17 September 2024

HENRY BOOT PLC

('Henry Boot', the 'Company' or the 'group')
Ticker: BOOT.L: Main market premium listing: FTSE: Real Estate Investment and Services.

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

Strong sales, a prime portfolio and an improving outlook underpin increased dividend

Henry Boot PLC, a Company engaged in land promotion, property investment and development, and construction, announces its unaudited interim results for the six months ended 30 June 2024.

Tim Roberts, Chief Executive Officer, commented:

'During the first half of the year we have started to see an improvement in our markets and this together with our focus on prime land and development, plus premium homes has helped us to achieve relatively strong property sales. The lower forward sales with which we started the year has affected our first half financial performance and as flagged at the time of our 2023 results, we expect 2024 to be heavily weighted towards the second half. With 81% of budgeted sales already completed, exchanged or reserved, we remain on track to perform in line with market expectations for the full year. Furthermore, we remain confident in our key markets, and have significant latent value in our development and land portfolio which is held at cost, as well as plenty of opportunity to grow in order to meet our stated medium term targets. This together with our rock solid balance sheet underpins our decision to raise the interim dividend by 5%.'

Financial highlights

- Completed and exchanged on total land and property sales of £150.8m (H1 23: £129.3m), reflecting growing demand for our prime projects and buildings as sentiment in our markets begins to improve
- A lower starting forward sales position resulting in revenue of £106.0m (H1 23: £179.8m) and a profit before tax of £3.7m (H1 23: £25.0m) or an underlying profit[1] of £3.6m (H1 23: £23.3m)
- 81% of budgeted sales for 2024 completed, exchanged or reserved, with the remaining deals either under offer or in detailed negotiations
- 5% increase in interim dividend to 3.08p, consistent with our progressive dividend policy and our confidence in achieving full year performance in line with market expectations and in the group's future prospects
- Capital employed has increased by 1.7% to £424m (December 2023: £417m) continuing our stated growth strategy and progressing toward our medium term target of £500m
- Return on capital employed (ROCE[2]) was 1.4% (H1 23: 6.3%) but is expected to finish the year only marginally below the Company's target of 10%–15%. We remain confident of achieving returns within the target range in the medium term
- The group's Net Asset Value (NAV[3]) per share remained broadly flat at 305p (December 2023: 306p) or 299p (December 2023: 300p), excluding the defined benefit pension scheme surplus
- Net debt[4] increased to £103.9m (December 2023: £77.8m) as we continued to fund infrastructure works to unlock our prime strategic land sites and build out our high-quality committed development programme. Gearing at 25.5% (December 2023: 19.0%), has already reduced to c.18% as of 16 September, and is back within our optimal range of 10–20%

Operational highlights

- Land promotion
  - 843 plots sold (H1 23: 1,900); a further 1,695 plots have exchanged, of which 1,246 plots are due to complete by year end. With 1,070 plots under offer we are on target to sell 3,000 plots this year (December 2023: 1,944)
  - The total land bank has marginally grown to 101,491 plots (December 2023: 100,972 plots)
  - 7,990 plots with planning permission (December 2023: 8,501), all held at cost and 13,392 submitted for planning (December 2023: 13,468)
  - Following the welcomed publication of the draft amendments to the NPPF we aim to advance new applications on c.8,500 plots over 2025

- Property investment & development
  - High quality committed development programme with Gross Development Value (GDV) of £264m (HBD share: £119m) with 64% pre-sold or pre-let
  - £1.5bn development pipeline (HB share: £1.3bn GDV), 57% of which is focused on Industrial & Logistics markets
  - The market value of the investment portfolio including our share of JVs increased marginally by 0.3% to £113.2m (December 2023: £112.9m) with a total property return[5] of 2.7% in the six month period, very marginally below the CBRE UK Monthly Index (2.9%)
  - Stonebridge Homes (SH) has secured 95% of its 2024 delivery target of 275 units (2023: 251 units) with a total owned and controlled land bank of 1,407 plots (December 2023: 1,513 plots), in line with growth targets

- Construction
  - The construction segment achieved turnover of £43.5m (H1 23: £56.2m) with an operating profit of £2.9m (H1 23: £4.4m)

- Responsible business
  - Making good progress against our Responsible Business Strategy targets set in January 2022, and on course to achieve our 2025 objectives and targets

NOTES:

1 Underlying profit before tax 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 £nil (2023: £1.4m gain) on wholly owned completed investment property and gains of £0.1m (2023: £0.3m gains) on completed investment property held in joint ventures. This APM 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 (ROCE) is an APM and is defined as operating profit/average of total assets less current liabilities (excluding DB pension surplus) 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)/cash is an APM and is reconciled to statutory measures in note 14.

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

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A webcast for analysts and investors will be held at 9.30am today and presentation slides will be available to download via www.henryboot.co.uk. Details for the live dial-in facility and webcast are as follows:

Participants (UK):	Tel: +44 (0) 33 0551 0200
Password:	Henry Boot HY24
Webcast link:	https://stream.brrmedia.co.uk/broadcast/669f94a4c038806f14b0b30a

About Henry Boot

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. Listed on the London Stock Exchange since 1919, we're renowned for quality, expertise, delivery and a partnership approach across the group – which comprises, Hallam Land, HBD, Stonebridge, Henry Boot Construction, Banner Plant and Road Link.

Operating across the UK, and employing over 500 people, we focus on three key markets: urban development, industrial and logistics and residential. Hallam Land has facilitated 52,000 new homes since 1990, managing one of the top five largest land portfolios in the country, with the potential to facilitate over 100,000 homes. HBD manages a development pipeline of £1.3bn, the equivalent of 7m sq ft of developments across our key markets, while maintaining a £113m investment portfolio, of which 73% of the properties have an EPC rating of 'C' or higher. Stonebridge, our jointly-owned home building business, manages a land portfolio capable of delivering 1,500 homes, with an ambition to deliver up to 600 new homes a year.

Henry Boot Construction has extensive experience in both the public and private sectors, including major projects such as the £200m regeneration of Barnsley town centre, and The Cocoa Works, a £57m residential development in York. For over 65 years, Banner Plant has supplied construction products and services, operating from seven regional depots in the North of England.

We have also developed an ambitious Responsible Business Strategy to help us meet our aim of being Net Zero Carbon by 2030, and to deliver, by 2025, charitable, community and education work valued at £1m.

From land promotion, property development and investment to home building, construction and plant hire, Henry Boot is where great places start.

www.henryboot.co.uk

CEO’s review

During the first half of 2024 our markets stabilised and showed further signs of recovering demand. Inflation moderated, expectations for interest rate cuts increased, the economy grew and customer and investor confidence picked up. In the first six months UK commercial property and land values were broadly unchanged following the valuation declines experienced since mid 2022, suggesting that the market has, or is beginning to turn. While there has been some improvement in investment markets, with the volume of commercial property transactions in H1 24 up 14% on the same period one year earlier, the overall level of activity in H1 24 was around 25% below the long-term average.

House prices increased by 1.2% during the six months to June 2024 according to Nationwide and are now around 3% below the peak in August 2022, however completions of new homes have slowed markedly. While there has been a corresponding reduction in land sale volumes, we have seen several major housebuilders re-entering the market since the start of the year with competitive bidding for our strategic land. There has also been increased M&A activity within the housebuilding sector as housebuilders seek economies of scale from procurement costs and increasing asset turn, but also growing land banks.

Against this backdrop, our strategic focus on high quality land, commercial property development and housebuilding in prime locations saw us increase the level of sales completed and exchanged in the first half to £150.8m (H1 23: £129.3m). As of 1 September, the total had risen to £203.7m reflecting higher levels of activity post period end, leaving the group positioned to achieve full year performance in line with market expectations*.

However, as stated at the time of our results in March, a lower starting forward sales position combined with reduced levels of activity in our markets meant that we expect 2024’s full year results to be heavily second half weighted. This is reflected in a profit before tax for the period of £3.7m, compared to £25m for the same period last year. Since 1 July we have completed, or exchanged on, several disposals with further accretive sales also currently under negotiation, which underpins our decision to raise the dividend payable for the first half by 5%.

With inflation back in line with the Bank of England’s target and the Monetary Policy Committee’s decision in August to cut interest rates for the first time since March 2020, market sentiment has improved, resulting in reduced borrowing costs leading to an increase in activity. We are also encouraged by the direction of the new Labour government around reforms to the planning system and reintroduction of housebuilding targets for local authorities.

