agreeing to third party invoices and ensuring the cost allocation is to the correct site;
	• For a sample of journal entries to cost of sales in the year, we have confirmed that the margin taken is in line with the most recent expected margin for the site;
	• Challenged the cost to complete assumption on all material incomplete sites. We:
	  ◦ Held meetings 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;
	  ◦ Tested a sample of costs to complete by agreeing through to third party support (e.g. tender, purchase order) and targeting the cost categories containing a higher level of estimation;
	  ◦ Compared the original budgeted margin to the current expected site margin for all active sites to assess the historical accuracy of management's forecasting and the impact on cost of sales;
	  ◦ Compared 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;
	  ◦ Performed a stress test to costs to complete would have to change by to have material impact on the margin recognised in the financial statements;
	  ◦ Inspected post year end site forecasts and obtained post year end management meeting minutes to ascertain whether there had been any margin deviations that should have been reflected in the year end estimates; and
	  ◦ Assessed the appropriateness of material journals recorded between sites;
	• Challenged the expected selling price assumptions on all material incomplete sites by:
	  ◦ Held a meeting with the commercial director to assess the basis for the expected selling price assumptions made;
	  ◦ Performed a stress test to the expecting selling price to assess what change would cause a material impact on the margin recognised in the financial statements.
	  ◦ Inspected industry publications which cover expectations regarding house prices to identify any contradictory evidence for the expected selling price; and
	  ◦ Tested 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
	• Assessed inventory for impairment by sensitising expected margins for reasonable changes in cost and selling price, and reviewed any sites with a level of flood risk higher than low for impairment.

Key observations communicated to the Audit Committee

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
Valuation of investment properties Refer to the Audit and Risk Committee Report (page 118); Accounting policies (page 183); and Note 14 of the Consolidated Financial Statements (pages 202 to 206) The group holds Investment property of £96.2m (2023 - £100.6m). The change in fair value of investment properties is a £4.4m gain (2023: £0.3m gain) 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 the following procedures over this risk area: • Performed walkthroughs to understand the key process and identify key controls; • For a sample of 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 tested the underlying data used by the external valuer in forming their valuation including validating key assumptions around rent, yields and commercial property values to supporting third party evidence or market activity; • Held discussions directly with the external valuer to confirm their valuation approach and including their consideration of climate risk and considering contrary evidence; • Assessed the objectivity and competence of managements specialist valuer; and • Reconciled third party property valuations to the property book values (IP) and tested any material reconciling items.
Key observations communicated to the Audit Committee 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 £1.5 million (2023: £1.9 million), which is 5% (2023: 5%) of Profit before Tax. We believe that Profit before Tax provides us with 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 £2.7 million (2023: £2.5 million), which is 2% (2023: 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% (2023: 75%) of our planning materiality, namely £1.1m (2023: £1.4m). 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.

Audit work was undertaken at component locations for the purpose of responding to the assessed risks of material misstatement of the group financial statements. 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 £0.2m to £0.7m (2023: £0.3m to £0.7m).

Independent Auditor's Report

to the members of Henry Boot

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £80k (2023: £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 235, including, 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 UK 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 pages 79 to 80;
- 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 pages 79 to 80;
- Directors' 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 79 to 80;
- Directors' statement on fair, balanced and understandable set out on page 156;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 71 to 78;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 114 to 118; and
- The section describing the work of the audit committee set out on pages 114 to 118.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 162, 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 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 committee, we were appointed by the company on 23 May 2024 to audit the financial statements for the year ending 31 December 2024 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is five years, covering the years ending 31 December 2020 to 31 December 2024.
- The audit opinion is consistent with the additional report to the audit 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 2025

Consolidated statement of comprehensive income

For the year ended 31 December 2024

	Note	2024 £'000	2023 £'000
Revenue	1	328,379	359,399
Cost of sales		(253,836)	(282,634)
Gross profit		74,543	76,765
Other income	1	–	4,800
Administrative expenses		(47,317)	(44,342)
		27,226	37,223
Increase in fair value of investment properties	14	4,464	307
Profit on sale of investment properties		102	733
Profit on sale of assets held for sale		–	1,571
Share of profit of joint ventures and associates	16	2,431	371
Operating profit	3	34,223	40,205
Finance income	5	5,115	3,357
Finance costs	6	(8,678)	(6,260)
Profit before tax		30,660	37,302
Tax	7	(7,030)	(8,759)
Profit for the year from continuing operations		23,630	28,543
Other comprehensive income/(expense) not being reclassified to profit or loss in subsequent years:			
Revaluation of group occupied property	12	64	(228)
Deferred tax on property revaluations	19	(67)	279
Actuarial gain/(loss) on defined benefit pension scheme	28	2,196	(3,066)
Deferred tax on actuarial gain/(loss)	19	(549)	767
Total other comprehensive income not being reclassified to profit or loss in subsequent years		1,644	(2,248)
Total comprehensive income for the year		25,274	26,295
Profit for the year attributable to:			
Owners of the Parent Company		23,333	26,299
Non-controlling interests		297	2,244
		23,630	28,543
Total comprehensive income attributable to:			
Owners of the Parent Company		24,977	24,051
Non-controlling interests		297	2,244
		25,274	26,295
Basic earnings per ordinary share for the profit attributable to owners of the Parent Company during the year	9	17.4p	19.7p
Diluted earnings per ordinary share for the profit attributable to owners of the Parent Company during the year	9	17.0p	19.3p

Statement of financial position

As at 31 December 2024

	Note	Group 2024 £'000	Group 2023 £'000	Parent Company 2024 £'000	Parent Company 2023 £'000
Assets					
Non-current assets					
Intangible assets	11	617	2,179	–	–
Property, plant and equipment	12	29,293	29,218	2,495	3,021
Right-of-use assets	13	3,460	3,986	1,615	2,022
Investment properties	14	96,275	100,602	–	–
Investments	15	–	–	38,906	37,771
Investment in joint ventures and associates	16	13,280	10,484	–	–
Retirement benefit asset	28	9,930	7,725	9,930	7,725
Trade and other receivables	18	8,458	39,263	193,366	190,233
Deferred tax assets	19	219	213	244	244
		161,532	193,670	246,556	241,016
Current assets					
Inventories	20	332,871	297,618	–	–
Contract assets	17	12,693	13,659	–	–
Trade and other receivables	18	90,467	76,416	25,803	40,881
Cash		16,764	13,034	9,535	5,572
Current tax receivable		–	–	2,664	–
Assets held for sale	21	9,315	–	–	–
		462,110	400,727	38,002	46,453
Liabilities					
Current liabilities					
Trade and other payables	23	89,820	73,477	66,490	68,350
Contract liabilities	22	4,882	1,060	–	–
Current tax liabilities		2,909	6,677	–	5,499
Borrowings	26	74,443	84,819	72,542	84,102
Lease liabilities	13	895	728	392	232
Provisions	28	1,723	3,221	–	–
		174,672	169,982	139,424	158,183
Net current assets/(liabilities)		287,438	230,745	(101,422)	(111,730)
Non-current liabilities					
Trade and other payables	23	11,991	2,501	197	–
Borrowings	26	1,092	1,699	–	–
Lease liabilities	13	3,017	3,547	1,579	1,982
Deferred tax liability	19	7,568	5,372	2,845	2,162
Provisions	27	154	1,178	–	–
		23,822	14,297	4,621	4,144
Net assets		425,148	410,118	140,513	125,142
Equity					
Share capital	30	13,801	13,799	13,801	13,799
Property revaluation reserve	31	1,008	1,011	–	–
Retained earnings	31	399,791	383,219	117,927	102,833
Other reserves	31	8,293	8,248	9,430	9,385
Cost of shares held by ESOP trust	32	(645)	(875)	(645)	(875)
Equity attributable to owners of the Parent Company		422,248	405,402	140,513	125,142
Non-controlling interests	37	2,900	4,716	–	–
Total equity		425,148	410,118	140,513	125,142

The Parent Company made a profit for the year of £21,855,000 (2023: £13,304,000).

The Financial Statements on pages 174 to 235 of Henry Boot PLC, registered number 160996, were approved by the Board of Directors and authorised for issue on 11 April 2025.

On behalf of the Board

Tim Roberts
Director

Darren Littlewood
Director

Statement of changes in equity

For the year ended 31 December 2024

Group	Note	Share capital £'000	Property revaluation reserve £'000	Retained earnings £'000	Other reserves £'000	Cost of shares held by ESOP trust £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
		Attributable to owners of the Parent Company							
At 1 January 2023		13,763	2,352	365,692	7,482	(967)	388,322	5,967	394,289
Profit for the year	31	–	–	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	31, 32	–	–	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
Profit for the year	31	–	–	23,333	–	–	23,333	297	23,630
Other comprehensive expense		–	(3)	1,647	–	–	1,644	–	1,644
Total comprehensive income		–	(3)	24,980	–	–	24,977	297	25,274
Equity dividends	10	–	–	(10,019)	–	–	(10,019)	(2,113)	(12,132)
Proceeds from shares issued		2	–	–	45	–	47	–	47
Share-based payments	31, 32	–	–	1,611	–	230	1,841	–	1,841
		2	–	(8,408)	45	230	(8,131)	(2,113)	(10,244)
At 31 December 2024		**13,801**	**1,008**	**399,791**	**8,293**	**(645)**	**422,248**	**2,900**	**425,148**

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 2023		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	32	–	422	–	190	612
		36	(8,852)	766	92	(7,958)
At 31 December 2023		13,799	102,833	9,385	(875)	125,142
Profit for the year	8	–	21,855	–	–	21,855
Other comprehensive income		–	1,647	–	–	1,647
Total comprehensive income		–	23,502	–	–	23,502
Equity dividends	10	–	(10,019)	–	–	(10,019)
Proceeds from shares issued		2	–	45	–	47
Share-based payments	32	–	1,611	–	230	1,841
		2	(8,408)	45	230	(8,131))
At 31 December 2024		**13,801**	**117,927**	**9,430**	**(645)**	**140,513**

Statement of cash flows

For the year ended 31 December 2024

	Note	Group 2024 £'000	Group 2023 £'000	Parent Company 2024 £'000	Parent Company 2023 £'000
Cash flows from operating activities					
Cash generated from operations	33	42,573	5,871	3,935	(1,174)
Interest paid		(7,772)	(5,475)	(6,859)	(4,978)
Tax paid		(9,235)	(3,797)	(6,500)	(2,000)
Net cash flows from operating activities		25,566	(3,401)	(9,424)	(8,152)
Cash flows from investing activities					
Purchase of property, plant and equipment (excluding equipment for hire)	12	(1,391)	(4,074)	(68)	(2,916)
Capital expenditure on investment property	14	(96)	(8,017)	–	–
Proceeds on disposal of property, plant and equipment (excluding equipment held for hire)		272	432	–	–
Proceeds on disposal of assets held for sale		–	4,713	–	–
Proceeds on disposal of investment properties		625	7,764	–	–
Advances of loans to joint ventures and associates		(17,410)	(24,321)	–	–
Repayment of loans from joint ventures and associates		13,456	10,868	–	–
Advances made to subsidiary undertakings		–	–	(13,427)	(16,769)
Repayments received from subsidiary undertakings		–	–	21,948	9,911
Proceeds on disposal of investment in joint ventures	16	–	–	–	–
Interest received		3,695	1,830	352	269
Dividends received from joint ventures and subsidiaries	8, 16	2,850	900	35,484	25,139
Net cash flows from investing activities		2,001	(9,905)	44,289	15,634
Cash flows from financing activities					
Proceeds from shares issued		47	802	47	802
Purchase of treasury shares		–	(98)	–	(98)
Advances from joint ventures and associates		–	12	–	–
Repayment to joint ventures and associates		(75)	–	–	–
Advances received from subsidiary undertakings		–	–	9,466	2,007
Repayments made to subsidiary undertakings		–	–	(18,675)	(24,660)
Repayment of borrowings		(56,117)	(36,510)	(54,500)	(35,500)
Proceeds from new borrowings		45,134	58,028	43,500	54,000
Principal elements of lease payments		(694)	(526)	(161)	(96)
Dividends paid – ordinary shares	10	(9,998)	(9,253)	(9,998)	(9,253)
– non-controlling interests	10	(2,113)	(3,495)	–	–
– preference shares	10	(21)	(21)	(21)	(21)
Net cash flows from financing activities		(23,837)	8,939	(30,342)	(12,819)
Net increase/(decrease) in cash and cash equivalents		3,730	(4,367)	4,523	(5,337)
Cash and cash equivalents at beginning of year		13,034	17,401	4,970	10,307
Cash and cash equivalents at end of year		16,764	13,034	9,493	4,970

Notes to the financial statements

For the year ended 31 December 2024

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 (IASs). 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.

