BOSTON OMAHA CORPORATION

2015 Annual Report

To the Shareholders of Boston Omaha Corporation:

Boston Omaha Corporation's book value per share was $7.48 after present management recapitalized the company on June 19, 2015. As of December 31, 2015, Boston Omaha's book value per share was $8.47. The increase in book value per share was attributable entirely to stock issued, meaning there was no increase in net worth from retained earnings.

As this is present management's first annual letter, we hope to clearly convey the following details and concepts to our fellow shareholders:

- Detail how we report and measure our performance as management of Boston Omaha;

- Provide a brief history of Boston Omaha and why present management purchased a controlling interest a year ago;

- Explain in detail where we allocated capital in 2015 and why; and

- Lay out the framework management intends to use to make future decisions for the company.

Boston Omaha's focused objective is growing intrinsic value per share at an attractive rate, while seeking to maintain an uncompromising financial position.

As stated, that seems like a fairly straightforward goal, one that few shareholders of any company would find objectionable. But just stating a goal, like pointing at a destination on a map, is easy. The hard part is getting there.

Boston Omaha has Co-CEOs, and both of us spent a great deal of time writing this letter to you, the shareholders. We want to be clear in how we portray our thought process and roadmap to you but rational enough to realize that we are limited by our own biases, experiences and competencies.

We do not have a predetermined plan or a rigid acquisition strategy to accomplish our stated goal. We will purchase suitable businesses as they are identified. Over time, and opportunity set willing, we hope to have interests in a handful of businesses that produce sustainable earning streams.

Diversification is a potential result from a series of what we hope will be successful decisions over a long period of time, rather than a strategy at the outset.

Future earnings produced by the businesses Boston Omaha owns will be retained for the foreseeable future, to be reinvested in the productive capabilities of our subsidiaries, and potentially to invest in new, durable earning streams on an opportunity cost basis.

Regardless of the potential rate of return of these options, we are not willing to compromise our solid financial position.

As we said at the beginning of this letter, last year we raised capital from stock sales. Let's take a look at where the company's assets stood at the end of last year.

Boston Omaha's asset base as of December 31, 2015, consisted of the following:

Cash	$13,189,066	55.45%
Billboard operations	9,931,456	41.75%
Real estate	475,201	2.00%
Real estate services	182,327	0.77%
Insurance	7,446	0.03%
Total	$23,785,496	100.00%

As of December 31, 2015, approximately 45% of our asset base was invested in what we believe are producing assets, while the remaining 55% was held as cash. Our asset base is presently funded almost purely through equity capital. As a result, our book value per share growth rate is highly dependent on the return we achieve on the producing assets.

Over time, we hope to also conservatively develop the liability side of our balance sheet. We believe that the intelligent utilization of both sides of our balance sheet will lead to an even more attractive growth rate in our book value per share.

In 2015, Boston Omaha lost money. The full year absorbed all the costs of the change of control and maintenance of a public company, as well as the costs we incurred in completing acquisitions of three billboard businesses. Operations from the major subsidiary produced revenue for less than half of the year.

How we report and measure our performance as managers

We believe the increase or decrease in book value per share over the course of a year is a straightforward, approximate way to report management's performance. What cannot easily be reported, even though we believe it matters more, is growth in intrinsic value per share. We think it's worth explaining both book value and intrinsic value in this first letter to shareholders.

Book value per share is defined as the value of all the company's assets, minus its liabilities, divided by the shares outstanding. In 2015, this number increased as a result of the company selling shares of stock, not from retained earnings.

To be of any use, book value per share needs to be measured over multiple years, as one year, by itself, is of little use. If we are doing our job, book value per share will increase over time and hopefully, at a decent rate relative to other options available to you, the shareholder.

While management reports its performance using book value per share, it makes decisions for the company based on calculating intrinsic value.

