

Segmental Review

Land Promotion

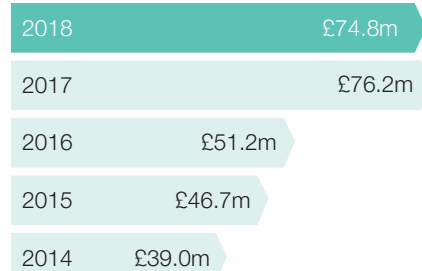


■ ■ We have been encouraged to see initial indications from the major UK housebuilders that they have traded, thus far, well.

Nick Duckworth,
Hallam Land Management Limited

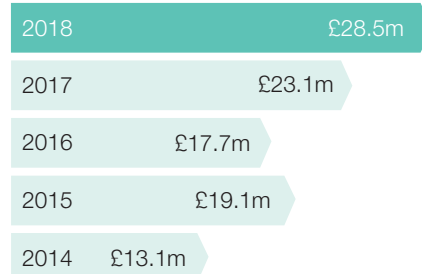
Total revenue

£74.8m



Profit before tax

£28.5m



Hallam Land had a very successful year in 2018. Our UK housebuilder customers achieved strong house sales during the year and replenished their land portfolios in good market areas. Profit before tax for the year was £28.5m (2017: £23.1m) from selling 3,573 plots across 24 residential and three commercial schemes. Because of these sales, our consented site portfolio reduced to 16,489 plots (Dec 2017: 18,529); however, at the year end we had 11,929 plots which were the subject of planning applications (Dec 2017: 7,982), and we entered 2019 with 1,480 plot sales exchanged and awaiting completion in 2019.

As our strategic land portfolio is held as inventory, accounting policy requires these assets to be held at the lower of cost or net realisable value. In accordance with this policy no uplift in value can be recognised within our accounts relating to any of the 16,489 plots over which planning permission has been secured. Any increase in value created from securing planning permission over these assets will therefore only be recognised on disposal.

Over a six year period, we have gained planning permission for 21,591 new plots, successfully sold 11,396 plots and built a land portfolio of plots moving into the sale process amounting to 16,489, in addition to the land we are now progressing through the planning system or waiting to come forward into the process.

We secured a total of 1,533 new consented plots during the year (or consents subject to Section 106 agreement) including sites at: Bilston (95 plots), Crowmarsh Gifford (75 plots), Evesham (220 plots), Sileby (195 plots), Warwick (90 plots), Wellingborough (600 plots) and Wetherby (210 plots). At the year end the Company held land interests in 14,325 acres (2017: 13,273 acres) as either freehold or under option/promotion agreements, including 2,599 acres with planning consent (2017: 2,884 acres).

During the year we made initial disposals at Market Harborough (226 plots) and Haverhill (450 plots), leaving 236 plots and 800 plots respectively for future years. At Market Harborough the balance of the holding is contracted for disposal between 2019 to 2021, whereas at

Haverhill (south east of Cambridge) the balance will be marketed in 2021/22. As mentioned last year, we benefit from a significant asset at Didcot, comprising 2,150 plots and a share in a local centre, to the west of the town. During 2018, we selected preferred housebuilders and contract negotiations have commenced as we work to secure disposal of these plots.

Another significant project that progressed very well during 2018 was at Eastern Green, Coventry. During the year planners removed this site from the green belt and allocated it for a mix of residential and commercial development in the Coventry city local plan. At the turn of the year we submitted a planning application for 2,625 plots, 15 hectares of commercial development, a primary school and other community facilities. Coventry is largely surrounded by green belt and this is the most significant site coming forward for development within the City boundary. Our aim is to secure planning consent late in 2019 with development commencing in 2020/21.

At our other long-standing projects, Cranbrook, the 3,500-unit new community at Exeter, and Kingsdown in Bridgwater, steady progress continued during the year. At Cranbrook we sold 180 plots to a regional housebuilder, and successfully progressed our expansion plans for the new town, while in Bridgwater, 72 plots were sold to a national housebuilder. Both projects continue to perform well.

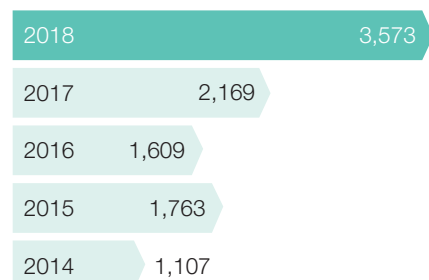
We commence 2019 in very good shape with 1,480 plots exchanged for sale and a further 237 exchanged subject to reserved matters planning approval. Additionally, our consented portfolio was bolstered in the first few days of 2019 when a long-standing scheme to the west of Worcester secured outline consent, subject to signing the Section 106 agreement, for 900 plots.

We have been encouraged to see initial indications from the major UK housebuilders that they have traded, thus far, well through the period of uncertainty arising from the decision to leave the EU with no adverse impact on our contracted transactions and, therefore, we look forward to another solid year in 2019.