In the Parent Company's Financial Statement, 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 December 2026, 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 groups 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.

The downside assumes that for 2025:

1. Construction and Development activity only takes place where contracted;
2. Hallam Land has no sales unless well progressed or already contracted;
3. Stonebridge Homes has a 10% decline in house prices along with a 25% reduction in the number of plots sold; and
4. Banner Plant revenue declines by 19%.

The downside assumes that 2026 results will recover.

This downside model assumes that acquisition and development spend is restricted other than that already committed. This is consistent with previous experience in recessionary environments, allowing the group to retain and even improve the cash position in the event of a severe downside scenario, the impact on the profit and loss account would, however, be unavoidable.

The group meets its day-to-day working capital requirements through a secured loan facility. 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. The facility of £125m in place at 31 December 2024 includes an accordion to increase the facility by up to £60m, increasing the overall facility to £185m. The group has extended the facility on 21 March 2025 to £140m, which increases the headroom over the going concern period.

None of the modelling undertaken by the Directors gives rise to any breach of bank facility covenants. 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. Our downside modelling, which reflects a 26% reduction in revenue and a 63% reduction in operating profit from our base case for 2025, demonstrates headroom over this covenant throughout the forecast period to the end of December 2026.

The Directors have also performed a break case scenario that sees the EBIT cover covenant breached. This scenario is considered to be remote.

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; and
- 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 182 and 184, 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 28 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 27 to the Financial Statements gives details of the sensitivity surrounding these estimates.

The reference to estimates 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 stand-alone 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.

Judgements and other estimates in applying IFRS 15 'Revenue from Contracts with Customers'

The following are the 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 entered into in 2023 were 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. Cash flows are reported in new borrowings and repayment of borrowings on the group's cash flow 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 30. 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 year 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 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. The residual value of group occupied properties is deemed to be the lower of fair value and original cost of the properties which are held for capital appreciation.

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:

- Land and buildings – 4%
- 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 that are not occupied by the group and 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.

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 27.

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 new or amended 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 2024:

		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

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 21 (amended 2023)	'Lack of Exchangeability'	1 January 2025
IFRS 7 and IFRS 9 (amended 2024)*	'Classification and Measurement of Financial Instruments'	1 January 2026
Annual improvements (Volume 11)	'Annual Improvements to IFRS Standards'	1 January 2026
IFRS 7 and IFRS 9 (amended 2024)*	'Contracts Referencing Nature-Dependent Electricity'	1 January 2026
IFRS 18 (issued 2024)	'Presentation and Disclosures in Financial Statements'	1 January 2027
IFRS 19 (issued 2024)	'Subsidiaries without Public Accountability: Disclosures'	1 January 2027

*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. A more detailed assessment of IFRS 18 will be performed during 2025.

In 2024, the company 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.

Notes to the financial statements
For the year ended 31 December 2024

1. Revenue
Analysis of the group's revenue is as follows:

Activity in the United Kingdom	2024 £'000	Timing of revenue recognition: At a point in time £'000	Timing of revenue recognition: Over time £'000	2023 £'000	Timing of revenue recognition: At a point in time £'000	Timing of revenue recognition: Over time £'000
Construction contracts:						
– Construction[1]	49,578	–	49,578	70,081	–	70,081
– Property investment and development[2]	17,882	–	17,882	48,812	–	48,812
Sale of land and properties:						
– Property investment and development[2]	45,015	45,015	–	39,330	39,330	–
– Housebuilder unit sales[2]	100,732	100,732	–	97,182	97,182	–
– Land Promotion[3]	77,888	77,888	–	67,769	67,769	–
PFI concession[1]	14,864	14,864	–	13,676	13,676	–
Revenue from contracts with customers	305,959	238,499	67,460	336,850	217,957	118,893
Plant and equipment hire[1]	15,962			15,766		
Investment property rental income[2]	6,298			5,982		
Other rental income – Property investment and development[2]	12			578		
Other rental income – Land Promotion[3]	148			223		
	328,379			359,399		

1 Construction segment.
2 Property investment and development segment.
3 Land Promotion segment.

There were no contingent rents recognised as investment property rental income during the year (2023: £nil).

Other income of £4,800,000 in the prior year related 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 178 to 187.

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.

	2024					
Revenue	Property Investment and Development £'000	Land Promotion £'000	Construction £'000	Group overheads £'000	Eliminations £'000	Total £'000
External sales	169,939	78,036	80,404	–	–	328,379
Inter-segment sales	387	–	777	150	(1,314)	–
Total revenue	170,326	78,036	81,181	150	(1,314)	328,379
Gross profit	26,978	33,747	13,823	4	(9)	74,543
Administrative expenses and pension	(17,199)	(9,456)	(8,935)	(11,736)	9	(47,317)
Other operating items	6,997	–	–	–	–	6,997
Operating profit/(loss)	16,776	24,291	4,888	(11,732)	–	34,223
Finance income	5,531	1,784	486	36,183	(38,869)	5,115
Finance costs	(85)	(1,517)	(506)	(6,891)	321	(8,678)
Profit before tax	22,222	24,558	4,868	17,560	(38,548)	30,660
Tax	(2,658)	(6,482)	(1,479)	3,589	–	(7,030)
Profit for the year	19,564	18,076	3,389	21,149	(38,548)	23,630
Other information						
Capital additions	500	12	4,999	159	–	5,670
Depreciation of plant, property and equipment, and right-of-use assets	494	3	3,159	1,067	–	4,722
Impairment	199	–	1,040	–	–	1,239
Amortisation of intangible assets	–	–	522	–	–	522
Increase in fair value of investment properties	(4,464)	–	–	–	–	(4,464)
Provisions	–	554	2,272	–	–	2,826
Pension scheme debit/(credit)	–	–	–	338	–	338

2. Segment information continued

	2023					
Revenue	Property Investment and Development £'000	Land Promotion £'000	Construction £'000	Group overheads £'000	Eliminations £'000	Total £'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)

2. Segment information continued

	2024 £'000	2023 £'000
Segment assets		
Property investment and development[1]	367,662	362,737
Land Promotion	183,539	160,690
Construction	37,896	41,635
Group overheads	7,632	8,363
	596,729	573,425
Unallocated assets		
Deferred tax assets	219	213
Retirement benefit asset	9,930	7,725
Cash and cash equivalents	16,764	13,034
Total assets	623,642	594,397
Segment liabilities		
Property investment and development	46,818	38,101
Land Promotion	38,767	15,635
Construction	18,082	22,797
Group overheads	4,903	4,904
	108,570	81,437
Unallocated liabilities		
Current tax liabilities	2,909	6,677
Deferred tax liabilities	7,568	5,372
Current lease liabilities	895	728
Current borrowings	74,443	84,819
Non-current lease liabilities	3,017	3,547
Non-current borrowings	1,092	1,699
Total liabilities	198,494	184,279
Total net assets	425,148	410,118

1 Includes investment in joint ventures and associates of £13,280,000 (2023: £10,484,000).

Notes to the financial statements

For the year ended 31 December 2024

3. Operating profit

Operating profit has been arrived at after charging/(crediting):

	2024 £'000	2023 £'000
Depreciation of property, plant and equipment (note 12)	3,864	4,357
Depreciation of right-of-use assets (note 13)	857	779
Impairment of goodwill included in administrative expenses (note 11)	1,040	203
Impairment of land and buildings included in administrative expenses (note 12)	199	105
Amortisation of PFI assets included in cost of sales (note 11)	522	551
Amortisation of capitalised letting fees (note 14)	34	54
Impairment losses recognised on trade receivables (note 18)	–	4
(Increase)/decrease in fair value of investment property (note 14)	(4,464)	(307)
Cost of inventories recognised as expense	174,265	153,965
Employee costs	43,105	39,912
Amounts payable to Mazars LLP by Road Link (A69) Limited in respect of audit services	17	15
Gain on sale of equipment held for hire	(1,156)	(1,185)
Gain on sale of other property, plant and equipment	(151)	(341)
Loss on disposal of right-of-use assets	–	–

The remuneration paid to Ernst & Young LLP, the company's external auditor, was as follows:

	2024 £'000	2023 £'000
Fees payable for the audit of the company's Annual Financial Statements and Consolidated Financial Statements	240	220
Fees payable to the auditor and its associates for other services:		
– Audit of the company's subsidiaries pursuant to legislation	315	362
Total audit fees	555	582

4. Employee costs

	Group		Parent Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Wages and salaries	31,164	29,422	5,915	6,164
Share-based payment expense	1,841	1,601	706	612
Social security costs	4,155	3,717	871	784
Defined benefit pension costs (see note 28)	734	825	698	745
Defined contribution pension costs (see note 28)	4,401	3,811	606	567
Other pension costs	125	162	60	112
Other employee costs	685	374	–	–
	43,105	39,912	8,856	8,984

The average monthly number of employees during the year, including Executive Directors, was:

	2024 Number	2023 Number
Property investment and development	135	127
Land Promotion	38	37
Construction	124	146
Plant Hire	133	139
Parent Company	90	89
	520	538

5. Finance income

	2024 £'000	2023 £'000
Interest on bank deposits	574	451
Interest on other loans and receivables	3,121	1,378
Interest credit on defined benefit pension scheme	347	406
Unwinding of discounting: trade receivables	1,073	1,122
	5,115	3,357

6. Finance costs

	2024 £'000	2023 £'000
Interest on bank loans and overdrafts	7,282	5,572
Interest on other loans and payables	521	242
Unwinding of discounting: trade payables and borrowings	875	446
	8,678	6,260

Notes to the financial statements
For the year ended 31 December 2024

7. Tax

	2024 £'000	2023 £'000
Current tax:		
UK corporation tax on profits for the year	6,207	6,745
Adjustment in respect of earlier years	(751)	(39)
Total current tax	5,456	6,706
Deferred tax (note 19):		
Origination and reversal of temporary differences	1,574	2,053
Total deferred tax	1,574	2,053
Total tax	7,030	8,759

From 1 April 2023, corporation tax was amended from 19% to 25% and, as such, the marginal rate of corporation tax is 25% (2023: 23.5%) of the estimated assessable profit for the year.

Deferred tax balances at the year end have been measured at 25% (2023: 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:

	2024 £'000	2023 £'000
Profit before tax	30,660	37,302

	2024 %	2023 %
Tax at the UK corporation tax rate	25.00	23.52
Effects of:		
Permanent differences	2.47	3.09
Capital gains	0.03	(0.46)
Profits made in advance of corporation tax rate increase	–	(2.33)
Other temporary timing differences	(0.14)	–
Corporation tax adjustment in respect of earlier years	(2.45)	(0.11)
Joint venture results reported net of tax	(1.98)	(0.23)
Effective tax rate	22.93	23.48

The tax charge in the year is lower (2023: lower) than the standard rate of corporation tax, predominantly prior year adjustments in respect of capital taxes and allowances and profits from joint ventures and associates reported net of tax (2023: due to the timing of profits in advance of corporation tax rate increases).

In addition to the amount charged to profit for the year, the following amounts relating to tax have been recognised in other comprehensive income:

	2024 £'000	2023 £'000
Deferred tax:		
– property revaluations	(67)	279
– actuarial gain/(loss)	(549)	767
Total tax recognised in other comprehensive (expense)/income	(616)	1,046

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 2025, is £21,855,000 (2023: £13,304,000) and includes dividends received from subsidiaries of £35,484,000 (2023: £25,139,000).