Intrinsic value can most simply be described as the present value of the cash that can be generated from a business over its life. To determine this value requires a set of assumptions and judgments. There are two managers at Boston Omaha, and we may come up with different calculations for the same investment. If we gave all the same information to five other people, they may come up with five different sets of assumptions. This intrinsic value calculation can be as varied and unique as the individual calculating it. So though it's not much use to report intrinsic value calculations, you should know they are being made by us all the time relative to our decisions on allocating capital in Boston Omaha.

If we are generally right about intrinsic value, it will show up over time in some combination of growth in per share book value, earnings power and/or cash flow. And if we are wrong - there is nowhere to hide - it will show up in the same places.

We intend to seek to have our shares listed. If and when we obtain a listing, the quoted stock price will change as buyers and sellers enter and exit the market at different times and for various reasons. We hope that our shareholders focus less on short term movements of the stock price and more on whether book value per share and earnings power grow from the aggregate business activities of Boston Omaha over time.

Now that we have covered how we report and measure our performance at Boston Omaha, let's dive into some background on this company and why we acquired a controlling stake a little over a year ago.

A brief history of the company and why present management purchased a controlling interest a year ago

In 2009, a small company named REO Plus, Inc. was formed in Houston, Texas with the idea of investing in real estate at attractive prices following the prior year's recession.

The company took the time to register securities held by its then current owners and that registration statement became effective in 2012. While the company did not sell securities to the public in the offering, and did not register as a reporting company under the Securities Exchange Act of 1934, the company continued to voluntarily make regular quarterly and annual filings on Form 10-Q and Form 10-K with the Securities and Exchange Commission.

While REO Plus' management did an excellent job over the next few years making its regular filings, for one reason or another, it was not able to grow its real estate holdings. Maintaining a public company is expensive, and as the company had not raised funds, it made sense to seek alternatives.

We looked to build the company by acquiring operating businesses with durable cash flows. As a result, in February 2015, we decided to purchase the shares of the company's then principal stockholder, recapitalize the balance sheet and manage its expansion.

Soon we redomiciled the company from Texas to Delaware and renamed it. Since one of us was in Boston and the other was in Omaha, the name just made sense. It also appealed to our mutual thrift to save some money on high priced branding consultants. (*The truth is we don't know any*).

Two more substantive changes made were employment agreements for us as the two Co-CEOs, and a special voting class of shares (Class A common stock) with certain rights. We feel it is important to explain why we did that.

First, with regard to the employment contracts, we thought it was better to state the future amount of our salaries now, so that shareholders can see what these contracts will cost the company at some point. For now, we both receive the minimum wage. At some point in the future our base salaries will increase to the level stated in our employment agreements. We bring attention to these contracts because we want shareholders to know the bill upfront.

We also created a Management Incentive Bonus Program. All executives in the Boston Omaha parent company are eligible and here is the plan: The bonus pool for management may equal up to 20% of the "Adjusted Stockholders' Equity" that exceeds 6% growth year over year.

What does that mean?

"Adjusted Stockholders' Equity" for this calculation is meant to measure book value growth from retained earnings. Specifically, it excludes any increase or decrease from purchases or sales of stock.

We think management should be incentivized most to grow book value by focusing on the returns its businesses generate, not by tinkering with the right side of the balance sheet by buying or selling shares.

Issuing and buying back stock can deliver returns to shareholders, but we think the greatest value will be created as a result of the businesses we operate. We are focused on growing book value per share through retained earnings and that's how Boston Omaha management is incentivized. Our respective partnerships, and by association, us personally, are meaningful shareholders in the company, so we wanted a plan that was as aligned as possible.

Second, the addition of the Class A common shares was unabashedly designed to help us do one thing: match our control of the company to the duration of the assets we are acquiring. One of our biggest strengths at Boston Omaha is our long-term horizon.

This mindset is also a key item in discussions with many potential business partners and business sellers. The business owners who sell to us can be confident that we will be around to honor the deal we struck given our company structure and shareholder base.

We cannot overstate the importance of this time horizon advantage in pursuing business interests.