With proposed changes to the National Planning Policy Framework (NPPF) suggested to be implemented by the end of the year, this will represent over the life of this Parliament a significant opportunity for our business to speed up securing planning consents in our large land bank and development pipeline. In particular, we have already identified c.8,500 plots in Hallam Land’s (Hallam) land bank where we expect to expedite planning applications. We also believe it will help with our plans to grow Stonebridge Homes (SH) where planning has been a consistent, frustrating drag on growth.

During the first half of the year and including post H1 sales up to 1 September, 81% of budgeted sales for 2024 have either been completed, exchanged or reserved. Significant transactions that have exchanged or are anticipated to close this year, include:

- Swindon (Hallam) – we exchanged on the sale of 759 residential plots to Vistry Group. The first phase of the sale (393 plots) completed post period end in July, with the balance expected to complete in 2025.
- Ambrosden (Hallam) – in June we unconditionally exchanged on the sale of 75 residential plots to Mulberry Homes. The sale is scheduled to complete in December.
- Pickford Gate, Coventry (Phase 2) (Hallam) – in July we exchanged on the sale of 491 residential plots to David Wilson Homes, which completed in September.

- The Chocolate Works in York (HBD) – the conditional sale of a two-acre development site was agreed to McCarthy Stone. The deal is primarily conditional on securing planning, and having achieved consent for a retirement community in March, is now scheduled to complete in October.

The remaining transactions which are in advanced discussions, once completed in H2 24, will mean we hit our sales target for 2024. This includes securing SH's annual housebuilding sales target of 275 units, of which 95% is reserved as of 8 September, with several other deals across the group also in negotiation:

- Pickford Gate, Coventry (Phase 3) (Hallam) – following the completion of phase two in September, the third phase sale is in detailed negotiations with a major housebuilder which, when concluded, will secure Hallam's target for 2024.
- Setl, Birmingham (HBD) – in May we achieved practical completion of the 102 premium apartment building (£32m GDV) in the city centre and up to 1 September this scheme has pre-sold 52% by value of the units at target selling prices. We expect the sale of the majority of the remaining units to be secured by the year end.
- Spark, Walsall (HBD) – with planning approved in June for the first three units, totalling 464,000 sq ft, there is strong interest in the first unit, which when secured adds a further c.£40m GDV to HBD's committed programme.

At Island, the £66m GDV (Our share: £33m) NZC office scheme located in the heart of Manchester, HBD has 45,700 sq ft across 5 floors of the building under offer. This means our £264m (HBD share £119m) committed development programme is 64% pre-let or pre-sold.

The group's NAV per share remained broadly flat at 305p (December 2023: 306p) or 299p (December 2023: 300p), excluding the defined benefit pension scheme surplus, with lower profits offset by payment of the 2023 final dividend of 4.4p in the period.

Net debt was £103.9m as at 30 June 2024 (December 2023: £77.8m) reflecting a £52.8m net increase in land and work in progress in the period as we continued to fund our high-quality committed development programme, as well as undertake infrastructure works to facilitate major strategic land disposals at Swindon and Coventry, both of which have completed post period. This resulted in an anticipated increase in our gearing to 25.5% as at 30 June 2024, which has already been reduced to c.18%, as of 16 September, back within our optimal range of 10–20%.

In May, the group agreed terms with existing lenders Barclays, HSBC and NatWest for a new £125m, three year facility, with the option to extend for a further two years to May 2029. The margin payable under the new facility is 160bps above SONIA. In addition, the facility includes a £60m accordion. This replaces a £105m committed facility with a margin of 140bps, which had a scheduled maturity in January 2025.

We continue to build on our Henry Boot legacy and invest in our long term business, in particular investing in technology and processes to help our people work smarter and more efficiently, and following our HQ relocation to Isaacs Building, we have begun a rolling upgrade on our regional network of offices and depots. We also launched a refreshed group brand in June to reinforce our values, optimise customer experiences, and to be clearly recognised as a modern, progressive and successful business. Simply stated, Henry Boot is 'Where great places start'.

**Market expectations being the average of current analyst consensus of £30.7m profit before tax, comprising three forecasts from Deutsche Numis, Peel Hunt and Panmure Liberum.*

Dividend

The Board has declared an interim dividend of 3.08p (June 2023: 2.93p), with the 5% increase demonstrating our progressive dividend policy and continued confidence in the future prospects for the business. This will be paid on 11 October 2024 to shareholders on the register at the close of business on 20 September 2024.

Strategy

The group set a medium-term strategy in 2021 to grow the size of the business by increasing capital employed from £365m to £500m, focusing on its three key markets: I&L, Residential and Urban Development; while maintaining ROCE within a 10–15% range.

In the first six months of the year our capital employed has increased to £424m (December 2023: £417m). Despite recent challenging markets we remain on course to realise our strategic medium term target of £500m.

See below for the progress made in H1 24 against our stated medium term targets:

Measure	Medium term target	H1 24 Performance	Progress
Capital employed	To over £500m	£424m as at 30 June 2024	On track to grow capital employed to over £500m
Return on average capital employed	10–15% pa	1.4% in H1 24 due to heavy weighting to H2 in 2024	We expect to be marginally below stated strategic target for FY24, although maintain our medium term aim through the cycle
Land promotion plot sales	c.3,500 pa	843 plots in H1 24	With an additional 1,246 plots already scheduled for completion in H2 24, we remain on target to sell c.3,000 plots this year
Development completions	Our share c.£200m pa	Our share: £68m in H1 24, with committed programme of £119m for 2024	We are on track to complete on £192m GDV this year, just marginally short of our medium term target. We have optionality to build our committed programme back up from our £1.3bn pipeline
Grow investment portfolio	To around £150m	£113.2m as at 30 June 2024	Value broadly unchanged, with no acquisitions completed. We will remain patient in building the portfolio up to its medium term target
Stonebridge Homes sales	Up to 600 units pa	Secured 95% of its 2024 delivery target of 275 units	Continue to target increased output in 2024, in line with overall strategic objective of 600 units, albeit at a slower growth rate
Construction order book secured	Minimum of 65% for the following year	20% at H1 24 for 2025	HBC is behind schedule in winning work for next year. In response, the opportunity pipeline has been refocused, with £54m PCSA’s in progress

Responsible business

We launched our Responsible Business Strategy in January 2022, with our primary aim to be Net Zero Carbon (NZC) by 2030 with respect to Scopes 1 & 2 greenhouse gas (GHG) emissions. I am pleased with the progress we have made so far against our 2025 objectives and targets. Our strategy is guided by three principal objectives:

- To further embed ESG factors into commercial decision making so that the business adapts, ensuring long-term sustainability and value creation for the group's stakeholders.
- To empower and engage our people to deliver long term meaningful change and impact for the communities and environments Henry Boot works in.
- To focus on issues deemed to be most significant and material to the business and hold ourselves accountable by reporting regularly on progress.

30 month performance against our 2025 target

As we passed the midpoint of our Responsible Business Strategy, the table below highlights the good progress we have made so far against our 2025 objectives and targets.

Our people	Performance	**Our places**	Performance
Develop and deliver a group-wide Health and Wellbeing Strategy	New Health and Wellbeing Strategy and Programme launched in 2023. Approximately 50 employees trained as Mental Health First Aiders	Contribute £1,000,000 of financial (and equivalent) value to our charitable partners	We contributed (financial and equivalent value of) over £640,000 to our charitable and community partners
Increase gender representation in the business, aiming for 30% of our team and line managers being female	We have made progress, with female representation across our workforce increasing to 29% (2023: 28%)	Contribute 7,500 volunteering hours to a range of community, charity, and education projects	More than 6,500 volunteering hours have been delivered, putting us well over half way to our goal
Our planet	Performance	**Our partners**	Performance
Reduce Scope 1 and 2 GHG emissions by over 20% to support reaching NZC by 2030	Total direct GHG emissions (Scopes 1 and 2) in 2023 were 2,833 tonnes which equates to a 14% reduction from the 2019 baseline	Pay all of our suppliers the real living wage and secure accreditation with the Living Wage Foundation	Internal experts are working with the Living Wage Foundation to meet the criteria of membership with accreditation to be achieved in 2024
Reduce consumption of avoidable plastic by 50%	Sustainability audits completed and a Waste Management Plan is in development	Collaborate with all our partners to reduce our environmental impact	We continue to engage with membership organisations and our supply chain to share knowledge and best practice

Outlook

Looking ahead it feels like the economy is picking up, with inflation normalising, and the prospect of further falls in interest rates increasing following the cut in August. We have also had two areas of uncertainty removed, with the General Election and the subsequent new administration showing a clear intent to free up the planning system and drive development, with a particular emphasis on housebuilding.