9. Earnings per ordinary share

The calculation of the basic and diluted earnings per share is based on the following information:

	2024 £'000	2023 £'000
Profit for the year	23,630	28,543
Non-controlling interests	(297)	(2,244)
Preference dividend	(21)	(21)
	23,312	26,278

	2024 Number	2023 Number
Weighted average number of shares in issue	133,992,175	133,880,809
Less shares held by the ESOP on which dividends have been waived	(314,250)	(352,776)
Weighted average number for basic earnings per share	133,677,925	133,528,033
Adjustment for the effects of dilutive potential ordinary shares	3,314,322	2,797,685
Weighted average number for diluted earnings per share	136,992,247	136,325,718

	2024	2023
Basic earnings per share	17.4p	19.7p
Diluted earnings per share	17.0p	19.3p

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

	2024 £'000	2023 £'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 2023 of 4.40p per share (2022: 4.00p)	5,879	5,336
Interim dividend for the year ended 31 December 2024 of 3.08p per share (2023: 2.93p)	4,119	3,917
	10,019	9,274

The proposed final dividend for the year ended 31 December 2024 of 4.62p per share (2023: 4.40p) makes a total dividend for the year of 7.70p (2023: 7.33p).

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 £6,179,000.

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 £2,113,000 (2023: £3,495,000).

11. Intangible assets

	Goodwill £'000	PFI asset £'000	Total £'000
Cost			
At 1 January 2023, 31 December 2023 and 2024	**4,973**	**19,176**	**24,149**
Accumulated impairment losses and amortisation			
At 1 January 2023	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
Amortisation	–	522	522
Impairment losses for the year	1,040	–	1,040
At 31 December 2024	**4,973**	**18,559**	**23,532**
Carrying amount			
At 31 December 2024	**–**	**617**	**617**
At 31 December 2023	1,040	1,139	2,179

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 £nil (2023: £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% (2023: 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% (2023: 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 £nil (2023: £137,000), 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 year 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 £137,000 (2023: £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 2023	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
Additions at cost	39	38	4,183	907	407	5,574
Transfer to assets held for sale	(985)	–	–	–	–	(985)
Disposals	–	–	(4,534)	(727)	(490)	(5,751)
Increase in fair value in year	64	–	–	–	–	64
At 31 December 2024	4,585	2,507	44,834	5,410	4,215	61,551
Being:						
Cost	–	2,507	44,834	5,410	4,215	56,966
Fair value at 31 December 2024	4,585	–	–	–	–	4,585
	4,585	2,507	44,834	5,410	4,215	61,551
Accumulated depreciation and impairment						
At 1 January 2023	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
Charge for year	–	359	2,484	594	427	3,864
Impairment	199	–	–	–	–	199
Eliminated on disposals	–	–	(4,140)	(608)	(488)	(5,236)
At 31 December 2024	1,001	436	24,674	2,785	3,362	32,258
Carrying amount						
At 31 December 2024	3,584	2,071	20,160	2,625	853	29,293
At 31 December 2023	4,665	2,392	18,855	2,431	875	29,218

At 31 December 2024, the group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £84,000 (2023: £171,000).

One property was transferred to 'assets held for sale' during the year.

Included within equipment held for hire are assets with a book value of £4,871,000 (2023: £3,665,000) that are held under sale and leaseback financing arrangements. The original cost of these assets was £5,705,000 (2023: £4,838,000). Financial liabilities associated with the assets are disclosed in note 26.

12. Property, plant and equipment continued

Fair value measurements of the group's land and buildings

Land and buildings have been revalued at 31 December 2024 by Jones Lang LaSalle Limited (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 £4,570,000 (2023: £4,665,000), including £985,000 transferred to assets held for sale in the year. 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 £2,725,000 (2023: £3,630,000).

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	2024 £'000	2023 £'000	Decrease in year £'000
Freehold land	–	–	60	60	60	–
Buildings	–	–	3,524	3,524	4,605	(1,081)
Total fair value	–	–	3,584	3,584	4,665	(1,081)

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		2024 Buildings	2023 Buildings
Valuation technique		Yield	Yield
Rental value per sq ft (£)	– weighted average	6.69	6.14
	– low	3.91	3.31
	– high	15.00	13.91
Yield %	– weighted average	11.22	10.88
	– low	7.54	7.62
	– high	18.65	12.89

12. Property, plant and equipment continued

The sensitivity analysis to significant changes in unobservable inputs relating to fair value measurements (Level 3) are set out below:

	2024 Impact on valuation £'000 Buildings	2023 Impact on valuation £'000 Buildings
Yield – improvement by 0.5%	160	210
Rental value per sq ft – increase of £1 average	555	769

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.

Parent Company	Leasehold improvements £'000	Office equipment £'000	Total £'000
Cost			
At 1 January 2023	–	1,552	1,552
Additions	2,469	447	2,916
Disposals	–	(172)	(172)
At 31 December 2023	2,469	1,827	4,296
Additions	38	30	68
Disposals	–	(486)	(486)
At 31 December 2024	**2,507**	**1,371**	**3,878**
Accumulated depreciation			
At 1 January 2023	–	1,172	1,172
Charge for year	77	192	269
Disposals	–	(166)	(166)
At 31 December 2023	77	1,198	1,275
Charge for year	359	234	593
Disposals	–	(485)	(485)
At 31 December 2024	**436**	**947**	**1,383**
Carrying amount			
At 31 December 2024	**2,071**	**424**	**2,495**
At 31 December 2023	2,392	629	3,021

13. Leases

The group as lessee

	Group		Parent Company	
Right-of-use assets	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'000
Land and buildings	**2,926**	3,478	**1,168**	1,590
Vehicles	**75**	–	**6**	12
Office equipment	**459**	508	**441**	420
	3,460	3,986	**1,615**	2,022
Lease liabilities				
Due within one year	**895**	728	**392**	232
Due after more than one year	**3,017**	3,547	**1,579**	1,982
	3,912	4,275	**1,971**	2,214
Contractual maturities of lease liabilities including future interest:				
On demand or within one year	**1,060**	820	**486**	286
In the second year	**950**	934	**476**	454
In the third to fifth years inclusive	**2,110**	2,204	**1,229**	1,254
In more than five years	**255**	663	**57**	400
Total contractual cash flows	**4,375**	4,621	**2,248**	2,394
Future finance charges on lease liabilities	**(463)**	(346)	**(277)**	(180)
Present value of contractual cash flows	**3,912**	4,275	**1,971**	2,214

Additions to the right-of-use assets during the 2024 financial year were £(82,000) (2023: £3,768,100) for the group and £nil (2023: £2,210,000) for the Parent Company.

The statement of profit or loss shows the following amounts relating to leases:

	Group		Parent Company	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Depreciation charge of right-of-use assets				
Land and buildings	**664**	616	**198**	167
Vehicles	**4**	1	**7**	9
Office equipment	**190**	162	**121**	75
	858	779	**326**	251
Interest expense (included in finance cost)	**209**	85	**187**	36

The total cash outflow for leases in 2024 was £904,000 (2023: £610,000) for the group and £297,000 (2023: £96,000) 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.

13. Leases continued

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; and
- 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 (2023: £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.

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:

	2024 £'000	2023 £'000
Within 1 year	6,800	6,029
Between 1 and 2 years	6,209	5,818
Between 2 and 3 years	5,360	5,782
Between 3 and 4 years	4,627	5,160
Between 4 and 5 years	4,510	4,518
More than 5 years	37,529	40,696
	65,035	68,003

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 £'000	Level 2 £'000	Level 3 £'000	2024 £'000	2023 £'000	Increase/ (decrease) in year £'000
Completed investment property						
Industrial	–	–	70,692	70,692	73,820	(3,128)
Leisure	–	–	5,585	5,585	5,096	489
Residential	–	–	3,783	3,783	4,359	(576)
Office	–	–	2,418	2,418	3,139	(721)
Retail	–	–	13,797	13,797	14,188	(391)
	–	–	96,275	96,275	100,602	(4,327)
Investment property under construction						
Industrial	–	–	–	–	–	–
Total carrying amount	–	–	96,275	96,275	100,602	(4,327)

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.
Residential	Includes dwellings under assured tenancies.
Office	Includes buildings occupied for business activities not involving storage or processing of physical goods.
Retail	Includes any property involved in the sale of goods.
Land	Includes land held for future capital appreciation as an investment.

Investment properties under construction are categorised based on the future anticipated highest and best use of the property.

Completed investment property

Class Fair value hierarchy	Industrial Level 3 £'000	Leisure Level 3 £'000	Residential Level 3 £'000	Office Level 3 £'000	Retail Level 3 £'000	2024 £'000	2023 £'000
Carrying value							
At 1 January	73,820	5,096	4,359	3,139	14,188	100,602	87,198
Subsequent expenditure on investment property	73	–	–	–	–	73	119
Capitalised letting fees	2	18	–	–	–	20	15
Amortisation of capitalised letting fees	(14)	(19)	–	–	(1)	(34)	(54)
Disposals	–	–	(523)	–	–	(523)	(7,032)
Transfer to assets held for sale	–	–	–	–	–	–	(1,041)
Transfer from inventory	–	–	–	–	–	–	3,290
Transfers (to)/from investment property under construction	(5,030)	–	–	–	–	(5,030)	17,580
Increase/(decrease) in fair value in year	1,841	490	(53)	(721)	(390)	1,167	527
At 31 December	70,692	5,585	3,783	2,418	13,797	96,275	100,602
Adjustment in respect of tenant incentives	1,826	125	–	522	394	2,867	2,758
Market value at 31 December	72,518	5,710	3,783	2,940	14,191	99,142	103,360

One property was transferred to 'assets held for sale' during the year.

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 2024 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 £95,360,000 (2023: £99,000,000). 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 2024 has been determined by the Directors of the company at £3,783,000 (2023: £4,359,000). 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):

		2024				
Class		**Industrial**	**Leisure**	**Residential**	**Office**	**Retail**
Valuation technique		Yield	Yield	Sales comparison	Yield	Yield
Rental value per sq ft (£)	– weighted average	7.12	26.58	–	13.44	14.97
	– low	0.65	1.82	–	–	7.25
	– high	16.00	45.00	–	25.00	26.00
Yield %	– weighted average	6.01	8.99	–	13.78	6.51
	– low	3.65	8.26	–	–	4.87
	– high	7.26	10.07	–	24.57	18.01
% discount applied to houses held under assured tenancies		–	–	25.00	–	–

		2023				
Class		**Industrial**	**Leisure**	**Residential**	**Office**	**Retail**
Valuation technique		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	–	–

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 2024 £'000				
	Industrial	Leisure	Residential	Office	Retail
Yield – improvement by 0.5%	5,641	300	–	96	1,031
Rental value per sq ft – increase by £1 average	10,654	214	–	205	922
Tenancy discount – increase by 1%	–	–	41	–	–

	Impact on valuation 2023 £'000				
	Industrial	Leisure	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	–	–

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 £6,298,000 (2023: £5,982,000). Direct operating expenses arising on investment property generating rental income in the year amounted to £432,000 (2023: £348,000). Direct operating expenses arising on the investment property, which did not generate rental income during the year, amounted to £101,000 (2023: £74,000).

At 31 December 2024, the group had entered into contractual commitments for the acquisition and repair of investment property amounting to £nil (2023: £nil).