Many other buyers of businesses require "sell by" dates because they cannot own a business forever. Buy it today for $"X", sell it in a few years for some multiple of $"X", and use lots of debt in the interim. Assumptions of large gains when sold at a later date are used to justify high prices paid today. To put it mildly, you can describe us as skeptical toward these buyers' conviction about assumed sale prices years down the road to yet unnamed buyers.

We decide to invest based on our calculation of a business's earnings power relative to the price we pay for those earnings. We are not burdened with having to value a business based on what someone else will pay us for it at some future date. If we don't see a reason for Boston Omaha to own it for the life of the asset, then we likely don't see a reason to own it at all.

For a tangible example, one of the companies we own is in the out of home advertising business and a number of the billboards purchased by the company have 20 year leases with renewal options or local rules that make it likely we will be able to extend the lease at present terms. A buyer with a 10 year sell by date does not look at those leases the same way we can. That difference in perspective can become a real benefit to shareholders over time.

Present management identified, acquired, and re-tooled Boston Omaha to incorporate advantages discussed so far that could make the best use of our framework and objectives in order to build a lasting business with durable, growing earnings streams over time.

As of the date of this letter, Boston Omaha files quarterly and annual financial statements on time with the SEC. These filings are available through our website, www.bostonomaha.com and on the SEC's website www.sec.gov.

Securities offered by the company are not available for immediate resale as the securities we have sold since present management took over have been sold to accredited investors through what is known as a Regulation D exemption. Of course, as of the date we write this letter, our shares do not trade on any exchange. This means that only accredited investors are able to purchase our common stock, which, as "restricted securities", have not been registered with the SEC.

That same exemption allows the holder of the shares, as long as they are not an affiliate of the company, to sell, subject to the provisions of Rule 144, after holding their shares for six months. Of course, as of the date we write this letter, our shares do not trade on any exchange and as a result there may not currently be a market for our stockholders to resell their shares. Please note, you should not consider this to be legal advice in any way and always consult your own attorney or advisors before buying or selling any shares, consistent with what is indicated in our subscription documents.

Where we allocated capital in 2015 and why

Billboard Operations at Link Media Holdings

During calendar year 2015, Boston Omaha formed a subsidiary named Link Media Holdings, and invested approximately $10 million of cash in outdoor billboard assets in the southeastern United States.

For our cash, we received 41 outdoor billboard structures with a much larger number of faces, as some billboards have two, three or in the case they are digital, even sixteen "faces" per structure.

On October 9th, on a Form 8-K/A, we provided Statements of Revenues and Direct Operating Expenses of the assets acquired in the largest of the billboard deals we completed last year. Here we paid $6.7 million for 35 structures. The following are audited Statements of Revenues and Direct Operating Expenses of those structures that should help give shareholders a better understanding of the type of economics available in the business.

STATEMENTS OF REVENUES AND DIRECT OPERATING EXPENSES OF CERTAIN ASSETS ACQUIRED FROM BELL MEDIA, LLC

	For the Twelve Months Ended May 31,	
	2015	**2014**
Revenues:		
Billboard sales	$ 1,370,203	$ 1,403,093
Sales discounts	(3,060)	(230)
Total Revenues	1,367,143	1,402,863
Direct Operating Expenses:		
Lease and sublease expense	459,017	440,168
Billboard illumination	53,580	51,649
Sales expense	48,560	52,524
Materials, supplies and labor	34,558	35,542
Internet expense	5,707	3,981
Total Direct Operating Expenses	601,422	583,864
Excess of Revenues over Direct Operating Expenses	$ 765,721	$ 818,999

Generally accepted accounting principles ("GAAP") require the presentation of depreciation and amortization for the pro-rata period of operations. Depreciation and amortization are non-cash expenses and are not included in the above statements of revenues and direct operating expenses. For further information, we refer shareholders to the Form 8-K/A as there are significant disclosures of the costs not reflected in the numbers presented above.