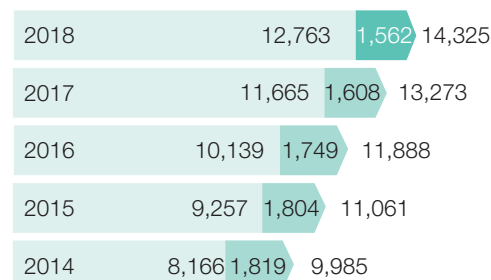
No. of plots sold

3,573



Land portfolio (acres)

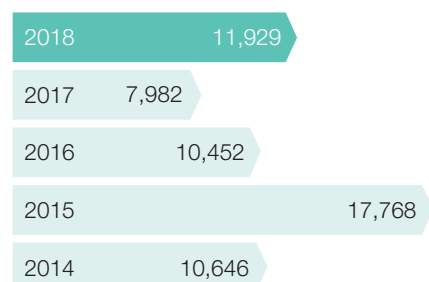
14,325



Pictured: Coventry, planning application for 2,625 plots submitted during the year.

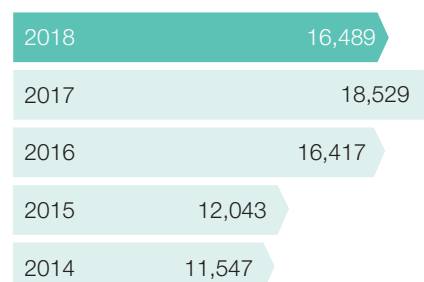
Plots in planning process

11,929



Plots with planning permission

16,489



● Agency and Optioned
● Purchased

Segmental Review

Property Investment and Development



■ ■ **We have seen planning, development agreements and letting successes across several of our strategic employment sites.**

Edward Hutchinson,
Henry Boot Developments Limited



■ ■ **Stonebridge Homes performed well in 2018, achieving 145 sales, nearly doubling since the previous year.**

Darren Stubbs,
Stonebridge Homes Limited

Henry Boot Developments achieved good progress on a diverse range of projects in both the pre- and post-construction phases during 2018. New development opportunities were progressed on a 56-acre employment site at Cloverhill in Aberdeen, a 300-unit Private Rented Sector (PRS) scheme at Deansgate Station in Manchester and a prominent city centre site in Manchester for circa 100,000 sq ft of Grade A office space.

We have seen planning, development agreements and letting successes across several of our strategic employment sites. We obtained detailed planning and exchanged a development agreement for the International Advanced Manufacturing Park (IAMP) in Sunderland, with the first phase of infrastructure planned for 2019 and are already in detailed discussions with several potential occupiers. We have commenced construction of 83,000 sq ft of speculative industrial space at

Butterfields Business Park in Luton. Following planning permission and confirmation of further infrastructure grant funding at Airport Business Park in Southend, we expect the first design and build unit, of 123,000 sq ft for Ipeco, to commence in 2019. We have also completed the acquisition of 18 acres at Preston and entered into development agreements at Wakefield, Taunton and Enfield to deliver further industrial/logistics schemes. The strategic employment sites in Nottingham (car dealership use included) and Walsall are also making good progress and we should be developing units by late 2020/2021.

Our residential opportunities are progressing well. "Kampus" in Manchester, a £220m forward funded 533 build-to-rent apartment scheme, is on track to complete in 2020. We submitted a planning application late in 2018 for a 123-apartment scheme

with Stonebridge Homes at our site in York and we hope to commence development in late 2019/2020. We also expect to start construction work on 27 apartments on the upper floors of Equitable House in central Manchester following the sale of the ground floor retail units in 2018.

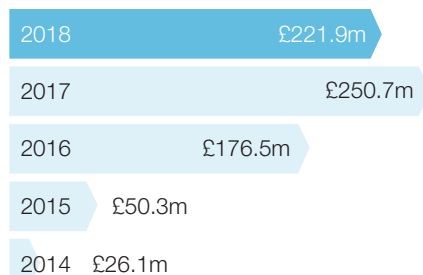
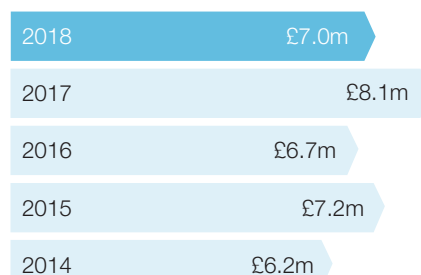
At Wyvern Park, Skipton, we obtained planning consent to commence infrastructure work in 2019 which should result in us securing residential and employment land receipts in 2020. Elsewhere, we completed bespoke industrial units, for the 11th consecutive year, totalling 108,000 sq ft at Markham Vale and are already contracted to deliver a further 110,000 sq ft in 2019.

Finally, The Event Complex Aberdeen remains within cost budget and on time to open in summer 2019. The exciting £333m development, in partnership with Aberdeen City Council, will create 48,000 square metres of multi-purpose event space, conference and exhibition halls, a stunning 12,500 seat arena, spacious hospitality boxes, a premium restaurant and 350 hotel beds.