Investment property under construction

Class Fair value hierarchy	Industrial Level 3 £'000	2024 £'000	2023 £'000
Carrying value			
At 1 January	–	–	9,918
Initial acquisition	–	–	627
Subsequent expenditure on investment property	3	3	7,229
Capitalised letting fees	–	–	26
Transfer from inventory	–	–	–
Transfer from completed investment property	5,030	5,030	(17,580)
Transfers to assets held for sale	(8,330)	(8,330)	–
(Decrease)/increase in fair value in year	3,297	3,297	(220)
At 31 December	–	–	–
Adjustment in respect of tenant incentives	–	–	–
Market value at 31 December	–	–	–

In 2023, 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		2024 Industrial
Valuation technique		Residual
Rental value per sq ft (£)	– weighted average	–
	– low	–
	– high	–
Yield %	– weighted average	–
	– low	–
	– high	–

Class		2023 Industrial
Valuation technique		Residual
Rental value per sq ft (£)	– weighted average	–
	– low	–
	– high	–
Yield %	– weighted average	–
	– low	–
	– high	–

The sensitivity analysis to significant changes in unobservable inputs relating to fair value measurements (Level 3) is set out below:

	Impact on valuation 2024 £'000 Industrial
Yield – improvement by 0.5%	–
Rental value per sq ft – increase by £1 average	–

	Impact on valuation 2023 £'000 Industrial
Yield – improvement by 0.5%	–
Rental value per sq ft – increase by £1 average	–

Investment properties under construction are developments that have been valued at 31 December 2024 at fair value by the Directors of the company using the residual method at £nil (2023: £nil). 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 2023 and 31 December 2023	37,771
Additions	1,135
At 31 December 2024	38,906
Adjustments	
At 1 January 2023, 31 December 2023 and 31 December 2024	–
Carrying amount	
At 31 December 2024	**38,906**
At 31 December 2023	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 35.

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 36), 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

	2024			2023		
Group	Joint ventures £'000	Associates £'000	Total £'000	Joint ventures £'000	Associates £'000	Total £'000
Cost						
At 1 January	8,000	2,484	10,484	8,323	1,667	9,990
Share of profit/(loss) for the year	3,073	(642)	2,431	577	(206)	371
Dividends received	(2,850)	–	(2,850)	(900)	–	(900)
Additions	–	2,989	2,989	–	1,023	1,023
Dividends waived by partner	226	–	226	–	–	–
At 31 December	**8,449**	**4,831**	**13,280**	8,000	2,484	10,484

During the year, the group increased its equity investment in Rainham Holdco SARL, an associate undertaking, by a further £2,989,000 (2023: 1,023,000), which maintains our interest at 20%. This was settled by offsetting a corresponding loan.

16. Investment in joint ventures and associates continued

The group's share of its joint ventures' and associates' aggregated assets, liabilities and results are as follows:

	2024			2023		
	Joint ventures £'000	Associates £'000	Total £'000	Joint ventures £'000	Associates £'000	Total £'000
Investment property	–	5,633	5,633	9,973	–	9,973
Current assets	35,121	19,479	54,600	26,329	16,838	43,167
Non-current assets	710	–	710	68	–	68
Total assets	35,831	25,112	60,943	36,370	16,838	53,208
Current liabilities	(5,135)	(1,808)	(6,943)	(17,054)	(1,002)	(18,056)
Non-current liabilities	(22,247)	(18,473)	(40,720)	(11,316)	(13,352)	(24,668)
Net investment	8,449	4,831	13,280	8,000	2,484	10,484

	2024			2023		
	Joint ventures £'000	Associates £'000	Total £'000	Joint ventures £'000	Associates £'000	Total £'000
Revenue	8,809	–	8,809	11,272	–	11,272
Administration and other expenses	(4,383)	(24)	(4,407)	(10,060)	(148)	(10,208)
Increase/(decrease) in fair value of investment properties	77	–	77	110	–	110
Operating profit/(loss)	4,503	(24)	4,479	1,322	(148)	1,174
Finance costs	(200)	(618)	(818)	(502)	(53)	(555)
Profit/(loss) before tax	4,303	(642)	3,661	820	(201)	619
Tax	(1,230)	–	(1,230)	(243)	(5)	(248)
Share of profits/(losses) after tax	3,073	(642)	2,431	577	(206)	371

Details of the group's investments in joint ventures and associates are listed in note 36.

Material joint ventures and associates

The Directors consider Newmarket Lane Holdings Limited (Group) (henceforth the 'NML Group') to be the only material joint ventures and associates in the year. In the previous year, Directors considered there to be no material joint ventures or associates.

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.

The table over provides summarised financial information for Newmarket Lane Holdings Limited (Group). The information disclosed reflects the amounts presented in the financial statements of Newmarket Lane Holdings Limited (Group) and not the group's share of those amounts.

16. Investment in joint ventures and associates continued

Summarised balance sheet

	Newmarket Lane Holdings Limited (Group)	
	2024 £'000	2023 £'000
Investment properties (non-current)	–	–
Inventories	12,883	16,113
Trade and other receivables	217	726
Cash and cash equivalents	1,227	594
Trade and other payables	(673)	(3,551)
Borrowings (non-current)	(240)	–
Net assets	13,414	13,882
Reconciliation to carrying amount:		
Opening net assets 1 January	13,882	13,243
Profit/(loss) for the period	4,775	639
Other distribution	(5,243)	–
Closing net assets	13,414	13,882
Group's share in %	50%	50%
Group's share in £'000	6,707	6,941
Carrying amount £'000	6,707	6,941

Summarised statement of comprehensive income

	2024 £'000	2023 £'000
Revenue	12,186	4,557
Interest income	52	–
Interest expense	–	(294)
Profit before tax	6,674	835
Tax	(1,899)	(196)
Profit for the year	4,775	639
Group's share in %	50%	50%
Group's share in £'000	2,388	320
Carrying amount £'000	2,388	320

17. Contract assets

	2024 £'000	2023 £'000
Construction contracts – Construction segment	8,329	7,902
Construction contracts – Property investment and development segment	4,364	5,757
	12,693	13,659
Due within one year	12,693	13,659
Due after more than one year	–	–
	12,693	13,659

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 decreased as the group has provided fewer construction contract services in the property investment and development segment.

There were no significant impairment losses recognised on any contract asset in the reporting period or in the prior year.

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	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Trade receivables	50,688	72,016	378	760
Loss allowance	(703)	(1,347)	–	–
Prepayments	10,230	7,264	2,893	2,158
Amounts owed by joint ventures and associates	38,710	37,746	–	–
Amounts owed by group undertakings	–	–	215,898	228,196
	98,925	115,679	219,169	231,114
Due within one year	90,467	76,416	25,803	40,881
Due after more than one year	8,458	39,263	193,366	190,233
	98,925	115,679	219,169	231,114

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 2025 and July 2028 (2023: 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 (2023: not expected to be recovered in the next 12 months).

Group

Movement in the trade receivables loss allowance

	2024 £'000	2023 £'000
At 1 January	1,347	1,682
Impairment losses recognised	–	4
Amounts written off as uncollectable (utilisation)	–	(20)
Amounts recovered during the year	(682)	(118)
Impairment losses reversed	38	(201)
At 31 December	703	1,347

18. Trade and other receivables continued

The loss allowance as at 31 December 2024 and 31 December 2023 for trade receivables and contract assets was determined as follows:

2024	Expected loss rate %	Gross carrying amount £'000	Loss allowance £'000
0–30 days	0.3	57,336	173
30–60 days	0.7	1,509	11
60–90 days	0.7	539	4
90–120 days	10.7	103	11
120+ days	12.9	3,894	504
		63,381	703

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

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 £213.2m (2023: £220.3m) and are repayable on demand, unsecured and are stated net of provisions for impairment of £1,519,000 (2023: £1,520,000), of which no significant impairment (2023: £21,000) has been provided in the year, £1,000 (2023: £nil) has been recovered in the year and £nil (2023: £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% (2023: 0%).

The Parent Company has no significant impaired trade receivables in the current or prior year.

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 2023	(787)	(2,066)	(1,548)	249	(4,152)
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)
Recognised in profit or loss	(731)	(847)	(2)	6	(1,574)
Recognised in other comprehensive income	–	(67)	(549)	–	(616)
At 31 December 2024	**(2,115)**	**(2,970)**	**(2,483)**	**219**	**(7,349)**
Deferred tax asset	–	–	–	219	219
Deferred tax liability	(2,115)	(2,970)	(2,483)	–	(7,568)

Parent Company	Accelerated capital allowances £'000	Property revaluations £'000	Retirement benefit scheme £'000	Other timing differences £'000	Total £'000
At 1 January 2023	28	–	(1,548)	279	(1,241)
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)
Recognised in profit or loss	(132)	–	(2)	–	(134)
Recognised in other comprehensive income	–	–	(549)	–	(549)
At 31 December 2024	**(362)**	**–**	**(2,483)**	**244**	**(2,601)**
Deferred tax asset	–	–	–	244	244
Deferred tax liability	(362)	–	(2,483)	–	(2,845)

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% (2023: 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

	2024 £'000	2023 £'000
Property developments in progress	66,605	77,386
Housebuilder land and work in progress	111,639	96,226
Land held for development or sale	73,963	49,442
Options to purchase land	9,209	11,090
Planning promotion agreements	71,455	63,474
	332,871	297,618

Within property developments in progress, £nil (2023: £1,555,000) 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, £1,511,000 (2023: £1,024,000) 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 £nil (2023: £nil).

Assets classified as held for sale comprise the following:

	Investment Property and Land and Buildings	
	2024 £'000	2023 £'000
Fair value		
At 1 January	–	–
Transfer from property, plant and equipment (note 12)	985	2,100
Transfer from investment property (note 14)	8,330	1,042
Disposals	–	(3,142)
At 31 December	9,315	–
Adjustment in respect of tenant incentives	–	–
Market value at 31 December	9,315	–

Assets classified as held for sale have been valued at 31 December 2024 at fair value by the Directors of the company at £9,315,000 (2023: £nil).

22. Contract liabilities

	2024 £'000	2023 £'000
Construction contracts – Construction segment	4,882	1,060
Construction contracts – Property investment and development segment	–	–
	4,882	1,060
Due within one year	4,882	1,060

	2024 £'000	2023 £'000
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Construction contracts – Construction segment	1,060	4,006
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 increased in the year as the group invoicing remains more advanced than the level of construction of work undertaken on these contracts.

23. Trade and other payables

	Group		Parent Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Trade payables	83,595	60,164	2,043	2,566
Social security and other taxes	9,733	6,015	606	554
Accrued expenses	5,481	6,463	2,250	1,750
Deferred income	2,700	2,959	–	–
Amounts owed to joint venture and associates	302	377	–	–
Amounts owed to group undertakings	–	–	61,788	63,480
	101,811	75,978	66,687	68,350
Due within one year	89,820	73,477	66,490	68,350
Due after more than one year	11,991	2,501	197	–
	101,811	75,978	66,687	68,350

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Amounts due after more than one year include £379,000 (2023: £862,000) of deferred income and £11,611,000 (2023: £1,637,000) of trade payables relating to deferred land payments.

Included within deferred income is £862,000 relating to an advanced payment from National Highways (2023: £1,343,000). This is being released as revenue and interest within the income statement under the terms of the A69 Road Link contract. During the year, £707,000 (2023: £606,000) has been recognised as revenue and £226,000 (2023: £280,000) recognised as interest. The balance of deferred income represents advanced rental receipts from investment property tenants in the Property investment and development segment, relating to the first quarter of 2025.

Parent Company

Amounts owed to group undertakings (including loans of £53.9m (2023: £63.5m)) are repayable on demand, unsecured and bear interest at rates of 0–0.60% (2023: 0–6.95%).

24. Financial liabilities

The table below summarises the maturity profile of the group's financial liabilities based on contractual undiscounted payments.

Group 2024	Note	On demand £'000	<1 year £'000	1–2 years £'000	3–5 years £'000	>5 years £'000	Total £'000
Bank loans	26	–	72,500	–	–	–	72,500
Other loans – sale and leaseback	26	–	1,943	880	212	–	3,035
Lease liabilities	13	–	895	822	1,940	255	3,912
Trade and other payables	23	–	77,767	11,611	–	–	89,378
		–	153,105	13,313	2,152	255	168,825

Group 2023	Note	On demand £'000	<1 year £'000	1-2 years £'000	3–5 years £'000	>5 years £'000	Total £'000
Bank loans	26	–	83,500	–	–	–	83,500
Other loans – sale and leaseback	26	–	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

Parent Company 2024	Note	On demand £'000	< 1 year £'000	1–2 years £'000	3–5 years £'000	>5 years £'000	Total £'000
Bank loans	26	–	72,500	–	–	–	72,500
Lease liabilities	13	–	393	400	1,122	56	1,971
Trade and other payables	23	–	65,884	197	–	–	66,081
		–	138,777	597	1,122	56	140,552

Parent Company 2023	Note	On demand £'000	<1 year £'000	1–2 years £'000	3-5 years £'000	>5 years £'000	Total £'000
Bank loans	26	–	83,500	–	–	–	83,500
Lease liabilities	13	–	232	409	1,179	393	2,214
Trade and other payables	23	–	63,480	–	–	–	63,480
		–	147,212	409	1,179	393	149,193

25. 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 2024, this was £62.7m (2023: £77.8m). Equity comprises all components of equity and, at 31 December 2024, this was £425.1m (2023: £410.1m).