All of this is encouraging for our business, where demand is rate sensitive and can also vary depending on levels of confidence and where dysfunctional planning has been a drag on performance. There has been data during H1 showing our markets stabilising, and over the summer, when traditionally we have had a quieter period, there have been signs of a recovery in demand. As a result, we are operationally gearing up to submit more planning applications across the group over the next 12 months to take advantage of this improving situation.

We were clear that this year would be heavily second half weighted, and that has been the case, however, with 81% of budgeted sales for 2024 completed, exchanged or reserved, we are firmly on track to meet our full year expectations.

The group remains convinced that our three key markets – industrial, residential and urban development – benefit from long term structural trends where demand is likely to outstrip supply. That, together with a rock solid balance sheet, the recently signed, larger banking facility, and a portfolio across the group with attractive opportunities, means we are confident we have the resources to continue to grow the business and achieve returns in line with our medium term targets.

Business review

Land promotion

Hallam has delivered an operating profit of £4.2m (H1 23: £17.0m) by completing the sale of 843 plots (H1 23: 1,900 plots). A further 1,695 plots have exchanged, of which 1,246 plots are due to complete by year end. In addition, another 1,070 plots are under offer, the majority of which are expected to complete in 2024 and contribute to profit this year. Hallam is on target to achieve sales this year of c.3,000 plots.

UK greenfield land values were stable in the six months to June 2024, according to Savills Research. There has been an uptick in confidence since the start of the year with buyers returning to the land market, including an increase in activity from the major housebuilders. A lack of new land supply coming forward has supported pricing with 12% fewer homes granted planning consent in Q1 24, compared to the same period in 2023. However, deals continue to take longer to progress than in the post Covid bounce period.

During the period Hallam witnessed the recovery in demand for prime deliverable sites from major housebuilders, disposing of 843 plots, including a significant sale of 494 plots in Chatteris, Cambridgeshire to David Wilson Homes. Overall, Hallam achieved an average gross profit per plot of £9,680 (H1 23: £11,400), lower than the comparative period last year, which was boosted by a significant freehold sale at Tonbridge, Kent. The current level of profitability is still above the 5 year average of £9,100.

At 30 June, Hallam had 1,695 plots exchanged, of which 1,246 plots are scheduled for completion in H2 24, including:

1. 759 residential plots in Swindon to Vistry Group. 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, outline planning consent was secured for a total of 2,380 residential plots across a 400 acre site, of which 1,063 relate to Hallam's site. The site will also bring several additional community benefits, including a new primary school, community and sport buildings, significant woodland planting and green infrastructure. The first phase of the sale completed (393 plots) in July 24 and the second phase (366 plots) is targeting completion for 2025.

2. A freehold site with planning permission for 75 homes in Ambrosden, Oxfordshire to Mulberry Homes. Hallam acquired the site in 2014 before promoting the land through the planning process with an application strategically submitted in July 2022. Hallam then secured outline consent in December 2023

for a total of 75 homes as well as local highways improvements, green infrastructure and a children's play area. The sale is anticipated to complete in December 2024.

3. 491 residential plots at Pickford Gate, Coventry to David Wilson Homes. Hallam secured a planning promotion agreement in 2015 before submitting a planning application in 2018. An outline planning consent was secured in 2021 for a total of 2,400 homes, of which 25% is affordable housing. The project also involved delivering a new junction on the A45 dual carriageway, for which Hallam secured funding through the Homes England HIF process. Works on the junction successfully completed in April 2024. Post half year, this deal has now finalised, completing in September.

An additional 1,070 plots are also under offer, with the majority being related to Pickford Gate, Coventry, where phase three of the scheme is in detailed negotiations with a major housebuilder. When agreed, this will secure Hallam's target for 2024.

Residential Land Plots

	With permission				**In planning**	**Future**	**Total**
	b/f	**granted**	**sold**	**c/f**			
2024	8,501	332	(843)	7,990	13,392	80,109	101,491
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's land bank has grown marginally to 101,491 plots (December 2023: 100,972 plots), of which 7,990 plots (December 2023: 8,501 plots) have planning permission (or a Resolution to Grant, subject to S106). In the first half of the year the planning system remained challenging, reflected by the decrease in plots with planning permission, having disposed of 843 plots and only 332 plots achieving consent. In response to this, Hallam has submitted appeals on several sites, including Sittingbourne, which in H2 24 won a consent on appeal for 290 plots. Appeals have also been lodged on another seven sites, which, if successful would add c.2,500 plots with planning.

The new government has proposed significant revisions to the NPPF as part of its broader recognition that the current system is not working effectively and is hindering economic growth. The proposed changes would provide much clearer direction to local authorities in terms of housing delivery, and with 13,392 plots awaiting planning determination it leaves Hallam in a strong position to meet its ambitious targets. In addition, Hallam has identified 8,500 plots where we expect to be able to expedite planning applications.

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 within its accounts relating to any of the 7,990 plots with planning, and any increase in value created from securing planning permission will be recognised on disposal.

Property investment and development

Property Investment and Development, which includes HBD and Stonebridge Homes (SH), delivered a combined operating profit of £2.7m (H1 23: £8.5m).

According to the CBRE Monthly Index, commercial property values increased by 0.1% in the six months to June 2024. Retail property was the best performing sector with values up 1.5% during the first half of the year, ahead of industrial, up 1.2%, while offices declined by 2.9%. Rental value growth remains strongest for the industrial sector with growth of 2.5% in the six months to June with yields broadly unchanged over the period.

In H1 24, the volume of UK commercial property transactions totalled £16.2bn according to JLL, an increase of 14% compared to the same period one year earlier, but down 44% on H1 2022. While most sectors have seen increased transactional activity this year, overall deal volume has been held back by fewer large portfolio deals than during 2021 and 2022.

While there was some slowing in take up from the record levels seen during and just after the pandemic, I&L occupier demand improved during H1 24, with take up marginally ahead of the same period last year and effectively back to the pre-pandemic average. Manufacturers have driven the recent improvement in demand with many looking to de-risk supply chains through nearshoring operations. HBD has deliberately built a high weighting to I&L, which makes up 74% of our investment portfolio and 57% of the development pipeline. Given the strong underlying demand drivers and societal changes that are supporting the sector, we continue to have confidence that the outlook for this asset class remains positive over the medium to long term. At the same time, the outlook for build to rent (BtR) also remains positive, according to CBRE, with rental growth for multifamily assets of 7.7% in the year to March 2024 driven by continued strong demand and a lack of available units.

HBD completed on three developments and three land sales with a total GDV of £68m (HBD share), with 77% of these either sold or let:

1. At Setl (HBD share: £32m GDV), the 102 premium apartment building in Birmingham, the building works finished at the end of May and 52% of the units by value are pre-sold at target selling prices as of 1 September.
2. Completed two logistic units totalling 156,000 sq ft (HBD share: £20m GDV) at Airport Business Park, Southend.
3. Three development sites sold (HBD share: £16m GDV) at both Wakefield Hub and Pool, South Crofty. At Wakefield Hub, a significant 200 acre industrial and logistic development, HBD completed the sale of an 8 acre development site to NewCold and a 6 acre site to Aeroservices. At Pool, South Crofty, the disposal of a 45,000 sq ft development site was completed in May.

The committed development programme now totals a GDV of £264m (HBD share: £119m GDV) and is currently 64% pre-let, pre-sold or under offer, with 96% of development costs fixed.

2024 Committed programme

Scheme	GDV (£m)	HBD share of GDV (£m)	Commercial (‘000 sq ft)	Residential size (Units)	Status	Completion
Industrial						
Leicester, TMS	10	10	29	–	Pre-sold	Q4 24
Leicester, Melton Road	2	2	20	–	Pre-sold	Q1 25
Preston, Aptus	10	5	150	–	Pre-sold	Q3 25
Rainham, Momentum	120	24	380	–	Speculative	Q3 24
Walsall, SPARK Remediation	37	37	–	–	Forward funded	Q3 24
	179	78	579	–		
Urban Residential						
Aberdeen, Bridge of Don	12	1	–	500	Under-offer	Q1 25
York, McCarthy Stone	4	4	–	72	Pre-sold	Q4 24
	16	5	–	572		
Urban Commercial						
Manchester, Island	66	33	91	–	Part under offer	Q4 24
Manchester, Equitable	3	3	19	–	Pre-sold	Q3 24
	69	36	110			
Total for the year	**264**	**119**	**689**	**572**		

% sold or pre-let	**38%**	**64%***

**This includes space under offer at Island and units reserved at Setl– 01/09/24*

Within the committed programme HBD has conditionally agreed the sale of development sites at a combined GDV of £17m (HBD share: £12m GDV) at The Chocolate Works, York, and Equitable in Manchester. Both sales are due to complete in H2 24. At Aptus, Preston, the £86m GDV, 790,000 sq ft I&L development, a 10 acre development land sale has unconditionally been agreed with Kerakoll, a world leader in green building materials. HBD will lead on the infrastructure works before handing the site over to Kerakoll, who will then undertake the development.