And for the avoidance of doubt, capital expenditures, though manageable, are certainly necessary over time. Much of the physical plant is steel with a long life, but lights are expensive and need to be replaced, wind and storms can cause damage to signs and digital boards depreciate at a much faster rate than static billboards.

Any attractive margin we may earn will not be due to Boston Omaha's brilliance though as these billboards generated attractive margins prior to our purchase, and our hope is to improve on those favorable, preexisting economics.

We believe the billboard industry generally has several appealing economic qualities when taking a long-term view, including, but not limited to:

- Supply limitations in most well populated markets brought on by increasing regulation;

- Growing demand due to its relatively low cost and general effectiveness as a local and national advertising medium;

- Low capital intensity (e.g. static billboards);

- Few substitutes coupled with an often fragmented customer and supplier base; and

- Various options for increasing cash flow over time at reasonable rates relative to incremental capital employed.

In addition, our billboard assets have a lower than industry average lease cost due to land ownership and numerous fixed rate leases. Excluding this last point, many of these general factors benefit all owners of a well-located billboard plant over the long-term, and our corresponding time horizon will allow us to obtain our share of these favorable dynamics.

Offsetting these positive attributes, we are not paying bargain prices but instead are paying fair prices. We may add modest amounts of non-recourse debt to our billboard assets (non-recourse to Boston Omaha), which would increase our return on equity with the trade off of course being a claim ahead of us on our billboards. This must be done prudently, but as long as this capital is available to borrow at a low cost and on other agreeable terms, we can use the freed up capital to purchase more durable producing assets, whether those are more billboards or other assets altogether.

We would be remiss to end this section without introducing Sean Cash, Link's talented president. Sean has done a remarkable job taking on a mountain of work as we pursued billboard acquisitions and has already exceeded expectations in extracting more economics from our present asset base than what existed prior to our ownership.

This was all done with one arm tied behind his back, as Sean had to spend much of his time in 2015 integrating back office operations for Link. Going forward, Sean is laser focused on building high quality, local billboard operations, and we look forward to what he can accomplish with both arms free.

Subsequent Events

Subsequent to year-end, Link acquired the assets of Jag, Inc., which included over 420 billboards and 50 directional sign structures in northeast Wisconsin. We are now the largest billboard operator in Door County where the population swells in the summer months from around 28,000 full time residents to as many as 250,000 with tourists from Milwaukee, Chicago, Madison, Green Bay, and the Twin Cities. Our Wisconsin billboard operations also have important assets throughout northeast Wisconsin.

Jag has been family owned and operated since 1946. We are proud that--for the majority of the hardworking people that helped make Jag a success over the years--the day after the deal closed, it's just business as usual.

Please feel free to reach out to Sean if you have questions about the business, but more importantly, if you have ads that want the best attention in any of our markets, Sean is your guy. Find out more at www.linkmediaoutdoor.com.

Insurance Operations at General Indemnity Group

In October we commenced operations at our subsidiary General Indemnity Group, for the purpose of underwriting specific types of insurance risk. To be clear, we have not written one dollar of premium to date, however; we plan to prospect in some potentially attractive niches of commercial insurance. While doing so, we recognize this is an ultra-competitive field and there can be no certainty of success. At a high level, here is our approach.

General Indemnity will be an underwriting and distribution operation first, not an investment operation masquerading as an insurance company. It has no pressure from management to grow premiums at a predetermined rate, no legacy liabilities to pay, a president with a general disposition to favor patience over action, no asset management arm to draw fees off it, and for better or worse, a clean slate in terms of its distribution model.

The insurance risk we are interested in taking will overwhelmingly be commercial, not personal, charge premiums well in excess of their anticipated losses, and be shorter tail in nature, meaning our policies will likely have durations around a year or less. There may be instances where we would write risk that varied slightly in one way or another, but generally, our current plan is to focus on high policy count, low loss limit business.