During 2024, the group achieved its strategy, which was to maintain the debt to equity ratio below 30% (2023: 30%). This level was chosen to ensure that we can access debt relatively easily and inexpensively if required.

In May 2024, the group concluded negotiations with three banking partners to put in place a £125m facility to replace the £105m facility it had in place at 31 December 2013. The renewed facilities commenced on 24 May 2024, with a renewal date of 24 May 2027 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 comparable terms, maintain covenants on the similar basis as the previous facilities. The group had drawn £72.5m of the facility at 31 December 2024 (2023: £83.5m).

The group's secured bank facilities are subject to covenants over the loan-to-market value of investment properties, 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 27 June 2024, the group extended a £25.0m Receivables Purchase Agreement with HSBC Invoice Finance UK Limited (HSBC). 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 £25.0m of which receivables due from eligible housebuilders can be sold. Amounts of £15.9m (2023: £14.7m) were sold under the agreement at the year end.

The group's capital risk management disclosures are consistent with the Parent Company.

26. Borrowings

	Group		Parent Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Bank overdrafts	–	–	42	602
Bank loans	72,500	83,500	72,500	83,500
Other loans – sale and leaseback	3,035	3,018	–	–
	75,535	86,518	72,542	84,102
Due within one year	74,443	84,819	72,542	84,102
Due after one year	1,092	1,699	–	–
	75,535	86,518	72,542	84,102

The weighted average interest rates paid were as follows:

	2024 %	2023 %
Bank overdrafts	6.80	6.17
Bank loans – floating rate	6.67	6.09
Other loans – sale and leaseback	5.97	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 loan draw downs in 2024 amounted to £1,633,000 (2023: £4,029,000) and are all repayable over 36 months from the date when the loans were drawn down.

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 2024, the group had available £52,500,000 (2023: £21,500,000) 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 2024, a 1.0% (2023: 1.0%) increase or decrease in interest rates, which the Directors consider to be a reasonably possible change, would affect profitability before tax by £949,000 (2023: £810,000).

Other loans – sales and leaseback – are arranged at fixed rates, thus not exposing the group to cash flow interest rate risk.

Notes to the financial statements

For the year ended 31 December 2024

27. Provisions

	Land promotion £'000	Road maintenance £'000	Total £'000
At 1 January 2023	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
Additional provisions in year	**554**	**2,272**	**2,826**
Utilisation of provisions	**(2,571)**	**(2,777)**	**(5,348)**
At 31 December 2024	**1,114**	**763**	**1,877**
Included in current liabilities	**960**	**763**	**1,723**
Included in non-current liabilities	**154**	**–**	**154**
	1,114	**763**	**1,877**

The Land Promotion provision represents management's best estimate of the group's liability to satisfy outstanding S106 infrastructure/planning obligations, arising from obtaining planning consent on the relevant schemes. These obligations are contracted independently between the group and the relevant planning authorities, and are not assumed by the customer at the point the land is subsequently disposed and, therefore, remain an obligation of the group. These obligations are expected to be fully satisfied within the next 18 months.

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 £7,000 and £57,000 respectively (2023: £24,000 and £123,000).

The group maintains rigorous forecasting and budgeting for the S106 infrastructure/planning obligations to which its 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 assets. 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 £176,000 (2023: £204,000).

Off balance sheet arrangements

The group is currently undertaking the infrastructure of land promotions at Bridgwater and Cranbrook, spanning 122 and 53 acres respectively (2023: 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 2025 and 2026 respectively, with costs being incurred throughout these periods.

The group has cumulatively disposed of 122 and 50 acres respectively (2023: 121 and 50), and has, subsequently, recognised provisions to the value of £1,113,000 (2023: £2,459,000), 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 that has been disposed of. The present value of the estimated cash flows relating to future disposals, amounting to £24,000 (2023: £99,000), 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.

28. 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% (2023: 5%) of salary is paid by the employee, on a pound-for-pound basis up to a maximum of 8% (2023: 8%).

The total cost charged to income of £4,401,000 (2023: £3,811,000) 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.

The scheme closed to the future accrual of benefits on 18 March 2021. Until this date, 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.

Members of the scheme who were active up to 18 March 2021 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 Trustee is 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.

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.

The scheme is subject to regular actuarial valuations, which are usually carried out every three years. The next actuarial valuation is due to be carried out with an effective date of 31 December 2024. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence. This contrasts with these accounting disclosures, which are determined using best estimate assumptions.

A formal actuarial valuation was carried out as at 31 December 2021. The results of that valuation have been projected to 31 December 2024 by a qualified independent actuary, and the next formal valuation as at 31 December 2024 is currently in progress. The figures in the following disclosure were measured using the Projected Unit Method.

	2024 %	2023 %
Retail Prices Index (RPI)	3.05	3.15
Consumer Prices Index (CPI)	2.65	2.55
Rate in increase to pensions in payment liable for Limited Price Indexation (LPI)	2.65	2.55
Revaluation of deferred pensions	2.65	2.55
Liabilities discount rate	5.55	4.60

28. Retirement benefit obligations continued

Mortality assumptions	2024 Years	2023 Years
Retiring today (aged 65)		
Male	21.1	21.2
Female	23.4	23.4
Retiring in 20 years (currently aged 45)		
Male	22.1	22.1
Female	24.6	24.5

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.

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 £'000	Decrease in assumption £'000
Rate of inflation	0.25%	2,857	(2,897)
Liabilities discount rate	0.25%	(3,634)	3,810
Rate of mortality	1 year	5,394	(5,472)

Amounts recognised in the Consolidated Statement of Comprehensive Income in respect of the scheme are as follows:

	2024 £'000	2023 £'000
Service cost:		
Ongoing scheme expenses	698	745
Net interest income	(347)	(406)
Pension protection fund	36	81
Pension expenses recognised in profit or loss	387	420
Remeasurement on the net-defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	12,978	(1,044)
Actuarial gain arising from changes in demographic assumptions	(255)	(1,675)
Actuarial (gain)/loss arising from changes in financial assumptions	(15,088)	4,710
Actuarial loss arising from experience assumptions	169	1,075
Actuarial (gain)/loss recognised in other comprehensive income	(2,196)	3,066
Total	(1,809)	3,486

The amount included in the Statement of Financial Position arising from the group's obligations in respect of the scheme is as follows:

	2024 £'000	2023 £'000
Present value of scheme obligations	(138,220)	(155,264)
Fair value of scheme assets	148,150	162,989
	9,930	7,725

This amount is presented in the Statement of Financial Position as follows:

	2024 £'000	2023 £'000
Non-current assets	9,930	7,725

28. Retirement benefit obligations continued

Movements in the present value of scheme obligations in the year were as follows:

	2024 £'000	2023 £'000
At 1 January	155,264	152,576
Interest on obligation	6,940	7,263
Actuarial losses	(15,174)	4,110
Benefits paid	(8,810)	(8,685)
At 31 December	138,220	155,264

Movements in the fair value of scheme assets in the year were as follows:

	2024 £'000	2023 £'000
At 1 January	162,990	158,764
Interest income	7,287	7,669
Actuarial (losses)/gains on scheme assets	(12,978)	1,044
Employer contributions	360	4,942
Benefits paid	(8,811)	(8,685)
Ongoing scheme expenses	(698)	(745)
At 31 December	148,150	162,990

The categories of plan assets are as follows:

	2024 £'000	2023 £'000
Quoted investments, including pooled diversified growth funds:		
Equity	18,100	16,511
Diversified credit funds	39,381	36,407
Cash and net current assets	4,052	5,231
Unquoted investments:		
Direct lending	8,502	16,277
Multi-asset credit	12,154	–
Liability-driven investment	37,816	46,757
Infrastructure	10,784	22,267
Special situations	17,361	19,540
At 31 December	148,150	162,990

The weighted average duration of the defined benefit obligation is 11 years (2023: 12 years).

The current estimated amount of total contributions expected to be paid to the scheme during the 2024 financial year is £nil, being £nil payable by the group and £nil payable by scheme members.

The company's level of recovery plan funding to the scheme is £nil per month from January 2025 to December 2025, with an ongoing provision to increase contributions to £300,000 if the scheme is in deficit over £3.0m 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 vs. 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.

28. Retirement benefit obligations continued

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. There remains the possibility of further legal cases in this area and a possibility that the Government will act to make valid any amendments for which the actuarial confirmation cannot now be located.

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 any further legal cases 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.

29. 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	2024 £'000	2023 £'000
Management charges receivable	6,552	5,629
Interest payable	(264)	(275)
Rents payable	(108)	(104)
Recharge of expenses	(10)	(17)

Transactions between the company and its remaining related parties are as follows:

Purchases of goods and services	2024 £'000	2023 £'000
Related companies of key management personnel (amounts paid for Non-executive Director services)	54	54

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.

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 92 to 93. They are responsible for making all of the strategic decisions of the group and its subsidiaries, as detailed on pages 29 and 47. The remuneration of the Board of Directors is set out in the Remuneration Report on pages 136 to 155. The remuneration of the relevant six (2023: 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'. The seventh member of the Executive Committee is remunerated via a service charge to a corporate entity, which amounted to £553,000 (2023: £505,000).

	Board of Directors		Other key management	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Short-term employee benefits	1,730	1,901	2,027	1,723
Post-employment benefits	10	37	138	100
Share-based payments	–	92	–	21
	1,740	2,030	2,165	1,844

There were no termination payments or long-term benefits paid to the Board of Directors or key management personnel.

30. Share capital

	Authorised, allotted, issued and fully paid	
	2024 £'000	2023 £'000
400,000 5.25% cumulative preference shares of £1 each (2023: 400,000)	400	400
134,010,541 ordinary shares of 10p each (2023: 133,985,763)[1]	13,401	13,399
	13,801	13,799

1 Including treasury shares.

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, 24,778 ordinary shares (2023: 357,841) 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 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%, on 20 October 2023 at a price of 155.0p at a discount of 15.3% and on 3 October 2024 at a price of 183.0p at a discount of 20.4%. These become exercisable for a six-month period from 1 December 2022, 1 December 2023, 1 December 2024, 1 December 2025, 1 December 2026 and 1 December 2027 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.

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

30. Share capital continued

2024	Options outstanding at 1 January 2024	Options granted	Options lapsed	Options exercised	Options outstanding at 31 December 2024
October 2019 grant	1,607	–	(1,607)	–	–
October 2020 grant	80,824	–	(80,824)	–	–
October 2021 grant	99,136	–	(42,000)	(6,736)	50,400
October 2022 grant	234,716	–	(76,811)	(454)	157,451
October 2023 grant	1,587,303	–	(151,973)	(6,579)	1,428,751
October 2024 grant	–	297,477	–	–	297,477
Weighted average exercise price	167p	183p	192p	191p	165p

The weighted average share price at the date of exercise for share options exercised during the year was 222.34p (2023: 238.01p).

(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 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:

	2024 Number	2023 Number
Share options granted at 1 January	2,202,108	1,595,815
Lapses of share options in year	(433,560)	(389,804)
Awards of shares in year	(95,130)	(71,870)
Share options granted in year	1,474,044	1,067,967
Share options granted at 31 December	3,147,462	2,202,108

The weighted average share price at the date of exercise for share options exercised during the year was 205.00p (2023: 211.00p). 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.

30. Share capital continued

(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. The tenth grant of options under the plan was made to certain employees (none of whom, at the time, were Directors of group companies) on 3 October 2024 at an option price of 229.0p. There were no performance conditions imposed on either of these grants.