At Island, Manchester, a 50:50 JV scheme with Greater Manchester Pension Fund, delivering a 91,000 sq ft NZC office building, HBD has 45,700 sq ft across 5 floors under offer, which represents c.50% of the office space in the building. The scheme is scheduled for completion in Q4 24. At Momentum, Rainham (an 80:20 JV with Barings), a four unit NZC I&L development serving Greater London, the contractor went into administration earlier this year. This delayed the scheme achieving practical completion until August, although the building works completed within budget. The delay has left HBD behind in its letting plan, however there are enquiries for the scheme and the majority is anticipated to be let within a year.

HBD's future total development pipeline value remained stable at £1.5bn GDV (HBD share: £1.3bn GDV). All these opportunities sit within the Company's three key markets of I&L (57%), Urban Commercial (22%) and Urban Residential (21%).

Looking ahead, HBD is forecast to complete on £192m GDV this year, which is slightly short of its medium term strategic target of c.£200m pa. The committed programme is expected to reduce by the year end because of lower activity in the market and investment uncertainties. However, within the development pipeline, HBD has c.£200m near-term schemes which have the potential to be added to the committed programme within the next 12 months, comprising:

1. Neighbourhood, Birmingham (HBD share: £123m GDV) – after securing planning in March 2023 for a 404-unit BtR development, HBD is continuing preparatory works and is pursuing interest that has been shown in forward funding the scheme.
2. Spark, Walsall – HBD is set to complete remediation works in Q3 24. Planning for the first three units was approved in June, totalling 464,000 sq ft and HBD has strong interest in the first unit, which when secured adds a further c.£40m GDV to HBD's committed programme.
3. Welwyn Garden City (HBD share: £20m GDV) – HBD is currently pursuing occupier interest for a part pre-let on this 71,200 sq ft industrial scheme and once concluded is targeting a start on site by the year end.

At the flagship £1bn innovation and technology project known as Golden Valley (HBD share of phase one: £155m GDV), which is located adjacent to GCHQ in Cheltenham, HBD is working towards receiving an outline planning consent in Q4 24. The consent is in relation to circa 1 million sq ft of commercial space and c.1,000 residential units. The first phase, which will be known as the National Cyber Innovation Centre, is in detailed design and subject to consent, construction is planned to commence mid 2025.

Investment portfolio – key stats

	Jun-24	Dec-23
Market values - inc. share of JVs	**£113.2m**	£112.9m
Total Area - '000 sq ft	**795**	795
'Topped-up' net initial yield	**5.8%**	5.8%
Reversionary yield	**6.6%**	6.5%
WAULT to Expiry[1]	**10.4 years**	10.8 years
Occupancy[2]	**93%**	93%

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

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

The total value of the investment portfolio (including the share of properties held in JVs) was broadly unchanged in this period at £113.2m (December 2023: £112.9m), with no acquisitions completed. Capital values increased by 0.3% in the first six months of 2024, with rental value growth for the I&L assets of 3.8% and the portfolio 'topped-up' net initial yield unchanged at 5.8%. The total property return of 2.7% for the six months to June 2024 was marginally below the total return from the CBRE UK Monthly Index (2.9%). During the period, occupancy was unchanged at 93% (December 2023: 93%) with the weighted average unexpired lease term now 10.4 years (8.5 years to first break).

Currently 73% of the investment portfolio (based on floor area) has an EPC rating of 'C' or higher, with 44% being rated 'A' or 'B'. The 27% 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.

The UK housing market remained fairly subdued during H1 24 as homebuyer demand continued to be impacted by higher mortgage rates. According to Nationwide, after taking account of seasonal effects, UK house prices increased by 1.2% during the six months to June and are now around 3% below the summer 2022 peak. Northern England continues to outperform southern England, with prices up 2.4% year on year, which is positive for SH, the group's jointly owned Yorkshire focused housebuilder, that has recently expanded into the North East.

SH has secured 95% (186 Private/75 Social) of its 2024 delivery target of 275 units (2023: 251 units). While pricing remained firm on a like for like basis, the overall average selling price for private units decreased to £381k (June 2023: £489k). This was due to the wider housing mix on offer to capture more demand and geographic changes as the business also expanded its sales outlets into new locations. Furthermore, the average sales rate of 0.50 (June 2023: 0.48) units per week per outlet, for private houses (PH) has marginally increased year on year as customer confidence begins to return in line with the improved economy. Post H1 24, Stonebridge has seen an improvement in trading with the average sales rate increasing to 0.54, which is 26% above the same period last year.

Supply chain availability and cost pressures continue to improve, with build cost inflation moderating at 3% (December 2023: 4%). SH is in the process of undertaking a comprehensive house type specification review to see if costs can be reduced further without compromising customer value or its premium market position.

SH total owned and controlled land bank stands at 1,407 plots (December 2023: 1,513). Delays in the planning system have slowed the rate at which SH has been able to replenish our consented land bank following sales, which now stands at 862 plots (December 2023: 923) equating to a healthy 3.0 years' supply based on anticipated one year forward sales. SH also has three sites under offer with the potential to add a total of c.750 plots by year end, including SH's first site in the North Midlands, its planned third operational region.

The strategic objective of growing the business to achieve 600 completions per annum over the medium term remains on track.

Construction

The group's construction segment, which includes Henry Boot Construction (HBC), Banner Plant and Road Link (A69), remained profitable in H1 24, with an operating profit of £2.9m (2023: £4.4m).

UK construction output remained relatively flat during the first half of 2024, with seasonally adjusted monthly output estimated to have risen by 0.7% between December 2023 and June 2024. The Q2 2024 RICS UK Construction Monitor suggests that apart from infrastructure, workloads remain stagnant across both the residential and non-residential sectors, with little change expected in profitability levels over the next year with a headline net balance of -3%.

HBC is behind schedule in winning work for this year, with a secured orderbook of 61% at H1 24, against a medium term target of 65% secured at the start of the year. As a result, turnover is expected to be lower this year. The business has the lowest capital employed of any subsidiary of the group, limiting the risk it imposes on Henry Boot's broader strategic growth plans.

In July 2024, it was announced that Lee Powell, currently CEO of GMI Construction, will assume the role of Managing Director of HBC, joining the business in January 2025. Lee's immediate focus will be to restore and grow the orderbook.

In January 2024, works at Sheffield Council's Heart of the City, Block H, a £42m urban scheme, completed its final phase. Its largest active site, the Cocoa Works in York, a £57m urban residential project, has experienced delays as subcontractor installed pipe fittings failed. Insurers are being pursued to recover costs and the project is now expected to complete later this year.

In H1 24, HBC was appointed by Rotherham Council to deliver the £36m redevelopment of Rotherham Markets and an adjacent new library, forming a key part of the wider town centre masterplan. The project comprises a major refurbishment and redevelopment of the existing indoor and outdoor markets and is scheduled for completion in 2027.

Looking ahead, HBC has a healthy pipeline of opportunities, and is actively pursuing £54m of Pre-Construction Services Agreements across urban development and residential schemes.

Banner Plant and Road Link (A69) are both trading in line with management expectations.

Financial review

Consolidated statement of comprehensive income

Group revenue for the period decreased 41.0% to £106.0m (H1 23: £179.8m) with transactional activity in Land Promotion and in core Property Development affected by reduced levels of activity in our markets. The gradual upturn in the UK economy through H1 has seen appetite for transactions returning and the group has already begun to secure additional revenues for H2 and beyond. Despite these challenges the group's premium housebuilder Stonebridge Homes continued to deliver a good level of completions, achieving 90 unit sales in H1 (H1 23: 99 unit sales) and carrying a healthy level of reservations into H2 that should again show annual growth in completions.

Gross profit was down on the prior period at £24.7m (H1 23: £40.8m) as the timing of transactions in 2024 will be heavily weighted to H2. Administrative expenses remain comparable with the prior period (H1 23: increased £2.2m) with continued investment in our people, systems and brand offset by focused savings and efficiencies.

Other income in the prior year related to a legal settlement on a property development contract completed in 2016.

Fair value of investment properties remained flat (H1 23: increase £0.6m) with group assets performing marginally below the CBRE index. Profits on sale of investment properties were £nil (H1 23: £0.1m). The group's share of profit from joint ventures and associates was £1.9m (H1 23: £0.2m), including investment property valuation gains of £0.1m (H1 23: £0.3m).