Underwriting discipline in insurance is always paramount, regardless of what lines are being considered. In certain high commission, specialty commercial lines, the underwriting is quite straightforward, and it is the ability to obtain and retain customers at a low cost that allows the business to grow intrinsic value. Therefore, we are also actively interested in acquiring insurance agencies producing policies that meet our underwriting guidelines.

In October we were successful in recruiting a president for General Indemnity to guide and manage the fledgling operation.

Michael Scholl is an experienced actuary who brings over 25 years of hands-on knowledge to General Indemnity. We have known Mike for years and his background, passion and perspective convinced us he is the right person for the job. We have burdened Mike with big expectations, and to date, he has done nothing but rise to the challenge.

As mentioned, Mike and General Indemnity are on the hunt for acquisitions. Here are some of the criteria of what they are looking for:

- Retail agencies (distribution) specializing in high policy count/low average premium, writing anywhere from $2 to $50 million in premium annually of commercial business;

- Insurers (risk bearing) specializing in high policy count/low average premium with a high percentage of "minimum" premium business. Insurance rate per exposure well above expected loss cost. Prefer commercial lines with insurer surplus of $100 million or less; or

- Managing general agencies (underwriting/distribution) with established profitable niche books of business, from $2 to $50 million in premium annually.

If you own an insurance business that seems to fit any of these criteria, and are looking for a permanent home for your business, please give Mike a call at (781) 237-1318 or visit us online at www.gi.insure.

Real Estate & Real Estate Services Operations

We always prefer to own all of an attractive business, but when that is not possible, we will own a minority stake in a business under certain circumstances. Last year we made two such investments.

First, we acquired a 30% interest in a company called Logic Commercial Real Estate. Logic is a Nevada based company with operations in property management, brokerage, capital markets and other services aimed primarily towards the Las Vegas commercial real estate market. At its helm is Brendan Keating, a fourth generation local.

Logic currently is heavily dependent on one geography; however, the economic variables that affect each line of business within Logic can vary. Brokerage volume, market share, property under management contracts, and loan demand can differ under various economic conditions, and therefore, our revenue will be cyclical. Nonetheless, we believe Las Vegas commercial real estate markets are currently back to levels we would more or less refer to as normalized or slightly above normalized in terms of pricing and transactional volume.

We are excited about our partnership with Brendan and his team at Logic. Our business relationship with Brendan goes back many years prior to the formation of Boston Omaha. In February 2016, Brendan joined our Board of Directors.

With Logic, we are long-term partners who intend to be there to help grow the business through future real estate cycles. There may be many opportunities for Logic to utilize additional capital from Boston Omaha in the coming years.

The second minority stake we acquired was in a residential housing operation in a Master-Planned Community called Leyden Rock in Arvada, Colorado. Leyden sits in a unique area, as the second most successful selling community over the past year in Denver, based on housing starts.

For decades, Boulder County has purchased nearly all of the available land to be developed along the Front Range, the area between Denver and along the Rocky Mountains. Finding new construction in that area is rare. Leyden sits between Boulder and Golden, just a few miles from Interstate 70 and some of the best skiing and mountain activities in the country.

Patrick Zalupski is another entrepreneur we have had the pleasure of getting to know over a number of years. Over the past eight years, Pat has grown his company, Dream Finders Homes, from building just a few single-family homes in Jacksonville, Florida, to over one thousand annually in multiple markets in Florida including Jacksonville, Orlando, Amelia Island and St. Augustine; as well as Savannah, Georgia; Austin, Texas; and Denver, Colorado. Similar to Brendan, Pat's enthusiasm for his business is infectious and he has a track record of building value for his business and his partners.

In the case of Leyden Rock, Boston Omaha is a minority investor in a group that purchased 75 developed homesites at what we believe is a meaningful discount relative to the sales prices underwritten by Pat and his team at Dream Finders Homes. Leyden consists of over 1,400 home sites with ours being among the last 400 or so to be built and sold.