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
October 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

30. Share capital continued

2024	Options outstanding at 1 January 2024	Options granted	Options lapsed	Options exercised	Options outstanding at 31 December 2024
October 2014 grant	10,000	–	–	(10,000)	–
October 2017 grant	51,867	–	(13,384)	–	38,483
September 2018 grant	135,548	–	(15,810)	–	119,738
October 2019 grant	268,498	–	(18,259)	–	250,239
October 2020 grant	278,282	–	(17,841)	–	260,441
September 2021 grant	329,837	–	(30,743)	–	299,094
October 2022 grant	541,892	–	(65,118)	–	476,774
October 2023 grant	711,467	–	(98,462)	(1,009)	611,996
October 2024 grant	–	590,416	(9,390)	–	581,026
Weighted average exercise price	241p	229p	237p	–	239p

The weighted average share price at the date of exercise for share options exercised during the year was 225.76p (2023: £nil).

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	181.5p to 324.0p	29.37% to 38.73%	3 years	0.00% to 4.34%	1.95% to 3.24%
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%
CSOP 2024	229.0p	235.0p	30.38%	3 years	3.72%	2.83%
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%
Sharesave 2024	183.0p	230.0p	30.38%	3 years	3.75%	2.83%

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 72.52p (2023: 68.71p).

Expense recognised in the Consolidated Statement of Comprehensive Income

	2024 £'000	2023 £'000
The total expense recognised in the Consolidated Statement of Comprehensive Income arising from share-based payment transactions	1,841	1,601

The total expense recognised in the Consolidated Statement of Comprehensive Income arose solely from equity-settled share-based payment transactions.

31. Reserves

Group	Property revaluation £'000	Retained earnings £'000	Other: Capital redemption £'000	Other: Share premium £'000	Other: Capital £'000	Other: Total other £'000
At 1 January 2023	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
Profit for the year	–	23,333	–	–	–	–
Dividends paid	–	(10,019)	–	–	–	–
Proceeds from shares issued	–	–	–	45	–	45
Arising on employee share schemes	–	1,611	–	–	–	–
Realised gain on disposal of investment property	–	–	–	–	–	–
Increase in fair value in year	64	–	–	–	–	–
Deferred tax on revaluation surplus	(67)	–	–	–	–	–
Actuarial gain on defined benefit pension scheme	–	2,196	–	–	–	–
Deferred tax on actuarial loss	–	(549)	–	–	–	–
At 31 December 2024	**1,008**	**399,791**	**271**	**7,813**	**209**	**8,293**

Parent Company	Retained earnings £'000	Other: Investment revaluation £'000	Other: Capital redemption £'000	Other: Share premium £'000	Other: Capital £'000	Other: Total other £'000
At 1 January 2023	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
Profit for the year	21,855	–	–	–	–	–
Dividends paid	(10,019)	–	–	–	–	–
Premium arising from shares issued	–	–	–	45	–	45
Arising on employee share schemes	476	–	–	–	–	–
Actuarial gain on defined benefit pension scheme	2,196	–	–	–	–	–
Deferred tax on actuarial loss	(549)	–	–	–	–	–
At 31 December 2024	**116,792**	**1,135**	**271**	**7,813**	**211**	**9,430**

31. Reserves continued

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.

32. Cost of shares held by the ESOP trust

	2024 £'000	2023 £'000
At 1 January	875	967
Additions	–	98
Disposals	(230)	(190)
At 31 December	**645**	875

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 2024, the Trustee held 267,730 shares (2023: 362,860 shares) with a cost of £645,492 (2023: £874,849) and a market value of £615,780 (2023: £754,750). 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.

33. Cash generated from operations

	Note	Group 2024 £'000	Group 2023 £'000	Parent Company 2024 £'000	Parent Company 2023 £'000
Profit before tax		30,660	37,302	17,733	10,199
Adjustments for:					
Amortisation of PFI asset	11	522	551	–	–
Goodwill impairment	11	1,040	203	–	–
Depreciation and impairment of property, plant and equipment	12	4,063	4,462	593	269
Depreciation of right-of-use assets	13	857	779	326	251
Revaluation (increase)/decrease in investment properties	14	(4,464)	(307)	–	–
Amortisation of capitalised letting fees	3	34	54	–	–
Share-based payment expense	4	1,841	1,601	706	612
Pension scheme debit/(credit)		338	(4,197)	338	(4,197)
Movements on provision against loans to subsidiaries		–	–	(1)	21
(Profit)/loss on disposal of property, plant and equipment	3	(151)	(341)	1	6
Profit on disposal of equipment held for hire	3	(1,156)	(1,185)	–	–
Gain on disposal of investment properties		(102)	(733)	–	–
Profit on disposal of assets held for sale		–	(1,571)	–	–
Gain on disposal of joint ventures		–	–	–	–
Finance income	5	(5,115)	(3,357)	(699)	(675)
Dividends received from subsidiaries		–	–	(35,484)	(25,139)
Finance costs	6	8,678	6,260	6,891	5,437
Share of profit of joint ventures and associates	16	(2,431)	(371)	–	–
Operating cash flows before movements in equipment held for hire		34,614	39,150	(9,596)	(13,216)
Purchase of equipment held for hire	12	(4,183)	(3,497)	–	–
Proceeds on disposal of equipment held for hire		1,550	1,423	–	–
Operating cash flows before movements in working capital		31,981	37,076	(9,596)	(13,216)
Increase in inventories		(35,253)	(9,129)	–	–
Decrease in receivables		18,791	1,503	12,402	9,021
Decrease in contract assets		966	5,598	–	–
Increase/(decrease) in payables and provisions		22,266	(26,231)	1,129	3,021
Increase/(decrease) in contract liabilities		3,822	(2,946)	–	–
Cash generated from operations		42,573	5,871	3,935	(1,174)

Net debt is an alternative performance measure used by the group and comprises the following:

Analysis of net debt:

	Note	Group 2024 £'000	Group 2023 £'000	Parent Company 2024 £'000	Parent Company 2023 £'000
Cash and cash equivalents		16,764	13,034	9,535	5,572
Bank overdrafts	27	–	–	(42)	(602)
Net cash and cash equivalents		16,764	13,034	(9,493)	4,970
Bank loans	27	(72,500)	(83,500)	(72,500)	(83,500)
Other loans		(3,035)	(3,018)	–	–
Lease liabilities	13	(3,912)	(4,275)	(1,971)	(2,214)
Net debt		(62,683)	(77,759)	(64,978)	(80,744)

33. Cash generated from operations continued

Group 2024

Reconciliation of liabilities from financing activities	1 January £'000	Cash flows £'000	New leases £'000	31 December £'000
Advances from joint ventures and associates	377	(75)	–	302
Bank loans	83,500	(11,000)	–	72,500
Other loans – sale and leaseback	3,018	17	–	3,035
Lease liabilities	4,275	(694)	331	3,912
Total liabilities from financing activities	91,170	(8,647)	331	79,749

Group 2023

Reconciliation of liabilities from financing activities	1 January £'000	Cash flows £'000	New leases £'000	31 December £'000
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

Parent 2024

Reconciliation of liabilities from financing activities	1 January £'000	Cash flows £'000	New leases £'000	31 December £'000
Bank loans	83,500	(11,000)	–	72,500
Lease liabilities	2,214	(161)	(82)	1,971
Total liabilities from financing activities	85,714	(11,161)	(82)	74,471

Parent 2023

Reconciliation of liabilities from financing activities	1 January £'000	Cash flows £'000	New leases £'000	31 December £'000
Bank loans	65,000	18,500	–	83,500
Lease liabilities	64	(96)	2,246	2,214
Total liabilities from financing activities	65,064	18,440	2,246	85,714

34. 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 accounted for under IFRS 9 and 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 £72,500,000 and £42,100,000 respectively.

In the opinion of the Directors, no loss is expected to arise in connection with these matters.

35. Events after the balance sheet date

Since the balance sheet date, the group has proposed a final dividend for 2024. Further information can be found in note 10.

In December 2024, terms were agreed to take full ownership of Stonebridge Homes Group Limited, having exchanged contracts to acquire the 50% share the group does not already own. The transaction is structured to complete in three tranches over the next five years. The consideration is performance linked, and the phased structure is designed to generate strong returns while maintaining group gearing within our optimum range of 10–20%. This is an opportunity to increase our investment in both a high-growth business, and in a residential market, benefiting from supportive structural and political tailwinds. The first tranche of the transaction completed in January 2025, resulting in Henry Boot becoming the majority shareholder.

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.

36. 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 2024, 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 Cross Hall Limited[3]	04061083	100%	Direct	Inactive
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, 3]	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.[3]	SC166157	100%	Indirect	Land promotion
Constructionend Limited[3]	00976647	100%	Direct	Inactive
First National Housing Trust Limited[3]	00276288	100%	Direct	Property investment
Glasgowend Limited[3]	01576203	100%	Direct	Inactive
Hallam Homes Limited[3]	04804157	100%	Direct	Inactive
Hallam Land Management Limited	02456711	100%	Direct	Land promotion
HB Island Limited[3]	11641820	100%	Direct	Holding company
HBGP Limited[3]	11641976	100%	Direct	Holding company
HB Origin Limited	16099933	100%	Direct	Holding company
HBD City Court Limited[3]	13351580	100%	Indirect	Property investment and development
HBD Summerhill Limited[3]	13285696	100%	Indirect	Property investment and development
HBD Dev Co 1 Limited[3]	14128256	100%	Indirect	Property investment and development
HBD Golden Valley Limited	13966492	85%	Indirect	Property development
HBD GP Limited	16096484	100%	Direct	Holding company
HBD Spark Limited	16096078	100%	Indirect	Inactive
Henry Boot & Sons Limited[3]	04066798	100%	Direct	Inactive
Henry Boot Biddenham Limited[3]	05901324	100%	Direct	Land promotion
Henry Boot Construction Limited	02880202	100%	Direct	Construction
Henry Boot Contracting Limited[3]	07399102	100%	Direct	Inactive
Henry Boot Deansgate Limited[3]	15269405	100%	Indirect	Property investment and development
Henry Boot Developments Limited	01390361	100%	Direct	Property investment and development
Henry Boot Cornwall House Limited[3]	11176009	100%	Indirect	Property development
Henry Boot Estates Limited	00276603	100%	Direct	Property investment
Henry Boot Homes Limited[3]	04804114	100%	Direct	Inactive
Henry Boot Investments 1 Limited[3]	03125802	100%	Indirect	Holding company

36. Additional information – subsidiaries, joint ventures and associates continued

Subsidiary name	Registered number	Proportion of ownership	Direct or indirect	Activity
Henry Boot Inner City Limited[3]	02145413	100%	Direct	Inactive
Henry Boot 'K' Limited[3]	06386834	100%	Indirect	Property investment and development
Henry Boot Land Holdings Limited[3]	04570294	100%	Direct	Holding company
Henry Boot (Launceston) Limited[3]	09276678	100%	Direct	Land promotion
Henry Boot Leasing Limited[3]	03248776	100%	Direct	Motor vehicle leasing to Group
Henry Boot (Manchester) Limited[3]	06051156	100%	Direct	Property development
Henry Boot Nottingham Limited[3]	08682793	100%	Indirect	Inactive
Henry Boot Projects Limited[3]	01679963	100%	Direct	Inactive
Henry Boot Scotland Limited[3]	03996796	100%	Direct	Inactive
Henry Boot Swindon Limited[3]	06051131	100%	Direct	Inactive
Henry Boot Tamworth Limited[3]	05901334	100%	Indirect	Inactive
Henry Boot Wentworth Limited[3]	01670475	100%	Direct	Property development
IAMP Management Company Limited	11735214	25%	Indirect	Management company
Investments (North West) Limited[3]	06956932	100%	Indirect	Property development
Marboot Centregate Ltd[3]	09662598	100%	Indirect	Property development
Marboot Centregate 2 Limited[3]	10129169	100%	Indirect	Property development
Moore Street Securities Limited	02493145	100%	Direct	Employee benefit trust
Plot 7 East Markham Vale Management Company Limited[3]	08281170	66%	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[3]	12276168	100%	Indirect	Property development
Saltwoodend Limited[3]	05075297	100%	Indirect	Inactive
SETL Management Company Limited	15290254	100%	Indirect	Management company
SJ Manchester Limited Partnership[3]	LP022152	100%	Indirect	Inactive
SJM GP Limited[3]	13665805	100%	Indirect	Holding company
SJM (Nominee) Limited[3]	13666505	100%	Indirect	Holding company
Spark Walsall Management Company Limited	16090079	100%	Indirect	Management company
Stonebridge Homes Group Limited[1, 3]	12065057	50%	Indirect	Holding company
Stonebridge Homes Limited[1]	07279118	50%	Indirect	Property development
Stonebridge Offices Limited[1, 3]	07728107	50%	Indirect	Property investment
Winter Ground Limited[3]	04572581	100%	Indirect	Inactive
Wyvern Park Skipton Management Company Limited	13844054	86%	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.
3 Entities exempt from preparing audited statutory financial statements by virtue of s479A of Companies Act 2006.