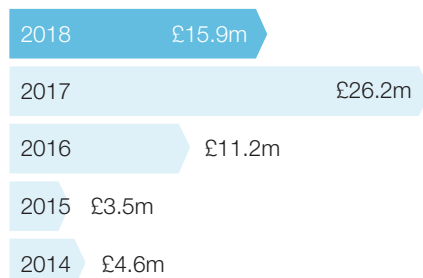
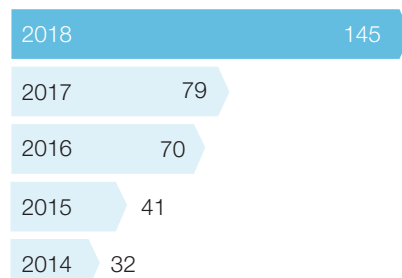
Housebuilding

Our jointly owned housebuilder, Stonebridge Homes, performed well in 2018, achieving 145 sales (2017: 79 sales) and carried over 15 reservations into 2019. We expect to be selling from six to eight sites with planning permission to deliver our 2019 targets largely in the buoyant market areas north and east of Leeds. We have also invested further in our management teams to support the anticipated growth in the business.

Our land portfolio with secured permission now stands at 379 units (2017: 320 units) and longer term secured sites, subject to obtaining planning permission, equate to 489 units (2017: 560 units). We are actively looking to grow this opportunity portfolio, with the longer term aim of building Stonebridge Homes into a multi-region mid-tier housebuilder.

**Total revenue****£221.9m****Rental income****£7.0m**

Pictured: Progress shot of TECA, the £333m project for Aberdeen City Council, set to complete mid 2019.

Profit before tax**£15.9m****No. of plots sold** (Stonebridge Homes Limited)**145**

Segmental Review

Construction



■ ■
In recent years we have exceeded targeted profit levels by maintaining a good blend of both private and public-sector clients.

Simon Carr,
 Henry Boot Construction Limited



■ ■
Depots in the North traded well and we benefited from strong sale values for fully depreciated asset disposals.

Giles Boot,
 Banner Plant Limited



■ ■
Despite testing weather conditions in early 2018, the contract completed another successful year in line with expectations.

Trevor Walker,
 Road Link (A69) Limited

Henry Boot Construction delivered £71m of construction activity in 2018 and started 2019 with a very strong order book. In recent years we have exceeded targeted profit levels by maintaining a good blend of both private and public-sector clients across a wide range of building and civil engineering sectors. This provides a solid base to manage the risk of any short-term uncertainty associated with the UK's departure from the EU. Repeat business continues to underpin our success and is an indication of our excellent performance and delivery of value for our clients.

In the commercial sector, Phase 1 of the Barnsley town centre redevelopment scheme, The Glass Works, is now nearing completion and we have commenced design and remediation works on the first part of Phase 2, an £88m commercial and retail offering.

The civil engineering sector continues to provide good opportunities. We completed the infrastructure and roads project at the Advanced Manufacturing Park for the University of Sheffield and work for Extra MSA at Skelton Lake in Leeds is also progressing well. There has been an increase in housing opportunities and we are now part of a preferred consortium aiming to build out a major PRR residential scheme in Sheffield.

We completed several projects within the educational sector in 2018; the Aerothermal Technology Building for Loughborough University, concourse Public Realm works for the University of Sheffield, the School of Earth and Environment expansion at the University of Leeds and the Spine Public Realm scheme for Lancaster University. We also continue to deliver the Sports

Development Centre for the University of Hull, the Royce Discovery Centre for the University of Sheffield and Brookfield Campus for the University of Leicester. We also successfully secured a place on the Leeds Local Education Partnership.

Further places have been secured on the Pagabo public and private sector framework and the Procure North West framework. Several schemes have also been secured through the Ministry of Justice refurbishment framework. Through the YORbuild 2 framework, we have completed structural works to six tower blocks for Leeds City Council. In the healthcare sector, we continue to be a framework delivery partner for the Sheffield Teaching Hospitals NHS Foundation Trust.



Total revenue

£102.9m

2018	£102.9m
2017	£81.9m
2016	£79.4m
2015	£79.5m
2014	£82.4m

Profit before tax

£9.2m

2018	£9.2m
2017	£10.0m
2016	£11.0m
2015	£9.9m
2014	£10.1m

Plant Hire

Banner Plant traded broadly in line with expectations. Depots in the North traded well and we benefited from strong sale values for fully depreciated asset disposals. These benefits were offset by weaker activity in the Midlands-based depots and management changes have been implemented to bring new focus here. We continue to invest in the fleet with capital investment at 12% of asset cost, while cash inflows, helped by the strong sales values, were ahead of expectations.

Road Link

Road Link (A69) which runs the A69 between Newcastle and Carlisle under a Design, Build, Finance and Operate (DBFO) agreement, completed another successful year in line with expectations. Traffic volumes were slightly up on 2017 and, despite some days of heavy snow in the early part of 2018, the road remained open throughout the year. The contract has seven years to run and remains on course to operate to plan until the hand-back to Highways England is effected at that time.

Pictured: University of Hull, the project consists of a 12-court sports hall built on campus and refurbishment of the existing Grade II listed sports centre.