Property revaluation gains/(loss)	**H1 24 £'m**	H1 23 £'m	2023 £'m
Wholly owned investment property:			
- Completed investment property	—	1.4	0.5
- Investment property in the course of construction	—	(0.8)	(0.2)
		0.6	0.3
Joint ventures and associates:			
- Completed investment property	**0.1**	0.3	0.1
- Investment property in the course of construction	—	—	—
	—	0.3	0.1
	0.1	0.9	0.4

This results in an operating profit of £5.9m (H1 23: £25.7m) which generated an underlying profit before tax[1] of £3.6m or £3.7m on a statutory basis (H1 23: £23.3m underlying or £25.0m statutory). Earnings per share follows the above, reducing to 2.8p (H1 23: 14.0p).

Return on capital employed

Lower operating profits in the period resulted in a decrease in return on capital employed (ROCE) to 1.4% over the six-month period (H1 23: 6.3%). Over a 12-month period we continue to believe a target return of 10-15% is appropriate for our current operating model, and we expect to be close to the bottom end of this range at the end of the year.

Finance and gearing

Financing costs were £4.3m (H1 23: £2.5m) reflecting the impact of higher borrowing levels and interest rates. This is partially offset by finance income of £2.1m (H1 23: £1.8m) as an element of financing costs are recovered through our joint venture arrangements.

At 30 June 2024, net debt was £103.9m (31 December 2023: £77.8m). This reflects an increase in the level of land and property assets held on the balance sheet as we continue to fund our high-quality committed development programme and undertake infrastructure works to facilitate major strategic land disposals. Debt levels are forecast to reduce in H2 as transactions complete and assets are recycled into cash.

As a result. gearing has increased to 25.5% (31 December 2023: 19.0%) and while above our preferred operating range of 10%–20% we remain within the board approved limit of 30% and expect to return within this range by the year end as H2 sales complete. We remain selective on new investments but are ready to react to any compelling opportunities that might arise.

Cash flows

The group completed a major refinancing in May 2024, securing increased facility levels on comparable terms to the previous agreement.

Operating cash inflows before movements in working capital were £6.6m (H1 23: £22.0m).

Working capital requirements have increased due to continued progression of development schemes and strategic land investments, resulting in working capital outflows of £13.4m (H1 23: £15.8m outflow) which in turn meant that operations generated outflows of £6.8m (H1 23: £6.1m inflow). After interest paid of £3.6m (H1 23: £1.9m) and tax paid of £3.9m (H1 23: £0.9m) net cash outflows from operating activities were £14.2m (H1 23: £3.3m inflow).

Including net advances to joint ventures and associates of £7.3m (H1 23: £6.8m), interest received of £1.9m (H1 23: £1.3m), dividends from joint ventures and associates of £1.5m (H1 23: £nil) and expenditure on investment properties of £nil (H1 23: £7.0m), net cash outflows from investing activities were £4.1m (H1 23: £12.3m).

The final dividend on ordinary shares for 2023 increased by 10% to £5.9m (H1 23: £5.3m).

Statement of financial position

Total non-current assets were £197.0m (31 December 2023: £193.7m). Significant movements arose as follows:

- an increase in non-current trade receivables of £2.2m (H1 23: £14.6m) following further investment in our joint ventures arrangements;
- the pension scheme asset has increased £2.1m to £9.8m (31 December 2023: £7.7m) largely due to the effect of the increasing liabilities discount rate partially offset by asset returns during the period; and,
- an increase in investments in joint ventures and associates of £0.3m to £10.8m (31 December 2023: £10.5m), being profits generated of £1.8m (H1 23: £0.2m) less dividend distributions of £1.5m (H1 23: £nil).

Current assets were £42.6m higher at £443.4m (31 December 2023: £400.7m) resulting from:

- A £52.8m uplift in inventories to £350.4m (31 December 2023: £297.6m) due to investment in our strategic land bank and delivery of our committed development programme;
- lower trade and other receivables of £64.7m (31 December 2023: £76.4m); and,
- cash and cash equivalents which were £1.3m higher at £14.4m (31 December 2023: £13.0m) due to current cash requirements and timing on loan repayments.

Total liabilities rose to £232.2m (31 December 2023: £184.3m) with the most significant changes arising from:

- trade and other payables, including contract liabilities, increased £24.1m to £101.1m (31 December 2023: £77.0m) due to sizeable land purchases made on deferred terms; and,
- borrowings, including lease liabilities, increased to £118.3m (31 December 2023: £90.8m) as the Group continues to invest in its committed development programme and strategic land assets.

Retained earnings less dividends paid marginally decreased net assets to £408.1m (31 December 2023: £410.1m) with the net asset value per share decreasing by 0.5% to 305p (31 December 2023: 306p), an underlying decrease of 0.1% to 299p (Dec 2023: 302p) when excluding the defined benefit pension scheme surplus net of tax liability.

NOTES:

[1] Underlying profit before tax 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 £nil (2023: £1.4m gain) on wholly owned completed investment property and gains of £0.1m (2023: £0.3m gains) on completed investment property held in joint ventures. This APM 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 (ROCE) is an APM and is defined as operating profit/ average of total assets less current liabilities (excluding DB pension surplus) 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)/cash is an APM and is reconciled to statutory measures in note 14.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
for the half year ended 30 June 2024

	Half year ended	Half year ended	Year ended

	30 June 2024 Unaudited £'000	30 June 2023 Unaudited £'000	31 December 2023 Audited £'000
Revenue	**106,047**	179,756	359,399
Cost of sales	**(81,373)**	(138,909)	(282,634)
Gross profit	**24,674**	40,847	76,765
Other income	**—**	4,800	4,800
Administrative expenses	**(20,689)**	(20,831)	(44,342)
	3,985	24,816	37,223
(Decrease)/increase in fair value of investment properties	**(28)**	595	307
Profit on sale of investment properties	**37**	86	733
Profit on sale of assets held for sale	**—**	—	1,571
Profit on disposal of joint ventures	**—**	—	371
Share of profit of joint ventures and associates	**1,860**	188	—
Operating profit	**5,854**	25,685	40,205
Finance income	**2,116**	1,769	3,357
Finance costs	**(4,283)**	(2,495)	(6,260)
Profit before tax	**3,687**	24,959	37,302
Tax	**(478)**	(5,805)	(8,759)
Profit for the period from continuing operations	**3,209**	19,154	28,543
Other comprehensive (expense)/income not being reclassified to profit or loss in subsequent periods:			
Revaluation of group occupied property	**(14)**	(86)	(228)
Deferred tax on property revaluations	**(48)**	15	279
Actuarial gain/(loss) on defined benefit pension scheme	**2,024**	(2,049)	(3,066)
Deferred tax on actuarial (gain)/loss	**(506)**	512	767
Total other comprehensive income/(expense) not being reclassified to profit or loss in subsequent periods	**1,456**	(1,608)	(2,248)
Total comprehensive income for the period	**4,665**	17,546	26,295
Profit for the period attributable to:			
Owners of the Parent Company	**3,689**	18,661	26,299
Non-controlling interests	**(480)**	493	2,244
	3,209	19,154	28,543
Total comprehensive income attributable to:			
Owners of the Parent Company	**5,145**	17,053	24,051
Non-controlling interests	**(480)**	493	2,244
	4,665	17,546	26,295
Basic earnings per ordinary share for the profit attributable to owners of the Parent Company during the period	**2.8p**	14.0p	19.7p
Diluted earnings per ordinary share for the profit attributable to owners of the Parent Company during the period	**2.7p**	13.7p	19.3p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
as at 30 June 2024