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
Inter Holdco Limited[1]	25%	Indirect	Holding company
Inter Propco Limited[1]	25%	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
Markham Vale 6 Holdco Limited[1]	25%	Indirect	Holding company
Markham Vale 6 Propco Limited[1]	25%	Indirect	Property development
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
Origin Logistics GP Limited[1]	25%	Indirect	Property development
Origin Logistics LP[1]	25%	Indirect	Holding company
Rainham HoldCo S.a.r.l.[1]	20%	Indirect	Property investment and development
Road Link Limited[1]	37.6%	Indirect	Inactive
Spark 1 Holdco Limited[1]	25%	Indirect	Holding company
Spark 1 Propco Limited[1]	25%	Indirect	Property development

1 Associate company.

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
- Rainham HoldCo S.a.r.l., whose registered office is 1 Rue Isaac Newton, L-2242, Luxembourg
- Inter Holdco Limited, Inter Propco Limited, Spark 1 Holdco Limited, Spark 1 Propco Limited, Markham Vale 6 Holdco Limited, Markham Vale 6 Propco Limited, whose registered office is Sanderson House, 22 Station Road, Horsforth, Leeds Ls18 5NT

36. 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.

37. Partly owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Name	Country of incorporation	2024 £'000	2023 £'000
Stonebridge Homes Limited	England	50%	50%
Road Link (A69) Limited	England	61.2%	61.2%

Name	2024 £'000	2023 £'000
Accumulated balances of material non-controlling interest:		
Stonebridge Homes Limited	1,054	2,852
Road Link (A69) Limited	1,846	1,858
Profit allocated to material non-controlling interest:		
Stonebridge Homes Limited	(1,527)	242
Road Link (A69) Limited	1,832	2,002

37. 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	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Summarised statement of profit or loss				
Revenue	100,745	97,186	14,864	13,676
Cost of sales	(91,614)	(84,994)	(7,808)	(6,146)
Administrative and other expenses	(7,177)	(6,256)	(756)	(718)
Net finance costs	(6,060)	(5,250)	(5)	(96)
Profit before tax	(4,106)	686	6,295	6,715
Tax	1,052	(201)	(1,574)	(1,557)
Profit for the year	(3,054)	485	4,721	5,159
Total comprehensive income	(3,054)	485	4,721	5,159
Attributable to non-controlling interests	(1,527)	242	1,832	2,002
Dividends paid to non-controlling interests	270	1,070	1,843	2,425
Summarised balance sheet				
Non-current assets	1,529	1,533	619	1,141
Inventories	110,276	96,227	–	–
Trade and other receivables	6,736	6,063	3,242	3,221
Cash and cash equivalents	348	89	4,810	5,106
Current liabilities	(116,724)	(98,208)	(3,730)	(3,819)
Non-current liabilities	(58)	–	(182)	(862)
Net assets	2,107	5,704	4,759	4,788
Equity holders of Parent	1,054	2,852	2,913	2,930
Non-controlling interest	1,054	2,852	1,846	1,859
Summarised cash flow				
Operating	1,362	2,955	4,233	7,093
Investing	(281)	(31)	221	183
Financing	(540)	(3,386)	(4,750)	(6,250)
Net increase/(decrease) in cash and cash equivalents	541	(462)	(296)	1,026

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.
Please note the change in venue below.

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 Sheffield City, Bramall Lane, Sheffield S2 4SU on Thursday 22 May 2025 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, Auditor's Report, Strategic Report and the Financial Statements for the year ended 31 December 2024

Resolution 2

To declare a final dividend of 4.62p 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 2024

Resolution 4

To reappoint Timothy Roberts as a Director of the Company

Resolution 5

To reappoint Darren Littlewood as a Director of the Company

Resolution 6

To reappoint Peter Mawson as a Director of the Company

Resolution 7

To reappoint Talita Ferreira as a Director of the Company

Resolution 8

To reappoint Serena Lang as a Director of the Company

Resolution 9

To reappoint Earl Sibley as a Director of the Company

Resolution 10

To reappoint James Sykes as a Director of the Company

Resolution 11

To reappoint Ernst & Young LLP as auditor of the Company

Resolution 12

To authorise the Audit and Risk Committee to fix the auditor's remuneration

Resolution 13

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 £4,467,253, provided that (unless previously revoked, varied or renewed) this authority shall expire on 22 August 2026 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).

Resolution 14

THAT:

a. the rules of the Henry Boot PLC 2025 Long-Term Incentive Plan (the LTIP) in the form produced to the meeting and initialled by the Chair of the meeting for the purposes of identification, the principal terms of which are summarised in Appendix 1 to this Notice of Meeting, be and are hereby approved, and the Directors of the Company be and are hereby authorised to adopt the LTIP and do all acts and things that they may, in their absolute discretion, consider necessary or expedient to give effect to the LTIP; and
b. the Directors of the Company be and are hereby authorised to adopt further schemes based on the LTIP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further schemes are treated as counting against the limits on individual and overall participation in the LTIP.

To consider and, if thought fit, pass the following resolutions, which will be proposed as special resolutions of the Company.

Resolution 15

THAT subject to the passing of Resolution 13, 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 13 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:

c. 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

d. otherwise than pursuant to paragraph a. of this resolution, up to an aggregate nominal amount of £670,088,

and (unless previously revoked, varied or renewed) this power shall expire on 22 August 2026 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 16

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:

e. the maximum aggregate number of ordinary shares hereby authorised to be purchased is 13,401,760;

f. the minimum price (excluding expenses), which may be paid for an ordinary share is 10p;

g. 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;

h. 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 22 August 2026; and

i. 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.

Resolution 17

THAT the articles of association in the form produced to the meeting and initialled by the Chair of the meeting for the purposes of identification be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association of the Company.

By order of the Board

Amy Stanbridge
Company Secretary

11 April 2025

Henry Boot PLC
Registered Office:
Isaacs Building
4 Charles Street
Sheffield
United Kingdom
S1 2HS
Registered in England and Wales No. 160996

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 20 May 2025 (or, if the meeting is adjourned, at the close of business on the date that 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 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 their proxy to exercise all or any of their 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 (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 20 May 2025 (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 their proxy electronically using the online service at 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 20 May 2025 (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 20 May 2025 (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 20 May 2025 (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 their 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 them and the shareholder by whom they were 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, they 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 auditor 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 auditor 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 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 +44 114 255 5444; or

    b. email investors@henryboot.co.uk.

    No other methods of communication will be accepted.

17. As at 3 April 2025 (being the last practicable date before publication of this notice), the Company's issued ordinary share capital was 134,017,600 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.

    c. A draft of the rules of the LTIP.

    d. A draft of the new articles of association of the Company.

19. Biographies for each of the Directors are shown on pages 90 to 91 of the Annual Report for the year ended 31 December 2024.

20. A summary of the proposed changes to the Company's articles of association are set out on Appendix 2 on page 243.

Appendix 1

A summary of the principal terms of the Henry Boot PLC 2025 Long-Term Incentive Plan (the LTIP) is set out below. In this summary, "Company" means Henry Boot PLC, "Group Company" means the Company and any subsidiary of the Company, and "shares" means ordinary shares in the Company. Other capitalised terms used in this summary are as defined in the LTIP.

1. Eligibility

Any employee (including an executive director) of any Group Company may be granted an award under the LTIP at the discretion of the Remuneration Committee.

2. Form of awards

Awards under the LTIP may be in the form of: (a) a conditional right to acquire ordinary shares in the Company ("shares") at no cost to the Award Holder (a "Conditional Award") or (b) an option to acquire shares with an exercise price (if any) set by the Remuneration Committee at the date of grant (an "Option") (together, "Awards").

Awards may be granted over newly issued shares, treasury shares or shares purchased in the market. Awards are not transferable (other than automatically on death). No payment will be required for the grant of an Award. Awards will not form part of pensionable earnings.

3. Performance conditions

It is currently intended that Awards will be subject to the satisfaction of one or more performance conditions, which will determine the proportion (if any) of the Award that will vest following the end of a performance period. Awards granted to Executive Directors will, unless the applicable Directors' Remuneration Policy provides otherwise, normally be subject to performance conditions that will be assessed over a performance period of at least three years.

Any performance condition may be amended if an event occurs that causes the Remuneration Committee to consider that it would be appropriate to amend such condition. Any amended performance condition would not be materially easier or more difficult to satisfy than the performance condition it replaces was at the time it was set.

4. Performance adjustment

The Remuneration Committee may adjust the extent to which an Award vests (including to zero) if it considers that the extent to which the Award would otherwise vest is not a fair reflection of the performance of any relevant Group Company or division, the Award Holder's performance and conduct, and/or the wider stakeholder experience.

5. Plan limit

The number of shares issued or issuable pursuant to awards granted within the preceding ten-year period under the LTIP and under any other employees' share scheme operated by the Company may not exceed 10% of the Company's issued ordinary share capital from time to time.

This limit does not include shares (i) subject to an award that lapsed or otherwise became incapable of vesting or exercise, or (ii) that may be acquired pursuant to awards that the Remuneration Committee decides are to be satisfied otherwise than by shares being issued (or are granted on such terms). Treasury shares will be treated as newly issued for the purpose of these limits until such time as guidelines published by institutional investor representative bodies determine otherwise.

6. Individual limit

Awards will not be granted to an Award Holder under the LTIP in respect of any financial year over shares with an aggregate market value (at the date of grant, as determined by the Remuneration Committee in accordance with the LTIP rules) in excess of 200% of an Award Holder's basic annual salary as at the proposed grant date (or, where applicable, the limit in the Directors' Remuneration Policy that the Company has in place at that time).

7. Grant of awards

Awards may only be granted within the 42-day period beginning with (a) the approval of the LTIP by shareholders or (b) the dealing day after the date on which the Company announces its results for any period. If the Company is restricted from granting Awards during any such period, Awards may be granted in the period of 42 days following the relevant restriction being lifted. Awards may also be granted at any other time the Remuneration Committee determines that exceptional circumstances have arisen that justify the grant of an Award.

8. Dividend equivalents

The Remuneration Committee may provide additional shares (or the cash equivalent) to an Award Holder based on the value of the dividends that would have been paid on the number of shares acquired pursuant to the Award had the Award Holder owned those shares from the grant date until the date of vesting (or, in respect of an Option that is subject to a holding period, from the grant date until the earlier of the date the Option is exercised and the end of the holding period).

9. Malus and clawback

The Remuneration Committee may, in its absolute discretion, decide at any time prior to the vesting of an Award (and, in the case of an Option, at any time before it is exercised) to reduce the number of shares to which an Award relates (including to nil) in certain circumstances, including where:

a. there has been a materially adverse misstatement or misrepresentation of any part of the Company's Financial Statements or the results of any Group Company;
b. an error in (i) determining the size and nature of the Award, or in the Award documentation, or (ii) assessing the extent to which any Performance Condition was met, or such assessment was based on inaccurate or misleading information or assumptions;
c. the Company has reasonable evidence of fraud, gross misconduct, dishonesty or other behaviour that would have entitled the Award Holder's employer to summarily dismiss them;

d. the Award Holder has acted in any manner that, in the opinion of the Remuneration Committee, (i) has resulted, or is likely to result, in any Group Company suffering serious reputational damage, and/or (ii) is materially adverse to the interests of any Group Company;
e. the Remuneration Committee determines that a Group Company or business unit that employs or employed the Award Holder, or for which the Award Holder is or was responsible, has suffered a corporate failure, material financial downturn, material failure of risk management or the occurrence of an event that is, in the opinion of the Remuneration Committee, a serious health and safety event, in each case that is due to the actions or omissions of the Award Holder, or
f. the Award Holder was a Good Leaver by reason of retirement with the agreement of the Remuneration Committee but becomes employed in a paid executive role (as determined by the Remuneration Committee).