In addition, our lots are on the highest land in this area of Leyden with the broadest views, providing a margin of safety to our purchase price not included in the underwriting of our investment. In this case, better lots have the potential to be sold with lot premiums that fall directly to the bottom line of the project.

The nature of this investment, in contrast to our investment in Logic, is likely to be rather short lived. Once the homes are sold, the proceeds from our investment will be sent back up to Boston Omaha for redeployment. In the case of Logic, we will own our 30% perpetually, and we may have the opportunity to own more over time. Logic is a very different investment than Leyden for that reason.

Going forward, we should be clear that residential real estate development is not intended as a core business of Boston Omaha. Investments like Leyden Rock surface in the course of normal business interactions and we are optimistic that the road ahead will present similar opportunities for Boston Omaha to consider.

A framework for the road ahead

You will likely not catch us making forecasts or estimates predicting anything in the future business of Boston Omaha, other than we intend to work hard for the shareholders to grow book value for the long-term.

We will talk about our framework for making decisions, so here is how your managers think about Boston Omaha's advantages and how we intend to use them to build shareholder value:

- Get incentives right - We focus on alignment of interests. We do our best to make sure that all parties are motivated toward the same goal and we think this gives us the best chance of achieving our desired outcome.

- Decentralization – Our goal is to find great managers and let them continue to do what they do best. If we get incentives right, a decentralized system works.

- Long-term thinking – Our preferred holding period is forever. Change is all around us, and every day there are new technologies being developed attempting to shift the marketplace. We are focused on the businesses that we think will be prosperous regardless of those shifts.

- Focus on cash – We generally want businesses that will send cash to the parent company. That can be in the form of free cash flow, float, or other forms, but we view the more cash produced by our assets and sent to us to re-allocate, the better our chances will be to grow book value over time at acceptable rates.

- Partnership – We are all shareholders of Boston Omaha. Management is invested alongside shareholders.

Now that you have a better idea of how we intend to operate as a public company, it's time for a brief commercial.

Boston Omaha is eager to find business owners that are interested in selling their business to a like-minded, long-term owner.

We discussed some insurance specific acquisition criteria earlier, but in general, we are also interested in looking at other potential opportunities that have the following:

- Demonstrated consistent earning power over time;
- Durability of competitive position over time is the single most important attribute to us;
- Attractive pretax return on equity capital;
- Annual pretax earnings greater than $1 million;
- A stated offering price.

Boston Omaha's structure can offer advantages some businesses may not have as standalone operations. Chief among these being Boston Omaha's insistence on maintaining a strong and liquid financial position, its ability to generate cash from diverse sources, and its ability to move capital efficiently to the best use, relative to broader economic options.

These opportunities exist because of our permanent capital base, structure, and general philosophy of investing capital for the long-term.

If you are a business owner reading this letter and you are interested in selling your business, please give us a call at (857) 256-0079 or drop us a line at www.bostonomaha.com. We would love to hear from you.

Annual Meeting and Closing Remarks

We hope you have enjoyed reading this first letter to shareholders of Boston Omaha Corporation, and thank you for your time. As we said at the beginning, our goal was to convey to you how we measure our progress, some background on the company, what we have done in the past year since acquiring control, and a framework that guides our activities going forward.

We hope to have our first meeting of our shareholders in the near future. Jeffrey Piermont, our tireless Chief Administrative Officer, has been working diligently to keep the office running, helping to collect and prepare SEC filings, payroll, compliance, and a host of other necessary corporate projects. Jeffrey will send out details for the meeting with the proxy and make those details available online as well. Our entire management team, both of the parent company and of the subsidiaries, will be present and available and we look forward to having the chance to meet any shareholders attending in person. We hope to see you there.

Thank you for your investment in Boston Omaha Corporation.

Adam K. Peterson
Co-Chairman of the Board
Omaha, NE

Alex B. Rozek
Co-Chairman of the Board
Boston, MA