	30 June 2024 Unaudited £'000	30 June 2023 Unaudited £'000	31 December 2023 Audited £'000
Assets			
Non-current assets			
Intangible assets	**1,809**	**2,552**	2,179
Property, plant and equipment	**28,533**	**27,760**	29,218
Right of use assets	**3,837**	**2,926**	3,986
Investment properties	**100,468**	**102,716**	100,602
Investment in joint ventures and associates	**10,844**	**10,178**	10,484
Retirement benefit asset	**9,800**	**8,108**	7,725
Trade and other receivables	**41,511**	**51,648**	39,263
Deferred tax assets	**214**	**249**	213
	197,016	**206,137**	193,670
Current assets			
Inventories	**350,402**	**297,664**	297,618
Contract assets	**13,851**	**17,421**	13,659
Trade and other receivables	**64,734**	**65,207**	76,416
Cash and cash equivalents	**14,379**	**20,538**	13,034
Assets classified as held for sale	—	**3,142**	—
	443,366	**403,972**	400,727
Liabilities			
Current liabilities			
Trade and other payables	**82,578**	**90,243**	73,477
Contract liabilities	**4,915**	**1,468**	1,060
Current tax liabilities	**3,304**	**7,664**	6,677
Borrowings	**111,929**	**86,181**	84,819
Lease liabilities	**898**	**358**	728
Provisions	**3,177**	**2,836**	3,221
	206,801	**188,750**	169,982
Net current assets	**236,565**	**215,222**	230,745
Non-current liabilities			
Trade and other payables	**13,647**	**4,235**	2,501
Borrowings	**2,083**	**2,132**	1,699
Lease liabilities	**3,389**	**2,638**	3,547
Deferred tax liability	**5,896**	**4,878**	5,372
Provisions	**422**	**2,057**	1,178
	25,437	**15,940**	14,297
Net assets	**408,144**	**405,419**	410,118
Equity			
Share capital	**13,799**	**13,798**	13,799
Property revaluation reserve	**949**	**2,281**	1,011

Retained earnings	**383,181**	**378,213**	383,219
Other reserves	**8,252**	**8,246**	8,248
Cost of shares held by ESOP trust	**(645)**	**(966)**	(875)
Equity attributable to owners of the Parent Company	**405,536**	**401,572**	405,402
Non-controlling interests	**2,608**	**3,847**	4,716
Total equity	**408,144**	**405,419**	410,118

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the half year ended 30 June 2024

	Attributable to owners of the Parent Company							
	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
At 1 January 2023	**13,763**	**2,352**	**365,692**	**7,482**	**(967)**	**388,322**	**5,967**	**394,289**
Profit for the period	—	—	18,661	—	—	18,661	493	19,154
Other comprehensive expense	—	(71)	(1,537)	—	—	(1,608)	—	(1,608)
Total comprehensive income	—	(71)	17,124	—	—	17,053	493	17,546
Equity dividends	—	—	(5,347)	—	—	(5,347)	(2,613)	(7,960)
Proceeds from shares issued	35	—	—	764	—	799	—	799
Share-based payments	—	—	744	—	1	745	—	745
	35	—	(4,603)	764	1	(3,803)	(2,613)	(6,416)
At 30 June 2023 (unaudited)	**13,798**	**2,281**	**378,213**	**8,246**	**(966)**	**401,572**	**3,847**	**405,419**

At 1 January 2023	**13,763**	**2,352**	**365,692**	**7,482**	**(967)**	**388,322**	**5,967**	**394,289**
Profit for the year	—	—	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	—	(1,392)	1,392	—	—	—	—	—
Equity dividends	—	—	(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	—	—	1,409	—	190	1,599	—	1,599
	36	(1,392)	(6,473)	766	92	(6,971)	(3,495)	(10,466)
At 31 December 2023 (audited)	**13,799**	**1,011**	**383,219**	**8,248**	**(875)**	**405,402**	**4,716**	**410,118**
Profit for the period	—	—	3,689	—	—	3,689	(480)	3,209
Other comprehensive income	—	(62)	1,518	—	—	1,456	—	1,456
Total comprehensive income	—	(62)	5,207	—	—	5,145	(480)	4,665
Equity dividends	—	—	(5,890)	—	—	(5,890)	(1,628)	(7,518)
Proceeds from shares issued	—	—	—	4	—	4	—	4
Share-based payments	—	—	645	—	230	875	—	875

	—	—	(5,245)	4	230	(5,011)	(1,628)	(6,639)
At 30 June 2024 (unaudited)	**13,799**	**949**	**383,181**	**8,252**	**(645)**	**405,536**	**2,608**	**408,144**

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
for the half year ended 30 June 2024

	Half year ended 30 June 2024 Unaudited £'000	Half year ended 30 June 2023 Unaudited £'000	Year ended 31 December 2023 Audited £'000
Cash flows from operating activities			
Cash generated from operations	**(6,761)**	6,140	5,871
Interest paid	**(3,575)**	(1,949)	(5,475)
Tax paid	**(3,857)**	(930)	(3,797)
Net cash flows from operating activities	**(14,193)**	3,261	(3,401)
Cash flows from investing activities			
Purchase of property, plant and equipment	**(375)**	(926)	(4,074)
Purchase of investment property	**(43)**	(6,975)	(8,017)
Proceeds on disposal of property, plant and equipment (excluding assets held for hire)	**66**	21	432
Proceeds on disposal of assets held for sale	—	—	4,713
Proceeds on disposal of investment properties	**176**	1,013	7,764
Repayment of loans from joint ventures and associates	**1,004**	—	10,868
Advances to joint ventures and associates	**(8,266)**	(6,752)	(24,321)
Distributions received from joint ventures and associates	**1,500**	—	900
Interest received	**1,851**	1,299	1,830
Net cash flows from investing activities	**(4,087)**	(12,320)	(9,905)
Cash flows from financing activities			
Proceeds from shares issued	**4**	801	802
Purchase of treasury shares	—	—	(98)
(Payments to)/Advances from joint ventures and associates	**(71)**	4	12
Decrease in borrowings	**(7,722)**	(15,000)	(36,510)
Increase in borrowings	**35,216**	35,000	58,028
Principal element of lease payments	**(284)**	(648)	(526)
Dividends paid – ordinary shares	**(5,879)**	(5,336)	(9,253)
– non-controlling interests	**(1,628)**	(2,614)	(3,495)
– preference shares	**(11)**	(11)	(21)
Net cash flows from financing activities	**19,625**	12,196	8,939
Net increase in cash and cash equivalents	**1,345**	3,137	(4,367)
Net cash and cash equivalents at beginning of period	**13,034**	17,401	17,401
Net cash and cash equivalents at end of period	**14,379**	20,538	13,034

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
for the half year ended 30 June 2024

1. GENERAL INFORMATION

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, United Kingdom, S1 2HS.

The financial information set out above does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006 and is neither audited nor reviewed. The Financial Statements for the year ended 31 December 2023, which were prepared in accordance with UK-adopted International Accounting Standards, have been reported on by the group's auditors and delivered to the Registrar of Companies. The Independent Auditors' Report was unqualified and did not contain any statement under Section 498 of the Companies Act 2006.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The half-yearly financial information has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with UK adopted International Accounting Standard IAS 34 'Interim Financial Reporting'.

The half-yearly financial information has been prepared using the same accounting policies and methods of computation as compared with the annual Financial Statements for the year ended 31 December 2023.

A number of other standards, amendments and interpretations became effective from 1 January 2024, which do not have a material impact on the group's financial statements or accounting policies.

Going Concern

The group meets its day-to-day working capital requirements through a secured loan facility. The facility was renewed on 21 May 2024, at a level of £125m, for a period of three years and extended by one year in May 2025 and a further year in May 2026 taking the facility renewal to 21 May 2029 on comparable terms to the existing agreement. The facility includes an accordion to increase the facility by up to £60m, increasing the overall facility to £185m.

The Directors have considered the group's principal risk areas, including the risk of economic slowdown, that they consider material to the assessment of going concern.

The Directors have prepared forecasts to 31 December 2025 covering a base case and severe downside scenario.

Having conducted significant stress testing at the year-end they have further considered the outcome of our half year position and their latest forecasts, while taking into account the current trading conditions, the markets in which the group's businesses operate and associated credit risks together with the available committed banking facilities and the potential mitigations that can be taken, to protect operating profits and cash flows.

The severe downside scenario considered includes short-term curtailment in transactional activity and percentage reductions in other activities mirroring recent downturn experiences. This is followed by a short to medium-term recovery, coupled with the ability to manage future expenditure as described in the 2023 Annual Report.

As reported in the 2023 Annual Report, 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 near 34% reduction in revenue and near 87% reduction in profit before tax from our base case for 2024, demonstrates significant headroom over this covenant throughout the forecast period to the end of December 2025.

Their review supports the view that 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 half-yearly financial information.

Estimates and Judgements

The preparation of half-yearly financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these half-yearly financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Consolidated Financial Statements for the year ended 31 December 2023.

Goodwill

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.

3. 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, as detailed above.

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.