The Award Holder can be required to give back some or all of the shares or cash received pursuant to an Award (or pay an amount equal to the value of such shares) if, within two years of an Award vesting, the Remuneration Committee becomes aware that any of the events described above have occurred. The clawback obligation can be enforced in various ways, including against any other Awards the Award Holder holds, any cash bonus payable to the Award Holder, or any other award under an incentive scheme operated by a Group Company (save for any tax-advantaged scheme).

10. Vesting and exercise

Awards that are subject to one or more performance conditions will normally vest, to the extent that the performance condition(s) has/have been satisfied, on the later of the expiry of the vesting period (which, in respect of Awards granted to Executive Directors of the Company, will normally be no less than three years beginning with the grant date, unless the applicable Directors' Remuneration Policy provides otherwise) and the date the Remuneration Committee determines the extent to which the performance conditions have been met. Where Awards are granted without performance conditions, they will normally vest on the expiry of the vesting period. Options will then normally be exercisable for a period set by the Remuneration Committee on grant, which will end no later than the tenth anniversary of the grant date (save where it is extended to allow the exercise of an Option by an Award Holder who was prevented by dealing restrictions from exercising in the last 30 days of the normal exercise period).

Where a Conditional Award has vested, or an Option has been exercised, but the shares have not been allotted or transferred to the Award Holder, the Remuneration Committee may decide to pay an Award Holder a cash amount equal to the value of the shares they would otherwise have received (less any exercise price).

Any shares that are to be issued or transferred to an Award Holder in respect of a vested Award or an exercised Option will be issued or transferred within 30 days of the date of vesting or exercise (as applicable), save where dealing restrictions apply.

11. Holding period

Awards may be granted with a requirement that any shares that are acquired by employees pursuant to an Award must normally be held for a minimum period of two years (or other period set by the Remuneration Committee), save for a sale of shares to fund (i) any tax or social security liability arising in respect of the vesting or exercise of the Award, or (ii) the payment of the exercise price of an Option.

Holders of Options can comply with this requirement by deferring the exercise of their Option until the end of the holding period.

The application of holding periods to Awards granted to Executive Directors of the Company will be consistent with the Company's shareholder-approved policy on Directors' remuneration.

12. Cessation of employment

If an Award Holder ceases to be employed by a Group Company by reason of death, injury, ill health, disability, retirement (with the agreement of the Remuneration Committee), redundancy, or the sale of the business or subsidiary that employs them to an entity that is not a Group Company, or for any other reason at the Remuneration Committee's discretion, any unvested Award they hold will usually continue until the normal vesting date unless the Remuneration Committee determines that the Award will vest earlier.

Awards will vest in respect of a number of shares determined by the Remuneration Committee, taking account of the extent to which any performance condition(s) has/have been achieved (where the Award vests early, over the shortened period, or would, in the opinion of the Remuneration Committee, have been achieved over the full performance period) and, unless the Remuneration Committee determines otherwise, the number of shares that vest will be reduced to reflect the proportion of the performance period (or, in relation to an Award that is not subject to any performance condition, the vesting period) (the "Pro-Rating Period") that has elapsed at the date the Award Holder ceases employment.

Where Awards vest in these circumstances, an Option will normally be exercisable for six months after it vests. Options that are vested at the time employment ceases will normally be exercisable for six months after cessation.

If an Award Holder ceases employment with a Group Company in any other circumstances, any Award they hold shall lapse on the date on which the Award Holder ceases employment (or, if the Remuneration Committee so decides, the date they give or receive notice).

13. Corporate events

Unvested Awards will vest early if an acquiror acquires control of the Company. The number of shares that vest will take into account the extent to which any performance condition(s) have been met over the period ending on the date of the change of control (or would, in the opinion of the Remuneration Committee, have been met over the full performance period) and, unless the Remuneration Committee determines otherwise, will be reduced to reflect the proportion of the Pro-Rating Period that has elapsed as at the date of the change of control. Options will then be exercisable for a period set by the Remuneration Committee, unless the Remuneration Committee requires holders of Options who wish to exercise their Option(s) to give, in advance of the change of control, a notice exercising their Option(s) with effect from immediately before the change of control.

Alternatively, the Remuneration Committee may permit or require Awards to be exchanged for equivalent awards that relate to shares in a different company.

Awards will also vest early on the passing of a resolution for the voluntary and solvent winding up of the Company, in a materially similar way to if the winding-up was a change of control. Unexercised options will lapse when the winding up begins.

14. Variation of capital/extraordinary distribution

If there is a variation of the Company's share capital or an extraordinary distribution (including a demerger or special dividend), the Remuneration Committee may determine that Awards shall vest in a materially similar way to if the variation or distribution was a change of control or, if the variation or distribution has materially affected the value of Awards, adjust the number and/or class of shares subject to the Award, and the exercise price of an Option.

15. Amendment and termination

The Remuneration Committee may amend the LTIP and any Award at any time, provided that:

g. materially adverse amendments to an Award Holder's existing rights may only be made (i) with the Award Holder's prior written consent; (ii) with the consent of Award Holders who hold Awards that would be affected over at least 50% of the total number of shares subject to such Awards; or (iii) to enable any Group Company to comply with any relevant legal or regulatory requirement; and

h. prior approval of the Company's shareholders in a general meeting will be required for amendments to the advantage of eligible employees or Award Holders relating to eligibility, limits on the issue of shares or the maximum entitlement for any one Award Holder, the basis for determining an Award Holder's entitlement to, and the terms of, the shares or cash comprised in an Award and the impact of any variation of capital (save that any minor amendment to benefit the administration of the LTIP, to take account of legislative changes, or to obtain or maintain favourable tax, exchange control or regulatory treatment (for Award Holders or any Group Company) may be made by the Remuneration Committee without shareholder approval). Shareholder approval will also not be required for any amendments to any performance condition applying to an Award amended in line with its terms.

The LTIP will terminate on the tenth anniversary of its approval by shareholders. The rights of existing Award Holders will not be affected by any termination.

16. Documents available for inspection

The rules of the LTIP will be available for inspection at the place of the general meeting, for at least 15 minutes before and during the meeting and on the national storage mechanism from the date of this circular.

Appendix 2

It is proposed to adopt new articles of association of the Company (New Articles) to update the existing articles of association of the Company, which were last updated in 2011 (Existing Articles). The updates are intended to reflect changes in market practice and technology, to provide additional flexibility where this is thought appropriate, and to remove or amend certain provisions which are no longer required or are out of date. A summary of the principal changes made in the New Articles are below. Changes which are of a minor, technical, procedural, formatting or clarificatory nature are not detailed. Copies of the New Articles and the Existing Articles are available for inspection.

Hybrid general meetings

The New Articles allow general meetings, including an Annual General Meeting (AGM), to be held either as a physical meeting or as a hybrid meeting held in a physical location and via electronic means. All resolutions on a hybrid meeting will be taken on a poll. These provisions are designed to give flexibility and to allow the Company to utilise developments in communications technology and changes in custom and practice, and do not permit the holding of electronic-only general meetings.

Arrangements for general meetings

The New Articles contain updated provisions that confirm the Chair may interrupt or adjourn a general meeting where the shareholders wishing to attend cannot be conveniently accommodated, the conduct of those present prevents the meeting's orderly conduct, or it is otherwise necessary to ensure the meeting is properly conducted. They also clarify that the Board and the Chair's powers to make such arrangements as they consider fit to ensure the security and orderly conduct of the general meeting apply to any satellite location at which the meeting is taking place, not only the principal location.

Voting at general meetings

The New Articles envisage that the method for voting at a general meeting will be via a poll. The default position under the Existing Articles was for voting to take place via a show of hands. The Directors consider that voting via poll is more appropriate as it takes account of the level of shareholding held by the relevant voting members.

Confidential information

The New Articles clarify that no shareholder present at a general meeting (or their proxy/representative) may require disclosure of trading information that the Board decides it is in the Company's interests to keep confidential. The Board considers this provision is appropriate to safeguard the integrity of the Company's confidential information.

Appointment and retirement of Directors – annual re-election

The New Articles provide that the Directors will (unless appointed after the date of the notice of AGM) be subject to annual retirement at the next AGM (but may be re-elected). There is no requirement for Directors to hold any shares. This change is to align with market practice and replaces the retirement by rotation in the Existing Articles.

Vacation of office of Directors

The New Articles contain updated wording regarding where a Director must vacate office, including where their contract for services expires or is terminated and is not renewed nor a new contract granted within 14 days.

Remuneration of Directors

The New Articles provide that the aggregate remuneration of Non-executive Directors (NEDs) shall not exceed £600,000 (increased from £350,000 in the Existing Articles), subject to annual index-linked increases. Alternate Directors are not entitled to remuneration.

Unclaimed dividends

The New Articles set out the circumstances in which a dividend will be deemed to be unclaimed, including where a holder does not specify an address or payment cannot be made using the information provided.

Power of delegation

The New Articles provide for powers of delegation to Executive Directors (previously, in the Existing Articles, the power of delegation was to any Director). The Board may also delegate powers to committees consisting of one or more Directors. The Board may revoke or vary such powers at any time.

Chair

The New Articles clarify the provisions relating to the appointment of the chair of the Board and provide that if neither the Chair nor a deputy chair is present within 15 minutes of the appointed time for the start of the meeting, the Directors may choose one of their number to be the chair (increased from five minutes in the Existing Articles). The references to "Chairman" in the Existing Articles have also been made gender neutral.

Rights of person entitled by transmission

Under the New Articles, where a person is entitled to a share by transmission (e.g. on the death of a holder), they will be entitled to any dividends payable on that share but the Board may give them notice, requiring them to elect to either register themself or to transfer the share within 60 days (previously 90 days in the Existing Articles); after which, the Board may withhold dividend payments until the notice's requirements are complied with.

Communications with shareholders

Under the New Articles, if there is a curtailment of postal services within all/part if the UK, the Company only needs to give notice of a general meeting to those shareholders it can communicate with electronically, and to advertise in at least one national newspaper and make the notice available on its website. If, at least six clear days before the meeting, the postal service resumes, it must send copies by post to those shareholders who would otherwise normally receive it in hard copy form.

Financial calendar

London Stock Exchange announcements

Annual Results 2024:
25 March 2025

Interim Results 2025:
23 September 2025

Pre-close Trading Statement 2025:
end January 2026

Annual Report and Financial Statements

Annual Report and Financial Statements 2024 (available and online):
by 17 April 2025

Annual General Meeting

22 May 2025

Dividends paid on ordinary shares

2024 Final dividend date (subject to approval at AGM):
30 May 2025

2025 Interim dividend date (subject to approval):
24 October 2025

Advisers

Chartered Accountants and Statutory Auditors

Ernst & Young LLP
12 Wellington Place
Leeds LS1 4AP

Bankers

Barclays Bank PLC
2nd Floor
1 Park Row
Leeds LS1 5WU

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

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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
Elshaw House
51 Carver Street
Sheffield S1 4FT

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
London EC2Y 5ET

Group contact information

Land Promotion

Hallam Land Management Limited

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t: +44 114 255 5444
e: info@hallamland.co.uk
w: hallamland.co.uk

Regional offices
Bristol, Glasgow, Leeds, London and Northampton

Property Investment and Development

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e: hello@hbd.co.uk
w: hbd.co.uk

Regional offices
Birmingham, Bristol, Glasgow, Leeds, London and Manchester

Stonebridge Homes Limited

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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)/Capital Employed
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 (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.

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