	Half year ended 30 June 2024 Unaudited					
	Property investment and development £'000	**Land promotion £'000**	**Construction £'000**	**Group overheads £'000**	**Eliminations £'000**	**Total £'000**
Revenue						
External sales	**49,878**	**13,022**	**43,147**	**—**	**—**	**106,047**
Inter-segment sales	**204**	**—**	**355**	**84**	**(643)**	**—**
Total revenue	**50,082**	**13,022**	**43,502**	**84**	**(643)**	**106,047**
Gross profit/(loss)	**8,493**	**8,944**	**7,223**	**14**	**—**	**24,674**
Administrative expenses	**(7,710)**	**(4,745)**	**(4,326)**	**(3,908)**	**—**	**(20,689)**
Other operating income/(expense)	**1,870**	**(1)**	**—**	**—**	**—**	**1,869**
Operating profit/(loss)	**2,653**	**4,198**	**2,897**	**(3,894)**	**—**	**5,854**
Finance income	**1,547**	**274**	**249**	**173**	**(127)**	**2,116**
Finance costs	**(25)**	**(716)**	**(243)**	**(3,453)**	**154**	**(4,283)**
Profit/(loss) before tax	**4,175**	**3,756**	**2,903**	**(7,174)**	**27**	**3,687**
Tax	**(616)**	**(939)**	**(716)**	**1,793**	**—**	**(478)**
Profit/(loss) for the period	**3,559**	**2,817**	**2,187**	**(5,381)**	**27**	**3,209**

	Half year ended 30 June 2023 Unaudited					
	Property investment and development	Land promotion	Construction	Group overheads	Eliminations	Total

	£'000	£'000	£'000	£'000	£'000	£'000
Revenue						
External sales	71,517	52,645	55,594	—	—	179,756
Inter-segment sales	144	—	585	156	(885)	—
Total revenue	71,661	52,645	56,179	156	(885)	179,756
Gross profit/(loss)	11,117	21,143	8,467	134	(14)	40,847
Other income	4,800	—	—	—	—	4,800
Administrative expenses	(8,297)	(4,168)	(4,087)	(4,293)	14	(20,831)
Other operating income/(expense)	872	(3)	—	—	—	869
Operating profit/(loss)	8,492	16,972	4,380	(4,159)	—	25,685
Finance income	4,219	529	229	140	(3,348)	1,769
Finance costs	(2,455)	(263)	(217)	(2,163)	2,603	(2,495)
Profit/(loss) before tax	10,256	17,238	4,392	(6,182)	(745)	24,959
Tax	(2,338)	(4,076)	(1,098)	1,707	—	(5,805)
Profit/(loss) for the year	7,918	13,162	3,294	(4,475)	(745)	19,154

	Year ended 31 December 2023 Audited					
	Property investment and development £'000	Land promotion £'000	Construction £'000	Group overheads £'000	Eliminations £'000	Total £'000
Revenue						
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/(loss)	31,554	29,815	15,177	238	(19)	76,765
Other income	4,800	—	—	—	—	4,800
Administrative expenses	(17,172)	(8,371)	(8,682)	(10,136)	19	(44,342)
Other operating income	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/(loss) 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/(loss) for the year	8,107	17,549	4,787	13,616	(15,516)	28,543

	30 June 2024 Unaudited £'000	30 June 2023 Unaudited £'000	31 December 2023 Audited £'000
Segment assets			
Property investment and development	**372,351**	375,023	362,737
Land promotion	**192,532**	152,251	160,690

Construction	**43,209**	48,116	41,635
Group overheads	**7,897**	5,826	8,363
	615,989	581,216	573,425
Unallocated assets			
Retirement benefit assets	**9,800**	8,108	7,725
Deferred tax assets	**214**	249	213
Cash and cash equivalents	**14,379**	20,536	13,034
Total assets	**640,382**	610,109	594,397
Segment liabilities			
Property investment and development	**41,796**	52,955	38,101
Land promotion	**34,260**	14,183	15,635
Construction	**25,222**	28,427	22,797
Group overheads	**3,461**	5,274	4,904
	104,739	100,839	81,437
Unallocated liabilities			
Current tax liabilities	**3,304**	7,664	6,677
Deferred tax liabilities	**5,896**	4,878	5,372
Current lease liabilities	**898**	1,539	728
Current borrowings	**111,929**	85,000	84,819
Non-current lease liabilities	**3,389**	4,770	3,547
Non-current borrowings	**2,083**	—	1,699
Total liabilities	**232,238**	204,690	184,279
Total net assets	**408,144**	405,419	410,118

4. REVENUE

The group's revenue is derived from contracts with customers. In the following table, revenue is disaggregated by primary activity, being the group's operating segments and timing of revenue recognition:

		Timing of revenue recognition			**Timing of revenue recognition**	
Activity in the United Kingdom	**30 June 2024 Unaudited £'000**	**At a point in time**	**Over time**	**30 June 2023 Unaudited £'000**	**At a point in time**	**Over time**
Construction contracts:						
- Construction	28,632	—	28,632	41,096	—	41,096
- Property investment and development	11,398	—	11,398	24,663	—	24,663
Sale of land and properties:						
- Property investment and development	6,186	6,186	—	12,836	12,836	—
- House builder unit sales	29,156	29,156	—	31,012	31,012	—
- Land promotion	12,926	12,926	—	52,502	52,502	—
PFI concession	6,797	6,797	—	6,502	6,502	—
Revenue from contracts with customers	**95,095**	**55,065**	**40,030**	**168,611**	**102,852**	**65,759**
Plant and equipment hire	7,718			7,996		
Investment property rental income	3,126			3,002		
Other rental income – property development	12			4		

Other rental income – land promotion	96	143	
	106,047	**179,756**	

5. EARNINGS PER ORDINARY SHARE

Earnings per ordinary share is calculated on the weighted average number of shares in issue being 133,986,686 (30 June 2023: 133,386,168). Diluted earnings per ordinary share is calculated on the weighted average number of shares in issue adjusted for the effects of any dilutive potential ordinary shares.

6. DIVIDENDS

	Half year ended 30 June 2024 Unaudited £'000	Half year ended 30 June 2023 Unaudited £'000	Year ended 31 December 2023 Audited £'000
Amounts recognised as distributions to equity holders in period:			
Preference dividend on cumulative preference shares	**11**	11	21
Interim dividend for the year ended 31 December 2023 of 2.93p per share (2022: 2.66p)	**—**	—	5,336
Final dividend for the year ended 31 December 2023 of 4.40p per share (2022: 4.00p)	**5,879**	5,336	3,917
	5,890	5,347	9,274

An interim dividend amounting to £4,196,000 (2023: £3,910,000) will be paid on 11 October 2024 to shareholders whose names are on the register at the close of business on 20 September 2024. The proposed interim dividend has not been approved at the date of the Consolidated Statement of Financial Position and so has not been included as a liability in these Financial Statements.

7. TAX

	Half year ended 30 June 2024 Unaudited £'000	Half year ended 30 June 2023 Unaudited £'000	Year ended 31 December 2023 Audited £'000
Current tax:			
UK corporation tax on profits for the period	**455**	4,886	6,745
Adjustment in respect of earlier periods	**54**	(85)	(39)
Total current tax	**509**	4,801	6,706
Deferred tax:			
Origination and reversal of temporary differences	**(31)**	1,004	2,053
Total deferred tax	**(31)**	1,004	2,053
Total tax	**478**	5,805	8,759

Corporation tax is calculated at 25% (31 December 2023: 23.5%) of the estimated assessable profit for the period being management's estimate of the weighted average corporation tax rate for the period. The group's effective rate of tax of 13.0% is lower than the standard rate of corporation tax due to joint venture profits reported net of tax.

8. INVESTMENT PROPERTIES

	Completed	Investment property

	investment property £'000	under construction £'000	Total £'000
Fair value			
At 1 January 2024 (audited)	**100,602**	—	**100,602**
Subsequent expenditure on investment property	**43**	—	**43**
Amortisation of capitalised letting fees	**(10)**	—	**(10)**
Disposals	**(139)**	—	**(139)**
Transfer to assets held for sale	—	—	—
Decrease in fair value in period	**(28)**	—	**(28)**
At 30 June 2024 (unaudited)	**100,468**	—	**100,468**
Adjustment in respect of tenant incentives	—	—	—
Market value at 30 June 2024	**100,468**	—	**100,468**
Fair value			
At 1 January 2023 (audited)	87,198	9,918	97,116
Subsequent expenditure on investment property	83	6,892	6,975
Disposals	(928)	—	(928)
Transfer to assets held for sale	(1,042)	—	(1,042)
Increase/(decrease) in fair value in period	1,405	(810)	595
At 30 June 2023 (unaudited)	86,716	16,000	102,716
Adjustment in respect of tenant incentives	(2,213)	—	(2,213)
Market value at 30 June 2023	84,503	16,000	100,503
Fair value			
At 1 January 2023	87,198	9,918	97,116
Initial acquisition	—	627	627
Subsequent expenditure on investment property	119	7,229	7,348
Capitalised letting fees	15	26	41
Amortisation of capitalised letting fees	(54)	—	(54)
Disposals	(7,032)	—	(7,032)
Transfer to assets held for sale	(1,041)	—	(1,041)
Transfer from inventory	3,290	—	3,290
Transfers from investment property under construction	17,580	(17,580)	—
Increase/(decrease) in fair value in period	527	(220)	307
At 31 December 2023 (audited)	**100,602**	—	**100,602**
Adjustment in respect of tenant incentives	2,758	—	2,758
Market value at 31 December 2023	**103,360**	—	**103,360**

At 30 June 2024, the group had entered into contractual commitments for the acquisition and repair of investment property amounting to £nil (31 December 2023: £711,000).

9. BORROWINGS

	Half year ended 30 June 2024	Half year ended 30 June 2023	Year ended 31 December 2023

	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Bank loans	**110,000**	85,000	83,500
Sale and leaseback	**4,012**	—	3,018
	114,012	85,000	86,518

Movements in borrowings are analysed as follows:

	£'000
At 1 January 2024	86,518
Secured bank loans	33,500
Repayment of secured bank loans	(7,000)
New leases – sale and leaseback	1,717
Repayment of sale and leaseback	(723)
At 30 June 2024	**114,012**

Bank loans include the group's revolving loan facility which runs to May 2029 and is drawn for durations of up to six months.

10. PROVISIONS FOR LIABILITIES AND CHARGES

Since 31 December 2023, the following movements on provisions for liabilities and charges have occurred:

- 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. During the period £718,000 has been utilised and additional provisions of £1,199,000 have been made, all of which were due to normal operating procedures.
- The Land promotion provision represents management's best estimate of the group's liability to provide infrastructure and service obligations, which remain with the group following the disposal of land. During the period, £628,000 has been utilised and £653,000 has been released.

11. DEFINED BENEFIT PENSION SCHEME

The main financial assumptions used in the valuation of the liabilities of the scheme under IAS 19 are:

	30 June 2024 %	30 June 2023 %	31 December 2023 %
Retail Prices Index (RPI)	**3.20**	3.30	3.15
Consumer Prices Index (CPI)	**2.65**	2.70	2.55
Rate in increase to pensions in payment liable for Limited Price Indexation (LPI)	**2.65**	2.70	2.55
Revaluation of deferred pensions	**2.65**	2.70	2.55
Liabilities discount rate	**5.20**	5.40	4.60

Amounts recognised in the Consolidated Statement of Comprehensive Income in respect of the scheme are as follows:

	Half year Ended 30 June 2024 Unaudited £'000	Half year ended 30 June 2023 Unaudited £'000	Year ended 31 December 2023 Audited £'000

Service cost:			
Ongoing scheme expenses	**353**	439	745
Net interest income	**(174)**	(196)	(406)
Pension Protection Fund	**22**	45	81
Pension expenses recognised in profit or loss	**201**	288	420
Remeasurement on the net defined benefit liability:			
Return on plan assets (excluding amounts included in net interest expense)	**6,794**	6,451	(1,044)
Actuarial losses/(gains) arising from changes in demographic assumptions	**—**	986	(1,675)
Actuarial (gains)/losses arising from experience adjustments	**(9,226)**	2,138	4,710
Actuarial losses/(gains) arising from changes in financial assumptions	**408**	(7,526)	1,075
Actuarial (gains)/losses recognised in other comprehensive income	**(2,024)**	2,049	3,066
Total	**(1,823)**	2,337	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:

	Half year Ended 30 June 2024 Unaudited £'000	Half year ended 30 June 2023 Unaudited £'000	Year ended 31 December 2023 Audited £'000
Present value of scheme obligations	**(145,396)**	(147,410)	(155,264)
Fair value of scheme assets	**155,196**	155,518	162,989
	9,800	8,108	7,725

12. RELATED PARTY TRANSACTIONS

There have been no material transactions with related parties during the period.

There have been no material changes to the related party arrangements as reported in note 30 to the Annual Report and Financial Statements for the year ended 31 December 2023.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

13. SHARE CAPITAL

	Half year ended 30 June 2024 Unaudited £'000	Half year ended 30 June 2023 Unaudited £'000	Year ended 31 December 2023 Audited £'000
400,000 5.25% cumulative preference shares of £1 each (31 December 2023: 400,000)	**400**	400	400
133,988,603 ordinary shares of 10p each (31 December 2023: 133,985,763)	**13,399**	13,398	13,399
	13,799	13,798	13,799

14. CASH GENERATED FROM OPERATIONS

	Half year	Half year	Year

	ended	ended	ended
	30 June	30 June	31 December
	2024	2023	2023
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Profit before tax	**3,687**	24,959	37,302
Adjustments for:			
Amortisation of PFI asset	**268**	279	551
Goodwill impairment	**102**	102	203
Depreciation of property, plant and equipment	**2,760**	2,125	4,462
Depreciation of right-of-use assets	—	287	779
Revaluation decrease/(increase) in investment properties	**28**	(595)	(307)
Amortisation of capitalised letting fees	**10**	—	54
Share-based payment expense	**875**	744	1,601
Pension scheme credit	**(51)**	(3,969)	(4,197)
Loss/(profit) on disposal of property, plant and equipment (excluding equipment held for hire)	**36**	14	(341)
Profit on disposal of equipment held for hire	**(789)**	(596)	(1,185)
Profit on disposal of investment properties	**(37)**	(85)	(733)
Profit on disposal of assets held for sale	—	—	(1,571)
Finance income	**(2,116)**	(1,769)	(3,357)
Finance costs	**4,283**	2,495	6,260
Share of profit of joint ventures and associates	**(1,860)**	(188)	(371)
Operating cash flows before movements in equipment held for hire	**7,196**	23,803	39,150
Purchase of equipment held for hire	**(1,666)**	(2,538)	(3,497)
Proceeds on disposal of equipment held for hire	**1,073**	722	1,423
Operating cash flows before movements in working capital	**6,603**	21,987	37,076
Increase in inventories	**(52,784)**	(5,886)	(9,129)
Decrease/(increase) in receivables	**16,961**	(6,005)	1,503
(Increase)/decrease in contract assets	**(192)**	1,836	5,598
(Increase)/decrease in payables	**18,796**	(3,252)	(26,231)
(Increase)/decrease in contract liabilities	**3,855**	(2,540)	(2,946)
Cash generated from operations	**(6,761)**	6,140	5,871

Net debt is an alternative performance measure used by the group and comprises the following:

Analysis of net debt:			
Cash and cash equivalents	**14,379**	20,538	13,034
Bank overdrafts	—	—	—
Net cash and cash equivalents	**14,379**	20,538	13,034
Bank loans	**(110,000)**	(85,000)	(83,500)
Other loans – sale and leaseback	**(4,012)**	(3,313)	(3,018)
Lease liabilities	**(4,287)**	(2,996)	(4,275)
Net debt	**(103,920)**	(70,771)	(77,759)

15. GROUP RISKS AND UNCERTAINTIES

The Directors consider that the principal risks and uncertainties which could have a material impact on the group's performance over the remaining six months of the 2024 financial year remain consistent with those set out in the Strategic Report on pages 48 to 54 of the group's Annual Report and Financial Statements. These risks and uncertainties include:

Safety; Environmental and climate change; Economic; People and culture; Funding; Cyber; Pensions; Construction contracts; Property assets, Property development; Land sourcing; Land demand; Political; housebuilding.

The recovering UK economy, falling inflation and potential for interest rate cuts are good for our markets and brings down some key risk exposure.

Our short-term focus becomes realisation of asset values, returning levels of gearing to within our targeted range and progressing key opportunities.

The group operates a system of internal control and risk management in order to provide assurance that it is managing risk while achieving our business objectives. No system can fully eliminate risk and therefore the understanding of operational risk is central to the management process within Henry Boot. The long-term success of the group depends on the continual review, assessment and control of the key business risks it faces.

16. APPROVAL

The issue of these statements was formally approved by a duly appointed committee of the Board on 17 September 2024.

RESPONSIBILITY STATEMENTS OF THE DIRECTORS

The Directors confirm that these condensed interim Financial Statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last Annual Report.

The Directors of Henry Boot PLC are listed in the Henry Boot PLC Annual Report for the year ended 31 December 2023. A list of current Directors is maintained on the Henry Boot PLC group website: www.henryboot.co.uk.

On behalf of the Board

T A ROBERTS	**D L LITTLEWOOD**
Director	Director
17 September 2024	17 September 2024